By Mr. JOELSON:

H.R. 16521. A bill for the relief of Anjel Turanciyan; to the Committee on the Judiciary.

By Mr. McCORMACK:

H.R. 16522. A bill for the relief of Vicente Fernandez Marino; to the Committee on the Judiciary.

By Mr. MORSE:

H.R. 16523. A bill for the relief of Francesco D'Amico; to the Committee on the Judiciary.

By Mr. O'HARA of Illinois:

H.R. 16524. A bill for the relief of Harry Chuen Lee and his wife, Corinna Lee; to the Committee on the Judiciary.

By Mr. ROYBAL:

H.R. 16525. A bill for the relief of Miss Hea Ja Kim; to the Committee on the Judiciary.

By Mr. TUNNEY:

H.R. 16526. A bill for the relief of Mrs. Constancia D. Saso; to the Committee on the Judiciary.

By Mr. WALDIE:

H.R. 16527. A bill for the relief of Luisa Caridad Roque de Rasmussen; to the Committee on the Judiciary.

PETITIONS, ETC.

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

415. By the SPEAKER: Petition of Henry Stoner, Portland, Oreg., relative to water pollution; to the Committee on Government Operations.

416. Also, petition of Home Owners Enterprises, Inc., Nashville, Tenn., relative to proposed legislation in behalf of one Herbert Key; to the Committee on the Judiciary.

SENATE

MONDAY, JULY 25, 1966

(Legislative day of Friday, July 22, 1966)

The Senate met at 11 o'clock a.m., on the expiration of the recess, and was called to order by the Vice President.

Rev. Edward B. Lewis, minister, Capitol Hill Methodist Church, Washington, D.C., offered the following prayer:

O God of the way, the truth, and the life, we are conscious of our need of Thee.

We strive to find the way to peace, to abundant life for all, but we have failed. We are grateful that the way is still before us. Give us guidance.

Truth will stand any test. In a world of many ideologies and opinions, help men of all nations to learn the truth that will give opportunity and hope for mankind. Give us knowledge of basic truth.

Thou hast breathed into each of our beings life. Dear Father, be with these servants of the people as they give their lives in national and international leadership. Give them insight as to the true meaning of life. Inspire and guide these important lives today, we pray in the Master's name. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Friday, July 22, 1966, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Geisler, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the Committee on Armed Services.

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

JOINT RESOLUTIONS INTRODUCED

By unanimous consent, the following joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MORSE (for himself and Mr. JAVITS):

S.J. Res. 181. Joint resolution to provide for the settlement of the labor dispute currently existing between certain air carriers and certain of their employees; to the Committee on Labor and Public Welfare.

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

By Mr. DIRKSEN (for himself, Mr. COTTON, and Mr. HRUSKA):

S.J. Res. 182. Joint resolution to provide for the settlement of the labor dispute between certain carriers by air and certain of their employees; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. DIRKSEN when he introduced the above joint resolution, which appear under a separate heading.)

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the following subcommittee and committees were authorized to meet during the session of the Senate today:

The Subcommittee on Government Research of the Committee on Government Operations.

The Committee on Labor and Public Welfare.

The Committee on Finance.

The Committee on Post Office and Civil Service.

ORDER FOR RECESS UNTIL 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess—there will be no morning hour—until 10 o'clock tomorrow morning.

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

FOREIGN ECONOMIC ASSISTANCE, 1966

The VICE PRESIDENT laid before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. BAYH. Mr. President, I ask unanimous consent that the pending business, the amendment of the Senator from Kentucky [Mr. COOPER], be temporarily laid aside, and that the Chair lay before the Senate my amendment No. 652.

Mr. MANSFIELD. And that the consideration of the amendment of the Senator from Kentucky follow the amendment of Senator BAYH.

The VICE PRESIDENT. The request is that the pending amendment be set aside and that the amendment of the Senator from Kentucky follow the amendment of the Senator from Indiana. Without objection, it is so ordered.

The amendment of the Senator from Indiana will be stated.

The legislative clerk read as follows:

On page 18, line 1, strike out the word "subsection" and substitute the word "subsections".

On page 18, line 5, strike out the quotation marks.

On page 18, between lines 5 and 6, insert the following:

"(f) Funds made available under this Act shall not be used to finance the procurement of iron and steel products for use in Vietnam if the products contain any component acquired by the producer of the commodity in the form in which imported into the country of production from sources other than the United States or a country designated as a limited free world country by code number 901 in the September 1964 Geographic Code Book compiled by the Agency for International Development, at a total cost (delivered to the point of production) that amounts to more than 10 per centum of the lowest price (excluding the cost of ocean transportation and marine insurance) at which the supplier makes the commodity available for export sale (whether or not financed by the Agency for International Development)."

Mr. BAYH. Mr. President, I yield to the Senator from Oregon.

Mr. MORSE. Mr. President, will the Senate yield me such time as it may take me to make a very important statement with regard to the airline strike?

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

THE AIRLINES STRIKE

Mr. MORSE. Mr. President, I introduce a substitute joint resolution for the one that I introduced last Friday, setting forth an alternative proposal for a settlement of the pending airline dispute through legislative action.

Over the weekend, I have participated in conversations and consultations which satisfy me that at this time my new joint resolution for the settlement of this particular case is preferable to the one I introduced Friday. The provisions of my joint resolution of last Friday, along with similar proposals from other Members of Congress, should be considered for purposes of new permanent legislation for the handling of national emergency disputes; these call for more detailed and lengthy hearings by appropriate committees of Congress than time permits.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

The national interest requires an end to the present strike without further delay.

The airlines dispute has become a triple threat to the economy.

Its direct costs are heavy.

It is weakening the vital institution of collective bargaining.

It is threatening the whole stabilization policy.

This has to stop.

It is endangering the health, safety, and defense of the Republic. It is endangering the national interest.

There is a law—the Railway Labor Act—covering the handling of controversies in the airlines industry. The procedures established in this law have been exhausted.

There is an idea around that there are unwritten powers in the Presidency that could be exercised to resolve this dispute.

There are no such powers.

In the past it has been possible to find means of resolving such cases as the railroad case of 1964 and the steel case of 1965. But in those cases there was a disposition on both sides to reach an agreement consistent with the public interest. The union in this case states flatly that its own interests must take precedence. It asserts the "militancy" of its members as a sufficient reason for the refusal to consider proposals dictated by the public interest.

One company after another and one union after another has agreed in the past to forgo price or wage increases which it considered reasonable—accepting instead the importance of the public interest in keeping the cost of living down.

This union rejects this balance of interests.

The plain fact is that this union's demands would, if met, lead to the certain spiraling of wages and prices in this country.

I believe too deeply in collective bargaining and in the importance of stabilization to see them sacrificed on this altar.

On Friday I proposed legislation providing for Government seizure of the airlines. Other proposals call for compulsory arbitration. Certainly, the preferable course for any friend of labor is to get the planes flying but maintain the maximum opportunity for free collective bargaining.

I now propose a course of action which will guarantee immediate resumption of operations on these airlines, but without provision for either seizure or compulsory arbitration.

My proposal of last Friday was a two-edged sword—I believe a very fair sword—to apply, but it would involve long hearings, in my judgment, which time does not permit, and ought to be considered in connection with permanent legislation.

This proposal calls for an immediate return to work while the dispute is worked out by further bargaining and mediation.

We should continue to apply to this dispute the precious principle of voluntarism through collective bargaining and mediation. The union and the carriers all recognize it is in the long-term best interests of labor and management that labor disputes be settled not by governmental mandate but by reliance on traditional rights. But when labor or management in a regulated industry such as this one subordinate the paramount public interest to the selfish economic interests of either party, the Government of a free people has the clear duty to pass mandatory legislation. I am convinced that such a legislative procedure would have the overwhelming support of a majority of the American people.

The proposal which I am presenting today would continue to focus attention on the dispute so that the mediators, with the authority and responsibility conferred on them, and the good faith cooperation of the parties, should be able to resolve it. It would enjoin the parties to reach a settlement through free collective bargaining.

The proposal contemplates that mediators will, with the authority and responsibility conferred on them, be able to resolve this dispute. This authority and responsibility includes the obligation to report, if their efforts fail, whose fault such failure is.

If either party proves unwilling in these negotiations to accommodate its position to the broader interests which are involved—including its own—it will then be fairly viewed as inviting "compulsory" settlement in one form or another. The proposed resolution contemplates this possibility, and provides for final determination—but I am confident this will not be necessary.

It would be easier and simpler to prescribe a final and binding settlement procedure in this case now. The circumstances of the particular case warrant this. But the broader interests of the public, and the reactions of labor and of management to the suggestion of Government seizure, warrant giving voluntary settlement processes another chance.

In the meantime, however, the public is entitled to have its air transport continued.

It is the clear duty of the men to go back to work at once. The national interest, the national health, safety, and defense, and their own civic duty require it. The interests of the men will be fully protected, since the resolution explicitly provides that the wage settlement provisions of any agreement shall be retroactive to the date of expiration of the last wage contract, January 1, 1966.

Mr. President, I have agreed to read the joint resolution on the floor of the Senate because it will be immediately referred to the Committee on Labor and Public Welfare for its session which will commence at 2 o'clock this afternoon. It is my hope that the Committee on Labor and Public Welfare may see fit—I believe it should—to stay in session long enough to take action on the joint resolution, so that the Senate may take action on it not later than tomorrow.

The joint resolution provides for the settlement of the labor dispute currently existing between air carriers and certain of their employees.

I read the joint resolution:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Congress does hereby find and declare that a labor dispute between Eastern Airlines, Inc., National Airlines, Inc., Northwest Airlines, Inc., Trans World Airlines, Inc., and United Air Lines, Inc. and certain of their employees represented by the International Association of Machinists and Aerospace Workers, a labor organization, threatens essential transportation services of the Nation; that it is essential to the national interest, including the national health, safety and defense, that essential transportation services be maintained; that all procedures for resolving such dispute provided for in the Railway Labor Act have been exhausted and have not resulted in settlement of the dispute, including a report and recommendations of the Emergency Board No. 166, a proffer of arbitration and mediation with the parties by the National Mediation Board; further, that the efforts of the National Mediation Board and the Secretary of Labor to settle this dispute have been unsuccessful; and that it is desirable to achieve a settlement of this dispute in a manner which serves the public interest in economic stabilization and which preserves the free collective bargaining method.

(b) The Congress therefore finds and declares that emergency measures are essential to the settlement of this dispute and to the security and continuity of transportation services by such carriers.

SEC. 2. The period of time provided for in Section 10 of the Railway Labor Act, paragraph 3, during which no change except by agreement, shall be made by the parties to the controversy, or affiliates of said parties, in the conditions out of which the dispute arose, is hereby reinstated and extended, for one hundred and eighty days, effective immediately. During said period of time none of the parties to the controversy, or affiliates of said parties shall engage in or continue any strike or lock out.

SEC. 3. The President shall, at the earliest possible date, appoint a Special Airline Dispute Board which shall engage in mediatory action directed to promoting agreement between the parties. Any such agreement shall provide that the wage settlement provisions be retroactive to January 1, 1966. Notwithstanding any other provision of law, each member of the Board shall be compensated at a rate prescribed by the President for each day together with necessary travel and subsistence expenses.

SEC. 4. If the agreement has not been reached within one hundred and fifty days, the Board shall make recommendations to the President, and the President shall advise the Congress, regarding terms or procedures which will assure final settlement of this dispute in the public interest and without further interruption of the continuity of transportation services by these carriers.

SEC. 5. (a) Upon suit by any of the parties to the aforesaid dispute or by the Attorney General the several District Courts of the United States shall have jurisdiction to restrain any violations of section 2 of this Joint Resolution. Whenever it shall appear to the Court before which any proceeding under this Section may be pending, that the ends of justice require that other parties should be brought before the Court, the Court may cause them to be summoned, whether they reside in the District in which the Court is held or not; and subpenas to that end may be served in any District by the marshal thereof.

(b) In granting an injunction or relief under this section, the jurisdiction of such court sitting in equity shall not be limited by the Act entitled "An Act to amend the Judicial Code, to define and limit the jurisdiction of courts sitting in equity, and for other purposes," approved March 23, 1932 (29 U.S.C. 101–115).

SEC. 6. If any provision of this Joint Resolution or the application thereof is held invalid, the remainder of this Joint Resolution shall not be affected thereby.

Mr. President, I wish to say that I am satisfied that the resolution he is offering is both constitutional and enforcible or I would not be offering it.

What it says, in effect, is that we are dealing with a regulated industry in which the public is entitled to protection. This resolution would give the public that protection.

There would be resumption of work, and upon a settlement, the wage provisions would be retroactive to January 1966. There is no one of the carriers who does not recognize that that will be necessary anyway.

They have already accepted the proposals of the emergency board to make the wage settlement retroactive to January 1, 1966. This resolution provides a procedure, although it covers 180 days, with 150 days for a public mediation board to work.

In my judgment, if this is adopted the case will be settled in a very short time. I do not predict how long, but far short of 150 days.

It seeks to give the parties their last chance to prove voluntaryism is precious to them in carrying out the responsibilities of collective bargaining.

We are going to have permanent legislation adopted in regard to the applicable emergency dispute section of the Taft-Hartley Act and also the Railway Labor Act, Mr. President, and I repeat for the benefit of the workers.

Let us face it. By adopting this resolution, you prevent the great danger of making some horrendous mistake in permanent legislation in the trying hours under which we are living as a result of this airline strike. The danger is that we may not do as wise a job as we would do if we passed emergency legislation and then proceeded with hearings on permanent legislation.

With regard to permanent legislation, let the record show that I have already introduced the resolution I offered on Friday, and I shall reintroduce the Morse proposal for settlement of disputant legislation which I have introduced since 1947 and in connection with which I pleaded on the floor of the Senate when the Taft-Hartley law was before it.

I always characterized that legislation under the heading of "Keep Them in Doubt" legislation. That legislation takes the position that you cannot have permanent emergency dispute legislation which permits either side to be able to figure out whether or not the application of the legislation would be to their benefit.

My proposed legislation is legislation that would provide for seizure and a requirement for a limited period of time on a mandatory decision that a board handed down. I shall not take the time to explain it as I have in speeches over the years. That is not compulsory arbitration in the sense that labor usually expects that it will be. We should have full hearings on that. This legislation requires only short hearings.

Let us face it. The Congress has a clear duty to the American people to pass emergency legislation that will end this strike. This legislation will do it in fairness to the parties, but it recognizes that both parties to the dispute have to put the public interest first, which is now paramount. The strike does not do that. They will have to look beyond the Mediation Board and voluntarily settle it between them.

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

The joint resolution (S.J. Res. 181) to provide for the settlement of the labor dispute currently existing between certain air carriers and certain of their employees, introduced by Mr. MORSE, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

THE AIRLINES STRIKE

Mr. BREWSTER. Mr. President, the airlines strike has done intolerable harm to passengers and businessmen. It does not appear that continued bargaining will produce a solution—not now, anyway. The only answer is to enact legislation which will put the planes back in the air.

I strongly support the joint resolution introduced by the Senator from Oregon [Mr. MORSE], which would send airline employees back to work for 180 days, while further attempts to reach a settlement are continued.

I am as sympathetic as the Senator from Oregon is to the necessity for free collective bargaining. But there are times when the right of free collective bargaining must be subordinated to the public's right to an essential service. This is one such time.

I would hope that unions and management could reach some agreement during the 180 days provided by this joint resolution. If they cannot, then Congress will have to take further steps to insure that another crippling strike does not ensue.

The joint resolution would not penalize the unions, because any wage agreement would be retroactive to January 1, 1966. But the major beneficiaries would be the public, who have suffered for more than 2 weeks from this work stoppage. I urge all Senators to support the joint resolution.

Mr. DIRKSEN. Mr. President, I ask unanimous consent to introduce out of order a joint resolution to deal with the airline strike, and to address myself to it very briefly.

The VICE PRESIDENT. Is there objection? Hearing none, it is so ordered.

Mr. DIRKSEN. Mr. President, over the weekend I puzzled over the proposal of the distinguished Senator from Oregon [Mr. MORSE] to petition the court to throw these airlines into receivership and virtually to freeze their operation.

It looks to me that is going around Robin Hood's barn to find a solution to what we agree is a serious situation that has brought inconvenience to 231 cities in this country and 23 different countries.

I went back to what happened in August of 1963 in this body. There is a distinction, however, between this strike and what happened at that time, because actually the rail workers were not on strike. They had set a deadline, but prior to that deadline we did put legislation on the books.

It occurred to me that on an ad hoc basis—meaning for this time only—we could duplicate that pattern, and that was grounded on compulsory arbitration.

The President had sent up to us a proposal to determine this dispute over the Interstate Commerce Commission and seeking two interim solutions. That had no special appeal either for the House or for the Senate and, as a result, we worked our own will and when we got through we had approved a joint resolution for creating an ad hoc seven-man board—two to be appointed by the carrier, two to be appointed by the union, and they in turn to select the other three. If, perchance, they could not agree on the other three, then, of course, the President of the United States would fill up the gap. They were given authority, then, to arbitrate this difficulty and to compel both sides to agree and to go into Federal court for the purpose of enforcing the findings of the arbitration board.

There is a precedent for that. We did it once before, and it was successful. We provided that they both would go out of business at the end of 180 days. Inasmuch as the Senate and House had both worked their will on that legislation, there is precedent for it, and I think it is safer, therefore, to follow it.

Senators will appreciate that the bill actually passed the Senate by a vote of 90 to 2. Which shows how nearly unanimous the Senate was for it. It passed the House on the 28th of August 1963, but it was on a voice-vote basis.

I point out, of course, that they were not actually on strike. The late President Kennedy signed that bill just 6 hours before the strike deadline. But the board was selected. It went to work. I think it can do so all over again. There is no use undertaking a freeze, and inconveniencing a great many people and injecting a great deal of uncertain values into the picture.

Suppose we did have a receivership? What would be the impact on the market? What would be the impact on the airlines? What would be the impact on the stockholders? What would be the impact on the country generally, to take that view? And, what would be the precedent that would be established? If we had another major confrontation in the form of a work dispute, how easy it would be to say, "Let us throw them into receivership and then, of course, we can work our will on them and make them toe the mark."

I would far rather follow what we did 3 years ago next month in the form of ad hoc compulsory arbitration than to follow this other course, because it is too uncertain. It is too dubious. We are not at all sure that we are going to get results in time to terminate and minimize the damage that has already been done.

Therefore, Mr. President, I submit the joint resolution for myself. I have not asked anyone else to join me because the time has been all too short.

Mr. President, I ask unanimous consent that the joint resolution be printed in full in the RECORD.

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

The joint resolution (S.J. Res. 182) to provide for the settlement of the labor dispute between certain carriers by air and certain of the employees, introduced by Mr. DIRKSEN, was received, read twice by its title, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

S.J. RES. 182

Whereas the labor dispute between Eastern Air Lines, National Airlines, Northwest Airlines, Trans World Airlines and United Air Lines and certain of their employees represented by the International Association of Machinists and Aerospace Workers is disrupting essential transportation services of the Nation; and

Whereas it is essential to the national interest, including the national health and defense, that essential transportation services be maintained; and

Whereas all the procedures for resolving such dispute provided for in the Railway Labor Act have been exhausted and have not resulted in settlement of the dispute; and

Whereas the Congress finds that emergency measures are essential to security and continuity of transportation services by such carriers: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That Eastern Air Lines, Inc., National Airlines, Inc., Northwest Airlines, Inc., Trans World Airlines, Inc., United Air Lines, Inc., and the International Association of Machinists and Aerospace Workers shall immediately return their relationship to the status existing on July 5, 1966, at which time, pursuant to the Railway Labor Act, they were prohibited from making changes in the terms of employment and from engaging in strikes or lockouts. They shall maintain that status, absent agreement among themselves to the contrary, pending arbitration as hereinafter provided and for the duration of any arbitration award hereunder, except as the award may direct or authorize.

SEC. 2. There is hereby established an arbitration board to consist of seven members. The representatives of the carriers and organization parties to the aforesaid dispute are hereby directed, respectively, within five days after the enactment hereof each to name two persons to serve as members of such arbitration board. The four members thus chosen shall select three additional members. The seven members shall then elect a chairman. If the members chosen by the parties shall fail to name one or more of the additional three members within ten days, such additional members shall be named by the President. If either party fails to name a member or members to the arbitration board within the five days provided, the President shall name such member or members in lieu of such party and shall also name the additional three members necessary to constitute a board of seven members, all within ten days after the date of enactment of this joint resolution. Notwithstanding any other provision of law, the National Mediation Board is authorized and directed: (1) to compensate the arbitrators not named by the parties at a rate not in excess of $100 for each day together with necessary travel and subsistence expenses, and (2) to provide such services and facilities as may be necessary and appropriate in carrying out the purposes of this joint resolution.

SEC. 3. Promptly upon the completion of the naming of the arbitration board Emergency Board No. 166, which was appointed by Executive Order 11276 dated April 21, 1966, shall furnish to the arbitration board copies of the record developed in open hearing before that Emergency Board and a copy of that Emergency Board's Report to the President, all of which shall be incorporated by reference into the record of the arbitration board appointed under this Resolution. The arbitration board is not bound to accept as conclusive fact either allegations in the record or the final Report of the Emergency Board, such allegations and conclusions being subject to independent or rebuttal testimony before the arbitration board, but the arbitration board shall give them all due consideration. The arbitration board shall make a decision, pursuant to the procedures hereinafter set forth, as to what disposition shall be made of those portions of the organization's notices of October 1, 1965, identified as "National Issues", and implementing proposals pertaining thereto. The arbitration board shall incorporate in such decisions any matters on which it finds the parties were in agreement, shall resolve the matters on which the parties were not in agreement and shall, in making its award, give consideration on those matters on which the parties were in tentative agreement. Such award shall be binding on both the carriers and the organization parties to the dispute and shall constitute disposition of the aforesaid issues covered by the decision of the board of arbitration.

SEC. 4. To the extent not inconsistent with this joint resolution the arbitration shall be conducted pursuant to sections 7 and 8 of the Railway Labor Act, the board's award shall be made and filed as provided in said sections and shall be subject to section 9 of said Act. The United States District Court for the District of Columbia is hereby designated as the court in which the award is to be filed, and the arbitration board shall report to the National Mediation Board in the same manner as arbitration boards functioning pursuant to the Railway Labor Act. The award shall continue in force for such period as the arbitration board shall determine in its award, but not to exceed three years from the date the award is issued, unless the parties agree otherwise.

SEC. 5. The arbitration board shall begin its hearings thirty days after the enactment of this joint resolution or on such earlier date as the parties to the dispute and the board may agree upon and shall make and file its award not later than ninety days after the enactment of this joint resolution: *Provided, however,* That said award shall not become effective until thirty days after the filing of the award.

SEC. 6. The parties to the disputes arising from the aforesaid notices shall immediately resume collective bargaining with respect to all issues raised in the notices of October 1, 1965, not to be disposed of by arbitration under section 3 of this joint resolution and shall exert every reasonable effort to resolve such issues by agreement. The Secretary of Labor and the National Mediation Board are hereby directed to give all reasonable assistance to the parties and to engage in mediatory action directed toward promoting such agreement. Failing agreement on such issues by the date the award is issued pursuant to section 5 hereof, they also shall be submitted to the arbitration board, beginning not later than ten days after the board delivers its award under section 5. The subsequent award on the remaining issues is due thirty days after the commencement of hearings thereon.

SEC. 7. (a) In making any award under this joint resolution the arbitration board established under section 2 shall give due consideration to the interest of the public, the carriers and the employees affected, giving due consideration to the record and recommendations of Emergency Board No. 166 appointed by Executive Order 11276 dated April 21, 1966.

(b) The obligations imposed by this joint resolution, upon suit by the Attorney General, shall be enforceable through such orders as may be necessary by any court of the United States having jurisdiction of any of the parties.

SEC. 8. This joint resolution shall expire one hundred and eighty days after the date of its enactment, except that it shall remain in effect with respect to the last sentence of section 4 for the period prescribed in that sentence.

SEC. 9. If any provision of this joint resolution or the application thereof is held invalid, the remainder of this joint resolution and the application of such provision to other parties or in other circumstances not held invalid shall not be affected thereby.

Mr. MORSE. Mr. President, two items, very quickly. I ask unanimous consent that the Committee on Labor and Public Welfare may meet at 2 o'clock to consider the resolution which I have submitted, as well as that of the Senator from Illionis [Mr. DIRKSEN], which he has offered in connection with handling this airline strike.

The VICE PRESIDENT. The Chair informs the Senate that earlier this morning unanimous consent was requested by the majority leader on this subject, and it has already been granted.

Mr. MORSE. Second, let me say that the joint resolution which the Senator from Illinois has submitted will go immediately to the committee, to be considered along with the other resolution. There are already differences of opinion on the merits urging adoption of the procedure that was adopted. The airline workers vehemently oppose ad hoc compulsory arbitration procedure in this particular case. I have already given the reasons why I think the question of receivership or no receivership, token seizure or no token seizure, should be considered in the full hearing in regard to permanent legislation along the lines of the proposal of the Senator from Florida, the Senator from New York [Mr. JAVITS], and others, but I am pressing now for emergency legislation that will put these men back to work and make it possible for them, under the procedure in my new resolution, to try to settle it by the application of the procedure of voluntaryism.

Mr. RANDOLPH. Mr. President, will the able Senator from Oregon yield?

The VICE PRESIDENT. The Senator from Indiana [Mr. BAYH] has the floor, under the unanimous consent request. Does the Senator from Indiana yield to the Senator from West Virginia?

Mr. BAYH. I am happy to yield to the Senator from West Virginia.

Mr. RANDOLPH. I should like to ask a question of the Senator from Oregon. As a member of the Committee on Labor and Public Welfare, is it possible for the Senator, as author of a resolution

dealing with the airlines strike, to tell me what we are planning to accomplish today, in the full committee, rather than to first act in our Labor Subcommittee, of which the Senator from Oregon and the Senator from West Virginia are members.

Mr. MORSE. It is not our present intention to have the matter go to the subcommittee, but to go, first, to the full committee this afternoon at 2 o'clock. I have talked with the chairman, the Senator from Alabama [Mr. HILL], and he has authorized the sending of notices to members of the committee that the full committee will meet on this matter at 2 o'clock this afternoon.

Mr. RANDOLPH. Yes, I have received the notice. Is it the Senator's feeling that possibly it would be our responsibility to dispose of this problem this afternoon?

Mr. MORSE. That is my feeling—I do not know whether it is shared by other Senators—but I see no reason why my joint resolution, which I believe to be eminently fair and the one proposed for the ad hoc handling of this matter, should not be settled this afternoon, brought to the floor of the Senate tomorrow, and then have the committee proceed to set hearings for permanent legislation on emergency disputes.

Mr. RANDOLPH. The Senator from Oregon underscores the seriousness of this breakdown in our air transport system so vital to the economy of the Nation and the well-being of our citizens.

ORDER OF BUSINESS

Mr. BAYH. Mr. President, in getting unanimous consent to have my amendment No. 652 placed before the Senate, it was understood that it would be in order to discuss it now; is that correct?

The VICE PRESIDENT. That is correct.

Mr. BAYH. It is my desire to proceed with the consideration of the amendment by the Senate, as it has attempted to do with several other amendments for the past 2 or 3 days. Because of the fact that several other Senators have been advised of this, I felt compelled to get a unanimous-consent agreement to discuss it. However, because of the importance at this particular moment of the airline strike, and the Senator from Iowa [Mr. MILLER] has a brief message he wants to present, I am happy to yield to him now, but would ask Senators' tolerance that we would promptly proceed to this amendment dealing with the Vietnam steel purchases so that we can dispose of it.

I now yield to the Senator from Iowa.

Mr. MILLER. I thank the Senator from Indiana.

Mr. SYMINGTON. Mr. President, will the Senator from Iowa yield to me briefly?

Mr. MILLER. I do not have the floor.

Mr. BAYH. I am happy to yield to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, in case I am not in the Chamber—at the time the distinguished Senator from Indiana brings up his amendment, I would say for the record that I have studied this problem in detail and believe the amendment to be both solid and constructive; and would hope it is adopted by the Senate.

I thank the Senator from Iowa for his courtesy, and the Senator from Indiana for yielding.

(At this point, Mr. MONTOYA took the chair as Presiding Officer.)

THE AIRLINES STRIKE

Mr. MILLER. Mr. President, with respect to the airlines strike, I am concerned not only about the seriousness of the strike but also about the possibility of Congress—particularly the Senate—taking very hasty action. There is comment going around that there will be a meeting this afternoon on a proposed piece of legislation and that it will be reported promptly and passed, before what I would regard as the proper attention being given to it.

I do not think we are necessarily forced into that position now. Before we go that route, it seems to me something should be done and will have to be done by the President of the United States personally. There are several avenues which could be followed if the President personally intervenes and calls the parties together with him and talks with them, so some modus operandi can be worked out, before we adopt such drastic action as proposed in the resolution of the Senator from Oregon.

Section 160 of title 45 of the United States Code establishes the basis for the creation by the President of an emergency board to investigate and report respecting a dispute between a railroad carrier and the union. Section 181 makes this provision applicable to air carriers, and it was under these two sections that the President appointed such an emergency board in the airlines dispute. It is well known that the senior Senator from Oregon was appointed to that board.

I am sure the Senator from Oregon knows that I know that he is an expert in labor-management relationships in this type of matter.

At the same time, I felt it was an error for the President to appoint a Member of Congress to that emergency board who might be a spokesman for a bill on the subject. There would be a suspicion, when this was done, that there existed a conflict of interest between one who was appointed as an impartial member and one who served as a lawmaker of the Nation.

Because of what is regarded by many as very drastic legislation introduced by the Senator from Oregon, there already is a feeling on the part of some people that, because the recommendations of the original Emergency Board were not accepted, together with his statement that the findings and recommendations of that Board were reasonable, that now this very drastic legislation is being introduced by him to force acceptance of the Board recommendations. I do not think that is good. Rightly or wrongly, the suspicion is there.

Section 160 of title 45 is not clear as to whether the President could appoint another emergency board. Perhaps he cannot, but, in any event, it seems to me one possible solution he could ponder would be to have the parties meet with him personally and perhaps meet with another emergency board to exchange their views and get them to accept the recommendations of such a newly appointed emergency board. I would suggest that any such emergency board should not include any Members of Congress or of the executive branch of Government, for the reason that I have given; namely, that they would have a dual role as a member of the board and as a member of the executive branch, because in the situation facing us, the President has power to push through almost what he wants.

I would hope the White House would give some attention to this suggestion.

The legislation proposed is very drastic. While it is not compulsory arbitration, it does involve forced operations, which seems to be in the same ball park. We may have to do that some day, but before we do, I think we should consider what I have suggested, which hopefully could prove to be a solution.

Mr. RANDOLPH. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article showing how important research at West Virginia University Hospital has been slowed by the airline strike.

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

AIR STRIKE SLOWS RESEARCH AT WVU

MORGANTOWN.—The airlines strike has been blamed here for slowing the progress of Medical research.

Officials at West Virginia University Hospital have not been receiving their usual shipments of experimental animals, mainly rodents.

Dr. Dennis Kohn, a veterinarian at University Hospital, said that an Indianapolis supplier helped the situation last week by delivering 200 live mice by automobile.

TREATY OF AMITY AND ECONOMIC RELATIONS WITH THAILAND—REMOVAL OF INJUNCTION OF SECRECY

Mr. BAYH. Mr. President, as in executive session, I ask unanimous consent that the Senate remove the injunction of secrecy from Executive P, 89th Congress, 2d session, the Treaty of Amity and Economic Relations Between the United States of America and the Kingdom of Thailand, together with two exchanges of notes relating thereto, signed at Bangkok on May 29, 1966, and that the treaty, together with the President's message, be referred to the Committee on Foreign Relations, and that the President's message be printed in the RECORD.

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

The message from the President is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratifica-

tion, I transmit herewith the Treaty of Amity and Economic Relations Between the United States of America and the Kingdom of Thailand, together with two exchanges of notes relating thereto, signed at Bangkok on May 29, 1966.

I transmit also, for the information of the Senate, a third exchange of related notes and the report by the Secretary of State with respect to the treaty.

The treaty will terminate and replace the Treaty of Friendship, Commerce, and Navigation signed on November 13, 1937. It is of the short, simplified type that the United States has negotiated with a number of countries, but it contains the general substance of the typical treaty of friendship, commerce, and navigation. Provisions regarding rights and privileges of consular officers are contained in an exchange of notes.

The stability and growing prosperity of Thailand, and its commitment to freedom despite political and military pressures from outside, make the future of that country a matter of particular interest to all who want peace in southeast Asia. The new treaty reflects the friendship and close cooperation between Thailand and the United States, particularly the determination of both countries to encourage trade and other contacts as a key element of economic growth and political understanding. The treaty records the acceptance by both countries of a body of principles designed to further their close relations along mutually beneficial lines.

The conclusion of the treaty is another important step by the United States in implementing its policy of extending and modernizing its commercial treaty structure and of establishing conditions favorable to foreign investment.

I recommend that the Senate give early and favorable consideration to the treaty and give its advice and consent to its ratification.

LYNDON B. JOHNSON.

Enclosures:

1. Report of the Secretary of State.
2. Treaty of Amity and Economic Relations, with related notes, between the United States and Thailand.

THE WHITE HOUSE, *July 25, 1966.*

FOREIGN ECONOMIC ASSISTANCE, 1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr BAYH. Mr. President, now pending before the Senate is my amendment, No. 652, which deals with the return to the previous requirement for the purchasing of galvanized steel for use in Vietnam under the standard of 90–10 percent, which means the percentage that steel products used in South Vietnam would have to contain of the products originating in this country.

In fairness to the Senate, and because a number of questions have been raised by many of my colleagues on this subject, I wish to state my reasons for the amendment.

As early as January of this year, I was informed that AID served notice that it was going to terminate the 90–10 requirement.

In a letter to the Agency I inquired about its reasons for this. Receiving no satisfaction to my inquiry, I started an investigation on my own which disclosed the following facts.

First, exorbitant prices were being charged for the use of galvanized sheeting, ranging as high as $90 more than the normal price used in the area.

Second, we found that the quality of the steel was inferior. It was half as thick as the normal thickness required in the United States and it contained only half of the galvanizing required under standards in this country.

Third, we learned that the purchasing policy which was being followed was to purchase Japanese black plate, run it through Korean galvanizing mills, and ship it to Vietnam.

In December 1963, AID which was concerned about the abnormally large percentages of foreign aid purchases not containing this componentry, upheld a required componentry of 90–10. However, we found that the 90–10 componentry requirement was violated time after time. In December 1965, AID suspended purchases. In January it terminated the ruling, with the result that there was no strict requirement.

Galvanized steel is a very important product used in Vietnam It is important in the pacification effort, which to many of us is as important as military victory. It is necessary for better living conditions. It is used for fencing, piping, and roofing for many homes in the villages and towns; so is greatly needed, extremely important.

We asked the General Accounting Office to look into the matter. After investigation GAO found that not only were the allegations correct, but were more serious than we had supposed.

The price was high. Quality was poor. Price fixing and kickbacks were the normal market practice of the day. In fact, Mr. President, the last bid taken was so patently fixed that AID finally suspended the purchases last December.

In fairness to AID officials, I should say that, when they finally got the message of what was happening, they were as distressed as I. I do not intend to imply that AID officials are dedicated to this type of procedure. Sometimes it is difficult for them to realize what is actually happening far away.

It seems to me that the main problem which has been confronting AID in the area of southeast Asia is the fact that they have not had enough capable administrators. For awhile, some half dozen or so administrators were trying to determine how we would handle several hundred million dollars worth of commodities. It seems that Congress has been a bit negligent in not seeing that AID was given enough funds to have the kind of topnotch assistants they need.

Not to lengthen the RECORD unnecessarily, Mr. President, but as a result of my concern, I asked the Senate to accept an amendment to the supplemental aid bill earlier this year. Although it was approved by unanimous consent, the House did not agree to it, and I did not feel inclined to hold up the bill with prolonged discussions after the provision was knocked out in the conference committee report.

Now AID has tried to make a suggestion which it believes would cope with the problem. It would provide for an inspection program, which it is claimed would do away with the faulty merchandise. As stated in a memorandum which AID circulated to us late last week, it is argued that the new rules would guarantee 50 percent or more of the orders for the product going to U.S. steel producers. Third, it proposes a rather complicated letter of credit system to prevent the loss of U.S. dollars, and thus lessen our balance-of-payments problem.

With all due respect to AID officials, who, I am certain, are conscientious, I nevertheless emphatically disagree with the ultimate impact of the AID proposal. Let us look at the three problems which it is contended that this new proposal would meet.

First, let us examine quickly the 50-percent guarantee to U.S. suppliers. This presumption is based upon the fact that all of the larger gages would be guaranteed to U.S. suppliers, with only the more narrow gages open to the competition of southeast Asia's steel suppliers.

On its face, this appears to be a very fair proposal, with obvious results as described in the AID memorandum. But anyone who has investigated the buying practices in southeast Asia can quickly see that the results anticipated would not be accomplished.

The major reason is that the South Vietnamese importers historically, in practice, have not purchased and will not purchase the gages of steel which are made in the United States. Most of our steel companies manufacture as their most narrow gage what is known as a 29-gage. A few companies make as narrow as a 30-gage; and we did have one company or two which made a 32-gage—which is extremely narrow—but because of imperfections involved in manufacturing this narrow gage or thin gage product, they soon terminated it.

What I am driving at, Mr. President, is that if they do not buy any of the thicker gages, they cannot buy any from the United States, because we do not make them as thin as they buy them.

Senators may say, "Why is it that the South Vietnamese buy such thin-gaged galvanized steel?"

It is very simple. They make more profit out of it, for two basic reasons. For one, the importer buys galvanized steel by the ton and sells it by the sheet. So commonsense will show that the thinner it is, the more sheets there are per ton, the more profit will be made in a ton.

Second, the more quickly it wears out, the sooner it will have to be replaced; and the thinner it is and the more poorly it is galvanized, the quicker it wears out.

So I believe that the procedure, as valid as it sounds on its face, as far as purchases are concerned, will result in

the fact that few or no bids will be forthcoming on products which the United States produces.

As far as inspection is concerned, I do not doubt that inspection procedures could be worked out. An inspection team could be established to maintain the quality, but that would require added costs, added administration, and in the final analysis, the inspection of the finished product would be tied to the base material that is received.

Even if there is careful inspection of a thinner quality of galvanized material and determine that it meets the standards, there can be no argument about the fact that a thinner quality product will not last as long and will have inferior results in the field.

Third, let us look at the letter of credit proposal—which is, to me, a most important feature, because I am very much concerned about the detrimental effect of having an additional burden put on our gold or dollar outflow by increasing our blance of payments to the extent of $50 million. AID is cognizant of this problem, and it has established a program involving a tied letter of credit arrangement. Under this system all of the dollars spent for the purchase of these galvanized steel commodities will be tied in such a manner that they must be used in the United States to buy iron and steel products—lathes, wheels, reinforcement rods, and so forth. In this manner, it is argued that the dollars will not get away from the manufacturers in the United States.

But to do that, Mr. President, it means that every shipment of steel products that leaves the United States would have to be policed, not only when it leaves but when it arrives at the Asian port; likewise, there would have to be careful guard against any transshipment of these goods.

To me, that would be absolutely impracticable if not impossible. I can foresee the policy that will be followed by those very shrewd businessmen in Asia who receive a letter of credit tied to the purchase of U.S. steel products. They will buy the steel products from the United States, such as a shipload of lathes or machine tools, and they will transship it to some other place in the world which has a ready market for it, and sell it on the open market.

That practice would have two effects. First, it would take away a market that would ordinarily come to the United States in the first place; and, second, it would not protect us from our dollar loss on our balance of payments.

I suggest, as a remedy for the situation in southeast Asia, Mr. President, that we require—and my amendment would require—a simple restatement of the 90–10 componentry rule, which was in force and effect before January of this year. This would require, very simply, a 90-percent content of U.S. component parts for products that are purchased.

I noticed, in the memorandum that was circulated by AID, that it said that the Bayh amendment would merely set up a special program for a very limited number of suppliers.

Quite to the contrary, Mr. President, the 90–10 ruling is identically the same ruling that is used almost everywhere else in the world today. In fact, it is used in South Vietnam on almost all other products except galvanized steel. That product is an exception to the present rule being utilized by AID.

Return to the 90–10 componentry ruling is heartily endorsed by the American Iron and Steel Institute, the association of those who produce the iron and steel commodities on which we all depend in the United States.

It seems to me that a return to that rule would do three basic things. First, it would guarantee a return to a high-quality American product. Tests conducted in the field show that American galvanizing would last as long as 12 years, whereas, with some of the flimsy stuff AID has been buying, they are lucky if it lasts 1 year. Some of it does not even last 6 months. In fact, the GAO report shows some of it was rusted before it even came off the boat.

Second, the product would be purchased from the United States, thus benefiting domestic business and labor, with the resultant tax benefit to our Treasury.

Third, it would prevent an additional drain being placed on our balance of payments.

Mr. President, this amendment is not complicated. It is very simple. It merely means, if we agree to this amendment, that we are going to require the same standard for purchasing galvanized steel in Vietnam that is required everywhere else in the world.

Mr. FULBRIGHT. Mr. President, this is an extremely complicated amendment. It was offered on the floor of the Senate during consideration of the supplemental authorization earlier this year. It was accepted and taken to conference, where the House conferees were adamantly opposed, saying they had had no opportunity to consider it. It was, therefore, dropped in conference.

In connection with the pending bill, the amendment has been considered—and rejected—by both the House Foreign Affairs Committee and the Senate Foreign Relations Committee.

Under current AID procedures, half of the galvanized sheet bought for Vietnam is procured in the United States, and half in Korea. The Koreans are reimbursed, not in dollars, but in a special letter of credit which is valid only for the purchase of iron and steel products in the United States. I emphasize those products. That does not mean galvanized steel.

Thus, so far as the U.S. balance of payments and the U.S. iron and steel industry as a whole are concerned, the procurement in Korea has no net effect. It does, however, give Korean industry a chance to participate in supplying the Vietnam market, and there are felt to be important political reasons for doing this, especially in view of the fact that Korea has two divisions of troops in Vietnam.

There are some ways in which we can thank Korea for sending troops to Vietnam. This is one of them.

This amendment would, in effect, require that all galvanized sheet bought for Vietnam be procured in the United States. The amendment would hurt the Koreans. It would not help the U.S. iron and steel industry. It would help only a handful of galvanizing plants. It would help some particular segments of the industry, that is, the manufacturers or the dealers in galvanized sheet.

The total amount of money involved is $10 million—approximately half of the $20 million in annual procurement of galvanized sheet.

The measure is what I would call highly specialized legislation. The committee rejected the amendment. I reject it, and I hope that the Senate will not agree to the amendment.

Mr. BAYH. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. RANDOLPH. Mr. President, the able chairman of the Committee on Foreign Relations inadvertently used the figure $10 million instead of $50 million. However, that can be developed with certainty in colloquy between the knowledgeable author of the amendment and the chairman of the committee. The amount is substantial as it affects business and labor in this country.

Mr. President, I support the amendment offered by my diligent colleague, the Senator from Indiana [Mr. BAYH].

In this situation I am intensely interested because the basic steel industry in the State of West Virginia provides many jobs. The employment of our steelworkers and many allied workers depends in large degree on the health and well-being of the steel industry.

Portions of the steel industry, of course, are engaged in different types of production.

I speak in behalf of the many small firms who employ fewer than 8 workers, as well as the large plants which employ from 400 to many thousands of employees.

There is one plant, the Weirton Steel Co., in West Virginia, which has approximately 12,000 employees. Wheeling Steel Corp. is another firm in northern West Virginia employing substantial numbers of workers.

As a member of the Select Committee on Small Business, I have been interested in, and from time to time have attempted to develop, answers to the hardships that are faced by the small business firms in the United States as they labor diligently to remain successfully within the competitive market.

We certainly are aware of the difficulties inherent in the establishment and maintenance of our small firm operations which employ from 1 to 50 or 60 workers at the most. The entire market, of which these small shops are a part, suffers under the impact of increasing imports that we cannot justify. It seems to me that purchases abroad by a branch of the U.S. Government which further adds to the strain of the present problems are intolerable. Thus, it is disheartening to learn that only 20 percent of the steel products being purchased with AID dollars are being bought here at home instead of the 90 percent pur-

chasing percentage being allowed in the case of most other products. This is certainly disheartening to the Senator from West Virginia. Our steel and fabricating companies are being asked to hold the line on profits, and our steelworkers are being asked to hold the line on wage requests. Apparently we are turning abruptly around and awarding large steel purchases to foreign firms, the purchases being financed by American tax dollars paid by, among others, the workers and companies of which I speak.

I have attended the executive sessions of the Subcommittee on Labor when it was considering proposals in the area of fair labor standards legislation.

I make it quite clear and I think the administration generally is to be commended for its strong position on this measure. However, I do not understand what benefit it would be for members of our labor force if we were to enact minimum wage increases and adopt foreign aid purchasing policies which might ultimately lead to the loss of jobs for many workers in the steel industry in West Virginia and other States.

A further point has been made by the Senator from Indiana that this is not merely a provincial problem which is related to any one State, whether it be Indiana, West Virginia, or Pennsylvania—nor is this a one-industry problem relating to steel.

M. BAYH. Will the Senator yield?

Mr. RANDOLPH. I yield.

Mr. BAYH. Mr. President, in order to make this point abundantly clear, inasmuch as one of the arguments set out by AID dealt with the fact that this is a special privilege involving only one or two plants, I ask the indulgence of the Senator from West Virginia and of the Senate to read a telegram I received from Mr. John P. Roche, president of the American Iron and Steel Institute, an institute representing 95 percent of the steel industry. Let us see how special this interest is.

The telegram reads:

Understand you yesterday introduced an amendment to S. 3584 and that a vote on this matter could occur soon. Accordingly, I wish to reiterate strong, enthusiastic support tendered this amendment by American Iron and Steel Institute, whose membership comprises over 95 percent of the domestic steel industry. AISI's members are constantly interested in any legislation which assures steel of highest quality for Vietnam, as well as benefiting the U.S. balance of payments and protecting jobs for American labor. Specifically, AISI's position was set forth in my letter to you of April 21, 1966, in which I stated: "In our judgment the interest of the domestic steel industry and the Nation will be best served by a reinstatement of AID's ratio of 90–10 as issued in January 1964."

Mr. RANDOLPH. Mr. President, I think it is an across-the-board matter and is not a specialized concern as seems to be indicated by opponents of the pending amendment.

Much has been said in this forum about the concern which we have in reference to the balance of payments. Americans have been asked to forego the pleasure of traveling abroad and to enjoy tourism here in the United States.

Again, I say that generally I think the administration acts correctly in this regard.

However, our balance-of-payments deficit for the first quarter of 1966 was $582 million. At the same time, the Council of Economic Advisers on steel prices, in its report to the President, made by the distinguished and capable Mr. Ackley, placed the adverse impact on the balance of payments of the steel export-import reversal of the U.S. steel trade between 1957 and 1964 at $791 million. If one takes into account the fact that we lose additional dollars through the shipping of these products, much of which is done by foreign-flag vessels, this figure reaches an estimated $873 million.

If we can ask our citizens to remain at home, to contribute their tourist dollars to the American economy rather than to economies abroad, Mr. President, surely we can expect our AID purchasing officials to follow the same guidelines.

I support the amendment of the Senator from Indiana, and I trust that a majority of Senators will agree to this valid proposal.

Mr. President, I hope I will be able to say after the vote on the amendment that the Senate locked into its developing version of the foreign aid authorization bill an amendment requiring that 90 percent of all steel and steel-product purchases for international development be bought in the United States. In terms of dollar volume perhaps such restriction on Agency for International Development purchases would not be as important as would be a sense of the Senate provision that more buying must be done at home in the interest of the domestic economy and our country's balance of payments.

With our steel industry and fabricating concerns experiencing more and more import competition from foreign mills and factories, a new 90-percent domestic purchase requirement in the AID measure would assume a new and helpful meaning for producers and steelworkers—fabricators and their workers—alike.

Mr. BAYH. The senior Senator from West Virginia, who has had long and fruitful experience in matters relating to the basic steel and related industries, and who is knowledgeable on the subject, has made compelling arguments for the amendment, and I express by appreciation and commendation.

Mr. President, I see that our distinguished colleague, the chairman of the Committee on Foreign Relations [Mr. FULBRIGHT] has left the Chamber. Even though he is not here to hear me, I should like to say that no one in the Senate has a greater respect for him and his ability than I. Indeed, he is the No. 1 student of the foreign aid program and the foreign aid bill. He is an expert in this area.

However, when we speak of the expenditure of $7 billion in intricate programs, it is easy for me to see why some of the information which has been supplied to the Senator from Arkansas—which apparently has not been double checked—does not compare favorably with the facts of the situation as disclosed in the GAO report and the actuality of what AID wishes to do.

The Senator from Arkansas has suggested that this would guarantee one-half of the steel being purchased from U.S. steel firms. If I could be sure of that, I would be tempted to say, "All right, I will buy half an apple and will be willing to let the other half go which still has a worm in it," although I did not like the process they were following.

However, when we look at the way in which the memo is worded—all Senators apparently received a memo, hand-carried to their offices—it states that the United States would be guaranteed the purchase of all the bigger gages. The point is, however, that the Vietnamese do not now buy any thick-gage material. The importers buy the thin, flimsy stuff that gives them more profit per ton. As I mentioned a moment ago, they buy it by the ton and slice it thin. The thinner they slice it, the more profit.

Consider the orders for galvanized steel that have been forthcoming. Very few orders at all have been received from South Vietnam for the type of gage up to 29—a few steel companies have ordered 30—which is made in the United States. Most of the gages ordered are 31, 32, 33, and 34, and some of it is as thin as 35 gage. So I do not see how this proposal will guarantee that the United States gets any part of the market at all.

The letter-of-credit proviso, to which I alluded before, is an ingenious device, if we can trust everyone to deal above the board. It says we do not give you dollars; we give you a $1 million letter of credit, with which you have to come to the United States and buy iron and steel products. It seems to me that the very ingenious southeast Asian businessman will take that letter of credit, come to the United States, and buy $1 million worth of lathes or railroad track. But that does not mean they will be used in southeast Asia or any place else in Asia. He can transship those goods to any place in the world, get dollars in exchange, and use those dollars in any way he wishes.

This procedure presents a loophole big enough to drive a truck through.

I should like to state categorically that I am extremely appreciative of the effort that our Korean friends are making to turn back the common enemy in South Vietnam. AID is saying that galvanized steel must be purchased in this way in order to keep the troops of Korea in South Vietnam. Frankly, I believe our brothers in South Korea are more dedicated to fighting communism—they have been fighting it a long while—than to permit the purchase of several million dollars' worth of steel determine where they will send their troops.

Even if this were the case, the record shows that these component rules have been violated ever since 1963, and no troops were there then.

The amendment proposed by my colleagues and myself would not prevent steel from being bought from Korea. American black plate could be shipped to Korea, the Koreans could galvanize it,

and then it could be sent to South Vietnam. However, the amendment would prohibit Japanese black plate being galvanized in Korea and being sent to Vietnam.

I do not wish my effort to be interpreted in any way as being unappreciative of what the Koreans are doing. We are dealing with about $50 million of galvanized products in this fiscal year, about $90 million worth in the next fiscal year.

Although I have been in the Senate only 3½ years, I have spoken about this with several Senators who have been involved in the foreign aid program for many years. The AID Administrator states that his Agency will guarantee that the maximum amount of products is purchased in the United States. It seems to me that Congress should stipulate in the act itself that the 90–10 component be maintained in this specific case of galvanized steel.

If we lower the bar here, I am extremely concerned about what will happen with other products.

I am not a conservative trade man, and in general favor free trade. But when we talk about aid, about giving assistance to foreign nations, I do not make any apologies for the fact that I wish to do everything possible to see that the product is bought at home, before it is given away, so that it can benefit our economy. By the same token, the evidence is crystal clear that they would get a better quality product. Thus, the true intention of the AID program is better followed through, because they would not be getting inferior goods.

Mr. FULBRIGHT. For the record, I do not pretend that I have been out and hastily checked these figures. On May 12, Mr. Gaud who is the new Director stated before the Committee on Foreign Affairs of the House:

> Galvanized sheets are one of the principal items financed by the Vietnam commercial import program—approximately $20 million is the estimate for fiscal year 1966.

That is the year, of course, which has just passed. It undoubtedly will be larger in fiscal 1967. The whole operation is somewhat larger.

The information from AID is this: About a year ago, U.S. businessmen got 2 percent of this business. Due to a change in AID procurement procedures, they now make about 50 percent of these sales, and 50 percent go to the Koreans. Those changes were made in order to meet objections raised by some who are interested in the proposed amendment. But the AID people now say that 50 percent goes to U.S. business and 50 percent to the Koreans.

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

Mr. FULBRIGHT. I yield.

Mr. BAYH. In the absence of the Senator, I said that no one respects the Senator's expertise in the area of foreign aid more than I. The Senator is a worthy colleague and a trusted friend, one whose advice I willingly seek.

However, I have spent a number of months digging out some of the facts on this subject, attempting to determine for myself right versus wrong. I wish the Senator would let me have the benefit of his knowledge as to how this aid program will guarantee 50 percent—or any percent—for American businessmen.

Mr. FULBRIGHT. I do not wish to mislead the Senator. I am not an expert, particularly in galvanized sheet. I can only relate to the Senator the information the Director and the AID people have given us. I do not know why they would want to mislead the committee on facts of this kind. The Senator is saying that they are misleading the committee or are ignorant of what is going on.

Mr. President, in order to clarify the issue, I ask unanimous consent that the entire statement of Mr. Gaud be printed in the RECORD at this point.

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

STATEMENT OF HON. WILLIAM S. GAUD, DEPUTY ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT, BEFORE THE HOUSE FOREIGN AFFAIRS COMMITTEE, MAY 12, 1966

Mr. Chairman and Members of the Committee: As you know, over 90% of all the commodities, financed by the Agency for International Development are now bought in the United States. This is in sharp contrast to the situation which existed in 1960, when only 41% were bought here.

The problem which is now before you arises out of the less than 10% of our commodity purchases which are made overseas. More specifically it arises from our commercial import program in Vietnam, which accounts for the bulk of our offshore procurement.

The commercial import program provides Vietnam with dollars to finance the importation of essential goods required by the Vietnamese in excess of their own foreign exchange capabilities. These imports absorb the greatly expanded market demand resulting from the war effort which, if not met, would create dangerous inflation. The imported goods are paid for by Vietnamese businessmen, and then sold in local currency.

Galvanized sheets are one of the principal items financed by the Vietnam commercial import program—approximately $20 million is the estimate for FY 1966. They are used by the Vietnamese primarily for roofing.

Beginning in 1963, Korean galvanizers developed a substantial market for these sheets in Vietnam, using Japanese blackplate as a basic component. In June 1963, for balance of payments reasons, A.I.D. adopted a "componentry rule" restricting to 30% the material in finished products which could come from a source other than the supplier country or the United States. In January 1964, again for balance of payments reasons, A.I.D. adopted a 90/10 componentry rule which restricted to 10% the material which could come from a source other than the supplier or the United States.

This ruled out the use of Japanese blackplate. A Korean galvanizer who attempted to use United States blackplate found he could only sell his galvanized sheets at a loss.

In May 1965, the Koreans worked out a new procedure which they asserted complied with the A.I.D. componentry rule. Under this procedure they bought United States iron and steel scrap and in effect bartered it to Japan to pay for most of the cost of Japanese blackplate which they then galvanized and sold to Vietnam. After extended discussions, we told the Koreans that this did not meet the 90/10 rule. We therefore ordered suspension of procurement of galvanized sheet from Korea on November 1, 1965.

This suspension came just at the time that the Korean Government sent its Tiger Division to fight in Vietnam. In February 1966, the Vietnamese Government asked for a second Korean Division, plus a combat brigade. Shortly thereafter the Korean Government agreed to send these additional troops to Vietnam.

The Koreans have for several years been mounting an intense export drive, which is reducing their need for U.S. aid. They are naturally eager to maintain and expand their sales to Vietnam.

We believe—and we acknowledged to the Korean Government—that it is reasonable for Korea, a developing country and an ally which will soon have 40,000 troops in Vietnam, to have an opportunity to compete for some of the U.S.-financed procurement supporting the war effort. Galvanized products represent at least three-fourths of Korea's present total exports to Vietnam. This is business that Korea has had. Enforcement of A.I.D.'s 90/10 componentry rule would have cut off this business at a most inopportune time. We therefore decided to adopt a new procedure for the procurement of galvanized sheets which would permit Korea to bid for the business—if they got it—to be paid in dollars which could only be spent in the United States for iron and steel products or a limited amount of steel scrap. To assure competition, we offered the same opportunity to several other Far East countries as well as the U.S. industry.

When we announced this new procurement policy Senator BAYH raised several objections. He cited information indicating that the quality of galvanized sheet from Far Eastern sources had been poor, and that prices paid were higher in some instances than appeared reasonable in the light of the supplier's costs. He also urged us to reinstate the 90/10 componentry rule which would have prohibited the use of Japanese blackplate and instead to require the use of U.S. blackplate by Far Eastern galvanizers.

We undertook investigations on these three issues and other aspects of the problem. During these investigations and up to the present time we have not financed any galvanized sheets under the procedure challenged by Senator BAYH.

Our investigation confirmed that many of the sheets had been of poor quality. This resulted primarily from inadequate specifications provided by Vietnamese importers. We now intend to deal with this deficiency by eliminating thinner gauge sheets and by requiring zinc coating meeting U.S. commercial standards as defined by the American Society for Testing and Materials. We also will require that an independent testing agent certify compliance with these standards at the source prior to shipment to Vietnam.

With respect to prices, we found indications of possible collusion and kick-backs by suppliers to Vietnamese buyers. Our new rules will guard against this in several ways. We will require that procurement invitations and awards be managed by a single Vietnamese authority with official U.S. participation, so as to prevent contact between supplier and buyer. We also will set reasonable price ceilings above which awards will not be made.

With respect to source, we have considered three alternatives: requiring procurement only from the United States, or requiring the use of U.S. blackplate, or requiring that procurement be split between U.S. and Far Eastern suppliers.

We concluded that a shift to total U.S. procurement would not only deny Korea the opportunity to bid but also would greatly increase the cost of galvanized sheets at a

time when we are trying to check inflation in Vietnam. Our cost analysis indicated that if we insisted on the use of U.S. blackplate, Korean suppliers could not deliver galvanized sheets to Saigon at prices competitive with U.S. galvanized sheets. Consequently, this alternative would exclude Korea from a chance to compete unless we barred U.S. galvanizers from competition. This we are not prepared to do.

The third alternative was to require that some part of the business be directed exclusively to the United States. We have decided to adopt this alternative, requiring that at least half of the galvanized sheet by value be bought from the United States. To the extent that Far Eastern countries obtain the other half of the business, they will be paid in dollars which can be spent only in the United States and only for iron and steel products including machinery, but excluding scrap.

Thus, although United States industry will not be guaranteed all of the Vietnamese market for galvanized sheet; it will get at least half directly and will get indirectly an amount of business equal to the remainder through sales of other iron and steel products to the countries earning these tied A.I.D. dollars.

Attached to this statement is a detailed outline of our new procedure. In summary, it will insure that:

1. All A.I.D. dollars spent on galvanized sheets for Vietnam will remain in the United States and be spent on U.S. iron and steel products.

2. U.S. galvanizers will obtain 50% of the galvanized sheet business and will be eligible to compete for 100% of it. U.S. iron and steel and machinery manufacturers will ultimately receive business on the balance through tied letters of credit.

3. Eligible Far Eastern countries (Korea, Philippines, Singapore, Taiwan and Thailand) will be able to compete for 50% of the business and use blackplate from any Free World source galvanized by them. These countries will be paid not in free dollars, but in a specially restricted tied letter of credit which can be used only for the purchase of U.S.-produced iron and steel products, including machine tools.

4. U.S. "commercial" grade quality standards will be required as a minimum from all sources, with independent inspection before shipment.

5. We will finance only U.S.-produced gauges, up through 31.

6. We will insist on procurement on an aggregate basis, managed by a Vietnamese Government authority with U.S. Government participation in the award decisions.

7. A.I.D. will not finance purchases at prices above those it determines to be reasonable.

8. Existing offers made to Vietnamese importers will be rejected, and all new business will be conducted on the basis of our new procedure.

We believe the revised procurement arrangements are fair and meet our various objectives. We will keep this matter under constant review, and will adjust our procedures as may be necessary to protect U.S. interests. We do not believe that a highly complicated and technical administrative matter such as this should be dealt with by legislation.

I will be glad to respond to your questions.

GALVANIZED SHEET PROCEDURE

The following procedure has been devised to meet the criteria for supply of galvanized iron and steel sheet:

1. Quality must be acceptable to U.S. standards.

2. Price must be reasonable and honestly competitive.

3. Fifty percent of the dollar value must be from U.S. sources.

4. Far East suppliers must have an opportunity to make offers but if successful will receive payment in letters of credit requiring all dollar earnings be spent in the U.S. for iron and steel products and machine tools.

It is proposed that:

1. All Vietnam commercial import requirements of galvanized iron and steel sheet shall comply to ASTM Specification A-525-64T under coating class designated as 1.25 oz. commercial, subject to inspection at source by an independent inspection company.

2. No sheet thinner than gauge 31 shall be eligible for A.I.D. financing.

3. Procurement of galvanized iron and steel sheet shall be under formal bidding, the sealed bids to be opened in the presence of an A.I.D. observer, but otherwise privately.

4. The Director of Commercial Aid will aggregate requests for quotations received from Vienamese importers and divide them into two gauge groups as nearly as possible equal in dollar value. He will then issue two invitations for bid:

(a) U.S. only for the thicker (lower numbered) gauges, and

(b) U.S. and eligible Far East sources for the thinner group. All Far East suppliers would be paid on basis of Small Business Memo 64-4A-26, March 29, 1966, including the restricted tied letter of credit except that scrap would be eliminated as eligible commodity under the tied letter of credit and from the blacksheet requirement.

5. Invitations for bids will require that each bidder forward:

(a) One set of sealed bids to DCA.

(b) One duplicate set of bids to A.I.D., Washington, D.C.

6. The DCA will receive offers, open bids in private, but with USAID/Vietnam present, tabulate and evaluate prices and quantities.

7. When the bids are received A.I.D. will furnish to DCA a confidential ceiling price established for each gauge on the date bids are due or thereafter. Any Far East bidder's price quotation in excess of this pre-established ceiling will be automatically rejected.

8. The DCA will quote prices by gauge and secure confirmation and earnest money from each Vietnamese importer of the total tonnage of each gauge he will accept. The DCA will not then disclose suppliers or source countries.

9. On basis of these confirmed tonnages, the Director of Commercial Aid will:

(a) Determine lowest cost offers.

(b) Allocate not less than fifty percent of the dollar value of the total business to low bidder among the U.S. bidders.

(c) Allocate balance to low bidders among the Far East suppliers. In the event that there are insufficient U.S. bids to total half the business, the DCA shall award to Far East bidders an amount not exceeding the amount awarded to the U.S. A second bid invitation, again split 50-50, may be required. In order to balance U.S. and Far East awards, the DCA may split a gauge between sources. If so, he will average or blend the prices and split the sheet supplied each importer.

(d) Open letters of credit in favor of successful bidders, including among provisions of the letters of credit:

(1) Instructions to suppliers to consign shipments to DCA.

(2) Requirements for an inspection certificate from an independent inspection company if merchandise originates in a non-U.S. source country.

10. After contractual arrangements have been completed, including issuance of letters of credit to successful bidders, all participating bidders will be sent copies of notices of awards. Such notices will be publicly displayed by the DCA and will be furnished to USAID/Vietnam in sufficient copies for transmittal of one set to A.I.D., Washington, D.C.

11. When shipments have been made by the suppliers, DCA will notify participating importers in a timely manner of the anticipated arrival of the merchandise, will arrange for deposit of balance of counterpart to the extent this deposit has not already been covered by payment of earnest money, and license assignment of the merchandise to the importers following clearance through customs.

12. USAID/Vietnam would advise GVN and importers that if irregularities are found in this procedure, we reserve the right to insist on U.S. procurement authorities handling entire import of galvanized sheet.

Mr. FULBRIGHT. The letter of credit I mentioned, which is given to the Koreans, enables them to make purchases in the United States. It is true that some machine tools have been purchased. They are not limited purchases of galvanized sheet.

It does not have to be any particular kind of steel but can be steel products. Tools are made from steel. If their purchases were all machine tools, they would involve higher value from specialized labor than from the raw steel content.

But that is generally what the provision of their letter of credit requires. They must purchase an equivalent amount in steel or steel products in this country.

If the Senator is saying that in spite of the regulations and procedures, it is possible for very sharp individuals to get around them, I am not in a position to deny it. I do not have any expertise that would make me believe that this is not impossible. I do not know of anything in the law that cannot be evaded by a sharp lawyer.

AID reported that they are doing the best they can do to protect the legitimate interests of our steel people. They do not believe that our galvanized sheet people are entitled to all of this business.

The Koreans are participating in this procurement program to some extent because they are supplying troops in South Vietnam. This is one of the indirect ways to show our gratitude. There are other ways.

We also provide them with direct assistance.

I think that AID's position is clear, and I am not in a position to say that AID is not dealing direct.

Mr. BAYH. That is a difficult thing for me to say.

Mr. FULBRIGHT. The Senator just about said that.

Mr. BAYH. I am about to say.

Mr. FULBRIGHT. Yes.

Mr. BAYH. But I am going to be very careful not to. I am going to try to phrase it in such a way, as I said earlier, that, because they have been undermanned and oversupplied, at least they have not had enough capacity——

Mr. FULBRIGHT. Who is undermanned? AID?

Mr. BAYH. My position is that the major reason we got into this problem in Vietnam is that for some time AID had approximately six experts there on this whole program.

Mr. FULBRIGHT. They are not undermanned generally. Does the Senator know how many people they have?

Mr. BAYH. I am not an expert on this matter, and have been trying to learn about only a small area of a vast operation.

The 50-percent proposal, so far as purchases are concerned, as I said a moment ago, completely overlooks the fact that this is not going to insure one-half of the market for the United States. The memorandum does not appear to explain that this thin product is not purchased in the United States. If the United States does not make it, I do not know how we can sell it.

Mr. PASTORE. There is a matter that concerns the Senator from Rhode Island and it is this. I assume Vietnam needs a certain amount of tonnage of this steelplate. I understand they use it for roofing.

Mr. BAYH. And galvanized piping.

Mr. PASTORE. Is it not true that under the present system the Vietnamese are able to buy this steelplate cheaper than if they were forced to buy it from the American market? Is that not correct?

Mr. BAYH. That is not correct.

Mr. PASTORE. Does the Senator mean that this transaction in which they are now indulging does not furnish this steelplate cheaper than if they were compelled to come to the American producer?

Mr. BAYH. The only specific example which we have is several shipments made by an American steel company—I think it was Granite City. Granite City decided to try to produce thin plate for this market. They found that there were so many imperfections they could not meet the standard and it was not worth going into again.

Mr. PASTORE. We went into this in committee but not in the same depth as the distinguished Senator from Indiana. But we took this matter up in considering the supplemental appropriation bill last year.

Mr. BAYH. The distinguished Senator from Rhode Island is to be complimented and I wish to compliment him for the judgment he has shown.

As I read from the replies given by one of the AID officials appearing before the committee, it made the hackles stand on the back of my neck.

Mr. PASTORE. I was merely trying to get the facts. I would like to be corrected if I am in error.

In speaking with representatives of the AID program we were made to understand there is a differential in price. That is to be understood. I have had that condition before me in the textile industry. I am not defending that one iota.

I understand they made a certain amount of this steelplate, and if they cannot buy it cheaper, as they are now, they could either use their own foreign currency or foreign exchange to buy it at a cheaper price or we would have to increase our aid grant to them to buy enough of this plate.

I would like to have the Senator's reaction on this.

Mr. BAYH. From the facts and figures we have from both the American iron and steel industry and from the individual firms, there was some question when we first started inquiring into this whether American industry could meet this demand. However, we have learned that they can supply the required amount on 90 days' notice the same as to everybody else; and second, at a cost which would be within a dollar or two and sometimes cheaper.

It is my understanding that American companies could ship in galvanized steel at the same cost as the Japanese, Koreans, and South Vietnamese.

I do not wish to mislead the Senator from Rhode Island. If the other alternative were followed, of getting American black plate, instead of galvanized, shipping it to Korea, and having it galvanized there, it would cost more. It would cost approximately $120 a ton in Korea as compared to approximately $150 in the United States to galvanize it.

But the United States can lay down in Saigon a much better quality product and might be able to do it a little cheaper. It would cost about the same as sending the Japanese steel to Korea for galvanizing and then down to Saigon.

AID has been purchasing an inferior commodity; it does not help greatly when these products are put to use one year and have to be replaced in a comparatively short time.

Mr. PASTORE. Did the AID agency admit that situation?

Mr. BAYH. I must say that it has been difficult for me to get AID to admit anything. It seemed necessary to have the Accounting Office go in and subpena the files.

Mr. PASTORE. When did the Senator do that? Was that subsequent to the hearing we had?

Mr. BAYH. Yes; after the hearing. The thing that made me doubly unhappy was that certain things given to the Senator from Rhode Island were given to me through the Government report, through AID figures.

Regarding the French report that had been made, it is a part of that classified document. As I pointed out earlier, looking at what this commodity will really cost, I think we have to take into consideration how long it is going to last.

I will read into the RECORD parts of the French study. This is not classified.

Mr. PASTORE. I would only hope that the Senator from Indiana could put documents in the RECORD showing that we could sell a better quality at a better price. If he has those figures I would be interested in any statement that would establish that fact.

Mr. BAYH. I do not have the exact figures. I have been told this and I believe them to be correct.

I shall read excerpts from the French report:

> Most of them were complaining about short life of the sheets they have bought, chiefly during the rainy season. Owing to a rather low quality of material and often defectous coating, all sheets used as roofs or fences are quickly losing their brightness, then attacked by rust and must be replaced within a shorter period than with iron sheets of western origin.
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> * * * * *
>
> * * * all consumers we approached were unanimous to agree upon the fact that the price they pay for Korean sheeting is less than ever justified by the latter's quality and durability.

Mr. PASTORE. That is the GAO report?

Mr. BAYH. The French report, but it is a GAO report. This was in the AID files when the GAO at my request started investigating.

It points out further:

> It is common knowledge that Korea factories are using raw iron originating from Japan, where the same product is processed chiefly from salvaged scrap and therefore gives a lower quality milled product.

In regard to the prices of commodities, we not only have to consider the prices paid, but also the fact that if we buy the commodities in the United States they will last 12 years, when the record shows that they will last only 6 months to 12 months if we buy them through the other route.

Mr. President, I have no further substantive comment to make.

I do wish, however, to state my appreciation to a number of Senators for associating themselves with me in this amendment and to Senators SYMINGTON, RANDOPLH, and HARTKE for their statements in its support.

Mr. HARTKE. Mr. President, I wish to add my support to the amendment offered by my distinguished colleague from Indiana [Mr. BAYH].

I have followed his progress on this issue closely, and I must commend him for the creditable job he has done in bringing it to the attention of not only the American public, but also the Senate. I, too, have an interest in the balance-of-payments positions of the United States and the part that steel plays in it. The Committee on Finance recently completed hearings on my resolution, Senate Resolution 149, which calls for an in-depth study of the effects of steel imports. One of the facts brought out in those hearings was that our deficit trade balance in steel accounted for 68 percent of our balance-of-payments deficit.

It is inconceivable to me that an agency of the Federal Government, in this case the Agency for International Development, should pursue a policy that directly adds to our balance-of-payments deficit. It was my understanding from listening to speeches by the President, Treasury Secretary Fowler, and Commerce Secretary Connor that one of the primary goals of this administration was the solving of our balance-of-payments deficit. It seems to me a shame that the Senate should have to devote its valuable time and effort to seeing that Federal agencies under the direct control of the administration should be forced through legislation to follow the policies of that administration.

I know of the effects of the flood of Japanese steel imports on the domestic

steel industry of the United States; I know the effects of foreign cartels in allocating American markets and in fixing the prices of steel to be imported into the United States; and I will soon know the effects of our good ally, the West Germans, who have just seen fit to underwrite the sale of a steel-rolling mill to the Communist Chinese—steel that could very soon find its way into the bodies of our boys fighting in Vietnam.

With this as a background, I just cannot see why the Agency for International Development continues to follow the policy of buying steel from foreigners for our war effort in Vietnam. I therefore charge that it is the duty of the Senate to adopt the amendment under discussion.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana (No. 652).

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Nevada [Mr. CANNON], the Senator from Pennsylvania [Mr. CLARK], the Senator from Tennessee [Mr. GORE], the Senator from Arizona [Mr. HAYDEN], the Senator from Alabama [Mr. HILL], the Senator from Missouri [Mr. LONG], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I also announce that the Senator from Connecticut [Mr. DODD], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from New Hampshire [Mr. MCINTYRE], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Rhode Island [Mr. PELL], the Senator from South Carolina [Mr. RUSSELL], and the Senator from Florida [Mr. SMATHERS] are necessarily absent.

I further announce that, if present and voting the Senator from Nevada [Mr. CANNON] would vote "yea."

On this vote, the Senator from Pennsylvania [Mr. CLARK] is paired with the Senator from Oregon [Mrs. NEUBERGER]. If present and voting, the Senator from Pennsylvania would vote "yea," and the Senator from Oregon would vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Michigan [Mr. GRIFFIN], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Kansas [Mr. CARLSON] is absent on official business.

The Senator from Pennsylvania [Mr. SCOTT] is absent because of illness.

The Senator from Texas [Mr. TOWER] is detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Kansas [Mr. PEARSON], the Senator from Michigan [Mr. GRIFFIN], and the Senator from Pennsylvania [Mr. SCOTT] would each vote "yea."

On this vote, the Senator from Texas [Mr. TOWER] is paired with the Senator from Kansas [Mr. CARLSON]. If present and voting, the Senator from Texas would vote "yea," and the Senator from Kansas would note "nay."

The result was announced—yeas 64, nays 14, as follows:

[No. 150 Leg.]

YEAS—64

Anderson	Gruening	Moss
Bartlett	Harris	Murphy
Bayh	Hartke	Nelson
Bennett	Holland	Prouty
Bible	Hruska	Proxmire
Boggs	Jackson	Randolph
Brewster	Jordan, N.C.	Ribicoff
Burdick	Jordan, Idaho	Robertson
Byrd, Va.	Kennedy, Mass.	Russell, Ga.
Byrd, W. Va.	Kennedy, N.Y.	Simpson
Case	Kuchel	Smith
Church	Lausche	Sparkman
Cotton	Magnuson	Stennis
Curtis	McGee	Symington
Dirksen	McGovern	Talmadge
Dominick	Metcalf	Thurmond
Douglas	Miller	Tydings
Eastland	Mondale	Yarborough
Ellender	Monroney	Young, N. Dak.
Ervin	Montoya	Young, Ohio
Fannin	Morse	
Fong	Morton	

NAYS—14

Aiken	Inouye	Mundt
Cooper	Javits	Pastore
Fulbright	Long, La.	Saltonstall
Hart	Mansfield	Williams, Del.
Hickenlooper	McCarthy	

NOT VOTING—22

Allott	Hayden	Pell
Bass	Hill	Russell, S.C.
Cannon	Long, Mo.	Scott
Carlson	McClellan	Smathers
Clark	McIntyre	Tower
Dodd	Muskie	Williams, N.J.
Gore	Neuberger	
Griffin	Pearson	

So Mr. BAYH's amendment was agreed to.

Mr. BAYH. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. RANDOLPH. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER (Mr. BYRD of Virginia in the chair). The question is on agreeing to the motion to lay on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the agreement, the amendment of the Senator from Kentucky [Mr. COOPER] is now in order.

Mr. COOPER. Mr. President, the amendment which I offered last Friday is the pending business. As Members of the Senate will remember, the purpose of this amendment is to authorize a 2-year authorization for development loan funds for the Alliance for Progress.

I have had two requests that I yield for brief statements, one by the Senator from New York [Mr. JAVITS] and one by the Senator from South Dakota [Mr. MUNDT].

So, Mr. President, I ask unanimous consent that I may be permitted to yield to each of them for 5 minutes, and that I may then speak again, and that it will not be charged as a second speech on my amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

THE AIRLINES STRIKE

Mr. JAVITS. Mr. President, I asked the Senator from Kentucky to yield briefly only because we face an emergency—the airlines strike—and I think I am something of a factor in what we do about that emergency. I wish to state my views of record to the Senate prior to an executive session of the Committee on Labor and Public Welfare, which will be held this afternoon. As I am the ranking minority member of that committee, I felt justified in breaking into the debate very briefly for this purpose.

Mr. President, I am opposed to compulsory arbitration. That alternative seems to be the one which is being suggested as a solution to this dispute, and in a sense also as permanent legislation.

That suggestion seems to me to be counterproductive, Mr. President. It will result in making all collective bargaining just a holding operation, until the arbitration board or the court gets around to issuing an order establishing what the wages and working conditions should be.

Mr. President, compulsory arbitration has been traditionally inimical to the interests and wishes of both labor and management. Neither has wanted to replace collective bargaining with some kind of governmental decree or fiat by some labor court or governmental commission. We were in a flap, at the very last minute, on the 1963 firemen's and enginemen's dispute, and for practical purposes we decided in favor of compulsory arbitration because there seemed to be nothing else to do. Mr. President, after 2 years that dispute is again before us, and may very well again result in an emergency which we are powerless to resolve.

So, Mr. President, I am opposed to compulsory arbitration. I believe, generally speaking, American business, including both labor and management, is opposed to it. It is unnecessary to impose that upon us at this stage in our national life.

As the Senator from Oregon [Mr. MORSE] was gracious enough to state, I am for the technique of seizure, based upon the need to operate critical facilities to the extent required by the public health and safety. I have sponsored legislation on that subject for a long time—legislation which would give the Government the residual authority, which a Government must have, to operate essential facilities; and Senator MORSE was gracious enough to state that he based his bill with respect to the airlines disputes upon my legislation—S. 2797.

The third alternative before us is to restore the standstill provisions of the Railway Labor Act, so that, for all practical purposes, we shall have 150 days—a total of 180, but 150 within which a commission must report. Under Senator MORSE's joint resolution introduced this morning, we shall have 180 days—the same provision, for all practical purposes, as we have in the Taft-Hartley injunction.

Labor considers injunctions anathema, but the Railway Labor Act has traditionally been accepted as a means for dealing with the problems in that industry.

Under the circumstances, as we are now completely without remedies, Mr. President, I shall express myself as favoring the Morse alternative. If his first alternative—that is, limited seizure—cannot be accepted, then the standstill seems to me the only way out.

I have risen today, however, to emphasize that this is but the briefest and most interim kind of palliative. Pan-American and American Airlines are next in line, Mr. President. The American Airlines' cooling-off period expires on Wednesday, and Pan American's soon thereafter. The teamsters, the telephone workers, General Electric, and Westinghouse follow within a matter of months after that. And, Mr. President, the railway work rules themselves are now about to cause another national emergency.

Mr. President, how long are we to remain powerless? Many of us, including Senator MORSE, myself, and others, have addressed ourselves to the matter of Presidential recommendations. There has been some disagreement about that. I think the only sound way, the only way to arrive at national policy, is for the President to tell us what he wants in that regard, and then we can legislate accordingly.

Even in the absence of Presidential recommendations, Mr. President, it is of the highest priority that permanent legislation be put on the books to deal with these national emergencies. It is a national disgrace, I say advisedly, that the United States finds itself powerless, by the admission of the President, to operate, to get essential parts or essential personnel sent by air from A to B, or in any other way to operate the affairs of this Nation. We have a private enterprise nation. Blessed be it. But, we also have to have a nation in which the Government cannot be made powerless; and it is powerless, today, Mr. President.

I say to the Senate that I shall strive, in the Committee on Labor and Public Welfare, since the matter is before us now at long last, to do something about bringing to the Senate a permanent plan for dealing with these situations, so that Congress will not be put into the demeaning position of being powerless to act in a contract dispute except at the last moment and only temporarily for that particular dispute.

I repeat, Mr. President, compulsory arbitration is not the answer. I think it is misguided, and would set American business, and American labor-management relations, back by decades. I believe that some variation of the seizure technique is the answer. But be that as it may, we urgently need permanent statutory law; and I pledge to the Senate my utmost effort to bring that about, in view of the fact that we are now shaken anyway by this emergency.

I think the Senator from Oregon is entitled to the thanks of the country for showing us a way out with the standstill bill he proposes. I think quick action is necessary, but I believe the real way must be permanent legislation.

Mr. President, I ask unanimous consent that there be printed in the RECORD at this point an editorial which appeared last Friday, July 22, in the Washington, D.C., Daily News.

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

[From the Washington (D.C.) News, July 22, 1966]

STATE OF UNION ORATORY?

Last Jan. 12 in his state of the Union message, President Johnson said he intended "to ask Congress to consider measures which without improperly invading State and local authority will enable us to deal effectively with strikes which threaten irreparable damage to the national interest."

On Wednesday of this week at his televised news conference—more than six months later—the President explained lack of action on this matter by saying "we have been unsuccessful in getting legislation that the Secretary of Labor and the other members of my Cabinet felt acceptable and that we felt would have any chance of passage in the Congress."

It can be argued that the airline strike now going into its third week, and with no signs of settlement, is not doing "irreparable damage" to the national interest. The lines still flying are doing a good job, and the inconvenienced public can get there one way or another—eventually. But with strike losses to the economy now estimated at over $300 million, the damage to many is most severe.

Sen. JAVITS of New York put it well when he said he was "somewhat dismayed" that the President is waiting for a proposed legislative solution in this field acceptable to all interests.

"Certainly," Sen. JAVITS said, "he (the President) attached no such precondition in other legislative fields, such as civil rights."

Yes, unquestionably there is quite a difference between the White House attitude on civil rights and labor legislation.

Mr. DOMINICK and Mr. MORSE addressed the Chair.

Mr. COOPER. Mr. President, I have the floor.

The PRESIDING OFFICER. The Senator from Kentucky has the floor.

Mr. COOPER. Mr. President, I ask unanimous consent that I may yield for 2 minutes to the Senator from Oregon, with the understanding that I shall not lose my right to the floor, and that my subsequent remarks shall not be counted as a second speech.

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

Mr. MORSE. Mr. President, I only wish to say to the Senator from New York that I appreciate very much the statement he has made in support of the stop-gap legislation I offered this morning. As I have already set forth in detail, I think it is sound legislation, is needed legislation, and ought to be adopted immediately. At 2 o'clock this afternoon, I shall move that it be made the pending business of the Committee on Labor and Public Welfare, and considered along with the other resolutions which are pending, in the hope that we can have ready for the floor of the Senate tomorrow our recommendations on the matter.

I thank the Senator very much.

Mr. COOPER. Mr. President, I now ask unanimous consent that I may yield for 2 minutes to the Senate from Colorado [Mr. DOMINICK], with the understanding that I shall not lose my right to the floor, and that my subsequent remarks shall not be counted as a second speech.

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

Mr. DOMINICK. Mr. President, I have not taken the floor on this issue heretofore. Like every other office, my office has been deluged with communications regarding this strike. We have a tourist State, and a State which is absolutely dependent upon adequate transportation. We have great problems in being able to get from one area to another without adequate air transportation.

The situation is obviously becoming worse. As the distinguished Senator from New York has just commented, there is imminent the termination of the American Airlines contract on Wednesday. The situation is now so bad that I have had telephone calls this morning from almost everyone I can think of in my State, protesting against the failure of the administration and Congress to take any action.

I can well understand why the Senator from Oregon wishes to move rapidly; but no matter how rapidly we move, it will obviously take at least until the end of this week before we can get any bill through Congress. It seems to me that it is imperative for the President of the United States to bring these people down to the White House and say, "You have got to reach an agreement." Because the ones who are being hurt by this particular strike are not those who are involved in the negotiations. It is the general public who is being hurt; the people who depend on the airlines both for their air travel and for the shipment of their freight. Consequently, this is different from the ordinary labor negotiation.

Unless we establish some pattern by which to solve problems of this kind, I think we are in for a continuing series of very difficult national situations.

I say to my distinguished friend, the Senator from New York, that I myself have a bill which I am prepared to put in today, to take care of this situation. But I am aware, as is everyone else, that it will still take time for congressional action on this matter.

It seems to me that we should invoke a public hearing over a long period of time, and utilize the best brains and effort available, to try to find a solution for labor problems involving not just labor versus management; but where the general public interest is so involved that unless action is taken which will solve the problem, the country as a whole and innocent third parties will be the ones most injured. This is the situation that we are faced with now.

Along with the senior Senator from Oregon, the senior Senator from New York, and other Senators, I am desperately concerned over this situation.

I think the first thing we should do is to try to see if we can arrive at a solution, but, while that effort is being made, it seems to me that it is urgently necessary for the President to take action in this field.

Mr. President, I ask unanimous consent, that I may include as part of my remarks the text of a proposed joint resolution which has already been forwarded to the desk. I ask unanimous consent to the introduction of the joint resolution out of order and that it be referred to committee.

The PRESIDING OFFICER (Mr. HART in the chair). The joint resolution will be received and appropriately referred; and, without objection, the joint resolution will be printed in the RECORD.

The joint resolution (S.J. Res. 183) to provide for the settlement of the labor dispute between certain airlines and certain of their employees, introduced by Mr. DOMINICK, was received, read twice by its title, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

S.J. RES. 183

Whereas the labor dispute between certain airlines and certain of their employees represented by the International Association of Machinists and Aerospace Workers threatens essential transportation services of the Nation; and

Whereas it is essential to the national interest, including the national health and defense, that essential transportation services be maintained; and

Whereas all the procedures for resolving such dispute provided for in the Railway Labor Act have been exhausted and have not resulted in settlement of the dispute; and

Whereas the Congress finds that emergency measures are essential to security and continuity of transportation services by such carriers; and

Whereas it is desirable to achieve the above objectives in a manner which preserves and prefers solutions reached through collective bargaining; and

Whereas the parties have failed to reach a settlement of the dispute, and as a result a work stoppage has occurred which has deprived the nation of necessary transportation services; and

Whereas it is essential that such services be restored at the earliest possible date and that procedures be provided for final and binding settlement of the issues in the dispute: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That no carrier or labor organization which is a party to the existing labor dispute (National Mediation Board Case No. A-7655) between certain airlines and certain of their employees which has resulted in a stoppage of work by such employees and an interruption of service by such airlines, shall make any change except by agreement, or pursuant to an arbitration award as hereinafter provided, in rates of pay, rules, or working conditions encompassed by any of such notices or engage in any strike or lockout over any dispute arising from any of such notices. Any action heretofore taken which would be prohibited by the foregoing sentence shall be forthwith rescinded and the status existing immediately prior to such action restored.

SEC. 2. Upon the request of the President, the emergency board appointed by the President on April 21, 1966 under section 7 of the Railway Labor Act for the purposes of the dispute referred to in the first section of this joint resolution shall act as a board of arbitration for the purpose of settling the issues in such dispute. For such purposes, the board is authorized to reconvene and to hold such additional hearings and take such additional testimony as it may deem necessary, and to make a decision with respect to such issues. The board's decision shall be binding on both the carriers and the labor organization which are parties to the dispute and shall constitute a complete and final disposition of the issues covered by the decision.

SEC. 3. To the extent not inconsistent with this joint resolution the arbitration shall be conducted pursuant to sections 7 and 8 of the Railway Labor Act, the board's award shall be made and filed as provided in said sections and shall be subject to section 9 of said Act. The United States District Court for the District of Columbia is hereby designated as the court in which the award is to be filed, and the board shall report to the National Mediation Board in the same manner as arbitration boards functioning pursuant to the Railway Labor Act. The award shall continue in force for such period as the board shall determine in its award, but not to exceed two years from the date the award takes effect, unless the parties agree otherwise.

SEC. 4. The board shall begin its hearings immediately after the enactment of this joint resolution, and shall make and file its award not later than thirty days after the enactment of this joint resolution.

SEC. 5. The obligations imposed by this joint resolution, upon suit by the Attorney General, shall be enforcible through such orders as may be necessary by any court of the United States having jurisdiction of any of the parties.

SEC. 6. This joint resolution shall expire one hundred and eighty days after date of its enactment, except that it shall remain in effect with respect to the last sentence of section 3 for the period prescribed in that sentence.

SEC. 7. If any provision of this joint resolution or the application thereof is held invalid, the remainder of this joint resolution and the application of such provision to other parties or in other circumstances not held invalid shall not be affected thereby.

Mr. COOPER. Mr. President, I yield 1 minute to the distinguished majority leader under the same circumstances.

Mr. MANSFIELD. Mr. President, I think I can state on behalf of the President of the United States that, if there were a possibility, the slightest possibility, of reaching an agreement on the present strike by calling the contending parties to the White House, he would do so.

I think the President has gone as far as he can at the moment in the appointing of a Board headed by a distinguished colleague of ours in the Senate, and by delegating Secretary of Labor Wirtz and various assistant secretaries to conduct the negotiations which are currently taking place on an intermittent basis between the unions and the airline operators.

I do not think the President should assume the sole responsibility of attempting to resolve this dispute in view of what he has already done. At this point, I think the responsibility lies here in Congress.

Mr. COOPER. Mr. President, I yield to the Senator from Alaska.

Mr. GRUENING. Mr. President, with the possible exception of the other noncontiguous Pacific State, Hawaii, no State is more dependent on air transportation than is Alaska.

Excepting a ferry system financed and operated by the State of Alaska, air transportation is virtually the only form of passenger transporation from the older 48 States which Alaska has. Therefore, Alaska has been hit extremely hard by this prolonged strike which has paralyzed five airlines, one of which serves Alaska directly and others indirectly.

The State of Alaska has been trying to develop a tourist business. It is in its infancy and beset by the difficulties inevitable to beginnings. Many hotel and motel reservations are being canceled because of the strike. Infant industries are more vulnerable than long-established ones.

I wholeheartedly approve of the expressions made by my colleagues, and their demands for prompt congressional action, and I thank the senior Senator from Oregon for his constructive proposal to bring this destructive and costly strike to a conclusion.

It is unthinkable that this strike should be permitted to continue with the resulting terrific damage to practically every segment of our economy.

I hope that the proposal of the Senator from Oregon will be acted upon promptly and will thus provide a sorely needed solution to this distressing situation.

Mr. COOPER. Mr. President, I yield 5 minutes to the Senator from South Dakota with the same understanding, that I do not lose my rights to the floor.

The PRESIDING OFFICER. The Senator from South Dakota is recognized.

Mr. MUNDT. Mr. President, like all other Senators, I have been receiving torrents of mail, telegrams, and telephone calls about the deplorable airlines strike. I should like to second the recommendation made by the distinguished Senator from Colorado.

I think the situation is serious enough so that the President should call to the White House the disputing parties in the controversy.

The majority leader said that perhaps nothing would come of such an effort, and perhaps it would not. However, I am sure the country expects some kind of leadership action from the White House in this area. We cannot be sure that nothing will come of such action until after it has been tried.

The people of the country are desperate for airline transportation.

AIR TRANSPORTATION ASSOCIATION RECOMMENDATION ON NATIONAL AIRPORT HAS MERIT

Mr. MUNDT. Mr. President, a newsstory late last week in the Washington Post outlines a suggestion by the Air Transport Association that the limit on nonstop flights from National Airport be relaxed from the present Federal Aviation Agency restriction of 500 miles. In calling for an expansion of the nonstop perimeter, the association also recommends that a ceiling of 44 scheduled flights per hour be imposed, which would provide a ratio of about 73 to 27 between airlines and general aviation at National.

In the hope that we will ultimately find an answer to the airlines strike, I am interested in restoring nationwide airlines transportation to the National Airport

and not merely to an area within a 500-mile circumference of the National Capital.

It seems to me there is considerable merit in the association's suggestions, particularly the one with respect to extending the proposed perimeter which would blatantly discriminate against all communities beyond a favored east coast area.

National Airport is exactly that which its name implies. It is an airport serving the Nation's needs. It is an airport serving the Capital City of the Nation. It is in fact an all-American airport. It is not a neighborhood airport serving a certain charmed circle in this area.

When we talk about Washington, D.C., we are not talking about a regional center serving a certain region of the United States. This city is here to serve the people of the entire country. Washington is in fact every American's hometown.

And its airport, National Airport, is here for that same purpose, to serve the people of every area in this country.

It is my conviction that in serving the needs of the country, you do not automatically divide up the country and give a first-class citizenship designation to those who travel within a 500-mile radius, and relegate the rest of the populace to the travel status of second-class citizenship.

Yet this is exactly what has happened with imposition of the recent FAA ruling. The citizen from Pittsburgh or New York or Boston now finds that he enjoys a little better service because the accident of geography locates him within 500 miles of Washington. He gets off his plane at Washington, D.C., and saves from 45 minutes to over an hour on his arrival time in downtown Washington.

But the citizen from Chicago, or Minneapolis or Sioux Falls or Miami, or points further West or South, will not find himself traveling more but enjoying it less, for once his plane touches down, he finds that he still is many miles from Washington and frequently, if he is from Chicago, finds that it takes him just as long to get to Washington from the airport as it did to get to the airport from Chicago. He will probably spend more time in city-to-airport ground travel than he does in the air between Chicago and Washington.

There are those who claim that the time difference is of no consequence with respect to the length of time required to reach National Airport from Washington compared to driving time to Dulles or Friendship.

If that is true, that it really makes no difference, then certainly there should be no argument against allocating more shorter flights to Dulles and Friendship airports and more longer nonstop flights to National.

If these two airports need the airline business, and the traffic is such that three airports are required to service Washington, then let us have an equitable formula which does not penalize the citizen from points in this country which are beyond, the proposed 500-mile radius.

Let us have a formula which divides the traffic on the basis of the number of flights and not on the basis of destination or point of departure.

CONVENTIONS WILL NO LONGER FAVOR WASHINGTON

Mr. President, may I respectfully suggest that there is available to the Federal Aviation Agency an equitable and workable formula for resolving the raging controversy evolving over the recent FAA proposal to isolate National Airport as a neighborhood airport instead of one serving all Americans desiring to visit our National Capital for pleasure or business. Certainly, if Washington desires to maintain its reputation as a popular convention center for many national organizations its businessmen, hotel owners, restaurateurs, and others should be interested in applying a fairness doctrine to our airport problems.

Conventioners and committees selecting convention sites for national organizations are not likely to look with favor on Washington if those attending these meetings are to be discriminated against in their travel plans purely on the basis of accident of geographic residence. Protests against such inhospitable prejudice are already reaching our Congressional offices. It is as unfair and as inequitable as though air passengers to La Guardia Airport in New York City were to be transported downtown to the city by city-leased air-conditioned buses if they live within 500 miles of New York but would have to provide their own much slower, more expensive, and less convenient downtown transportation in the event they happened to live further from New York City than 500 miles. It is easy to imagine the uproar against the city if such prejudicial provisions were provided. Mr. President, the equally unfair and prejudicial provisions proposed for implementation by the FAA will prove equally unpopular and unprofitable if they prevail at our National Capital—the hometown of all Americans.

THERE IS AN EQUITABLE ALL-AMERICAN FORMULA AVAILABLE

Mr. President, no American will quarrel with the very proper desire of the Federal Aviation Agency to provide the maximum in safety for air travelers to National Airport. If the FAA has evidence to support a decision to limit flights at National to 44 per hour, so be it.

What the FAA should do is to establish by all evidence and experience available to it, the following demonstrable factors: Safety, as affected by the number of flights arriving and departing. Possibilities of overcrowding by the ground traffic at the airport and the related parking facilities available. The airport facilities for handling the passenger traffic in and out. Convenience of the traveling public and the capacity of airport facilities for meeting it.

The logical and equitable approach toward limiting these flights has no conceivable relation to the point of origin of the flight or the distance traveled by the plane and its passengers. It is purely a matter of density of traffic.

On the basis of these factors, Mr. President, and any other elements the FAA desires to consider the optimum number of planes per hour can be determined. After that, the flights should be allocated to the various airlines serving National by a fair, objective, and equitable formula designed to serve the travelers of the entire country—not just a few favored cities of the East and definitely not by any formula based on the points of origin or destination of the flights at Washington's National Airport.

Mr. President, in the addition to the foregoing factors, the FAA could very properly issue across-the-board restrictions against the use of National Airport by our larger jetplanes requiring runways too long for the existing runways at National. If the runways are ultimately extended, and as new jets are developed capable of using shorter runways and carrying fewer passengers than this country's largest jetplanes, these restrictions could also be lifted and replaced by the proposed formula mentioned earlier in these remarks.

However, Mr. President, nothing could be more illogical and indefensible than to try to enforce the 500-mile nonstop flight limitation based solely on geographical considerations. To endeavor to make National Airport simply a neighborhood port, serving airlines with a plethora of shuttle flights to nearby cities, with flights every hour on the hour, is, however, as unthinkable and as indefensible as it is unfair and prejudicial. Surely, air traffic is equally dense and dangerous, whether it originates in New York City and Boston or whether it originates in Chicago, Omaha, or Minneapolis.

An agency charged with serving the Nation's interests, and supported by all the taxpayers of America, has no right to limit use of the most popular and convenient airport to nonstop flights serving our National Capital, in a charmed circle arbitrarily selected to give excellent service to some citizens, and to disrupt the travel schedules and delay the arrival times of all other Americans. I sincerely hope that the FAA will give careful, sympathetic, and favorable consideration to the sound proposals of the Air Transport Association, as indicated by the attached news-story, which I ask to have printed at this point in my remarks. I believe, also, that these proposals should be reviewed in connection with the proposed fairness doctrine which I have recommended.

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

AIRLINES TO ASK CURB ON FLIGHTS AT NATIONAL

(By Hugh McDiarmid)

The Air Transport Association is going to ask the Federal Aviation Agency to relax its new 500-mile limit on nonstop flights from National Airport. It will ask for a restriction in the number of flights that can use the field each hour.

The proposal, which has substantial but not unanimous support among the 13 carriers serving National, calls for a new nonstop perimeter of 650 to 1,000 miles and a ceiling of 44 scheduled flights per hour.

William Martin, an official of the Air Transport Association, coordinating body for the airline industry, said that while this proposal does not have unanimous support, it appears to have more than any other except

one previous suggestion that would freeze all schedules as of June 20.

This was proposed to the FAA before it announced its 500-mile ruling July 1. FAA bypassed it.

The new proposal is expected to go to FAA administrator William F. McKee today.

According to one airline spokesman, it would lead to a scheduling committee made up of airline representatives who would divide the 44 hourly flights among the carriers.

Such a committee operated several years ago for LaGuardia Airport in New York and, according to the spokesman, "their meetings were rather unpleasant affairs."

The 500-mile perimeter was decreed by McKee on July 1 to take effect Aug. 7.

Its effect would be to force passengers who want to fly nonstop to such cities as Chicago, St. Louis, Miami and Minneapolis to catch planes from Dulles and Friendship International Airports.

McKee acted following a public outcry created by the opening of National to some commercial jet traffic in April. The elimination of the ban on jets brought an upsurge of air traffic and an increase in terminal congestion.

RESULTED IN OUTCRY

Before McKee's 500-mile order nonstop flights were permitted to points within 650 miles, including Chicago and Boston, and to eight cities up to 1,000 miles away, including St. Louis and Minneapolis.

But the new perimeter edict resulted in its own outcry, chiefly from such affected states as Illinois, Florida, Georgia, Tennessee and Minnesota.

McKee met with a delegation of Congressmen from affected states July 12 and announced that he would reexamine all alternatives. Another meeting is scheduled early next week. McKee is expected to render a final decision at that session.

MAY BACK DOWN

Airline industry sources expect McKee to back down on the 500-mile perimeter. One said yesterday it is obvious that Congressional reaction has made the perimeter "politically unacceptable" for McKee.

The basic reason for the pressure on McKee is that ground time to downtown Washington increases significantly for flights operating from Dulles and Friendship. Estimates of the difference vary from 15 to 45 minutes.

The FAA had no comment on the new proposal from the airline industry. The limit of 44 scheduled flights per hour is in line with what FAA sought when it ordered the 500-mile perimeter.

WHAT IT CAN HANDLE

In instrument weather, National Airport can handle a maximum of about 60 flights per hour. The 44 flights per hour represents the scheduled airlines' share of an historic 73-to-27 ratio between airlines and general aviation at National.

Presently National is handling an average of 100 flights per hour in good weather including general as well as commercial aviation. The number increases in peak morning and evening hours.

The airline proposal is for a maximum of 44 flights (landings and takeoffs) for any hour of the day, not including general aviation.

The mounting pressure on McKee was discussed yesterday at the monthly meeting of the National Capital Planning Commission. Acting chairman Walter C. Louchheim said, "Some Congressmen appear to be more interested in adding 15 minutes to their campaigns than in the public safety."

Louchheim announced that the NCPC's special National Airport Committee will meet next week. Paul Thiry, a Seattle architect and an NCPC member, said he hopes the special committee will consider some faster means of getting people from Dulles to Washington. He suggested a monorail and said, "You can go to Chicago in less time than it takes to come in to Washington from Friendship or Dulles."

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

Mr. MUNDT. I yield.

Mr. COOPER. Mr. President, I have the floor, and I yield to the Senator from Florida.

Mr. SMATHERS. I thank the Senator from Kentucky.

Mr. President, I wish to commend the able Senator from South Dakota for the remarks he has made, particularly with respect to the regulation which apparently the head of the Federal Aviation Agency is thinking of putting into effect.

It seems to me unjust that those Senators and other people who live the farthest from Washington should be additionally handicapped by having to take a longer car ride or bus ride in order to get on an airplane to go that longer distance.

I have attempted to make it clear to the gentleman who is in charge of this particular program that I believe the imposition of a 500-mile limitation for jets on the local airport would be very unfair.

I might add for the record that both distinguished Senators from Wisconsin have joined me in calling the Federal Aviation Agency and making it clear that we, too, along with the Senator from South Dakota, oppose the 500-mile limit.

Mr. MUNDT. I am delighted to have this contribution, because I understand that the FAA this week is reviewing its earlier proposal, in light of the understandable storm of protests which has come into Washington from those areas which are selected out by this 500-mile nonstop limitation, which would compel many people to undergo the penalty of slower transportation simply because of geographic residence.

FOREIGN ECONOMIC ASSISTANCE, 1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

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

Mr. COOPER. I yield to the Senator from Massachusetts, with the understanding that I do not lose the floor.

Mr. SALTONSTALL. Mr. President I appreciate the generosity of the Senator from Kentucky in yielding to me, so that I may state my support for his amendment to the foreign assistance bill, which would provide for a 2-year limitation for the Alliance for Progress in Latin America. I do so because we have a special relationship in Latin America. We have been working to improve that relationship over the years.

This program was started in 1960, and we renewed it in 1962 for 4 years. Now the committee has only recommended a 1-year extension.

Mr. President, I supported a 2-year extension for development loans and for the Alliance for Progress. That proposal was defeated. Now we have it for the Alliance for Progress alone.

Possibly, an added reason exists for the committee recommending the authorization of the full amount of the request for the Alliance for Progress program. I believe that is an indication that the committee puts it on a somewhat different footing than the development loans and Alliance for Progress together.

Three Presidents have recognized the importance of our relationship with the Latin American countries. The committee has put additional safeguards in its recommendation. I believe it is important that we continue this friendship, and show that we value working with Latin American countries in their development, for our mutual interest in the days to come.

So I join with the Senator from Kentucky, in supporting his amendment to make this a 2-year authorization rather than just a 1-year authorization.

I thank the Senator for permitting me to make this statement.

Mr. COOPER. Mr. President, I thank the distinguished Senator from Massachusetts for his statement and for his support. In a short time, he has advanced convincing reasons why this modest proposal should be adopted.

Last Friday, Mr. President, I called up this amendment, which provides for a 2-year authorization of development loan funds for the purposes of the Alliance for Progress, in its particular section of the bill. I know that Senators understand the arguments that will be made for and against the proposed amendment, so I do not believe that the discussion should take much time.

From the beginning, as the record shows, the program to assist Latin America, known as the Alliance for Progress, was intended to be a long-term effort. The original act of assistance, voted by the Congress under the administration of President Eisenhower, makes this intention clear. This Latin American Development Act was enacted on September 8, 1960.

Following this act of Congress and the declaration called the Act of Bogotá, the representatives of the American Republics later agreed in 1961 to the charter of Punta del Este, establishing an Alliance for Progress within the framework of the Organization of American States. Except for Cuba, every Latin American country joined with us in the adoption of this charter.

This plan was implemented under the administration of President Kennedy. In a speech to the diplomats of the Latin American Republics, after he came into office, President Kennedy indicated the desire of his administration to carry on the idea of an Alliance for Progress, which he said was instituted on an Inter-American scale by President Eisenhower.

When President Johnson came into office, in a short time he announced strong support for this program. Again and again, when statements and speeches were made, they referred to the progress which could be made in the decade. Five years have passed since 1960, and the decade does not end until 1970.

The first authorization for assistance to the Alliance for Progress, made in

1962, was for 4 years, ending July 1, 1966, and the amount authorized is about to expire.

It can be said that the first authorization, beginning with the $500 million requested in 1961 under the Latin American Development Act, and followed by the 4-year program adopted in 1962, covered the first 5 years of authority.

The President asked the Congress this year to approve a second 5-year authorization. The House of Representatives has approved that request, and the Committee on Foreign Relations has now recommended a 1-year authorization for the Alliance for Progress in the bill before the Senate.

My amendment, which I think is rather modest, would authorize for 2 years the assistance furnished through development loans without changing the level of the authorization provided in the committee bill for this fiscal year or the next fiscal year.

I should think, considering the history of the Alliance for Progress, the intended program and the accomplishments that we have seen, that the authorization should be for longer than 2 years. With the temper of the Senate, as expressed on amendments in the last few days, I do not think that will be done, but I do believe there is interest in restoring a better long-term basis to this program which bears on our own hemisphere.

A few days ago the Senate defeated the amendment offered by the Senator from Wyoming [Mr. McGEE] which would have provided a general 2-year authorization for all of the programs in the bill; and later an amendment offered by the Senator from Ohio [Mr. LAUSCHE], giving 2-year authorization for some of the programs in the bill, was also defeated.

I do not believe that the arguments that were made against those amendments, and the assumptions upon which they were based, apply to the Alliance for Progress.

The Committee on Foreign Relations and Congress have been critical of the foreign aid program, and I think correctly so. Unless provision is made for more effective use of aid funds, and for reform and revisions of the aid program to achieve better use of these funds, I believe the overall program will not achieve the greater support and effectiveness that is desired.

The committee has also called again and again, as has the entire Congress, upon other countries to assist in sharing the burden of foreign aid.

In regard to the Alliance, I believe that our insistence that other countries should assist in our aid program has had a response, so far as Latin America and the Alliance for Progress are concerned.

The agency has provided the Congress information which shows that the Inter-American Development Bank has approved loans of more than $1.5 billion to Latin American countries since 1961, while the World Bank has also sharply increased its lending to these countries since 1964. Additionally, contributions to the Alliance from the other free world countries that are members of the Development Assistance Committee of the OECD averaged $203 million in 1961, 1962, and 1963, with 1964 and later figures showing increases of some 10 percent above earlier levels.

In the information supplied the committee during hearings on this bill, detailed figures on the total current assistance going to Latin America were given. The grand total for fiscal 1966 was said to include almost $900 million from international organizations and agencies.

These figures do not take into account the efforts made by individual countries and allies. Some of these efforts may also be seen by the various means, in 1965 and 1966, whereby the United Kingdom, Canada, West Germany, Italy, Netherlands, and Spain made available loans for the purchase of bonds in the amount of nearly $100 million to the Alliance for Progress.

Two or three days ago, after the Senate had reviewed a 2-year authorization for all countries, I also read an article in the New York Times saying that Canada was reducing its interest rate and providing a longer grace period for any loan it would make through the Alliance for Progress.

As I understand it, the Alliance for Progress is unique in another way. The Alliance provides that at least 50 percent of its development loan funds shall be used to stimulate and encourage the investment by private enterprise. In this regard, I note in the hearing that the Senator from Oregon [Mr. MORSE] questioned Mr. Gordon at some length about the results of the Alliance in encouraging private investment or largely private investment in Latin America.

From the information supplied in the hearings, the accumulated U.S. private investment alone in Latin America since the Alliance for Progress was initiated was shown to have increased year by year. The last availabale exact figures were for 1964, when this cumulative total U.S. investment portion was approaching $14 billion.

My second point is that the committee has insisted—particularly the chairman—that a larger part of our aid should be channeled multilaterally through international lending institutions. The committee makes that a very strong point in its report, and I think that most Senators agree with this objective.

In the committee report it is pointed out that this aim and objective is being accepted with respect to the Alliance for Progress. I shall read from page 14 of the report:

> Second, the section would authorize the transfer of up to 15 percent of Alliance for Progress funds to the Inter-American Development Bank or to the World Bank or its affiliates. This is analogous to the authority presently existing in section 205 for the transfer of development loan funds to the World Bank or its affiliates.
>
> The President would be given discretion to transfer loan funds for distribution through the international lending agencies, whereas under the amendment to section 205 of the act contained in section 102(a)(2) of this bill, relating to the development loan program, 15 percent of the funds appropriated would be available only for transfer to the international institutions.

Under this authority, if Congress appropriates the full appropriation for the Alliance for Progress the President could transfer up to $81,450,000 to the Inter-American Development Bank or the World Bank group for use in Latin America; that would be out of an authorization of $543 million. I make the point that the committee has provided in the bill for the multilateral objective that it so strongly argues.

I assume that the major argument that has been made against a further term of authority for the Alliance, and is also made against the whole foreign aid program, is simply that it is not effective and not making the progress that was intended by the Congress and by our country, and that steps should be taken to make it more effective before an authorization longer than 1 year should be made.

In response to that argument, I should say that the committee has written into the bill stricter controls upon the use of our funds made available through the Alliance for Progress to insure better planning, and to assure that these funds would be used not only for national purposes but to bring about a closer economic integration of the countries of Latin America.

The committee has provided, and I shall read from page 14 of the report:

> First, it would provide that Alliance for Progress loans may be made only to support national economic plans approved by the Inter-American Committee for the Alliance for Progress (CIAP). The effect would be that before a country could participate fully in the Alliance it would have to make a national economic plan which would be approved by the Alliance's international body. CIAP would not be given the power to control American aid; it would be given only a limited veto in the sense that if it did not approve a country's plan, that country could receive no U.S. loans. CIAP, consisting of six distinguished Latin Americans and one North American, is in a better position than AID or the State Department to insist on rigorous Latin American compliance with the standards of the Alliance. The requirement would not apply to grant aid; i.e., to technical assistance or to emergency assistance to meet unforeseen contingencies.

Mr. President, that is what the Committee on Foreign Relations has written into its bill, this stricter control upon the use of funds provided a country. As I say, it is to assure a more effective national plan, to assure a plan which would encourage integration of the economies of Latin America.

Finally, as I said, the argument is made with respect to many countries that the overall aid program is not tight and effective. I am sure it is made properly, and I have made this argument in the past; in fact, beginning in 1958, I have offered many proposals to make the foreign aid program more effective, and some have been written into the bills for the Foreign Assistance Act in earlier years.

Again, I want to say that reforms in the overall program are required, and I hope the agency will do all that the Congress directs, but I would call attention to the comments about the Alliance in the report on this bill.

The committee reports that the Alliance for Progress is making consider-

able progress. I read from page 15 of the report:

The committee has approved a 1-year authorization of $543 million, the amount of the appropriation request, for the Alliance for Progress. Of this amount, $87,700,000, also the appropriation request, will be available for grants. The administration requested an authorization of $850 million for each of the next 5 fiscal years and proposed that $100 million of this amount be authorized to be available annually for grants.

The fact that the Alliance for Progress is the only major non-U.N. aid program which the committee did not cut demonstrates the committee's support for the program. Although the results over the last 5 years have not been as dramatic as we and our Latin-American partners would have liked, there has been considerable progress and the committee believes that the results justify authorization of the full amount of the budget request.

I have no doubt that there have been some defects in the program. I have no doubt that there has been some waste. I have no doubt that a great deal more progress could have been made.

The report states that the Alliance for Progress joined a regional and continental program—almost a complete hemispheric program—into which the Latin-American countries have entered, with the exception of Cuba. The United States has also entered and has fostered this spirit of cooperation, with the intention of carrying it forward.

The Alliance has made progress. I think it would be a grave error to place the program under a 1-year authorization and thus raise doubts among the countries making their efforts against great difficulties. I believe we should encourage these nations to continue to make the effort to secure the economic growth and governmental reforms that are needed, and which we want to see occur rapidly and regularly.

When questioned by the Senator from Vermont [Mr. AIKEN] in the hearings, Mr. Gordon, the Assistant Secretary for Inter-American Affairs, stated that there had been an increase in the rate of economic growth since the Alliance for Progress was instituted, that in the past 3 years it had met the target of a 2½-percent rate of growth per year.

Mr. President, I will not take the time today to place in the record the list of all of the kinds of progress which have been achieved in the Alliance program as they have been thoroughly documented in the reports given to the committee and in information which appears in the record of hearings.

When I called up my amendment in the Senate last Friday, I noted some of these areas of change and improvement, among which tax reform well points up internal self-help action. A recent report of the AID speaks of this reform, and I read from it:

Comprehensive tax collections improvements have been implemented by five countries while four others have concentrated on the administration and development of better tax systems. Currently, the Internal Revenue Service has teams in 18 countries to assist in these self-help efforts. Among the accomplishments of the program are the following: 11 countries are working on such management improvements as the reorganization of their tax agencies and revenue accounting systems; effective programs for the audit and investigation of tax returns have been or are being established in 13 countries; in-country training organizations have been established in 11 countries. Total tax revenues increased 26% in Latin America in the last five years.

Savings have also increased in Latin America to a marked degree, and we know that savings are the basis for investment by peoples in the countries themselves to improve their industrial and agricultural growth. These savings have grown almost $2.5 billion in 5 years and they provide a steadily increasing share of domestic resources to go to local development.

Progress has also been made in the fields of social reform, education, basic development, and health, and I ask unanimous consent that statistics prepared by the Agency for International Development on July 1 of this year be printed at this point in the RECORD.

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

EDUCATION

Textbooks: Textbooks distributed to Latin American countries totaled about 14,268,000 at the end of fiscal year 1966; 9,173,000 have been distributed during the past two years.

Classrooms Constructed: AID-assisted classrooms construction has continued with the number completed in fiscal year 1965 and fiscal year 1966 equaling that of the previous three-year period; in all, a total of 27,000 units have been built.

School Enrollment: AID-assisted teacher training courses have been completed by 8,700 and 9,000 teachers in fiscal years 1965 and 1966, respectively, with more than 38,000 teachers having graduated from such program since their inception. Also, more than 100,000 teachers have profited from in-service training sessions financed all or in part by AID.

AGRICULTURE

More than 1,130,000 acres of land have been newly irrigated under AID projects. Also, 387,000 acres have been reclaimed by clearing and draining. Fertilizers provided under AID programs in fiscal year 1965 totaled more than 72,000 nutrient tons, of which 38,000 nutrient tons were produced locally.

Supervised agricultural credit loans totaling $337 million have been extended to $682,000 persons through fiscal year 1966. From fiscal year 1962 through fiscal year 1964 loans totaled $81.5 million; in fiscal year 1965 the amount was $108 million and in fiscal year 1966, $147 million.

HOUSING

Housing constructed through AID financing in fiscal year 1965 and fiscal year 1966 have exceeded 132,000 units, providing better living conditions for approximately 790,000 people. Savings and loan systems to capture savings for investment in housing are succeeding. By December 1965, 90 savings and loan associations with 360,000 members had been established in Latin American countries. Homes financed totaled 41,000 while net savings were $113 million.

HEALTH

Approximately 1,200 health centers are now in operation as compared with 686 in July 1964. Mobile health units during the same period increased from 61 to 88. Vaccinations against measles, smallpox, and cholera have been given to approximately four million people at the close of fiscal year 1966, malaria eradication programs protect 100 million persons.

More than 2,700 rural wells and 1,170 potable water supply systems serving 14,500,000 have been completed at the end of fiscal year 1966.

CREDIT UNIONS

In September 1962, when AID first began its efforts to establish credit unions, there were 432 with 124,000 members and accumulated savings of slightly more than $4 million. As of December 1965, 1,930 credit unions were in operation serving more than 457,000 members with savings of $30 million. Loans totaled $29 million.

MILES OF ROAD BUILT OR IMPROVED

More than 14,000 miles of roads were built or improved under AID-assisted programs through fiscal year 1966.

Mr. COOPER. Mr. President, many of the cities and private organizations in this country have also been stirred and been sympathetic to the efforts of the people of the continent of South America to move forward and have joined in collaborating with that effort. They have made contributions. They have joined sister cities and both have received great benefits from that mutual collaboration and cooperation.

Farm organizations and rural electrical cooperatives have joined in a mutual effort with similar organizations in Latin America to improve agriculture, and to improve cooperatives in those countries. There is a wealth of information to show that progress has been made, perhaps not all that should have been made, but enough to warrant our confidence and a larger measure of our future intentions.

Thus, Mr. President, I have introduced the amendment, because the Alliance for Progress does seem to have different characteristics from the groupings of our other recipients.

I have said that it is multinational. It is continental. It is hemispheric. It brings together a group of nations in the hemisphere which, if they are not alike culturally, do have many historical similarities and experiences, and with whom we have enjoyed long association.

It may be argued this this 1 additional year will not make much difference. I would say, however, that when our countries have joined together, under three Presidents, to look ahead to this association, this country ought to maintain the motivation and impact of the Alliance. One year only could discourage those countries which are beginning to make an effective effort and it could cast some doubt upon the good faith of the statements that have been made, not only by three Presidents of the United States, but the Congress of the United States in the bills that it has enacted.

I should like to note as I close, the statements of three Presidents. The first, as I have said, was by President Eisenhower, when the Act of Bogotá was signed by the United States and countries of Latin America. In that year, 1960, Congress enacted a law relating to assistance for Latin American countries, setting forth longtime goals, and authorized $500 million for the development program.

President Kennedy, when he became President, in speaking about his policy to the diplomats from the Latin American countries, talked eloquently of the goals of their countries and ours in 1961.

I ask unanimous consent to place in the RECORD his speech.

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

ADDRESS BY PRESIDENT JOHN F. KENNEDY AT A WHITE HOUSE RECEPTION FOR MEMBERS OF CONGRESS AND FOR THE DIPLOMATIC CORPS OF THE LATIN AMERICAN REPUBLICS, MARCH 13, 1961

It is a great pleasure for Mrs. Kennedy and for me, for the Vice President and Mrs. Johnson, and for the Members of Congress to welcome the Ambassadorial Corps of our Hemisphere, our long time friends, to the White House today. One hundred and thirty-nine years ago this week the United States, stirred by the heroic struggle of its fellow Americans, urged the independence and recognition of the new Latin American Republics. It was then, at the dawn of freedom throughout this hemisphere, that Bolivar spoke of his desire to see the Americas fashioned into the greatest region in the world, "greatest," he said, "not so much by virtue of her area and her wealth, as by her freedom and her glory."

Never in the long history of our hemisphere has this dream been nearer to fulfillment, and never has it been in greater danger.

The genius of our scientists has given us the tools to bring abundance to our land, strength to our industry, and knowledge to our people. For the first time we have the capacity to strike off the remaining bonds of poverty and ignorance—to free our people for the spiritual and intellectual fulfillment which has always been the goal of our civilization.

Yet at this very moment of maximum opportunity, we confront the same forces which have imperiled America throughout its history—the alien forces which once again seek to impose the despotisms of the Old World on the people of the New.

I have asked you to come here today so that I might discuss these challenges and these dangers.

We meet together as firm and ancient friends, united by history and experience and by our determination to advance the values of American civilization. For this New World of ours is not a mere accident of geography. Our continents are bound together by a common history, the endless exploration of new frontiers. Our nations are the product of a common struggle, the revolt from colonial rule. And our people share a common heritage, the quest for the dignity and the freedom of man.

The revolutions which gave us birth ignited, in the words of Thomas Paine, "a spark never to be extinguished." And across vast, turbulent continents these American ideals still stir man's struggle for national independence and individual freedom. But as we welcome the spread of the American revolution to other lands, we must also remember that our own struggle—the revolution which began in Philadelphia in 1776, and in Caracas in 1811—is not yet finished. Our hemisphere's mission is not yet completed. For our unfulfilled task is to demonstrate to the entire world that man's unsatisfied aspiration for economic progress and social justice can best be achieved by free men working within a framework of democratic institutions. If we can do this in our own hemisphere, and for our own people, we may yet realize the prophecy of the great Mexican patriot, Benito Juarez, that "democracy is the destiny of future humanity."

As a citizen of the United States let me be the first to admit that we North Americans have not always grasped the significance of this common mission, just as it is also true that many in your own countries have not fully understood the urgency of the need to lift people from poverty and ignorance and despair. But we must turn from these mistakes—from the failures and the misunderstandings of the past to a future full of peril, but bright with hope.

Throughout Latin America, a continent rich in resources and in the spiritual and cultural achievements of its people, millions of men and women suffer the daily degradations of poverty and hunger. They lack decent shelter or protection from disease. Their children are deprived of the education or the jobs which are the gateway to a better life. And each day the problems grow more urgent. Population growth is outpacing economic growth—low living standards are further endangered—and discontent—the discontent of a people who know that abundance and the tools of progress are at last within their reach—that discontent is growing. In the words of José Figueres, "once dormant peoples are struggling upward toward the sun, toward a better life."

If we are to meet a problem so staggering in its dimensions, our approach must itself be equally bold—an approach consistent with the majestic concept of Operation Pan America. Therefore I have called on all people of the hemisphere to join in a new Alliance for Progress—*Alianza para Progreso*—a vast cooperative effort, unparalleled in magnitude and nobility of purpose, to satisfy the basic needs of the American people for homes, work and land, health and schools—*techo, trabajo y tierra, salud y escuela.*

First, I propose that the American Republics begin on a vast new Ten Year Plan for the Americas, a plan to transform the 1960's into a historic decade of democratic progress.

These 10 years will be the years of maximum progress-maximum effort, the years when the greatest obstacles must be overcome, the years when the need for assistance will be the greatest.

And if we are successful, if our effort is bold enough and determined enough, then the close of this decade will mark the beginning of a new era in the American experience. The living standards of every American family will be on the rise, basic education will be available to all, hunger will be a forgotten experience, the need for massive outside help will have passed, most nations will have entered a period of self-sustaining growth, and though there will be still much to do, every American Republic will be the master of its own revolution and its own hope and progress.

Let me stress that only the most determined efforts of the American nations themselves can bring success to this effort. They, and they alone, can mobilize their resources, enlist the energies of their people, and modify their social patterns so that all, and not just a privileged few, share in the fruits of growth. If this effort is made, then outside assistance will give vital impetus to progress; without it, no amount of help will advance the welfare of the people.

Thus if the countries of Latin America are ready to do their part, and I am sure they are, then I believe the United States, for its part, should help provide resources of a scope and magnitude sufficient to make this bold development plan a success—just as we helped to provide, against equal odds nearly, the resources adequate to help rebuild the economies of Western Europe. For only an effort of towering dimensions can ensure fulfillment of our plan for a decade of progress.

Secondly, I will shortly request a ministerial meeting of the Inter-American Economic and Social Council, a meeting at which we can begin the massive planning effort which will be at the heart of the Alliance for Progress.

For if our Alliance is to succeed, each Latin nation must formulate long-range plans for its own development, plans which establish targets and priorities, ensure monetary stability, establish the machinery for vital social change, stimulate private activity and initiative, and provide for a maximum national effort. These plans will be the foundation of our development effort, and the basis for the allocation of outside resources.

A greatly strengthened IA-ECOSOC, working with the Economic Commission for Latin America and the Inter-American Development Bank, can assemble the leading economists and experts of the hemisphere to help each country develop its own development plan—and provide a continuing review of economic progress in this hemisphere.

Third, I have this evening signed a request to the Congress for $500 million as a first step in fulfilling the Act of Bogotá. This is the first large-scale Inter-American effort, instituted by my predecessor President Eisenhower, to attack the social barriers which block economic progress. The money will be used to combat illiteracy, improve the productivity and use of their land, wipe out disease, attack archaic tax and land tenure structures, provide educational opportunities, and offer a broad range of projects designed to make the benefits of increasing abundance available to all. We will begin to commit these funds as soon as they are appropriated.

Fourth, we must support all economic integration which is a genuine step toward larger markets and greater competitive opportunity. The fragmentation of Latin American economies is a serious barrier to industrial growth. Projects such as the Central American common market and free trade areas in South America can help to remove these obstacles.

Fifth, the United States is ready to cooperate in serious, case-by-case examinations of commodity market problems. Frequent violent change in commodity prices seriously injure the economies of many Latin American countries, draining their resources and stultifying their growth. Together we must find practical methods of bringing an end to this pattern.

Sixth, we will immediately step up our Food for Peace emergency program, help establish food reserves in areas of recurrent drought, help provide school lunches for children, and offer feed grains for use in rural development. For hungry men and women cannot wait for economic discussions or diplomatic meetings—their need is urgent—and their hunger rests heavily on the conscience of their fellow men.

Seventh, all the people of the hemisphere must be allowed to share in the expanding wonders of science—wonders which have captured man's imagination, challenged the powers of his mind, and given him the tools for rapid progress. I invite Latin American scientists to work with us in new projects in fields such as medicine and agriculture, physics, and astronomy, and desalinization, to help plan for regional research laboratories in these and other fields, and to strengthen cooperation between American universities and laboratories.

We also intend to expand our science teacher training programs to include Latin American instructors, to assist in establishing such programs in other American countries, and translate and make available revolutionary new teaching materials in physics, chemistry, biology, and mathematics, so that the young of all nations may contribute their skills to the advance of science.

Eighth, we must rapidly expand the training of those needed to man the economies of rapidly developing countries. This means expanded technical training programs, for which the Peace Corps, for example, will be available when needed. It also means assistance to Latin American universities, graduate schools, and research institutes.

We welcome proposals in Central America for intimate cooperation in higher education—cooperation which can achieve a regional effort of increased effectiveness and excellence. We are ready to help fill the gap

in trained manpower, realizing that our ultimate goal must be a basic education for all who wish to learn.

Ninth, we reaffirm our pledge to come to the defense of any American nation whose independence is endangered. As its confidence in the collective security system of the OAS spreads, it will be possible to devote to constructive use a major share of those resources now spent on the instruments of war. Even now, as the government of Chile has said, the time has come to take the first steps toward sensible limitations of arms. And the new generation of military leaders has shown an increasing awareness that armies cannot only defend their countries—they can, as we have learned through our own Corps of Engineers, they can help to build them.

Tenth, we invite our friends in Latin America to contribute to the enrichment of life and culture in the United States. We need teachers of your literature and history and tradition, opportunities for our young people to study in your universities, access to your music, your art, and the thought of your great philosophers. For we know we have much to learn.

In this way you can help bring a fuller spiritual and intellectual life to the people of the United States—and contribute to understanding and mutual respect among the nations of the hemisphere.

With steps such as these, we propose to complete the revolution of the Americas, to build a hemisphere where all men can hope for a suitable standard of living, and all can live out their lives in dignity and in freedom.

To achieve this goal political freedom must accompany material progress. Our Alliance for Progress is an Alliance of free governments, and it must work to eliminate tyranny from a hemisphere in which it has no rightful place. Therefore let us express our special friendship to the people of Cuba and the Dominican Republic—and the hope they will soon rejoin the society of free men, uniting with us in common effort.

This political freedom must be accompanied by social change. For unless necessary social reforms, including land and tax reform, are freely made—unless we broaden the opportunity for all of our people—unless the great mass of Americans share in increasing prosperity—then our alliance, our revolution, our dream, and our freedom will fail. But we call for social change by free men—change in the spirit of Washington and Jefferson, of Bolívar and San Martín—not change which seeks to impose on men tyrannies which we cast out a century and a half ago. Our motto is what it has always been—progress, yes, tyranny no—*progreso si, tirania no!*

But our greatest challenge comes from within—the task of creating an American civilization where spiritual and cultural values are strengthened by an ever-broadening base of material advance—where, within the rich diversity of its own traditions, each nation is free to follow its own path towards progress.

The completion of our task will, of course, require the efforts of all governments of our hemisphere. But the efforts of governments alone will never be enough. In the end, the people must choose and the people must help themselves.

And so I say to the men and women of the Americas—to the *campesino* in the fields, to the *obrero* in the cities, to the *estudiante* in the schools—prepare your mind and heart for the task ahead—call forth your strength and let each devote his energies to the betterment of all, so that your children and our children in this hemisphere can find an ever richer and a freer life.

Let us once again transform the American continent into a vast crucible of revolutionary ideas and efforts—a tribute to the power of the creative energies of free men and women—an example to all the world that liberty and progress walk hand in hand. Let us once again awaken our American revolution until it guides the struggle of people everywhere—not with an imperialism of force or fear—but the rule of courage and freedom and hope for the future of man.

Mr. COOPER. Mr. President, at one point President Kennedy said:

I propose that the American republics begin a vast new 10-year plan for the Americas, a plan to transfer these years into a historic decade of democratic progress. These 10 years will be the years of maximum progress, maximum effort, the years when the greatest obstacles must be overcome, the years when the need for assistance will be the greatest. And if we are successful, if our effort is bold enough and determined enough, then the close of this decade will mark a new era in American experience.

Then when President Johnson became President, he said, on November 26, 1963, 4 days after the tragic death of President Kennedy:

I have come to reaffirm the Alliance and to pledge all energies of my government to our common goals.

This year he said:

We recognize that fulfillment of all our goals will require continuation of our joint efforts beyond 1971. . . . Self-help and mutual aid will be yardsticks in determining the scope of our contribution.

That is a very limited statement of the historical background of this Alliance for Progress. As I have said in my discussion of it, the benefits that have flowed from it have been limited in some fields but very encouraging in others. In our consideration of the foreign aid bill this year, there have been departures, and I believe we have a responsibility to give this program the chance we have promised it and our neighbor nations.

I find no fault at all with trying to make the AID program more effective, to reform it, to assure that the recipient countries exercise more self-help and do a better job themselves. As I have said, I have proposed such provisions in the past. But I believe, out of a respect for Latin America, with the record of the committee itself, we ought to give this proposal very careful consideration. I hope that we can maintain the position we asserted in 1960 under President Eisenhower, and in 1961 and 1962 under President Kennedy, and which has been reaffirmed since that time under President Johnson, to give our member nations of the hemisphere assurance of our continued cooperation, so as to effect progress and further reforms in Latin America. Adoption of the amendment will give momentum to this great Alliance, and to our purposes.

I do want to note one other argument which has been made in this debate which I think has no relevance to the Alliance. It is evident that a part of the opposition to the AID program is the result of dissatisfaction with the situation in Vietnam. It is argued that our AID program will lead to commitments, or claims of commitments, such as have been asserted for our actions in Vietnam.

I am not now arguing the merits of that issue, but it seems to me rather ironic that those who argue that we have advanced or adopted a new policy based upon force should advocate that we discard, that we leave, that we cripple a peaceful arm of our foreign policy, in our own hemisphere.

This program has provided a constructive arm and one that is of assistance in developing nations with common goals. I think this is true in Latin America, as well as in a number of countries we assist, and I can see no real argument that the continuance of our support of the Alliance for Progress will involve us in military adventures in Latin America.

Therefore, upon the arguments that I have made, some of which the Senate has heard before, I hope very much the amendment will be adopted.

Mr. MORSE. Mr. President, I want to make a brief reply to my friend from Kentucky [Mr. COOPER] before I leave to go to the Labor and Welfare Committee to see if we can take some emergency legislative action on the great airlines emergency that confronts the country.

I think the Senate would make a great mistake if it adopted the amendment of the Senator from Kentucky. The Senator from Kentucky and I have worked very closely in the Senate over the years in our mutual interest for the Alliance for Progress program. I have respect for his views and appreciation for his help.

As the Senator knows, I have served as chairman of the Subcommittee on Latin American Affairs of the Committee on Foreign Relations. I am a strong supporter for the Alliance for Progress program. I hope we may continue to contribute to investing, or aiding—whatever term one wants to use—in the program, but I think it would be a great mistake to authorize the program for beyond a year, as recommended by the Senate committee, by a roll call vote of 11 to 6. This provision was fully considered and adopted in the Senate committee after we had the benefit of the testimony of the witnesses in the public hearings, and also additional information that was sought that does not appear in the written record of the committee hearings.

Then I think the Senate should take into account the fact that the House provision for the Alliance for Progress, as pointed out by the Senator from Kentucky, is a 5-year provision; and we all know we are going to conference. Although I think the Senate conferees should hold out for the 1-year provision, for reasons I shall state in a moment, as parliamentary realists, we all know that the odds favor a final settlement somewhere between 1 year and 5 years. I believe that the Senator from Kentucky should wait for the conference, rather than seeking to bind the Senate conferees with a starting point of 2 years. There will be a good many other matters in conference also. But I wish to speak on the merits of the matter for just a moment.

Mr. COOPER. Mr. President, will the Senator yield? The Senator from Oregon has been most kind in not interrupting my presentation, but I should like to comment on that point.

Mr. MORSE. I yield.

Mr. COOPER. I know that the argument has been made and will be made, why should the Senate do anything on

this authorization? Why should it increase it to 2 years? It is said that in the conference there will be, perhaps, a coming together of the conferees at some point.

That could possibly be true. But I offer this amendment for another reason also. I recognize that in the conference, there might be agreement on 2 years or 3 years. I do not know.

But I would be sorry if the Senate of the United States, acting for itself, upon its own motion, would not express its continued support for the Alliance for Progress. That is the reason I hope the Senate will agree to this amendment—to show that we, too, have understanding of the purposes and meaning of the Alliance. I would hope that the Senate will help to recall that this Congress has taken such action in the past, and that we are not running away from it, and to recall that three Presidents of the United States, with the great prestige of their office, asked this body to give this kind of promise and hope to these countries.

I would rather have us take affirmative action on this floor than let the issue be threshed out in the conference room at some later date.

Mr. MORSE. The Senator from Kentucky, in his argument, loses me completely. I do not know what a 2-year authorization has to do with whether or not we support the Alliance for Progress. A 1-year authorization is support for the Alliance for Progress. If we did not support it, we would exclude it. I think that is a very weak argument, that we ought to adopt the Senator's amendment providing for a 2-year authorization as an announcement to the world that we support the Alliance for Progress.

I say we will strengthen the Alliance for Progress, in my judgment, if we adopt a 1-year authorization rather than a 2-year authorization, for I think a 2-year authorization will give opportunity for certain forces in Latin America—for reasons I shall point out momentarily—to weaken the Alliance for Progress.

But let me point out what the House minority, in its minority report, said about this matter:

There are signs that the Alliance needs considerable strengthening because needed reforms are not forthcoming sufficiently fast enough to prevent economic stagnation, which in turn breeds political and social chaos. For example, only 7 of the 19 Latin Republics achieved their 1964 goal of increasing per capita income by 2.5 percent; only 9 passed tax reforms; only 12 adopted land reforms; and only 9 instituted savings and loan legislation.

We commend those countries south of our border which have successfully, to date, repulsed Communist subversion. Latin America supported the U.S. position on Red China at the 20th session of the General Assembly last fall. It was the only geographic area of the world that stood almost totally with us.

Still, AID's present handout program is not providing the solution. The New York Times survey of the economy of the Americas, dated January 28, 1966, summarized it well in an article entitled "For Latin America, Progress is Painful." Rather than lack of funds, the difficulty stems from lack of good projects. In the absence of these, the United States makes "program loans" which is simply a device to provide cash for a country to pay for its imports. Separate and apart from the detrimental effect this has on the U.S. balance of payments, it has a damaging effect on the country's economy. There has been considerable criticism from bankers, economists, and Government officials that the debt burden resulting from our aid programs in many instances is more than the countries can stand and will be a source of trouble in future years.

Dissatisfaction with the administration's handling of the Alliance program arose from another source when last April a panel of international economic experts (the so-called nine wise men) established by the original charter of the Alliance resigned. The group asserted that it had lost its independence and that there was too much dominance of the Alliance by the United States.

To sum up the major problems—

While there has been economic growth in all countries, the population increase has blunted the effect of the economic growth rate.

Private investment, discouraged in some Latin American countries by unwise fiscal and monetary policies is not moving in fast enough and flight of private domestic capital is continuing. The voluntary restraints imposed by the administration on the business community in an attempt to solve our gold problem works against the admitted need for more private investment.

Unstable political and economic institutions remain a fundamental problem.

The bureaucratic processes of AID has caused resentment and scorn on the part of many responsible Latin American officials.

The Organization of American States has yet to become a truly regional collective security organization thereby rendering the OAS ineffective in closing the "collective security gap" in the Western Hemisphere.

The administration of the Alliance is admittedly worsening. This does not seem to be the time, with the problems that beset the Alliance, to lessen congressional review.

I believe that the Foreign Relations Committee, having approved a 1-year authorization by a vote of 11 to 6, is entitled to the confidence of the Senate in a 1-year authorization, rather than 2 or more years. In fact, if we were to provide for 1 year for the other countries of the world—and some of them also, that we are aiding, are very much underdeveloped—and 2 years for Latin America, we would not create good will by that kind of discrimination, either. I believe this should be a uniform program of authorization for all of our aid recipients.

The Senator from Kentucky has spoken of Canada providing grants and interest-free loans.

The contribution that Canada makes to Latin America is a pittance compared with that which the American taxpayers are making. I will be more interested in using Canada as a basis for support for a 2-year authorization if Canada will join the Organization of American States, come in and be a partner with us, and stop standing on the sidelines as an observer so that she can keep herself in a free-wheeling position, which she has. We know some of the problems that we have had with Canada vis-a-vis Latin America. We know what little cooperation we received from Canada with regard to the problems of Cuba. We know to what extent Canada has continued to supply spare parts to Cuba. That is her sovereign right, but it does not make me, let me say, run up the Canadian flag and point to it as a basis for supporting a different policy for the United States in Latin America.

I say further that I would have my friend the Senator from Kentucky and other Senators read and thoroughly examine the penetrating report that the Senator from Alaska [Mr. GRUENING], who is in the Chamber, has submitted to the Senate in connection with foreign aid in Chile. If I were not hastening to another meeting, I would read part of it, but I shall only ask unanimous consent that I may have the privilege of having printed in the RECORD following my remarks some excerpts of the report of the Senator from Alaska in regard to the administration of foreign aid in Chile. Chile is one of our best friends and one of the more democratic countries in Latin America.

Chile has some very serious problems. May I say that there is a lot that can be done by AID people to improve the administration of foreign aid money even in Chile.

Mr. President, I ask unanimous consent that certain excerpts from my minority views in which I quoted from Senator GRUENING's report be printed in the RECORD following my remarks.

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

(See exhibit 1.)

Mr. MORSE. Mr. President, I think it is well known that the years of dedicated service that I have given now to the development of the Alliance for Progress program was infinitesimal compared with what the then Senator from Massachusetts and later President of the United States, as a member of my subcommittee, devoted to the Alliance for Progress program.

It is my interpretation and my feeling—and it motivates me—that, of course, one can go back to the remarks of any President and pick out an excerpt here or a quotation there about his support for a great program, and then come in and use that quotation as though it had a cause to effect relationship in logic for the support of a 2-year authorization. I call that an irrelevant argument and a complete non sequitur.

We do not have the views of the President referred to in regard to what his position would be. On the basis of the facts, he might very well support more than a 2-year program.

Mr. President, it happens to be our responsibility in the Senate to come to the judgment that we think we ought to reach before we cast our vote as to whether it ought to be 1 year, 2 years, or some other period.

As I said the other day, if we really want to give support to our democratic friends in Latin America, we will put it on a 1-year program rather than on a 2-year or longer program. Our democratic friends in Latin America have no concern about any interference with their programs. It is our nondemocratic friends who would like to get it sewed up. It is our nondemocratic friends who would like to get the authorization so that they can argue in our international conferences that they have a right to this aid. They have so argued. I have been present at those international confer-

ences. I know the approach that they make in these international conferences.

An increasing number of Latin American diplomats are talking in terms of having a right to receive aid from the United States. Why, we had a serious situation arise not so many weeks ago, and there was quite a bit about it published in the newspapers.

The Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Oregon got a little criticism in the press because of the position we took on this particular item. May I say that the Senator from Vermont [Mr. AIKEN], the Senator from Iowa [Mr. HICKENLOOPER]—who attended that conference—and the Senator from Minnesota [Mr. MCCARTHY] joined with us in our protest of the position taken in the conference that had been going on for revision of the OAS Charter, to have written into those revisions language that would seem to support the demand of certain Latin American delegates that they were entitled as a matter of right to have a guarantee written into a treaty that would give them the aid. That is dangerous business. If they have a case they can stand on, they do not have to worry about a 1-year authorization.

What concerns me are some nondemocratic regimes in Latin America that would like to get this kind of guarantee written into our law.

I think that sound discretion and wisdom call upon us to take another look at this program in a year.

I am still hopeful that we will be able to see a number of reforms adopted in Latin America that we can heartily support. Let us take, for example, the matter of interest rate mentioned by my friend, the Senator from Kentucky, when he said that Canada requires no interest rate. Would that be any bar on us as to the length of authorizations? Not at all.

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

Mr. MORSE. I yield.

Mr. COOPER. Mr. President, I was speaking of other nations beginning to supply aid to Latin America. I named Canada. I said that I read in the newspaper a few days ago that Canada was reducing its interest rate below 3 percent and was providing a grace period of 7 years. I did not say they were providing funds with no interest rate.

Mr. MORSE. Mr. President, of course the amendment that would follow— if I have the schedule right—would be the McCarthy amendment which seeks to reduce the interest rate from 3 percent to 2.5 percent for development loans after the grace period.

One of the great reforms that is needed in Latin America and one of the reforms needed, particularly in more of these nondemocratic nations—is interest reform, for the legal interest in most of those Latin American countries has ranged from 12 to 34 percent.

As long as we keep this on a yearly authorization basis, we are in a better bargaining position to use the position we are in to try to get more reforms adopted, such as interest revision.

I do not think that we can get anywhere in developing a sound project-to-project program that will help to improve the economic lot of the masses of the people in Latin America until they do something about their interest rate. I do not think the American taxpayer will or should look with much favor upon a Congress that is perfectly willing to go along with this low interest rate that we have been going along with, an interest rate that is still below the cost of the use of the money, when the legal interest in most of those Latin American countries may be from 12 to 34 percent.

How would we develop a building and loan association in any country? It would be impossible. We cannot have a person in the low income class in Latin America go along with a building and loan association program unless we get the interest rates down, their national interest rate, to between 5 and 7 percent.

There is evidence in the RECORD, and we have battled about this time and time again, that it is very often because of aid money that they are able to get from us at a very low interest rate—and for a while the rate was three-fourths of 1 percent, and then 1 percent for the 10-year grace period, and now it is proposed to be 2.5 percent for the period beyond that—that they have done two things. They have paid off some debts to other countries, countries to which they are paying a much higher percentage of interest. They have continued to borrow from other countries at a higher percentage of interest.

I speak respectfully and kindly, but I believe that that is really a form of cheating the American taxpayer. It is not playing fair with the American taxpayer.

A 1-year authorization would give them encouragement to bring about more reforms.

The minority views in the House committee report points out some additional reforms needed. A 1-year authorization would be an inducement to bring them about.

Mr. President, this is my last point: I say to the distinguished Senator from Kentucky that the Vietnam war is involved. The Vietnam was is involved, as far as the senior Senator from Oregon is concerned, from the standpoint of the issue he has raised.

I am in favor of limited authorizations for foreign aid everywhere, including Latin America, because not one of us knows what will confront us a year from today. God forbid that the situation will be worse. We have no reason to believe that it will not be worse. All we can do is pray that it will not be.

If these longer term authorizations are provided, the argument can be made, in an attempt to rebut what I have said, that the Committee on Appropriations would not have to appropriate the funds if conditions worsened. That will not change the contemplation of our Latin American friends or the contemplation of any other country in the world that, having authorized it, we have some kind of moral obligation—they even believe a legal obligation—to go through with it and appropriate the money.

We are in a bad way, in my judgment, with regard to the South Vietnam situation. We are not getting much help from many countries, either economically or with other nonmilitary aid, to say nothing of military aid. I do not believe we have any right to commit the American people, through their Government, in any form or to any degree whatsoever, to a long authorization period in this bill, or to an authorization over 1 year.

We will be here next year. We ought to check this each year. That is why I believe we ought to take the 1-year authorization, because we do not know whether we will be in a full-fledged war economy a year from today, or in a massive war a year from today. Honest and sincere men differ on the point I now make. It is my fear that it is more probable that we will be than that we will not be. It is my fear that, at the rate we are going, the war will be so escalated that it will be a massive war. In any event, I do not believe we ought to take the chance. I believe we ought to say to the world that we will help on the basis of our present economic strength, on the basis of our present status, with an authorization for a year, and that we will take a look at it at the end of that year, and decide how much more to authorize.

For these reasons and others which I have expressed in the past, I urge the Senate, in my capacity as chairman of the Subcommittee on Latin American Affairs, to support the 1-year authorization.

EXHIBIT 1

CHILE

An intensive study of aid to Chile prepared by Senator GRUENING for the Subcommittee on Foreign Aid Expenditures of the Government Operations Committee should be read by every Senator before he votes on this bill.

Per capita, assistance to Chile is the highest in Latin America. It is a testing ground for program loans and with its small population of 8.5 million, its stable and democratic Government, Chile seemed to be the one place where foreign assistance could bring meaningful results.

U.S. economic assistance to Chile from 1961 through 1965 has totaled nearly $700 million, and was presumably in conformity with a 10-year economic plan laid out in March of 1962.

Yet Senator GRUENING finds:

"The economy has been virtually stagnant for a decade—its rate of growth in recent years has averaged about 3 percent a year, only inching ahead of the annual 2.5 percent population growth.

"Inflation has been endemic. During the decade 1950–60, the cost of living rose by an annual average of 36 percent. In 1960 and 1961, under an austerity program, inflation was held to 5 and 10 percent respectively. But as inflationary pressures were felt again, living costs rose 28 percent in 1962, 45 percent in 1963, and 38.4 percent in 1964.

"In recent years Chile's monetary and fiscal position has been bleak. The balance of trade has been unfavorable, with imports exceeding exports by some $95 million in 1963 and $93 million in 1964. At the same time, the Chilean Government is responsible for many social and economic services which contribute to recurring budget deficits (the budget deficit reached 452.4 million escudos at the end of 1964, or about $165 million). Meanwhile, the Chilean Government has been forced to rely more heavily upon foreign borrowing. In recent years foreign

credit has financed as much as 40 percent of official investment. As a result, Chile faces increasingly serious difficulties in servicing its medium- and long-term foreign debt (currently amounting to $1.4 billion) with payments of interest and amortization imposing a heavy burden on the balance of payments. International reserves of the monetary system dipped to a minus $263.7 million on December 31, 1964."

He finds that Chilean firms produce at high cost for a limited market. In agriculture, the largest source of employment, the feudal system has turned Chile, once an exporter of foodstuffs, into a heavy importer of agricultural commodities and a dependent upon food for peace.

Sixty-five percent of agricultural income goes to 8 percent of the landowners. The rural laborers and their families who comprise a third of the Nation's population remain at the bottom of the economic ladder:

"It is estimated that only 6 percent of the rural population has access to safe water service. Housing for almost half the rural population is primitive. Sewage facilities are practically nonexistent. Despite Chile's educational achievements relative to other underdeveloped countries, one-third of the rural population 15 years and over has received no schooling whatsoever, while another third has completed 1 to 3 years of primary education—hence, two-thirds are functional illiterates.

"A large segment of Chilean landlords have demonstrated little concern for their tenant farmers and laborers or for increasing the productivity of their lands. With plenty of cheap labor available, large landholders earn comfortable livings from extensive farming. Significantly, agriculture in recent years, although accounting for only about 10 percent of gross national product, has received about 35 percent of the private credit outstanding. Most of the credit has gone to a small group of producers, and much of this has been diverted to relatively nonproductive or to nonagricultural uses. Studies of the expenditure patterns of large landowners reveal that they spend almost 80 percent of their sizable incomes for personal consumption."

Although Chile in the past has had a relatively highly developed education system, it has fallen tragically far behind modern needs.

"It has become increasingly clear that the school system, organized in the 19th century, has failed to adapt to the country's real needs. Emphasis has traditionally been upon academic training and the liberal professions, with the result that few people have vocational skills. The dropout rate is high: of every 100 students who enter primary schools, only 33 complete the sixth year of the curriculum."

These are not the conditions of 1960 the Alliance for Progress was designed to correct: these are the conditions that prevail in a primary recipient of development money from the United States, 5 years after massive aid has been underway.

The Gruening report demolishes much of the case the administration tries to make for nonproject, or program, lending:

"Program lending, initiated in 1963, and now the overwhelming component of the U.S. program in Chile, is a highly dubious device for linking assistance to performance."

$35 million program loan was made in 1963 and a $55 million loan in 1964.

Following the 1964 election of President Frei we expected the genuine reforms, and an $80 million program loan was signed early in 1965.

Senator GRUENING finds the results not much different than before. Moreover:

"Chile's investment budget remains largely a random shopping list of unevaluated, unrelated projects submitted by various agencies and ministries. * * * Program lending erodes Chile's incentive to undertake the necessary steps to formulate its investment program on a rational basis. So long as dollars are available through the program loan route, the Chilean Government feels no urgency to build an institutional capability for projectizing its bids for foreign financing. * * * Another serious and related consequence of program lending has been the undermining of the proposed consortium of international lending agencies and governments to be organized under the auspices of the World Bank. Chile much prefers receiving external assistance not tied to specific projects, a situation which the consortium was designed to end. Furthermore, dealing with AID within an international group promised to be a good deal tougher than negotiating bilaterally where considerations other than economic can be raised. Meanwhile, continuation of U.S. program loans made it unnecessary for Chile to prepare projects suitable for international financing. The result: no projects, no consortium. In effect, the program loans helped to scuttle the international consortium, the instrument by which the United States intended to get out of the business of supplying assistance unrelated to specific projects."

These objections to the nature and results of aid to Chile are in no way a reflection upon Chileans. Nor do I intend to criticize by implication any other recipient of American aid. It is our money, and we are entirely responsible for its use or misuse.

Mr. COOPER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. HART in the chair). The yeas and nays have been ordered.

Mr. KENNEDY of New York. I shall speak briefly, because I have to attend the meeting that Senator MORSE is going to, in connection with the airlines strike.

I commend the Senator from Kentucky on the efforts he is making today for the Alliance for Progress.

I believe the Senator from Kentucky touched the heart of this matter when he read the speech that originated the Alliance for Progress. The Alliance for Progress is more than an aid or assistance program. It is an effort to have all the countries of Latin America, and the United States, work together to deal with the great enemies of mankind—illiteracy, disease, and hunger—to try to build up education, to provide a method by which new industry can be developed in Latin America. The aim was not to do it just as an aid and assistance program, as in the past, but with a combined effort.

We dealt with the Alliance for Progress first through President Kennedy, supported by Congress, and last year by President Johnson. There was a commitment not just for a year but for the decade of 1960's, as the Senator from Kentucky read. At the meeting in Rio last year, President Johnson extended it to the 1970's.

The Senator from Oregon has stated that he has traveled around Latin America and has had a good deal of experience in Latin America. I also have traveled around Latin America. All the countries and all the people were grateful for the Alliance for Progress. They were grateful because it had given them new spirit. It had demonstrated to them that the people of the United States are interested in their future and their progress, and that we are interested in their having a different kind of life for themselves and for their children.

They felt that it meant something because it was going on for more than 1 year. There was a tremendous response throughout Latin America when President Johnson said the program would be extended through the 1970's.

When the bill originally was passed, there was criticism that the United States had only begun its interest, after many years of indifference, and that the only time the United States would take an interest in Latin America would be when there was trouble or difficulty there. The Alliance for Progress, and the fact that it went through the 1960's and the 1970's was a demonstration by the U.S. Government and the spokesmen of the United States that we are interested in more than 2 or 3 years, that we are interested in an extended period of time.

That is why I believe the amendment proposed by the Senator from Kentucky is so important. It demonstrates, once again, that Congress and the President are making that commitment. We are not making it by ourselves. But in association with these other countries, we can put into effect the kinds of reforms that will make a difference in that part of the world. The Alliance for Progress initiated a good number of those reforms. They never would have taken place unless the Alliance for Progress had gone into operation.

If we pull back and say the program will be on a year-to-year basis; that we are not interested in an extended period of time, but interested only in acting after we see how the situation develops elsewhere in the world; that we do not really care whether children in this particular village have an opportunity to gain an education; that we do not care whether they have clean water; that we do not care whether roads are built into the central part of Latin America; that we want to find out what will happen in Vietnam or what our problems are in our own part of the world—if we say this, then we are breaking the promise that was made first by President Kennedy, supported by Congress, and then by President Johnson.

When I made my speech on Latin America some months ago, I said that I believed there were many problems about the Alliance for Progress and that it could be improved. But the fact is that we have made it possible, through the Alliance for Progress and the other efforts that have been made by the United States, to bring about tremendous reforms in many countries of Latin America. We have made it possible for tens of millions of young children to obtain an education which they never would have been able to obtain if it had not been for the effort of the United States. We have made it possible for tens of thousands of young children to have a glass of milk or to stay alive because of the assistance and help provided by the United States.

With all the problems and all the difficulties and all the imperfections of the program, we can look back upon this period of time—those who are in Congress can look back upon the early part

of the 1960's—and say that they made an effort. Maybe the effort was not perfect, because human beings are not perfect. At least, the effort was made, and for that they can be proud.

I thank the Senator from Kentucky for continuing his effort along these lines.

Mr. COOPER. A few moments ago, when the Senator from Oregon spoke about what had been accomplished in Latin America, I felt that instead of being a reason for voting against a longer authorization, it was a reason for voting for it.

The Senator from New York, with his knowledge, having been in Latin America and having spoken to the people there, can relate, as I cannot, their sentimentality, their feeling, and their reliance on our alliance. I am grateful for his support.

Mr. AIKEN. Mr. President, I appreciate the remarks of the Senator from New York.

I also support the amendment proposed by the Senator from Kentucky, because I believe that we cannot do good work in the Alliance for Progress on a year-to-year basis. I do not believe that I would go as far as a 5-year extension at this time, under the circumstances, particularly the circumstances prevailing in other parts of the world. But I do say that since this cooperative program in Latin America has started, there is hardly a country in Latin America in which the principles of democracy are not a little stronger than they were a few years ago.

There is hardly a country in Latin America where the people are not enjoying a little better standard of living, including education and health benefits, than they were when the Alliance began. There is hardly a country in Latin America where the Communist foothold is not a little weaker than it was a few years ago. There is hardly a country in Latin America that has a government that is not at least as friendly to the United States, and in most cases more friendly, than when the Alliance for Progress was initiated.

Mr. KENNEDY of New York. The Senator from Vermont [Mr. AIKEN] has summarized the whole argument, I think, with many of the statements he has made. He is absolutely correct.

Mr. AIKEN. It is worth continuing on a 2-year basis. Personally I would go for 3 years. But with the atmosphere around the world today, and the uncertainty, I do not know that I would go for 5 years, as the administration requested. But certainly 1 year is not adequate to let us plan cooperatively.

Mr. JAVITS. Mr. President, I would like to support the Senator from Kentucky [Mr. COOPER], and I do so in this case out of personal knowledge.

The arguments of the Senator from Oregon [Mr. MORSE], it seems to me, are invalid for two great reasons. Both of those reasons, in my judgment, are infinitely superior to the reason to see how things go with the program from year to year.

First, we would be offending Latin America's sensitivity. This is not rhetoric when one speaks about Latin America. The basis is that we are now finished with a 4-year authorization for the Alliance for Progress. If the program were to be on a 1-year basis, it is bound to look to Latin America like an expression of dissatisfaction and a vote of nonconfidence in the program. This we do not feel, this we do not intend, and this would be very inimical to ourselves.

Second, I have had rather considerable experience with Latin America in respect of private investment. I have been to Latin America, like my colleague from New York [Mr. KENNEDY] who was there in the fall last year. I was there in April of this year. I went through Peru, Chile, Argentina, and Brazil.

The important thing with multiyear authorization for the Alliance is that these countries have an opportunity to plan upon the things that they can count on. Private investment is inevitably tied to some form of public investment. This requires a certainty and assurance of expectation on the part of those who would undertake projects involving substantial private funds, which they cannot have on a year-to-year basis, especially when the year-to-year basis means, we know, somewhere between 8 and 10 months at the very best, and generally speaking around 9 months. That is just too short a time in economies of that kind, where the economy has to be planned from the ground up, to enable people to build economic strength.

Under these circumstances, it is self-defeating to limit the program in such a way as to make it less efficient and less effective in operation.

The decisive argument is that we were after the Latin Americans for a long time to set up the basic machinery by which they could screen requests for economic aid. It is the function of CIAP, the Latin-American Committee on the Alliance for Progress, to coordinate the aid, to receive and screen their applications. It is indispensable to the operation of that kind of mechanism to have some reasonable assurance that the program will continue.

The best example is the Marshall plan. We are always talking about what a great plan the Marshall plan was. It was great because it was given a 4-year assurance. Hence, Europeans could set up the Organization for European Economic Cooperation for the purpose of coordinating the activities with the U.S. Marshall plan, and to use them to the greatest effect. That would have been impossible on the basis of 8 or 9 months, which would be the situation on a year-to-year program.

We do want the program to succeed. That is infinitely more important a consideration than the climactic condition of keeping everybody guessing on a year-to-year basis.

If we want the Alliance for Progress to succeed, it is my direct personal experience that at the minimum there is needed a 2-year authorization. I agree with the Senator from Vermont [Mr. AIKEN] that that is by no means the optimum period. The optimum period would be slightly longer. But under given conditions that is the best we can do. It will indicate to those who confer with the other body that the mind of the Senate is open on the question of a multiyear authorization with respect to the Alliance for Progress.

Having been shot down on the 2-year authorization for every part of the program, I think the conferees would be seriously inhibited, especially as the chairman of the committee is on record against the 2-year authorization across the board.

Therefore, if we expect the Senate conferees to be at all congenial to a multiyear authorization in any part of this program, the Alliance for Progress is the most logical part. An affirmative vote on this amendment is indispensable.

For personal reasons and for reasons of efficiency, as well as reasons inherent in the Senate making its position clear, the amendment is extremely desirable.

I think we must all be grateful to the Senator from Kentucky [Mr. COOPER] for trying to rescue some part of the multiyear approach. I think he picked a most important and logical part of the program in dealing with the Alliance for Progress.

I feel strongly that the Senate would be well advised to go along with the amendment.

The Western Hemisphere is being recognized as the most critical responsibility of the United States. We should not cripple ourselves in this regard. When we have a program in hand with such possibilities of going forward we should not destroy it ourselves or sap the strength of Latin America which is in it.

Let us indicate a reasonable approach to the problem by voting a 2-year authorization. I shall support the amendment of the Senator from Kentucky [Mr. COOPER]. I hope that the Senate supports him also.

Mr. TYDINGS. Mr. President, I wish to take this opportunity to add my voice in support of the amendment proposed by the distinguished Senator from Kentucky [Mr. COOPER] and to associate myself with the remarks of the distinguished junior Senator from New York [Mr. KENNEDY].

The longer that I am in the Senate the more I realize the depth of the wisdom, foresight, and perception of the distinguished Senator from Kentucky.

As Senator COOPER so eloquently said, the Alliance for Progress, is no ordinary part of the aid program. It deals with our neighbors, our brothers if you will, to the south. North and south, we are all Americans. So I think that the Alliance for Progress deserves a little different treatment than the rest of the aid program.

The Alliance for Progress has taken substantial steps toward meeting the needs of Latin America which prompted President Kennedy to start the Alliance in 1961. In the field of education alone it has already distributed over 6 million textbooks; it has built over 6,900 classrooms; it has assisted over 2 million university students and over 1,200,000 high school and elementary school students in South America. The Alliance has also helped provide inservice training to over 28,000 elementary and high school teachers in Latin America.

I submit there is no greater instrument for preserving liberty and meeting

the needs of the people than education. The Alliance for Progress has become an important bulwark for education in Latin America.

When we move into the health field, the statistics are even more striking. Over 56 million people have been protected from malaria. Fifty-six million, Mr. President. More than a million and a half persons have been vaccinated for cholera and smallpox—something which we in this country take for granted, but something which prior to the Alliance for Progress caused the deaths of thousands of innocent young boys and girls in Latin America.

We have helped to reclaim and irrigate 90,000 acres of farmland in Bolivia alone—70 percent of the present total farmland of that country. That is what feeds people. That is what prevents famine. Since the inception of the Alliance for Progress we have built more than 2,700 miles of roads to connect this farmland with the markets which serve it. We have financed and helped to construct over 73,000 individual homes. There is no more stabilizing factor in any community than the right of an individual to own and keep his own home. These homes supply the needs of almost half a million citizens in Latin America.

We have helped to develop almost 2,000 credit unions in Latin America. They give the individual citizen in South America the opportunity to save money, receive a return on his savings, an opportunity which he never would have had before and would not have now without the Alliance for Progress.

Since 1961, seven of the Alliance countries have shown on income growth which met or exceeded the annual minimum 2.5 percent per capita target. In 1965, nearly every country increased its per capita gross national product over the previous year.

The export earnings of the region have increased by more than 25 percent. In nine countries the increase was at least 45 percent. Total exports of the 19 American Republics rose by $700 million, or 7.5 percent, in 1964 alone. Preliminary figures for 1965 indicate a further increase of approximately $500 million to a total figure of $10.4 billion in exports.

Mr. President, I submit that although the Alliance for Progress has problems, weaknesses, and shortcomings, it has done an admirable job. When we talk about the Alliance for Progress with our southern Members, we are not talking about some other part of the AID program. We are talking about a special commitment made by President John F. Kennedy in 1961, and supported by President Johnson. This commitment of honor deserves something better than the hand-to-mouth existence of a single-year authorization. This amendment gives us a chance to show our Latin American neighbors that we regard the Alliance for Progress as something special within our foreign aid program.

I certainly hope that the Senate will support the amendment of the Senator from Kentucky [Mr. COOPER].

Mr. FULBRIGHT. Mr. President, I shall not detain the Senate long. The points made by the Senator were discussed at length the other day, and there was a vote on the general question of a 2-year versus a 1-year authorization. The Senate by a substantial majority, voted to limit the program to 1 year. The basic issue does not go to the merits of the program or whether or not it has been effective. It is a question of control by the Senate. The difficult times in which we now find ourselves prove very clearly, I think, that the AID program should remain under the close scrutiny and control of the Senate.

Mr. President, so far as I am concerned, I am ready to vote.

Mr. KENNEDY of Massachusetts. Mr. President, I would like to express my support for the amendment offered by the distinguished Senator from Kentucky to provide a 2-year authorization for the aid program for Alliance for Progress nations.

The amendment is based on a premise which I consider sound—that the relationships between the United States and our Latin neighbors are unique relationships, deserving of special treatment and consideration.

This unique relationship is reflected in the Alliance program, to which the United States has committed itself to join with the countries of Latin America in a long-term cooperative effort to bring about social reform and economic development. Our commitment has been repeatedly reaffirmed, both by President Kennedy and President Johnson. I believe our Latin friends are demonstrating, by the programs already underway, that they believe in the commitment they have made, and stand determined to fulfill it.

Great progress has been made, greater in the last 5 years than at any other time in the hemisphere's history. But the achievement of the goals of the Alliance, requiring as it will, nothing less than a peaceful resolution, will not be forthcoming without still greater effort, and dedication and sacrifice.

The burden rests mainly with the countries within Latin America. But certainly the United States should make every effort to support and encourage the programs of self-help which these countries are undertaking.

These programs are long-term programs for better homes, and jobs and schools and health facilities. They require large long-term commitments, not only of resources, but also of faith and confidence.

Whenever the United States demonstrates, as it would under Senator COOPER's amendment, that it has confidence in the Alliance, in its goals and its achievements, and that the United States will continue to support and encourage the great effort that is being made, we would bolster the faith and the confidence of the people of Latin America in the future of the Alliance.

This amendment serves that constructive purpose and I urge its adoption.

Mr. MANSFIELD. Mr. President, I shall vote for the Cooper amendment because I think it is not only worth while but also very necessary. I am only sorry it is not for a longer period.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, will the Senator from Arkansas allow me to proceed for 5 minutes?

Mr. FULBRIGHT. I am glad to yield to the Senator for that purpose.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the vote be taken 5 minutes from now, without qualification.

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

RESIGNATION OF AMBASSADOR EDWIN O. REISCHAUER

Mr. MANSFIELD. Mr. President, my purpose in rising at this time is to make the following statement.

I have just learned of the resignation of our Ambassador to Japan, Edwin O. Reischauer. The news is a source of deep regret to me as it will be, I am sure, to many other Members of the Senate who know Mr. Reischauer and are familiar with his great capacity and exceptional achievements in Japan.

He has served the United States for about 5 years in the most important diplomatic post in the Western Pacific. He brought to the American Embassy in Tokyo a knowledge and an experience with Japanese and Asian affairs of the highest order. He conducted the affairs of the U.S. Government in Japan with a consummate skill and great dedication to the interests of the country, and with a sympathetic and realistic understanding of the Japanese nation and its peoples.

Having spoken with Mr. Reischauer only a few days ago, I can appreciate his personal reasons which have compelled him to leave at this time. In all candor, nevertheless, I wish that he had decided otherwise. I know that he received every encouragement from the President to remain in Japan, as Ambassador, in the service of the Nation. The decision to leave was solely his own, and he arrived at it in spite of the urging of the President and many Members of the Senate to the contrary.

He leaves with the gratitude and the respect of the Nation which assigned him as Ambassador and equally of the nation which received him as Ambassador. His going creates a serious gap in the representation of the United States in the Far East.

Mr. FULBRIGHT. Mr. President, will the Senator from Montana yield?

Mr. AIKEN. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I am glad to yield to the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I associate myself with the comments of the majority leader regarding the services of Ambassador Reischauer.

He is one of the ablest men we have had in the Far East and I think it is a great loss and a tragedy to allow him to resign at a time when matters in that area are at such a critical stage.

Ambassador Reischauer came to his assignment with unusual, almost unique, qualifications due to his knowledge of the language, culture, and history of the Far East, including China.

We can ill afford to lose a man with his background, considering the very dangerous situation confronting us in the Far East.

I had heard rumors of his resignation, but I had hoped that the President would be able to persuade him to continue, at least until we found the beginning of a way out of our troubles in southeast Asia.

I join the Senator in regretting the loss of Ambassador Reischauer.

Mr. MANSFIELD. Mr. President, I appreciate the remarks of the Senator from Arkansas. Let me reiterate—and I speak from personal knowledge—that the President did personally everything in his power to keep Ambassador Reischauer on as Ambassador to Japan. He even went to the exent of offering him several positions in Government in Washington which would have to do with foreign policy.

Mr. AIKEN. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I am happy to yield to the Senator from Vermont.

Mr. AIKEN. As the majority leader has just stated, everyone who knew Ambassador Reischauer and his work will regret his decision to leave his post in Tokyo.

Ambassador Reischauer was the right man, in the right place, at the right time during the past 5 years.

I am sure that we will never know just how much we owe, for our present cordial relations with Japan, to the very fine work of Ambassador Reischauer in bringing the two countries together.

I had hoped that he would stay on for some time longer, but I appreciate his reasons for wanting to get back to his work in the United States.

I can only wish his successors somewhere near the same satisfactory results which Ambassador Reischauer has been able to obtain in his post in Tokyo.

Mr. MANSFIELD. I thank the Senator from Vermont.

Mr. SYMINGTON. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I am happy to yield to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, I should like to associate myself with the remarks of the majority leader, the chairman of the Committee on Foreign Relations, and the able and distinguished Senator from Vermont.

In recent months, it was my privilege to twice visit with Ambassador and Mrs. Reischauer.

Without question, those of us who have known him and had the benefit of the discussions incident to the problems of the Far East, know that he is one of the ablest men that we have ever had in that part of the world.

Especially do I regret that he is leaving at this time because of the respect and admiration in which the Japanese people hold him.

As we approach the problems incident to the automatic review of our treaty with Japan in 1970, I would hope that the President will find some way to use the talents of this great American and outstanding public servant, as we continue to plot our course with respect to our relationships with the Japanese people.

FOREIGN ECONOMIC ASSISTANCE, 1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. Under the order previously entered, the vote recurs on the amendment of the Senator from Kentucky [Mr. COOPER].

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SIMPSON (when his name was called). On this vote I have a pair with the Senator from Colorado [Mr. ALLOTT]. If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." Therefore I withhold my vote.

The rollcall was concluded.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Nevada [Mr. CANNON], the Senator from Tennessee [Mr. GORE], the Senator from Arizona [Mr. HAYDEN], the Senator from Missouri [Mr. LONG], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I also announce that the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from South Carolina [Mr. RUSSELL] are necessarily absent.

I further announce that, if present and voting, the Senator from New Jersey [Mr. WILLIAMS] would vote "yea."

On this vote, the Senator from Nevada [Mr. CANNON] is paired with the Senator from Oregon [Mrs. NEUBERGER]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Oregon would vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Michigan [Mr. GRIFFIN], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Kansas [Mr. CARLSON] is absent on official business.

If present and voting, the Senator from Kansas [Mr. CARLSON] would vote "nay."

The pair of the Senator from Colorado [Mr. ALLOTT] has been previously announced.

On this vote, the Senator from Michigan [Mr. GRIFFIN] is paired with the Senator from Kansas [Mr. PEARSON]. If present and voting, the Senator from Michigan would vote "yea," and the Senator from Kansas would vote "nay."

The result was announced—yeas 54, nays 31, as follows:

[No. 151 Leg.]

YEAS—54

Aiken	Church	Fong
Anderson	Clark	Harris
Bartlett	Cooper	Hart
Bayh	Dodd	Holland
Boggs	Dominick	Inouye
Brewster	Douglas	Jackson
Case	Fannin	Javits
Kennedy, Mass.	Miller	Proxmire
Kennedy, N.Y.	Mondale	Randolph
Kuchel	Monroney	Ribicoff
Lausche	Montoya	Saltonstall
Long, La.	Morton	Scott
Magnuson	Moss	Smathers
Mansfield	Murphy	Sparkman
McGee	Nelson	Tower
McGovern	Pastore	Tydings
McIntyre	Pell	Young, N. Dak.
Metcalf	Prouty	Young, Ohio

NAYS—31

Bennett	Fulbright	Robertson
Bible	Gruening	Russell, Ga.
Burdick	Hartke	Smith
Byrd, Va.	Hickenlooper	Stennis
Byrd, W. Va.	Hill	Symington
Cotton	Hruska	Talmadge
Curtis	Jordan, N.C.	Thurmond
Dirksen	Jordan, Idaho	Williams, Del.
Eastland	McCarthy	Yarborough
Ellender	Morse	
Ervin	Mundt	

NOT VOTING—15

Allott	Griffin	Neuberger
Bass	Hayden	Pearson
Cannon	Long, Mo.	Russell, S.C.
Carlson	McClellan	Simpson
Gore	Muskie	Williams, N.J.

So Mr. COOPER'S amendment was agreed to.

Mr. COOPER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JAVITS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. SMATHERS. Mr. President, I ask unanimous consent that all Senators be permitted to introduce bills and resolutions during today's session, out of order.

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

HISTORY WILL NOT ABSOLVE CASTRO

Mr. SMATHERS. Mr. President, tomorrow Fidel Castro will crank up his propaganda machine and unleash another barrage of words—a compound of hysterics and the Communist litany—in an effort to commemorate the founding of his July 26 movement.

In the 7 years during which Castro has been in power, this anniversary has been used to exhort the Cubans to greater production.

But each year has produced more words and less crops. Fidel Castro has betrayed his people, stripped a fertile country bare, and left the Cuban people with a mouthful of Marxist ideology and no bread.

This year's anniversary is supposed to be based on the theme, "History Will Absolve Me," a title taken from a speech Castro made in 1953 when he was on trial for leading an attack on government barracks at Santiago de Cuba.

It is indeed an ironic theme, for only a Communist historian could absolve Castro. Any impartial chronicler of history must examine the record of 7 years and conclude that the regime is a failure.

But the failure is not a personal tragedy—it is the tragedy of a proud people betrayed.

The record shows that the Cuban economy is in tatters. The usually reliable Vision letter of June 29 reported:

> The breakdown on the farm . . . is crushing Cuba.

The newsletter states that Cuba's gross national product, which was $2.6 *billion* in 1959, is still at $2.6 billion—but with a 1 million rise in population. At the same time, the agricultural share of the Cuban gross national product, is down by a fourth.

The Vision letter also reports that the vital Cuban sugar crop is down more than 1.5 million tons from the previous year, aggravated by a steep decline in the international price of sugar.

While it would seem virtually impossible to wreck crop production in a country so fertile, Castro seems to have proven that communism's effect on agriculture can best be described as "dialectics and disaster."

For sloganeering and exhortation are poor substitutes for sound farm management. So desperate have the Cubans been to meet their quotas that they have cut immature cane and thereby jeopardized future crops.

In truth, the island of Cuba is locked in a tryant's grip worse than any in the past.

It is worse because Cuba is in utter thralldom to a foreign power, virtually isolated from the free world and now, in the wake of the Tricontinental Congress, also shut out by its Latin neighbors who want no more of satellite Cuba's efforts to export subversion and discord.

It is worse because all of the old tools of oppression have been used once more—the systematic stifling of personal liberties, the neighborhood spies, and ultimately, the firing squad.

It is worse because the regime has all but destroyed the industrial sector of its economy, lost its professional and managerial classes in an undiminished flow of refugees to our shores, and grown pitifully dependent upon Communist technical assistance.

That assistance is a euphemism—for to receive it, Cuba had to sell its birthright and to make a mockery of the vision of Jose Marti.

Russia may well begin to chafe if the cost of slipping crutches under the Castro economy continues to soar.

And Cuba may find that the Iron Curtain price for hard goods may start climbing.

When that happens, Fidel Castro may find that his persuasive powers as an attorney are weak indeed—for one does not calmly discuss bankruptcy with an angry Russian bear.

Instead of sharing the natural riches of his nation among all Cubans, as Castro promised, he has reduced all Cubans to the same level of poverty.

It is common to read in the Miami newspapers, almost daily accounts that reveal the once gay Cubans now share a life of bleakness and austerity.

An island which once could offer fine foods from the farms and the seas now rations these things in pinches and fistfull portions. Patriotic Cubans are given the voluntary opportunity to give up their weekly food rations.

Mothers and fathers must scheme to find ways to produce extra milk or a fresh egg for a child.

We hear touching stories of how a family must hoard even such basics as light bulbs—which are carried from room to room because they are rationed one to a family.

No, Fidel Castro, history will not absolve you—nor will the Cuban people.

History will write its harsh judgment on the facts.

ZAMBIA BITES THE HAND THAT FEEDS

Mr. EASTLAND. Mr. President, the hand that feeds was bitten again last week. The State Department, which fancies itself above reproach, suffered another nip in the hand which doles out foreign aid to our so-called allies.

Last week the United States was officially snubbed by an African nation which is all but spoon-fed by Americans to keep it alive. Oil and other vital materials, including money, are airlifted to the country of Zambia at U.S. taxpayers' expense.

A top level visit to the United States by Zambian leaders was canceled last week to show the world that Zambia did not approve of U.S. bombing of North Vietnam's oil facilities near Hanoi. Undoubtedly, the State Department will rush to soothe the Zambians' feelings by offering several more million dollars in aid.

At the same time that we are being chastised by Zambia for our conduct of the war in Vietnam, the State Department is trying to strangle friendly Rhodesia. It seems Rhodesia is guilty of fighting the Communist menace in Africa, trying to maintain a stable pro-Western government and worst of all, offering to send Rhodesian troops to help American GI's fighting in Vietnam.

Officials of the State Department have expressed the opinion that they consider Rhodesian racial issues a greater danger than communism in Africa and Europe.

These same officials have admitted that mail from U.S. citizens favoring the Rhodesians totals in the thousands, but they haughtily discharge these letters by pointing out that one letter from a civil rights leader represents more weight.

The case of Rhodesia goes begging for justice and even the American press which has touted itself as a friend of the rights of man, has ignored the basic facts about Rhodesia because it does not dare shine a spotlight on the truth.

The truth is that the Rhodesian Government is not a revolutionary group of rebels who have overthrown a legal government. Rhodesia has never had a government of British civil servants. On the contrary, the Rhodesians have always been independent in their internal affairs. They have always elected their own officials and decided their own domestic policies.

The so-called rebel government of Ian Smith is nothing more than the duly elected government of the people of Rhodesia which has made a technical adjustment in Rhodesia's relationship to the British.

Certainly the action of the Rhodesians has been no less just than that taken by the people of this country when they declared the independence of the United States from the British Crown.

But, for reasons best known to the State Department, the United States is going to great lengths to destroy the freedom and independence of this friendly nation.

We have helped in an economic blockade of Rhodesia at the suggestion of the British, while the British have ignored our pleas to halt trade with North Vietnam.

The British sold buses to Castro to help that Communist maintain an economy while this country is devoting every effort to thwarting that Red regime.

Rhodesia was not only refused a hearing in the Security Council of the United Nations, despite the fact that it had every legal right under the U.N. bylaws, but they were not even afforded the courtesy of an answer to their request.

It should be noted that Arthur Goldberg, our Ambassador to the United Nations, was active in blocking any hearing for Rhodesia.

Rhodesia, it seems, must not be accorded the help this country renders to dictators and Communist nations such as Rumania. Yet, the Rhodesians are friendly to us. The Rhodesians are willing to fight shoulder to shoulder with us. They have vast deposits of chrome ore which this country needs and regardless of the predictions of their enemies, the internal peace and calm of Rhodesia speaks not of tyranny, but of a people, white and black, who endorse and support their government.

Radio broadcasts from Zambia, carried over the powerful stations subsidized by the British regularly call for an uprising, for the slaughter of animals and the sabotage of industry, but these go ignored.

In fact, Rhodesia has maintained a peaceful and friendly bearing in the face of all this adversity. The Rhodesians still share the electric power from the great Kariba Dam with Zambia, although with the dam actually under Rhodesian domination, they could have turned off the power.

I believe our current policy toward Rhodesia is wrong. I believe that we are acting not only unjustly, but imprudently.

There is talk of secret agreements which will pledge the United States to endorse a continued boycott of Rhodesia along with other African nations even if the British and the Rhodesians reach a peaceful settlement of their differences. Such agreements would fly in the face of reality. To bind ourselves to a bloc of unfriendly and even pro-Eastern nations would be the height of folly which might result in the destruction of one of our stanch allies.

In the past, we have too often ignored our friends while buying only contempt from our enemies. The time has come

now as we are locked in the struggle with the Communists in Vietnam to gather our allies around us.

FOREIGN ECONOMIC ASSISTANCE, 1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. Pursuant to the previous unanimous-consent agreement, the amendment of the Senator from Minnesota [Mr. McCARTHY] is now the pending business.

The question is on agreeing to the amendment of the Senator from Minnesota.

Mr. McCARTHY. Mr. President, I do not feel it necessary to restate at length the case for recommending this change in the interest rate which was added by the committee amendment to the bill sent to us by the administration. The arguments were made last week both for and against the amendment. I do not think anything has changed over the weekend that would have any significant bearing upon the facts or considerations which should be used as a basis for judgment. Therefore, I shall merely briefly summarize the case I made for reducing the interest rate on development loans beyond the grace period from 3 percent, as recommended by the committee, to 2½ percent, which is the current rate, and which is the rate recommended by the administration.

One important change that the Senate has made with reference to interest rates, I think, should be taken into account. That is the action taken in agreeing to the Dominick amendment. The effect of that amendment was to increase the interest rate during the grace period of 10 years on development loans from 1 to 2 percent—a 100-percent increase in the interest rate during that period.

That increase was certainly not contemplated when the Committee on Foreign Relations increased from 2½ to 3 percent the interest rate on the period of the loan which runs beyond the grace period. I believe that the debt burden which will result from these two increases will be too severe for the developing countries to bear, and therefore I urge the Senate, with the support of the chairman of the Committee on Foreign Relations, to reverse the action of the committee and agree to a 2½-percent interest rate on development loans beyond the grace period.

An additional consideration is the fact that the United States has been urging the other countries which make development loans—principally France, Great Britain, and Canada—to reduce their interest rates, and they have been doing so. Real progress has been made toward cutting down their interest rates and also toward extending the period of time during which the loans might be repaid. For us at this point to reverse our position and begin to increase the interest rates, it seems to me, would be most discouraging to the other countries which have been responding to our past urgings.

I ask Senators to look again at the statements made by George Wood, the President of the World Bank, and others who have commented upon the danger of increasing the debt burden on recipient countries. The particular point he has made is that if we continue the present trends, in 15 years the debt burden would be greater than the amount of the capital investment on loans going into those countries. If that were to happen, of course, the entire effort to develop those underdeveloped countries would be completely frustrated.

Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. McCARTHY. Mr. President, I have no further remarks to make.

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

Mr. McCARTHY. I yield.

Mr. McGEE. Mr. President, will my colleague agree with me that the pending program is not a program to plunge the American people, or their country, into making money off interest rates?

Mr. McCARTHY. Certainly this program was never conceived as one which was to be developed on commercial principles or to make money for the United States. Under the program loans are to be made by our AID officials to assist developing countries meet their most pressing needs.

Mr. McGEE. Mr. President, by the same token, would it not be fair to say that we are not trying to set up criteria that would legislate the American Government into the professional banking business?

Mr. McCARTHY. Certainly not. This program was set up because the problems could not be met through the ordinary international commercial banking institutions or through the international banking agencies set up by the combined agencies of government. We felt that there was a need for an intermediate operation between the direct grants and the international banking agencies.

Mr. McGEE. Have we not stressed repeatedly that, as a very affluent Nation, we are interested in the economic development of other areas, believing that that also helps the chances for peace?

Mr. McCARTHY. The Senator is correct.

Mr. McGEE. It seems to me that the economic development has been tended to be ignored by some who want to get more interest return than a private fund. Some would compare the program with private banking institutions, which it could not be.

Mr. McCARTHY. The Senator is correct. The comparison has been made between its charges and between its interest rates and those paid by the United States on its borrowings at home. Neither of those bases is a proper basis for judgment.

Mr. McGEE. The Senator from Minnesota is one of the true experts in the Senate on economics and foreign policy. He is a member of both the Committee on Finance and the Committee on Foreign Relations.

I wonder what the judgment of the Senator would be in regard to measuring the economic gain for the United States, if we were to keep books on this matter, and if we were to successfully participate in the economic development of these more backward areas.

Mr. McCARTHY. I think the record of the Marshall plan and of the programs we have begun to develop in other countries indicates that economic progress of the United States is just not indirectly or remotely related but is directly and immediately benefited as the economies of these countries develop. The fact is that the principal exports from the United States today are somewhat advanced and technological products, whether it be in the military, the computer, or the electronics fields.

These products are what those countries want. They cannot really use those products unless they have developed their own economy and technology.

There has also been a great, increasing demand for agricultural products in many countries. In this regard there can be no effective demand for these products unless the countries in need of them have something to trade in international commerce.

This program, together with other programs, has as its primary objective the development of more vital and effective economies in these underdeveloped countries.

The immediate consequence of such development is of great advantage to the United States, because the advanced economy is the only kind of market in which the U.S. products can really find an outlet.

Mr. McGEE. Mr. President, another criticism levied against the proposal of the Senator is that it would lend money more cheaply to foreign governments than we now lend to some of our own people within our domestic economy.

Would the Senator in his long experience with economic matters comment on that matter?

Mr. McCARTHY. I think the choice is not whether we lend to these countries on higher or lower interest rates, but whether we lend to them at a low rate to develop a program under direct aid; that is, this program should be viewed as a step beyond the direct grant-in-aid.

In my judgment, if we are further to burden this particular program of development loans with high interest rates, which those countries cannot pay, and increase their debt burden, the pressure will be on us either to provide more direct aid, or to curtail it without any prospect of payment of either the interest or the principal.

This is the choice offered to the Senate today.

Mr. McGEE. Mr. President, I suggest that the priority that should be accorded to the measure of economic development afforded by different policies would indicate that the further we go in the direction of the suggestion of the Senator today, the more direct the impact of

economic growth would be on the countries in which the funds are to be applied.

Mr. McCARTHY. Mr. President, I think the experience we have had within recent months in the United States in terms of an increased interest rate on the most productive and vital economy in the world, and of its depressing and dislocating effect on our own economy should serve as a warning for us. It indicates we should not arbitrarily and without due reflection and consideration increase interest rates in economies which are in a highly unstable condition and are likely to collapse at any time.

The interest differential that we are talking about is not what it seems to be. The loans that may be made by the countries are not made at 2½ percent. They are made at greater rates of interest.

This differential has been pointed out as being beyond explanation. It has even been suggested that there is something dishonest about it.

The fact is that the ones that have borrowed have to pay these interest rates in the currency, in soft currency, of the country to which the loan is made.

The advantage is that the difference between the interest rate paid by the country for such loans and the interest rate paid to the country itself is income. That soft currency can be used to support governmental projects, educational, or otherwise, in the country.

The alternative would be to say, "You have to lend the money at the same interest rate that we lend it to you."

I think every Senator realizes the pressure this would set up to try to obtain loans at the low-interest rate paid by the recipient government. I would anticipate that in every country to which we make development loans, we would have the kind of problem that exists in South Vietnam with regard to import licenses and the possibility of corruption and of attempting to buy favor with the government. In my judgment, these possibilities would be very extensive.

Mr. McGEE. Mr. President, I say to my colleague, the Senator from Tennessee, that I think in all of our dialogs on this and in all of the ramifications of the foreign aid question this year, we still tend to lose sight of one of the biggest and best reasons for this.

We find ourselves in the debates concerning ourselves with comparisons of programs here at home, domestic programs at home, in an attempt to find out the extent to which the programs overseas may be stopped or decreased. We seem to be obsessed with that and have forgotten some of the reasons advanced for doing it. The reason for doing it happens to be that it is right that we, as the most affluent nation in the world, as a nation that came out of World War II with a disproportionate amount of power—perhaps more than possessed by any other nation at any time of the world—the American people and the American Government set an example for the first time in the history of modern nations and that we share our economic treasure not only with our allies, but even with the vanquished. Now we seek to develop in positive and constructive terms—not in military terms—countries that have just been freed from long control under one sort of colonial system or another.

I do not think there is an example anywhere in the history book of a nation like ours doing something just because it ought to be done.

I think we ought to make more of that the basis for the kind of program that we seek to legislate here—intelligently, I hope—in these days.

I commend the Senator.

Mr. McCARTHY. I agree with the Senator. I think the fact that we have cut the money available in the program by 50 percent is bad enough, but if, in addition to that, we are to increase the interest rates, I think that both in the substance of the program and in the appearance and justification of it to other nations, we would suffer immeasurable damage.

I hope that the Senate, having acted to cut the amount and also to approve the Dominick amendment will now reverse the action of the committee and establish an interest rate on development loans at 2.5 percent.

I might add that this rate of 2½ percent is roughly comparable to the interest rate that we charge on disaster loans in our own country, and it is higher than the rate on REA loans, a program developed when the agricultural economy of this country was seriously deprived.

To increase the interest rate on what are in effect disaster loans, emergency loans—because these countries live in a continuing state of emergency—to a higher level would put us, in my judgment, in an indefensible position in terms of competition for ideas and for respect around the world.

I have no further remarks to make at this time.

Mr. MUNDT. Mr. President, this controversy over the proper interest rate to charge on our loans to developing countries has a long and interesting and a rather expensive history.

Several years ago, in the Committee on Foreign Relations, my distinguished colleague, the Senator from Ohio [Mr. LAUSCHE] and I had a little two-member biparty meeting. We decided that some kind of study should be made as to why we were making what were virtually no-interest loans under the title of loans, when in reality they were grants. We found then that one-quarter of 1 percent interest was being charged, which was not even enough to carry the bookkeeping charge, not even enough to legitimatize it as a loan.

So, several years ago we began working in the direction of attempting to develop some realistic kind of interest rate for loans, as distinguished from grants; and bit by bit, with the slow run of progress resembling the great glacial age, we have been moving in the direction of the legitimate loan. We have made steady but slow progress, but we have been moving in the right direction.

In this era of high interest rates, when our taxpayers and our constituents are paying for the money they borrow in this country from 6 to 7, to 8, to 9 percent interest, plus points, it is proposed that we reverse this history of constructive action and go back down the hill again, by providing loans and interest rates which actually crank into them a considerable element of grant and which move downward when all interest rates are moving upward.

My distinguished friend, the Senator from Minnesota, has said that 2½ percent is roughly the equivalent of what our communities in America pay when they are in a disaster condition. It is roughly the equivalent, but it is not the equivalent. The equivalent is the 3 percent interest rate that the committee bill calls for. In other words, by an affirmative vote on the amendment proposed by Senator McCARTHY, we would provide a lower interest rate for disasters in other countries than we provide for equal disasters in the United States.

Mr. President, let us remember that we are dealing here with loans. We hear it said that we ought to have a humanitarian approach, that the United States should not be parsimonious or grabby or stingy with these developing loans. Developing loans are supposed to be actual extensions of money at an interest rate. We have a separate grant program here. For the bleeding hearts in the Senate who are worrying about the fact that we are not doing anything for the rest of the world, let me point out that this bill, in addition to these developing loans, provides $1,149 million in grants, with no interest. When there is a condition overseas that merits the eleemosynary approach by this country, we provide it to the extent of $1,149 million.

I shall break it down. It appears on page 2 of the committee report, in the event that any Senator, deciding in his own mind how he can justify with the folks back home a reduction in the interest rate while interest rates are bouncing around like toy balloons in every area of our economy, might like to read the RECORD. His constituents may read it.

We are giving away money in this bill. We are giving away $210 million for technical cooperation, with no interest at all—not 2½ percent, not the 3 percent that the committee bill provides, not the 2 percent provided in the 10-year immediate period, not even the one-quarter of 1 percent that the State Department cooked up and actually utilized until Senator LAUSCHE and I began focusing attention on it.

We provide $87.7 million for the Alliance for Progress—a giveaway—to meet conditions of health, of education, of quick disaster, where it is necessary for us to come in, as an affluent society, in our responsibilities as a world leader to provide our largesse to countries which are in dire need. We provide $10,989,000, roughly $11 million, for U.S. schools abroad to provide additional educational opportunities. That is free money, a donation, a contribution which our taxpayers collectively make as a grant to foreign countries.

For international organizations, we provide $140 million, plus about $500,000, as a grant, with no interest.

It has been said that this is some kind of mercenary atmosphere in which we are operating when we put the interest rate up to 3 percent. Quite beyond all that are these giveaway programs for which our committee voted—and I might add, incidentally, in which our committee, as to each one of these items, increased the amount of contribution by grants, as compared with what was being done 1 year ago.

Then we come to the supporting assistance—$700 million. That is also without interest. But I wish to be completely fair and point out that part of that goes to meet the situation in Vietnam. There, of course, we do not find ourselves on a parallel basis.

So we add it up, and it amounts to $1,149 million. Take away from that the $550 million of supporting assistance given to Vietnam, and it makes a total of $649,122,000 as a grant provided by this bill, without interest, and outside of our responsibilities in Vietnam.

So let us not assume that, simply because we are attempting to charge something resembling a legitimate interest rate for development loans, Uncle Sam has suddenly become a hard-hearted individual.

I do not believe that we can discuss these contributions in a vacuum. We are living in a high-interest era of American economic history. It has been more than three decades since Uncle Sam has had to pay as much to borrow money as he has to pay now, and those interest rates are being passed on to our constituents. Those interest rates are being reflected in our economy. To propose that on top of the grants which we are making in foreign aid, on top of the development loans at 3 percent—which in themselves involve a sizable subsidy in interest payments on the part of the American taxpayer—another interest paying subsidy should be passed on, seems to me to completely disregard the economy of our times, the financial problems confronting us, the drain on our balance of payments, and the high interest rates that homebuilders, merchants, farmers, and the families of laboring people must pay for the money they borrow for private credit or installment payments or anything else for which they borrow money.

Beyond all this, Mr. President, I believe there is one great prevailing argument for not taking the backward step and the reckless fiscal move suggested in the amendment offered by my good friend, the Senator from Minnesota. We are dealing with a long-term proposition—30-year loans, 40-year loans. We have already made some progress by increasing slightly the interest rates which are to be charged for the first 10 years.

But we are talking here about what is supposed to be a legitimate interest rate a decade hence. Who among us is a Solomon so wise that he can vouchsafe for the fact that now, today, in July of 1966, what should be a legitimate interest rate to be received on these loans beginning 10 years hence?

(At this point, Mr. MONDALE assumed the chair.)

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

Mr. MUNDT. I yield.

Mr. McCARTHY. I say that we are both in the same situation in the terms of that prophecy.

Mr. MUNDT. The Senator is correct in terms of the prophecy, but not in terms of reality.

Mr. McCARTHY. What is the difference?

Mr. MUNDT. Let me point out the difference, because it is clear and the difference should be known.

We are in the same predicament. Nobody knows starting in 1974 what should be the proper interest rate for the next 30 years. It is a guess, but if today we keep the interest rate at 3 percent, as I think we should, and find in 1974 that it is too high, we can reduce it, because no borrower ever complained about a reduction in his interest rate. But if the tides of fortune move the other way and in 1974 we find that this interest rate should be 4 percent or 5 percent or even higher, we cannot increase it because we have bound ourselves for three additional decades.

I refuse, with my vote, to put Uncle Sam in a coat of chains for the period of 30 years in an unpredictable climate of increasing interest rates, when 3 percent interest itself may be ridiculously low 10 years from now.

For us to go beyond that and gamble in a reckless manner with the money of the taxpayer would be irresponsible action on our part. If we guess wrong in terms of the interest rates paid by the country, and interest rates go down, we can correct that at any time, any day, any year, any hour; but if we guess wrong, and the interest rates go up, we have bound Uncle Sam to an interest rate concept for 30 years. I believe that Senators should realize that. I want constituents who read the RECORD to realize that. I hope that the newspapers and news media will report that because we are dealing with an economy already in trouble in America. It is about time that we come to our senses and engage in some prudence, and some caution, and that we do not needlessly jeopardize the economy by binding ourselves to a situation that, as the Senator from Minnesota [Mr. McCARTHY] and I agree, is so unpredictable that nobody can speculate with accuracy in terms of the interest rate 10 years hence.

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

Mr. MUNDT. I am happy to yield to the Senator from Ohio.

Mr. LAUSCHE. Last week I discussed the table on page 321 of the testimony taken on the economic aid bill.

Mr. President, I ask unanimous consent that the tables dealing with the years 1962 and 1963, appearing on page 321, be printed in the RECORD.

There being no objection, the tables are ordered to be printed in the RECORD, as follows:

TABLE 5.—*Distribution by maturities of official bilateral commitments in 1962*

[Millions of dollars]

Country	Total official bilateral contributions	Grants [1]	Total loans	More than 1 to 5 years, inclusive	More than 5 to 10 years, inclusive	More than 10 to 20 years, inclusive	20 to 30 years, exclusive	30 to 40 years, exclusive	40 years and more
Austria	6.4	0.6	5.8	5.8					
Belgium [2]	65.6	65.6							
Canada	61.3	47.3	14.0		0.9	13.1			
Denmark [2]	.8	.8							
France [3]	897.4	756.7	140.7	4.3	20.1	79.2	[5] 24.9		12.2
Germany	473.3	[4] 158.3	315.0	41.0	8.5	164.5	101.0		
Italy	131.2	18.8	112.4	71.3	25.1	16.0			
Japan	286.9	103.9	183.0	21.9	148.5	12.5			
Netherlands	28.7	11.4	17.3				[5] 17.3		
Norway	4.4	4.4							
Portugal [2]	42.5	3.1	39.4	5.2	1.3	1.6	31.3		
Sweden	2.6	2.6							
Switzerland	2.2	2.2							
United Kingdom	577.7	221.2	[6] 365.5	1.0	13.0	3.0	340.0		921.0
United States	4,725.0	3,025.0	1,700.0	65.0	106.0	386.0	209.0	14.0	
Total of above industrial OECD countries	7,306.0	4,421.9	2,884.1	215.5	323.4	675.9	723.5	14.0	933.2

[1] Including grants, reparations, net loans repayable in recipients' currencies, and net transfers of resources through sales for recipients' currencies.
[2] Gross disbursement data.
[3] Including loans with maturities of 30 years.
[4] Includes Indus Basin $4,500,000.
[5] Includes $1,400,000, the breakdown for which is not available.
[6] The breakdown has been rounded to the nearest million by the United Kingdom authorities.

Source: The Flow of Financial Resources to Less-Developed Countries, 1956–63, Organization for Economic Cooperation and Development, p. 150.

TABLE 5.—*Distribution by maturities of official bilateral commitments in 1963*

[Millions of dollars]

Country	Total official bilateral contributions	Grants [1]	Total loans	More than 1 to 5 years, inclusive	More than 5 to 10 years, inclusive	More than 10 to 20 years, inclusive	20 to 30 years, exclusive	30 to 40 years, exclusive	40 years and more
Austria	0.9		0.9			0.9			
Belgium [2]	78.9	75.8	3.1	1.8			1.3		
Canada	125.2	43.6	81.6		25.9	55.7			
Denmark	6.8	6.8							
France [2]	870.9	696.8	174.1	4.7	25.0	126.7	[3] 12.5		4.6
Germany	686.7	[4] 163.2	523.5	15.5	4.0	394.0	110.0		
Italy	154.3	14.0	140.3	26.3	74.0	40.0			
Japan	298.2	80.1	218.1	30.1	52.1	135.9			
Netherlands	29.1	8.5	20.6		.9	1.4	18.3		
Norway	3.7	3.2	.5			.5			
Portugal	53.5	8.8	44.7				44.7		
Sweden	4.8	2.6	2.2			2.2			
Switzerland	10.7	4.9	5.8		5.8				
United Kingdom	475.4	234.6	240.7	3.6	29.2	31.2	163.4	4.2	9.1
United States	3,963.0	2,448.0	1,515.0	[5] −84.0	177.0	228.0	171.0	35.0	998.0
Total of above industrial OECD countries	6,762.6	3,790.9	2,971.1	−2.0	393.9	1,016.5	521.2	39.2	1,001.7

[1] Includes grants, reparations, net loans repayable in recipients' currencies, and net transfers of resources through sales for recipients' currencies.
[2] For Belgium and France gross disbursement data have been used.
[3] Including loans with maturities of 30 years.
[4] Includes Indus Basin $5,500,000.
[5] Negative figure results from recording new commitments less larger offsetting consolidation credit entries.

Source: The Flow of Financial Resources to Less-Developed Countries, 1956–63, Organization for Economic Cooperation and Development, p. 151.

Mr. LAUSCHE. These tables show the maturity period of various bilateral commitments made by different developed countries of the world in loans.

It shows that in 1962 we made $933 million worth of loans maturing in 40 years or more; in 1963, $998 million maturing in 40 years or more.

A study of these tables will show that we have been most generous and liberal in making loans that will allow the borrowing countries to repay the debt in periods far in excess of the periods demanded by other of the countries which have loaned money.

This matter of maturity of the debt in 40 years or more and between 30 and 40 years must also be considered in connection with the interest rate.

Mr. MUNDT. And we are dealing with a situation which does not become operative until a decade from now.

Mr. LAUSCHE. The Senator is correct.

Mr. MUNDT. We are trying to speculate what the interest rate will be 10 years from now. It seems to me that this is an utterly irresponsible thing that we are asked to do by the McCarthy amendment.

Mr. LAUSCHE. I think that an examination of these tables will show that the other developed countries, such as Italy, Germany, France, and Great Britain have grown in a degree, in the 10- to 20-year period which enables them at the end of 10 or 20 years to call the loan and redraft the interest rate and the maturity time.

We must wait until 40 to 50 years have expired before we have any right to fix a new interest rate predicated upon the economic conditions that will prevail 40 and 50 years from now.

With this narrowing of the liberality of terms, Mr. President, our terms will still be far more liberal and generous than those of Germany, Great Britain, France, Belgium, the Netherlands, and the other nations that have been engaged in a minor degree in this lending program.

In conclusion, their loans have been made as investments. Ours, on the basis of business deals, have not been investments but have been garbed in the cloak of true mercy trying to help these countries.

Mr. MUNDT. The Senator makes a very good point. We are asked by the McCarthy amendment to sign a contract which goes into operation 10 years hence and flows on to future history for 2 to 3 decades; and we are asked to sign the contract, which all the way through retains for the other fellow, the foreign signatory, his option of free choice for right of change, for right of dropping out, but ties old Uncle Sam, who under this amendment would be Uncle Sucker, to a contract which he could not change. It is indeed a heads I lose, tails you win proposal.

I wish to emphasize that interest rates which are paid us by foreign countries can be decreased any day or any hour. They can, however, be increased only once, and that is when the contract is signed. That is today. That is when we vote for this amendment to cut back interest rates.

Mr. President, as the Senator from Tennessee [Mr. GORE] pointed out the other day, some of these loans are very far from being designed to be of any eleemosynary benefit to the recipient countries. Some of them are highly commercial, indeed. Some of them, as the Senator from Minnesota [Mr. MCCARTHY] admitted on the floor today——

Mr. MCCARTHY. Mr. President, will the Senator yield for a change of language?

Mr. MUNDT. I yield.

Mr. MCCARTHY. I did not admit to anything. I did not think I had been accused.

Mr. MUNDT. The Senator is correct, as the Senator from Minnesota [Mr. MCCARTHY] proposed.

Mr. MCCARTHY. I made the simple statement. I did not admit or deny.

Mr. MUNDT. As the Senator from Minnesota [Mr. MCCARTHY] said happily on the floor of the Senate.

Mr. MCCARTHY. I thank the Senator.

Mr. MUNDT. Mr. President, I want the RECORD to be correct. The Senator said if there were a profit to be derived between the low interest rate we charge the corporation and the interest rate in turn collected by the recipient country, that that interest rate would go to the recipient country, which is another way by which we subsidize the speculative capacity of mere man to prophesy additional subsidies for the recipient countries in the form of a grant, although our people back home are led to believe we are advancing money as a loan. A loan ceases to be a loan when you start operating in terms of an outright grant or gift.

Mr. GORE. Mr. President, will the Senator from South Dakota yield at that point?

Mr. MUNDT. I am happy to yield to the Senator from Tennessee.

Mr. GORE. There is one other very interesting feature of the development loan program. These agreements are made in two distinctive steps. The first one is a loan made to a business institution. Let me refer here to the list which I requested and select one as an actual example.

I see here a loan to the Olinkraft Celulosa e Papel. Upon inquiry I was informed that Olinkraft is a subsidiary of the Olin Mathieson U.S. Chemical Corp.

Please understand that I am not being critical of the Olin Mathieson Co. It is one of our very large, very successful, and honorable companies. The loan was made to Olinkraft. But Olinkraft, a subsidiary of Olin Mathieson, does not agree to repay the United States.

Olinkraft, in the second step, repays not the United States in the dollars which it receives but repays the Government of Brazil, and not in hard currency but in Brazilian cruzeiros. The rate of exchange, as we know, may be one thing at the time the American dollar goes to Okinkraft, but years later when it is repaid, not to us but to the Brazilian Government in cruzerios, the rate of exchange may be entirely different. In fact, that is the history of inflation in Brazil.

Now, Olinkraft receives—it says here one time 5 years and another time 2 years.

Mr. MUNDT. Probably 10 years; 2 times 5.

Mr. GORE. The interest rate which Olinkraft pays to the Government of Brazil is 5½ percent. The going rate of interest in Brazil on commercial bank loans, I am advised, is 2 percent per month, so that even on these terms Olinkraft receives a favorable interest rate compared to the commercial competitive interest rates in Brazil.

But they also get the unusual benefit of repaying a hard loan with soft currency. Olinkraft does not agree to repay the United States, from whom it receives American dollars, in any respect whatsoever. The Brazilian Government, according to the second step, receives a grace period of 10 years at 1 percent. Then, thereafter, the interest rate for the United States is 2½ percent and the amortization period is 40 years.

I thought the Senator would be interested in having me cite this unusual feature of the program which, as the Senator has pointed out, has been eulogized as being charitable in purpose and eleemosynary in effect. I am not sure it is either. As I look at the development loan program, it is primarily for the benefit, whether intended or not, of the recipients of the loan, in credit, the dollars they are advanced.

Now, unfortunately, as the Senator from Minnesota [Mr. McCARTHY] has pointed out, the Government of Brazil profits greatly. It pays 1 percent for 10 years and 2½ percent for 40 years. Meanwhile, it has had payment of the loan, which it did not make in the first place, and has the benefit and use of the money during all this time. It unquestionably is of benefit to the country.

But, why should the United States be considered entirely secondary in repayment? Why should not this subsidiary, the large American corporation, be willing to repay the United States from which it receives the hard loan? I just point this out to the Senator from South Dakota for his information.

Mr. MUNDT. The Senator from Tennessee makes a very good point. I see no good reason why the American corporation which gets this preferential interest rate should not repay the interest rate in full to the United States instead of to a foreign government, enabling the foreign government to make a large and substantial profit on a financial transaction, to the detriment of the United States.

While we are dealing with specific cases, let me point out that a number of us today have sent a letter to the Secretary of Agriculture, Mr. Freeman, the text of which will be released in tomorrow morning's papers, signed by some eight or nine Senators, dealing with one of the concomitants which flow out of this kind of foreign loan.

This one happens to be a loan from the Export-Import Bank, but it might just as well have been one issued by AID. It is in the same category of developing loans, and deals with the announcement in the New York Times on July 11, under the heading of, "United States Investor Makes Rumanian Pork Deal," with the story under a Belgrade, Yugoslavia, dateline.

It describes the investment of a man named Milton Gordon who has come up with a kind of interesting way to make a living in Rumania. He proposes to borrow from the Export-Import Bank the necessary money by which he is going to build in Budapest an organization called Prado Export, a Rumanian trading company, which has announced that it will specialize in breeding and processing more than 300,000 pigs a year.

Mr. Gordon tells the Export-Import Bank:

> Your security is absolutely sound, because the Rumanian pork producing company is going to sell its product in the United States.

Now this is still another blow at long-suffering American agriculture. This is another way we ignore the American processor and producer. When we start making loans to economic enterprises abroad with no consideration of what kind of potential competitor we are creating, and then do it by a ridiculously low subsidized interest rate, we have run the whole gamut of inventive ideas trying to figure out a method to bring bankruptcy to the United States.

We have written Mr. Freeman a letter protesting this. I want to add, in fairness, that it is not his responsibility. It was not his suggestion. It was suggested by the Export-Import Bank. But we are asking the Secretary of Agriculture, as the sole Cabinet member spokesman for the American farmer and rancher, to file a protest with the Export-Import Bank, which is mainly financed by American money, against this loan, subsidizing, with American funds, a Communist pork-processing plant to sell its products in the United States, in competition with the private enterprise American farmer.

Unhappily, we find instances of that kind when dealing with AID, but I want to make it clear for the RECORD that this is not one of the misadventures of AID. This one happens to be with the Export-Import Bank.

Mr. President, I ask unanimous consent that our joint letter to Secretary Freeman and the news story relating to the matter be printed at this point in the RECORD.

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

JULY 25, 1966.

Hon. ORVILLE FREEMAN,
Secretary of Agriculture,
Department of Agriculture,
Washington, D.C.

DEAR MR. SECRETARY: All of us were deeply shocked to note in the New York Times for July 11, 1966 on page 41 of Section C that a New York Investor is obtaining credits from the Export-Import Bank to implement a signed agreement for processing pork products in Rumania and selling them in the United States.

According to the news story (copy attached) arrangements provide for the breeding and processing of more than 300,000 pigs a year which are to be sold in the United States. The article goes on to state further that Intercontinental Markets, Inc. will supply about $8 million worth of modern American-made equipment for the process and that the output would be worth about $10 million a year for the next decade. All of this is to be financed with credits to the extent of 72% from the Export-Import Bank, another 12% from American banks and the remaining funds from Prodexport, a Rumanian trade company.

As the spokesman for American Agriculture, it is imperative that you lodge a strong protest against this policy which permits the granting of credits for implementation of this agreement which will permit Rumanian pork products to come to this country in competition with our own producers. Hog prices have already declined several dollars in the past few months to the detriment of our United States producers. All forecasts by knowledgeable agricultural economists are to the effect that hog prices will decline even further in the future.

In fact, the report by the Department of Agriculture entitled Livestock and Meat Situation released in May of 1966 states that hog prices will likely be considered below fourth quarter 1965 and that this general supply-price situation will extend into 1967. This statement in your report is based on the study by the Department that the supplies of hogs will be higher and that the prices will decline in the coming months.

Therefore we urge that you contact officials of the Export-Import Bank requesting that they reconsider their policy of extending credits to foreign investors for the purpose of entering into enterprises which will result in the importation of farm products into this country in competition with our own producers and cause a resultant depressed price for our own hog producers.

Our farm economy is already too depressed and it is unthinkable that our farmers must be subjected to further attacks on their efforts to obtain parity by foreign imports which are financed and implemented through policies of governmental agencies which are mainly financed by the American taxpayer. It is even more unfortunate that these policies and credits are extended to a Communist nation and that we are actually depressing the economy of the hog producers and processors of this nation for the benefit of the hog producers and processors of a Communist nation.

We hope that you will give this matter your most serious consideration and that you will, with the full prestige of your position as Secretary of Agriculture, contact the Export-Import Bank requesting them to reconsider their position on the extension of the credits discussed in this news story so that loaning agencies will in no way be using our taxpayers dollars to further depress parity income for the American farmer. We would appreciate your writing us a letter conveying your reaction to this development and letting us know of any actions you will take to be helpful.

With best wishes, we are

Cordially yours,

KARL E. MUNDT, FRANK CARLSON, MILWARD L. SIMPSON, ROMAN L. HRUSKA, JACK MILLER, BOURKE B. HICKENLOOPER, CARL T. CURTIS, JOHN SHERMAN COOPER, LEN B. JORDAN, MILTON R. YOUNG.

[From the New York (N.Y.) Times, July 11, 1966]

U.S. INVESTOR MAKES RUMANIA PORK DEAL

BELGRADE, YUGOSLAVIA, July 10.—Milton A. Gordon, a New York investor, has announced here that he has signed an agreement with a Bucharest company for processing Rumanian pork products and selling them in the United States.

Mr. Gordon said last week the arrangement between his company, Intercontinental Markets, Inc., and Prodexport, the Rumanian trade company, will call for breeding and processing of more than 300,000 pigs a year.

Intercontinental will design a packing plant, probably to be situated near the Danube, and will supply about $8-million worth of modern American-made equipment for the process.

Mr. Gordon added that the output would be worth about $10-million a year for the next decade. He said he would get credits from the Export-Import bank for 72 per cent of the project and financing from American banks for another 12 per cent. The remaining funds are to be provided by Prodexport.

Mr. MUNDT. Mr. President, let me say, in conclusion, we hear a great deal in this country about the merits and demerits of dollar diplomacy. The question is brought up and debated pro and con whether or not, by the use of American money in grants, export loans, development loans, in aid to military juntas and others, we can in fact develop a lasting peace and will in fact help set back the Communist menace of which we are all aware.

During the long, almost 20-year history during which we have had AID, we have had some successes and some failures. Apparently, we learn little from either our successes or our failures, because we move along with the same formula, prescribing the same medicine, regardless of the ailment involving some particular country. We have a responsibility as the greatest free nation in the world, as the leader of the free world. We also have a responsibility as a government of our people to do what we can to help hold the world right, to prevent global war, to prevent godless communism from enslaving additional areas and populations of the world.

And so none of us who are advocating these correctives in the AID program holds to the position that America should not do anything. We do not deny that dollar diplomacy is one tool by which to exercise our responsibility as a world leader. But when dollar diplomacy is changed into tincup diplomacy; when, instead of exercising prudence in allocating loans, in making grants, we simply turn billions of dollars over to foreign governments to make investments, to use these dollars as they please, then we substitute the tincup concept of diplomacy for one which should be related to our American success experience, which is based on building up the productive power of a country, which is based on building up the tax base and income producing capacity of a country, and trying to help it to help itself.

I deplore this tendency to keep trying to inject into what is already an expensive and troublesome practice of dollar diplomacy, this outworn and outmoded concept of tincup diplomacy, which is merely an undirected, unprotected, uncontrolled policy, whereby we hope the mucilaginous quality of American dollars in bigger bundles will hold the world together.

We need something better than that, and I applaud the decision of the Committee on Foreign Relations to hold the interest at 3 percent, even though, at 3 percent, it still requires a considerable subsidy on the part of the American taxpayer, who has to pay much more than that in order to borrow money publicly, and more than twice as much to borrow privately.

I hope the Senate does not emulate the curse of Sisyphus, of Greek mythology, who was condemned to march up a hill pushing up heavy rocks ahead of him until they reached the summit, and then to roll them down again, and then to push them up again, and then to roll them down again, for eternity.

I hope now, having moved a forward step, we do not retreat to the erroneous procedures we have followed in the past. I hope the Senate defeats the McCarthy amendment.

The PRESIDING OFFICER. The question is on the McCarthy amendment. The yeas and nays have been ordered, and the clerk will call the roll——

Mr. MUNDT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McCARTHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. GRUENING. Mr. President, I think it is a great pity that the rollcall has been called off. I think there should be more Senators on the floor to hear these speeches.

Mr. McCARTHY. We were having a call in order to get speakers. If the Senator wishes to speak, he may do so.

Mr. GRUENING. I only wish there could have been more Senators to hear the eloquent speech of the Senator from South Dakota [Mr. MUNDT], and that the audience had been greater.

Mr. McCARTHY. Will the Senator include my speech in that category?

Mr. GRUENING. Yes. All the speeches have been eloquent.

Mr. McCARTHY. It is the same speech I made Friday.

Mr. GRUENING. Like rare wine, the Senator's speech improves with age.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GRUENING. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. GRUENING. Mr. President, I repeat my view that it is a great pity that so few Senators were on the floor when the very interesting discussion between the Senator from Minnesota and the Senator from South Dakota took place.

I personally feel that the amendment proposed by the Senator from Minnesota to reduce the interest rate from the 3-percent figure to 2½ percent is a distinct disservice to the American taxpayer, who is now paying a much heavier interest rate for domestic loans. The low rate now in effect constitutes an additional burden upon him on every loan that is made abroad under our foreign aid program. I hope we will not step backward.

I believe that the 3 percent now provided is extremely generous. It costs the American taxpayer 4½ percent, 5 percent, or 5½ percent to obtain his money and those rates are going up. I see no reason why the modest increase of one-half of 1 percent, which was provided by the committee, should not stand.

I believe that to reverse the committee's action and go backward would be a great mistake. The foreign aid program has been extremely lavish, extremely generous in the loans it has made hitherto and in the negligibie interest rates that have been collected to date. Until not long ago, we were making these loans all over the world at three-quarters of 1 percent, with no repayment of principal for 10 years.

It is obvious that many of these loans will never be repaid. When the 30- or 40-year period for which the loans are made expires, it is certain that the argument will be heard that "those who authorized these loans are no longer with us; you cannot expect to get blood out of a stone, and these loans must be canceled." We might at least be collecting a little more interest during that time before the loans are written off for the benefit of the American taxpayer.

I hope that the amendment of the Senator from Minnesota will be defeated; and I regret that the eloquent address of the Senator from South Dakota in opposition to it was heard by so few, as well as the excellent statement made by the senior Senator from Tennessee, who is extremely knowledgeable in matters of finance, and who shares the view that I and other Senators have expressed.

Mr. LAUSCHE. What about the Senator from Ohio?

Mr. GRUENING. The Senator from Ohio calls my attention to the fact that he also spoke on this subject, which I did not know. But if he spoke in opposition to the amendment, I commend him highly.

Mr. GORE. Mr. President, when the senior Senator from Ohio speaks, it is always eloquent.

Mr. GRUENING. It is always eloquent.

Mr. President, I yield to the Senator from Pennsylvania

Mr. SCOTT. Mr. President, I agree with the Senator from Alaska. The restrictions on our credit are so great in our country that we should not at this point support the amendment.

Mr. GRUENING. Mr. President, I do not believe that, at the same time the interest rates are being raised in the United States, we should be engaging in a move to cut the rate of interest to foreign countries.

It is utterly inconsistent. It is an example of a double standard which I cannot approve. Our people deserve equal treatment, at the very least, if not priority. However, that has not been the attitude of those who support amendments of this kind and who have sup-

ported some of the lavish expenditures in the past in the foreign aid program.

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

Mr. GRUENING. I yield.

Mr. GORE. Mr. President, the Senator is aware, I am sure, that development loans are made in large part not to foreign governments but to business institutions, many of which are subsidiaries of our own large, successful corporations, for the purposes of their own foreign investment.

These loans undoubtedly inure to the benefit of the foreign country in that it brings about development. It exports dollars and commodities and materials to those countries from the United States, and they have very favorable interest rates and amortization. The first beneficiary in a great many cases, if not in the majority of the cases, is a private corporation doing business in another country.

Mr. GRUENING. The Senator is correct. The Senator pointed that out most eloquently on last Friday. I listened to his speech with rapt attention. I would say also that this is not the time to do this. We took a step forward in the committee. We are moving in the right direction to save our balance of payments.

This would be a move to the rear, as the Senator pointed out.

I regret that more Senators were not on the floor to hear his statement.

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

Mr. GRUENING. I yield.

Mr. LAUSCHE. Mr. President, I have wanted to support the State Department and the administration to the maximum degree possible under the circumstances that prevail today in the foreign aid program.

I regret that I cannot support it with regard to the interest rates and the maturity periods on loans. I cannot do so, because I know that other nations in the world, from the standpoint of balance of payments, possession of gold, and size of national debt, are in a far better position than is the United States to make what some have described as eleemosynary loans.

Germany is in a better position. France, from the standpoint of position of gold, is in a better position than we are. I doubt whether Britain is. However, there are nations that are better equipped to lend money on long interest rates and long periods of maturity than is the United States.

The fact is that we have been the most generous and the most merciful nation in making these loans. Even though other nations are decreasing these charges and we are increasing our charges, we are still in a much better position to claim generosity than are the nations that are alined with us in the program.

Our loans have been made, as I have previously indicated, for periods of 40 to 50 years.

I would say that the maximum terms of the loans that have been made by the other nations are 15 to 20 years.

Our interest rates are lower. Our periods of maturity are far longer, and thus we occupy an unchallengeable position among the developed nations when we consider what are supposed to be eleemosynary or charitable loans.

These are the reasons why I cannot support the amendment of the Senator from Minnesota. In my judgment, such action would not be sound.

I commend the Senator from Alaska for the position which he has taken. I have advocated an increase in the interest rates on money loaned to rural electrification projects. When I advocate that increase of rate, how can I ask that the rate of interest charged to foreign countries be lower than that which I ask to be charged to the rural electrification programs of the United States?

Mr. GRUENING. Mr. President, before I yield the floor, I should like to comment briefly on the excellent statement of the senior Senator from Ohio. He said the United States has been most merciful. I suggest that this mercy be extended to the American taxpayer by voting against the amendment.

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

Mr. GRUENING. I yield.

Mr. MUNDT. Mr. President, I join in the commendation of the senior Senator from Ohio.

I salute the Senator from Alaska for his excellent statement and for his support of fair and equitable interest rates—worked out with great labor, I might say, by the Foreign Relations Committee—and I am cognizant of the high interest rate era in which we are living.

I hope that the Senate will stand by the committee.

I take this opportunity also to congratulate the Senator from Alaska and to call to the attention of the Senate a report which each Senator will find on his desk. The report is entitled "United States Foreign Aid in Action. A Case Study."

It is pretty strong reading for taxpayers with good stomachs. I think we ought to read it.

It was pointed out by the Senator from Alaska, as a member of the subcommittee of the Committee on Government Operations, and authorized for printing and circulation by our full committee.

The report is on our desks, and it is certainly related to this issue of whether we want now to take a backward step and increase even further the interest subsidy that we are asking the American taxpayers to give on the so-called loans abroad.

I hope that the Senate will stand by the committee and the 3-percent rate which we have prescribed.

I congratulate the Senator from Alaska.

Mr. GRUENING. I thank the Senator.

Mr. President, I yield the floor.

Mr. FULBRIGHT. Mr. President, I do not wish to detain the Senate long. We discussed this problem in committee and I supported the position taken by the Senator from Minnesota.

The debt burden of many underdeveloped nations are increasing at a rate beyond their capacity to service them.

I think the problem is getting more and more out of balance.

I have discussed this matter with Mr. George Woods, of the World Bank. Mr. Woods has made public statements to the effect that it would be disastrous for the developing countries if interest rates were made too high. I think that the rate now in the bill would be going too high.

This is quite a different matter from limiting the amount that we will lend. If we are to have a program it ought to be efficient and well adapted to achieve its purposes.

I believe the Senator from Minnesota is correct in his amendment, and I hope the Senate will support it. It is not very much, but I believe it is a symbol and should be supported.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota [Mr. McCARTHY].

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Indiana [Mr. BAYH], the Senator from Nevada [Mr. CANNON], and the Senator from Arizona [Mr. HAYDEN], are absent on official business.

I also announce that the Senator from Connecticut [Mr. DODD], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Florida [Mr. SMATHERS], are necessarily absent.

On this vote, the Senator from Nevada [Mr. CANNON] is paired with the Senator from Oregon [Mrs. NEUBERGER].

If present and voting, the Senator from Nevada would vote "nay," and the Senator from Oregon would vote "yea."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Michigan [Mr. GRIFFIN], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Kansas [Mr. CARLSON] is absent on official business.

The Senator from Kentucky [Mr. COOPER] is detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senators from Kansas [Mr. CARLSON and Mr. PEARSON], the Senator from Kentucky [Mr. COOPER], and the Senator from Michigan [Mr. GRIFFIN] would each vote "nay."

The result was announced—yeas 36, nays 50, as follows:

[No. 152 Leg.]

YEAS—36

Aiken	Jackson	Montoya
Anderson	Javits	Morton
Bartlett	Kennedy, Mass.	Moss
Case	Kennedy, N.Y.	Nelson
Church	Long, Mo.	Pastore
Clark	Magnuson	Pell
Douglas	Mansfield	Ribicoff
Fulbright	McCarthy	Sparkman
Harris	McGee	Tydings
Hart	McGovern	Williams, N.J.
Holland	Metcalf	Yarborough
Inouye	Mondale	Young, Ohio

NAYS—50

Bennett	Gruening	Proxmire
Bible	Hartke	Randolph
Boggs	Hickenlooper	Robertson
Brewster	Hill	Russell, S.C.
Burdick	Hruska	Russell, Ga.
Byrd, Va.	Jordan, N.C.	Saltonstall
Byrd, W. Va.	Jordan, Idaho	Scott
Cotton	Kuchel	Simpson
Curtis	Lausche	Smith
Dirksen	Long, La.	Stennis
Dominick	McIntyre	Symington
Eastland	Miller	Talmadge
Ellender	Monroney	Thurmond
Ervin	Morse	Tower
Fannin	Mundt	Williams, Del.
Fong	Murphy	Young, N. Dak.
Gore	Prouty	

NOT VOTING—14

Allott	Cooper	Muskie
Bass	Dodd	Neuberger
Bayh	Griffin	Pearson
Cannon	Hayden	Smathers
Carlson	McClellan	

So Mr. McCARTHY's amendment was rejected.

Mr. GRUENING. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MORSE. Mr. President, I move to lay the motion on the table.

The PRESIDING OFFICER (Mr. KENNEDY of Massachusetts in the chair). The question is on agreeing to the motion of the Senator from Oregon.

The motion to lay on the table was agreed to.

AMENDMENT NO. 686

Mr. GRUENING. Mr. President, I call up my amendment, No. 686, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 14, line 18, before the quotation marks insert the following: "No commodity shall be furnished pursuant to this chapter unless the Administrator of the Agency for International Development shall have found with respect to each such commodity that there is substantial need therefor in order to make a planned contribution of the economic development of the country to which the commodity is to be furnished."

Mr. GRUENING. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. GRUENING. Mr. President, the commodity import program provides, under the supporting assistance provision of the Foreign Assistance Act, imports of capital goods, raw materials and consumer goods to developing countries. The objectives of the program are to save foreign currency reserves by cutting down on the necessity for foreign expenditures, to provide additional foreign government revenues to balance the budget and to help combat inflation in the recipient countries. One of the more significant program guidelines outlined by the administering Agency for International Development is that the program be so constituted as to "stimulate domestic production where possible by reducing imports purchased with aid funds as rapidly as domestic production could be developed." High priority raw materials were to be made available to stimulate domestic industrial growth in order to achieve the long-range goal of a viable self-supporting economic base in each country involved.

The program operates by letting foreign commercial importers determine what goods are to be brought into their country with AID financing. This is hardly conducive to producing a demand for goods necessary for sound economic development.

Several weeks ago, in this Chamber, my colleague, the junior Senator from Michigan, made some salient remarks about the administration of the commodity import program in Vietnam. He cited "serious mismanagement and ineffective controls" as causes of the failure of the program in that country, where black-market profiteering and inequitable license allocations have been the rule, rather than exceptional occurrence. Senator GRIFFIN found that instead of open licensing, there is a list of approved importers maintained by the Saigon government; these firms attain this position by "under-the-table payments to the appropriate local officials." Once goods are obtained, the importer has free rein over their distribution. In addition, it was said that the importers received kickbacks from sales, and frequently, by using false documents, purchased goods with our credit that were not produced in the United States.

Unfortunately, this story is not a new one. General Accounting Office reports, for as far back as 1962, about commodity import programs in several Asian nations report comparable failures, where major portions of the aid funds are not used in a way conducive to long- or short-term economic growth. These reports found the program of the Agency for International Development tended toward financing consumable, and even luxury goods, rather than investment capital or raw materials for domestic industry. The GAO reports that synthetic yarns were used for luxury fabrics instead of for tires and fishnets; that fine, highly priced fabrics were produced instead of less costly wool and synthetic cloths of equal durability.

In Turkey and Korea, as well as Vietnam, the early years of this program were rife with evidence of collusive auction bidding for licenses, and commodity imports. In the absence of a valid priorities system, some areas, such as cotton textile and flour, were highly overexpended to the point that there were surplus supplies in warehouses, while fishing net and fertilizer production were inadequate though the raw materials were available for use. There are many cases where the method of allocation caused higher prices than necessary to be paid for goods; for example, had fertilizer been bought in the off season, as estimated, $240,000 could have been saved in 1 year, in one country.

Purchase of goods that countries could have produced themselves or for which there were resources available for the development of industry, have occurred regularly, in contrast to the guidelines which would encourage domestic industrial growth.

It appears that we would be wise to require greater control on the part of the Administrator of AID for the determination of commodities which will be financed by the Agency for International Development, and for the determination of the part these items will play in the country's economic development plan to assure their proper utilization. In view of the fact that the commodity import program takes the largest amount of the supporting assistance allocation, and has shown itself to be in need of revision, I propose the amendment.

Mr. President, I hope that the manager of the bill will accept the amendment. I think that it is reasonable.

Mr. FULBRIGHT. The objective of the amendment is unobjectionable but I think it would be very offensive to those who administer the program. The Administrator, of necessity, must make a determination that every commodity sent to a country is needed.

We are dealing with the question of administration and the efficiency of administration. I cannot see how putting this requirement in the law will make the administration any more efficient than it is now. It is somewhat like passing a resolution requiring everyone to abide by the Ten Commandments. I cannot see how such a resolution would have any effect whatever on the conduct of anybody. The Senator's amendment requires that: "there is a substantial need for each commodity." It might require an enormous amount of paperwork, but I do not see how it would have any practical effect. We went to considerable trouble to set up an inspector general with a staff, and I think they have done a pretty good job trying to check on the efficiency of the administration of the agency with regard to commodities and everything else. This is a difficult activity to supervise. Some of the worst things in Vietnam which have come to my attention are not due to AID operations but result from Defense Department policies in the operation of its PX's.

The famous incident of the hair spray, for instance, was not from an AID activity at all but was part of the operation of post exchanges by the Department of Defense. Other examples of that nature have come to our attention. I do not see how the amendment actually changes the situation at all other than that it imposes a certain amount of paperwork upon the Administrator.

The amendment was not presented to the committee. We had no opportunity to consider it. However, since it has come to my attention on the floor of the Senate, with all due deference to my good friend, the Senator from Alaska, I do not see that it would add anything to the efficiency of AID operations.

Mr. GRUENING. It is a guideline. It seems to me that experience has shown that the AID administration and its predecessors need to hear from Congress, giving it indications which way it should go to improve the program. This is all my amendment would do. It is a strong indication and a desirable one. Here countries are worrying about disposing of their important luxury goods and are neglecting the basic commodities. This is what the amendment is trying to bring about. The Senator says the amend-

ment will not do too much. On the contrary, I feel if AID is to achieve its objectives the amendment will be very desirable. I do not believe that anyone can quarrel with that.

Mr. FULBRIGHT. I am willing to take the amendment to conference, because time is of the essence at this moment. I do not really think, however, that it will change anything.

Mr. GRUENING. I appreciate that. I think we should vote on it now.

Mr. President, I ask unanimous consent to withdraw the yeas and nays and have a voice vote on my amendment.

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

The question is on agreeing to the amendment (No. 686) of the Senator from Alaska.

The amendment was agreed to.

Mr. GRUENING. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. FULBRIGHT. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 687

Mr. GRUENING. Mr. President, I call up my amendment, No. 687, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The legislative clerk read the amendment as follows :

On page 18, between lines 5 and 6, insert the following:

"(b) Section 605(c) is hereby amended to read as follows:

"'(c) Funds realized as a result of any failure of a transaction financed under authority of part I of this Act to conform to the requirements of this Act, or to applicable rules and regulations of the United States Government, or to the terms of any agreement or contract entered into under authority of part I of this Act shall be covered into the Treasury as miscellaneous receipts.'"

On page 18, line 6, strike out "(b)" and substitute "(c)".

On page 18, line 10, strike out "(c)" and substitute "(d)".

On page 19, line 9, strike out "(d)" and substitute "(e)".

On page 19, line 15, strike out "(e)" and substitute "(f)".

Mr. GRUENING. Mr. President, section 605(c) of the Foreign Assistance Act of 1961, as amended, provides that funds realized by the Agency for International Development from filing claims against foreign countries and foreign importers can be reused by AID for the same general purpose. AID has established numerous requirements concerning its financing of economic assistance and has developed procedures for monitoring transactions to insure that these requirements are adhered to. For example, AID regulations prescribe that commodities which are bought by a foreign importer and which AID finances under the economic assistance program are to be purchased at prevailing market prices. If AID auditors find that a foreign importer has purchased commodities at inflated prices, with AID paying the U.S. supplier a premium price, AID will process a claim against the foreign importer.

In practice it is very difficult to obtain a refund from a foreign private importer because of the difficulty of pursuing the claim in a foreign court. As a practical recourse, AID seeks recovery of any amounts which have been improperly included in its financing from the foreign country involved, which by agreement, has undertaken to reimburse the United States for such amounts. It has also been AID's practice to reprogram any funds realized from claims by making such funds available to the country for economic development programs.

Thus we have seen situations in which a foreign importer conspires with a supplier to fix the price of an AID-financed transaction. AID subsequently discovers that it has overpaid and attempts to obtain an appropriate refund from the importer. This proves to be impossible so AID asks the country government for a refund. The foreign government makes out a check for the amount of the overcharge and AID promptly turns the money back to the country. All of this is permitted under section 605(c).

But what purpose does all of this serve? The foreign importer and the supplier who have conspired to fix the price of the commodity retain their exorbitant profit; and the foreign country has paid for the overcharge out of one pocket and received it back in another pocket. The United States has been the loser and is powerless to do anything about it. Meanwhile AID keeps a large staff of auditors and investigators busy finding instances of overcharges and other improprieties in AID-financed transactions, and another large staff engaged in processing claims.

The only purpose achieved by all of this, as far as I can discern, is that AID is enabled to state that it does not finance any transaction which it finds to be improper. True enough, but the United States does not save a nickel in the process.

My amendment attempts to introduce some rationale into this Alice-in-Wonderland procedure by requiring all funds collected by AID from claims resulting from the inclusion of improper amounts in transactions which it has financed to be deposited to miscellaneous receipts of the Treasury. If AID desires to reuse these funds, it will be required to seek authority to do so in its annual request for authorization and appropriations.

Mr. President, I ask for the yeas and nays.

Mr. FULBRIGHT. Mr. President, I wonder whether the Senator wishes to insist on asking for the yeas and nays on his amendment, or will withhold his request until we can have a little discussion of his amendment. There will be no trouble getting the yeas and nays if the Senator still desires them.

The PRESIDING OFFICER. Does the Senator from Alaska withhold his request for the yeas and nays?

Mr. GRUENING. Mr. President, yes. I will withhold my request.

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

Mr. FULBRIGHT. Mr. President, what this amendment would do, in effect, would be to say to AID that if it recovers any money from misapplication of funds——

Mr. HICKENLOOPER. Mr. President, a point of order. I could not hear the remarks of the Senator from Alaska, neither could I hear him asking for the yeas and nays on his amendment. There is so much noise in the Chamber that I cannot even hear what the Senator from Arkansas is trying to say. I wish we could have some order in the Chamber.

Mr. FULBRIGHT. It is true there are a number of Senators engaged in private conversation at the moment. I have never found an effective way to stop it. If the Senator can suggest anything, I will be very pleased to know what it is.

The PRESIDING OFFICER. The Senate will please be in order.

Mr. FULBRIGHT. Mr. President, this amendment provides that in the case of mismanagement of a project in a particular country, if part of the funds are misapplied and later recovered, the funds would not remain with AID for reuse, but would revert to Treasury's miscellaneous receipts account.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I yield.

Mr. HICKENLOOPER. Does the Senator interpret that statement to mean that if AID makes a bobble and recovers it, it can put it in its pocket and use it again?

Mr. FULBRIGHT. This need not be a bobble on the part of AID. A foreign government or importer may make a mistake. It may not be a matter of a bobble on AID's part. In some cases it could be a failure by AID to supervise as closely as it should have. Sometimes the importer misrepresents something, perhaps, which it should have reported differently. It is not always a matter of misconduct. Sometimes it is a matter of misjudgment.

The principle involved is that we should not destroy, by such an amendment, an incentive for AID officials to maintain efficient administration. In other words, if AID is not going to get the recovered money back, the officials will say, "What interest is in it for me to try to do anything about it?" AID will be less active in supervising transactions if this amendment is adopted. That is only human nature.

If the money is sent back to the Treasury, the AID officials will say, "Let the Treasury, or the Secret Service supervise it. It is not our problem. It is beyond our competence and jurisdiction," whereas, if AID will have the money to re-use, it will have a distinct motive or incentive to supervise the program to see that it is run properly.

I think it is a matter of everyday, common horsesense, that it is not a good amendment. The money is provided to be used in the AID program in the first place, and if it is recovered because of misuse in some way it should be used in that program and not revert to the

Treasury. AID does not necessarily have to use it in the country where the misdeed occurred.

Mr. GRUENING. But AID can and often does.

Mr. FULBRIGHT. AID can use it in its program wherever it feels it should be used. It is not as a result of misdeeds on the part of AID. Very often it is as a result of the borrower or the host country making a misapplication, perhaps through a misunderstanding of the regulations. Any number of things may occur.

I have no objection to trying to tighten up the administration and make it more effective. There is a question of commonsense involved. It strikes me that there is less likelihood that the administrators will try to improve the program if we say, "You cannot have the money." If we say that, AID will not be as diligent. A question of judgment is involved. From the Senator's knowledge of human nature, it is a question of whether the amendment is best designed to give an incentive to the people in AID to try to recover money which has been misapplied.

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

Mr. FULBRIGHT. I yield.

Mr. GRUENING. I am surprised to hear the Senator contend that the AID Administrator would have no concern in seeing the money get back to the Treasury of the United States and to the American taxpayers, rather than respend money, as a result of what may be a fraudulent transaction. I cannot understand why this would not be a motivation for the AID people to be interested in the financial interests of the United States.

Mr. FULBRIGHT. It is a matter of degree. We are all interested in the operations of the Government, but we are more interested in our own aspect of Government operations than we are in the broad operations of the Federal Government as a whole. I did not say that AID officials were not concerned, but that they are more concerned with their own operations than they are with the overall operations of the Government. I think that is commonly true of most Government employees. It is a matter of judgment.

Mr. GRUENING. I think they should be as concerned with the Federal Government.

Mr. FULBRIGHT. We should all be better than we are, but human beings are not infallible.

Mr. GRUENING. I ask for a vote on the amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Alaska (putting the question).

The Chair is in doubt.

Mr. MORSE. Mr. President, I ask for a division.

The PRESIDING OFFICER. All in favor will rise and be counted. All opposed will rise and be counted.

Mr. GRUENING. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Alaska. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Indiana [Mr. BAYH], the Senator from Nevada [Mr. CANNON], and the Senator from Arizona [Mr. HAYDEN] are absent on official business.

I also announce that the Senator from Louisiana [Mr. ELLENDER], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Florida [Mr. SMATHERS] are necessarily absent.

I further announce that, if present and voting the Senator from Oregon [Mrs. NEUBERGER] would "nay."

On this vote, the Senator from Nevada [Mr. CANNON] is paired with the Senator from Louisiana [Mr. ELLENDER].

If present and voting, the Senator from Nevada would vote "nay," and the Senator from Louisiana would vote "yea."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT], the Senator from Michigan [Mr. GRIFFIN], and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Kansas [Mr. CARLSON] is absent on official business.

The Senator from Pennsylvania [Mr. SCOTT] is absent because of illness.

The Senator from Kentucky [Mr. COOPER] is detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senators from Kansas [Mr. CARLSON and Mr. PEARSON], the Senator from Kentucky [Mr. COOPER], and the Senator from Pennsylvania [Mr. SCOTT] would each vote "nay."

The result was announced—yeas 29, nays 56, as follows:

[No. 153 Leg.]

YEAS—29

Bartlett	Ervin	Robertson
Bible	Fong	Russell, S.C.
Brewster	Gruening	Russell, Ga.
Burdick	Hart	Simpson
Byrd, Va.	Hartke	Stennis
Byrd, W. Va.	Jordan, N.C.	Symington
Cotton	Metcalf	Talmadge
Dodd	Montoya	Thurmond
Douglas	Morse	Yarborough
Eastland	Ribicoff	

NAYS—56

Aiken	Jackson	Moss
Anderson	Javits	Mundt
Bennett	Jordan, Idaho	Murphy
Boggs	Kennedy, Mass.	Nelson
Case	Kennedy, N.Y.	Pastore
Church	Kuchel	Pell
Clark	Lausche	Prouty
Curtis	Long, Mo.	Proxmire
Dirksen	Long, La.	Randolph
Dominick	Magnuson	Saltonstall
Fannin	Mansfield	Smith
Fulbright	McCarthy	Sparkman
Gore	McGee	Tower
Harris	McGovern	Tydings
Hickenlooper	McIntyre	Williams, N.J.
Hill	Miller	Williams, Del.
Holland	Mondale	Young, N. Dak.
Hruska	Monroney	Young, Ohio
Inouye	Morton	

NOT VOTING—15

Allott	Cooper	Muskie
Bass	Ellender	Neuberger
Bayh	Griffin	Pearson
Cannon	Hayden	Scott
Carlson	McClellan	Smathers

So Mr. GRUENING's amendment (No. 687) was rejected.

AMENDMENT OF SECTION 502 OF MERCHANT MARINE ACT OF 1936, RELATING TO CONSTRUCTION DIFFERENTIAL SUBSIDIES

Mr. BARTLETT. Mr. President, I ask that the Chair lay before the Senate the amendment of the House of Representatives to S. 2858.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2858) to amend section 502 of the Merchant Marine Act, 1936, relating to construction differential subsidies, which was, to strike out all after the enacting clause and insert:

That the proviso in the second sentence of subsection (b) of section 502 of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1152(b)), is amended by striking out "June 30, 1966", and inserting in lieu thereof "June 30, 1968".

Mr. BARTLETT. Mr. President, I move that the Senate disagree to the House amendment and request a conference with the House of Representatives thereon, and that the Presiding Officer appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Messrs. MAGNUSON, LAUSCHE, BARTLETT, BREWSTER, PROUTY, and DOMINICK as conferees on the part of the Senate.

COMMITTEE MEETINGS DURING SENATE SESSION TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Labor and Public Welfare and the Committee on Finance be permitted to meet during the session of the Senate tomorrow.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

FOREIGN ECONOMIC ASSISTANCE, 1966

The Senate resumed the consideration of the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

AMENDMENT NO. 650

Mr. HICKENLOOPER. Mr. President, I call up my amendment No. 650, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. HICKENLOOPER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment (No. 650) proposed by Mr. HICKENLOOPER is as follows:

On page 16, in lines 2, 7, 8, and 9, strike out "RECONSTRUCTION" and insert "DEVELOPMENT".

In line 10, strike out "underdeveloped" and insert "less developed."

In line 10, strike out "in Asia and Africa".

In line 12, strike out "Reconstruction" and insert "Development".

In line 13, strike out "two" and insert "one or more".

In line 14, strike out "three" and insert "one or more".

In line 15, after "established," insert "A majority of the members of each such Commission shall be citizens of the country in which it is established.".

In line 16, strike out "that" and insert "for the selection of".

In line 17, after "established" insert "who wherever feasible".

In line 20, insert a period after "office" and strike out the rest of the sentence.

In line 24, strike out "reconstruction in" and insert "development of".

In line 25, strike out "shall" and insert "may".

On page 17, insert a comma after "research"; strike out "and"; after "training" insert "and other".

In line 2, strike out "reconstruction" and insert "development".

In line 12, strike out the quotation marks.

After line 12, add the following:

"(e) Nothing in this chapter shall be construed to restrict the authority contained in any other chapters of this Act."

Mr. HICKENLOOPER. Mr. President, this is a corrective amendment to a provision already in the bill in chapter 7, section 471, on page 16 of the bill. That provision inserts in the bill the authority for the AID director to establish, with not to exceed 10 percent of the funds made available pursuant to section 212, a Formosa-type land reform program, which has proved to be unusually effective in Formosa. It provides for the establishment of joint commissions between the United States and the receiving country, with a majority of the commissioners belonging to the receiving country. Its jurisdiction goes from the top, that is, from the central authority in the country, down to the various regional authorities, where the same kind of pattern is followed.

In some ways, this provision appeals to me as being a sort of advanced county agent system, where each authority provides for an expert in agriculture to advise and work with the people in the area, until it gets down to the small units. The system has, as I have stated, been remarkably successful in Formosa, or Taiwan.

The provision—which is section 471 on page 16—was put in the bill in committee, but after discussion with AID, there were certain corrective suggestions which AID made.

For instance, instead of calling it a joint commission or a commission on rural reconstruction, AID suggested that a better word would be "development." So this amendment would change that word.

Instead of limiting the joint commission to two citizens of the United States and three citizens of the receiving country, AID suggested that it be changed to provide for one or more citizens of the United States and one or more citizens of the receiving country, provided the receiving country has the majority on the commission.

That, in substance, is the burden of the amendment which I now offer. It meets with the approval of AID, and as far as I am concerned, it meets with my approval. I have submitted it to the staff of the Committee on Foreign Relations, and they feel that it probably is beneficial.

The burden of this is that the employees who are hired by this commission to aid the farmers really work for the local commissioners who can fire them at will. It keeps them on their toes. It is working remarkably successfully in Formosa.

I merely suggest these amendments to that provision that is already in the law.

Mr. FULBRIGHT. Mr. President, I have discussed this with the Senator and with the staff. I think it is a good amendment.

I am familiar also with the success of the county agent program which has some aspects similar to those in this proposal. I think it is a good amendment, and I am very glad to accept the amendment.

Mr. HICKENLOOPER. I thank the Senator.

Mr. President, by way of explanation and saving the time of the Senate, I have here an article recently written by Albert Ravenholt concerning this program in Formosa which was instituted by the Chiang Kai-shek government and which proved to be so successful.

Mr. Ravenholt is a foreign correspondent who spent a good many years in the Orient and in southeast Asia. He exposes this program to all of the benefits it is supposed to have.

The article is very interesting, and I earnestly hope that all Senators will read the article.

Mr. President, I ask unanimous consent that the article entitled "Awakening the Land," written by Albert Ravenholt, be printed at this point in the RECORD.

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

AWAKENING THE LAND—PART 2 OF A SPECIAL REPORT

(By Albert Ravenholt)

HOW LAND REFORM IN FORMOSA IS CREATING A BETTER LIFE

Lee Chun-Sheng, a 67-year-old Formosan farmer, can neither read nor write. But Elder Brother Lee, as he is known, is a happy man. He confidently tends his crops and rears his family in Nantou County on Formosa's gardenlike west-central plain. He owns 3¼ acres of land, which he tills with the aid of his four sons.

His younger brother, Lee Chun-ho, who is 58, is even more prosperous. Younger Brother Lee owns only 2½ acres, which he works with two of his three sons, but he earns additional income by buying pigs from other farmers, fattening them, and trucking them to market. His new, two-story, concrete home dominates the old courtyard where the crops are dried. Ducks and geese wander about, and healthy grandchildren play together. An electric fan helps cool the house; a radio brings music and news into the home.

All across the Formosan countryside today there are signs of a vigorous prosperity comparable to that which the Lees enjoy. Modern brick houses are replacing the traditional thatched huts. Almost every farmhouse has electricity. Radios and sewing machines, once virtually unheard of, are commonplace. Many farmhouses now have electrical appliances such as rice cookers; some even have refrigerators. Mechanized farm equipment and up-to-date food processing plants are increasingly evident.

So rosy was the economic outlook in Formosa that the United States government in 1964 announced that it would end its economic aid to the island in 1965. After 15 years—and 1,400,000,000 U.S. dollars—the island economy was ready to stand on its own feet.

A SYSTEM OF VIRTUAL SLAVERY

To grasp the true significance of this transformation, one needs to look back. For over 4,000 years, the people of Asia have been chiefly farmers. They have always looked to the land for life, but the earth has been more cruel than kind. Peasants, charged with feeding more than half the human race, farmed with sticks and shovels. They grubbed at worn-out soil. They suffered under drouth and pestilence. And, to top it all, they were shackled in virtual slavery by a tenant-landlord system that wrung from them most of what they did produce.

The story of the Lee family of Formosa—coming as it does at a time of exploding population and emerging nations—has a profound significance for the world. The Lees have been swept ahead by social and economic changes that may be applied to many other parts of the world. These changes—loosely described as "land reform"—constitute a remarkable chapter in modern history.

The Lee story really begins back in 1948 in Washington, D.C., where the U.S. Congress passed the historic "China-Aid Act." Intended mainly to bolster the Chinese Nationalists against the communist threat, the act nonetheless specified that for every nine U.S. dollars spent on Chinese military strength, at least one dollar must go to improve the economy of hard-pressed rural areas. To administer this program, a Joint Commission on Rural Reconstruction (JCRR) was set up. It was staffed by three Chinese commissioners and two American commissioners.

But before the JCRR could make a significant impact upon Chinese agricultural life, communist armies overran the mainland, and President Chiang Kai-shek and his Chinese Nationalist government withdrew to Formosa. So it was Formosa, not the mainland, that was to become the scene of this dramatic story.

"We saw that we had two major tasks," said Chiang Monlin, the late chairman of the JCRR. "First, we had to break the economic and social obstacles that had blocked any chance for the peasant to get ahead. Then, we needed to introduce better farming methods that would assure greater, more dependable harvests."

The shift of scene from the mainland to Formosa brought both advantages and disadvantages. More than 2,500,000 mainland Chinese suddenly were superimposed on the economy of an estimated 7,300,000 Formosans. The Formosans, although largely of Chinese ancestry, had problems of their own. As far back as 1683, when Formosa became a prefecture of China, the Formosans had been victimized by officials appointed from faraway Peking. Special taxes exacted by these imperial mandarins eliminated many small landowners, forcing them to work for others. Hence, there emerged on Formosa a large landlord class which took a portion of every harvest. For 200 years, tenant farmers worked the land of others, keeping little for themselves.

FORMOSA IS CEDED TO JAPAN

In 1895, Formosa was ceded to Japan as part of the booty of the Chinese-Japanese War. Japan began at once to develop the island as an agricultural granary to supply its own industrial empire. The Japanese built new irrigation canals, stepped-up fertilizer production, and developed better seed

varieties. They built new processing plants, railroads, and seaports. Production of tea, rice, bananas, and pineapples increased. Mineral production boomed. But the lot of the Formosan peasant changed little. Elder Brother Lee remembers those days well.

"We were farming with our father and Middle Brother," he said. "Together, we worked 10 acres, but we paid seven-twelfths of all we produced to the landlord. We had barely enough left to live on, but we had no choice. We did not own the land, and pressure for land got greater and greater."

Perhaps life for the Lees under the Japanese would have been better had not the population of Formosa grown as it did. In 50 years of Japanese rule, the number of Formosans increased from 2,000,000 to 7,300,000—over three and a half times! Credit for this population growth must go largely to modern public health programs, medical facilities, and doctors trained by the Japanese. It was a great achievement, but it intensified an already critical over-population problem in Formosa because the total of cultivated land remained fixed at about 2,153,000 acres.

"We could only have moved to the sea or the mountains," a county official says in describing their dilemma. As the population grew, ever more tenants competed to farm the same land. Landowners pushed rents higher, sometmes up to 70 per cent of the main crops. They also bought out smaller farmers when bad weather or family misfortune forced the latter to sell. Toward the close of the Japanese period, 68 per cent of the farm families on Formosa lived under a system of tenure.

Formosa was restored to China in August, 1945. Paradoxically, this at first made life even more difficult for farmers suffering from disrupted shipping, bombed-out railroads, and lack of fertilizers. Japanese administrators and technicians were sent home. They were replaced by Chinese officials, who now saw a chance to enrich themselves after lean years in the wartime capital of Chungking. Formosans had at first welcomed the mainland Chinese as liberators, but disillusionment turned to anger, and by February, 1947, it sparked an uprising that was suppressed with bloodshed.

Economically hard-pressed, tenant farmers became even more clearly "second class citizens." They hesitated to speak out in their dealings with landowners who often were the only available moneylenders. Formosa was developing bitter rural discontent similar to that which had given rise to communism in mainland China.

By 1949, Chinese Nationalist leaders, having learned a bitter lesson from their earlier reverses on the mainland, were ready to try new ideas. To revive production, and at the same time ease mounting social unrest, the provincial government led by then Governor and now Vice-President Chen Cheng put into effect the program of land reform originally planned for the mainland. The Joint Commission on Rural Reconstruction was revitalized, and a radical yet simple three-stage program was set up. As a first step, rents were to be reduced. Second, public land was to be sold to tenant farmers. Third, limits were to be set on how much land landlords could hold, and the surplus—to be purchased by the government—was to be subsequently resold to the tenant farmers.

The first step was taken in 1949. All farm rents were chopped to a maximum of 37.5 per cent of the annual main crop. (A photograph of the period shows a tenant farmer with his "37.5 per cent bride"—the girl he had been waiting for and now could afford to bring home with the extra cash retained from the crop.) Tenant farmers were guaranteed security by providing them with written leases for a minimum of six years. No family could be ousted from the fields it tilled without cause.

With JCRR assistance, more than 4,000 local officials and young people, including students, were recruited for intense educational "short courses." They then fanned out into the countryside to spread the word. Public meetings were held to explain the program. Posters, pamphlets, and mass media such as radio and newspapers were used to mobilize public enthusiasm before opponents of land reform could organize resistance. The volunteers supervised the writing of new land leases, especially those involving illiterate farmers. Since only a few Nationalist government officials owned land on Formosa, there was little political objection to the action at the top.

GOING AFTER THE TENANTS

Crucial to the success of the program were locally elected land commissions. These commissions, on which tenants and farm laborers held the majority of seats, arbitrated disputes between landowners and tenants and among tenant farmers themselves. Because the commissions were composed of neighbors who knew each others' affairs intimately, they were able to act quickly and with a minimum of political involvement. The few problems they could not solve were referred to the courts. Some charged that this first step in land reform was highhanded. But Dr. Tang Hui-sun, chief of JCRR's Land Division, had a simple, compelling answer. "When you are fighting a civil war, who do you want on your side? The few who are landlords, or the many who are discontended tenants?"

Dramatic results followed. By the end of 1949, more than 370,000 leases had been signed and registered with village officials. Tenant farmers, who now knew they would be on the same land the next year, built pigpens and dug compost pits. Some planted fruit trees and green manure crops that could be plowed under to enrich the soil. Other developments were almost as revealing. Prior to reform, there had been considerable speculation in farmland. Now, however, with returns from farmland stabilized, families with wealth looked for alternative sources of income. This encouraged a more modern business attitude in the towns.

In 1951, the government initiated the second part of its program. Government-owned land was put up for sale to the tenant farmers. This land, involving almost one-fifth of all the farmland on Formosa, had been acquired by the government in 1945 as former enemy property. Only a part of it was held back for sugar plantation management. The price per acre was fixed at two-and-one-half times the value of the annual main crops. It could be paid for in semiannual installments spread over a 10-year period. Within two years, 121,953 farming families had bought 155,610 acres of government land. Income from these land sales in turn produced a much needed source of government revenue.

Meanwhile, provincial officials and JCRR specialists had launched a massive survey of available land and its potentials. All privately owned agricultural land was registered. This land in turn was classified as to productivity. By April, 1952, the task force assigned to the job had compiled and organized all the data on 6,600,000 "Land-Record and Landownership Cards." It was a large undertaking but well worth the effort, for the painstakingly gathered information became the basis of land reform legislation which was drafted the following month.

The Provincial Assembly, where Formosa's landowners were well represented, was offered an opportunity to comment. Then the draft was submitted to the Legislative Yuan of the Chinese Nationalist government. On Jan. 20, 1953, the Yuan, after great deliberation, passed three related laws. One provided for the transfer of government enterprises to private ownership; a second authorized the provincial government to issue land bonds in kind—redeemable in crops—and the third was the "Land-to-the-Tiller" Act.

In the Land-to-the-Tiller Act, the Nationalist government gave scrupulously fair consideration to the rights of landlords who had obtained their holdings legally under the prevailing land system. Every landlord was entitled to keep approximately 7.5 acres of irrigated land, or 15 acres of dry land. This he could continue leasing to tenants on terms provided earlier by law. All land in excess of these amounts was bought by the government.

Under the program, the landowners received 30 per cent of the purchase price in shares of stock in government-owned corporations which, under the act now became private enterprises. The remaining 70 per cent due the landowners was paid in commodity bonds representing stipulated quantities of rice or sweet potatoes and bearing 4 per cent annual interest. The bonds were redeemable in cash or kind to guard against currency inflation. They were payable semiannually over a 10-year period. Tenant farmers were then offered this land at the same price paid by the government and on the same terms—4 per cent interest in 20 installments spread over 10 years. Under the new act, 194,823 farmers bought 354,612 acres of land. By the end of 1953, more than three-fourths of all the agricultural land on Formosa was being cultivated directly by owners. The remaining one-fourth either continued to be rented—thus providing a "ladder" for new farmers to get started toward eventual ownership of their own land—or it was used for government enterprises such as the Taiwan Sugar Corporation, schools, experimental stations, or similar projects.

To understand what all this meant to the average farmer, let us turn again to the Lees. At the close of World War II, three Lee brothers were still working the original 10 acres their father had rented. When local political pressures compelled them to give up this land, they pooled their meager resources and bought 1¼ acres of land. Next they managed to rent an additional two acres of privately owned land. In a third, separate plot, they also leased 2¼ acres of government land. This was the extent of their holdings when the Land-to-the-Tiller Act was passed.

"Since we were really cultivating these fields ourselves," Elder Brother Lee explains, "we had the first right to buy them under the act. When the land reform program was completed, we owned approximately six acres. These we divided into three equal parts. But later, when our Middle brother decided to give up farming and go into business, he sold his shares to us. As for me," Elder Brother goes on, "I was allowed 10 years under the law to pay for my new fields. But I paid for them in six. We made good money raising pigs for several years, and I thought the safest thing was to pay for my land."

NEW BUSINESS VENTURES

Not all Formosan landlords were happy to part with their fields. For generations, land had been the most trusted investment, both as a status symbol and as a prized possession to be passed on to the children. But now, with rentals from land either stabilized or nonexistent, families with wealth to invest had to look elsewhere for alternatives. Many former landlords embarked on new ventures. Some joined with the new entrepreneurs who were remaking the faces of Formosa's cities. A Taipei stock exchange soon appeared, trading shares in the corporations now controlled by former landlords. Within a decade, Formosa was manufacturing most of its textiles, though it continues to import raw cotton, especially from the United States. New glass plants, plastics factories, brick kilns, metal fabricating shops,

and electrical manufacturing firms sprang up and absorbed capital and talents in often highly profitable pursuits. Thus, a new class of citizen—the businessman—was born on Formosa.

Simultaneously, the old-type tenant farmer had disappeared. Farmers were now secure on their lands and were fortified with new incentives. Still, only one-half of the goal had been achieved. The new landowners now needed a knowledge of more scientific farming methods. A most crucial need, too, was credit and marketing. In a society where interest on private loans often exceeded 40 per cent annually, the farmer still risked becoming a victim of the moneylender. To avoid this, the JCRR began reorganizing the Farmers Associations. These had originally been established by the Japanese and acted as rural banks as well as suppliers of seed, fertilizer, and mill rice. Most, however, were financially unstable. Also, they were controlled by city merchants. Ordinary farmers had little authority in their management. Now, however, they were redesigned into genuine cooperatives. Only families that earned more than half of their income from farming were allowed to vote. Association managers and their staffs were given thorough training. Proper accounting procedures were introduced. Experts from provincial government headquarters audited each cooperative's books every six months. In addition, JCRR grants and loans help pay for new rice hulling machines, peanut and soybean seed granaries, fertilizer and rice warehouses, and orange-packing plants.

In more personal terms, the Lees again serve as examples of what has taken place. Both brothers are among the 7,503 members of the Tsao Tun Township Farmers Association which is located in a bustling, brown-plastered building on the edge of town. Its 15 directors and comptrollers are elected every three years. But every November, about 90 per cent of the members assemble for two days to talk over association business. They also approve the budget for the coming year's operations.

FORMOSA'S FIRST MASS MARKET

The association's activities are many. It serves, for example, as a bank. "I have on deposit cash equal to 105 U.S. dollars," says Elder Brother Lee. It earns him interest at the rate of 4½ per cent annually if he leaves it for one month, and twice this rate of return when left for six months. As a member, he is entitled to borrow at a somewhat higher rate of interest from total deposits in the association. These deposits are equal to about $825,000.

Behind the association's main headquarters is a warehouse. There the Lee brothers and other members of the cooperative trade rice for fertilizer. There, too, they sell their jute and buy farm equipment, such as Elder Brother Lee's new paddy-field marker which enables him to transplant rice seedlings in straight rows.

The warehouse also has a merchandise department where farmers can buy pesticides, bicycles, or even electric rice cookers, the latter priced at $12. Lately, the department has been selling on installment half a dozen small electric refrigerators a month which cost the equivalent of $274. "They still cost more than I can afford," says Younger Brother Lee, "even though the women at home would like one." But already farm families are providing Formosa's first mass market for consumer durables, sometimes manufactured by their former landlords.

Profits earned by the Tsao Tun Township Farmers Association annually have totaled the equivalent of $26,000. Thirty per cent of this went into a sinking fund. The cooperative is building a new $70,000 headquarters. An 11-man cooperative extension staff includes three veterinarians who vaccinate pigs and water buffalo, and a manager of the livestock breeding farm that specializes in artificial insemination of sows. Two 4-H Club directors guide 850 boys and girls belonging to 49 clubs. Among the club members is Younger Brothers Lee's bright and eager 20-year-old third son. "I work in the daytime reading irrigation water meters," he says. "On weekends and in the mornings and evenings I am out in the field helping my brother to see if we can set a rice production record." He would like to try for a college education when another brother returns from army service.

New ideas move through this network into the bosom of the family. A home economics supervisor from the Farmers Association visits with housewives, showing them how to save costly fuel by rebuilding the open Chinese kitchen stove, preserve vegetables, and cook more nutritious, yet simple meals. Four extension specialists explore fields in the township daily for opportunities to give technical help. In the evening, they meet with adult farmers in village "agricultural discussion groups."

A SOURCE OF PRIDE

Formosa's farmers take a great deal of pride in their production records. Over the past decade, island output of rice has increased 40 per cent to above 2,100,000 tons, leaving a surplus for export. Sweet potato production has increased 50 per cent, and the harvest of peanuts even more. Pineapple production tripled, and the area growing citrus fruit has increased nearly threefold. New crops now being canned and exported, such as mushrooms, earn Formosan farmers $7,000,000 annually. A growing Chinese taste for milk has aroused interest in dairy farming, especially among 4-H Club members who have returned from visits to America. Modern milk pasteurization plants have begun bottling milk from black-and-white Holsteins that graze on the dikes between the tiny fields and on new pastures planted on the hillsides. Unlike most of the burdened lands of South and Southeast Asia, rural Formosa has reached that dynamic stage where it can now digest new forms of technology.

The results of these new ideas can be seen in the fields of Elder Brother Lee. His first crop yielded a return of 2⅓ tons of paddy rice per acre, and the second crop was almost as much. A winter crop of sweet potatoes and beans, however, was killed by unusual frost. Jute, first interplanted with rice, was stripped and sold for cash. Cucumbers and other vegetables were grown for family use and as feed for pigs and poultry. "Even though I don't write it down, I have a pretty good idea of what we make," Elder Brother Lee admits. He calculates that the annual crops yielded a gross cash return equal to $1,160. Chemical fertilizer, which island farmers use intensively, was the largest single expense. It cost Lee $149. Other major operating costs were for taxes—which are high, he thinks—insecticides, and irrigation fees. These totaled $174. Labor is the biggest factor in growing rice. If paid for, it would cost Lee the equivalent of $286, even at the prevailing rural wage of one U.S. dollar per day. But since he has grown sons, the family can till the paddy fields, transplant rice seedlings, weed, and harvest largely with their own manpower, or, if the occasion demands, by exchanging work with their neighbors.

A HIGH LIVING STANDARD

Like farmers in many other lands, the Lee brothers calculate their income as much by their standard of living as in cash. Food for the family is chiefly homegrown, and the Lees eat well. Daily caloric intake on Formosa rivals Japan's, the highest in Asia. Meat, especially pork and fowl, or fish appear on the table almost daily. Clothing is simple, yet ample, and becoming more colorful as women buy the new prints. Rubber raincoats are replacing the traditional straw capes among farmers. By choice, the Lees still go barefoot in the paddy fields, but they own rubber boots. The old rural fear of illness has relaxed. "We trust and use the modern drugs and doctors," they say, referring to the health stations and centers which have been established on the island with help from JCRR and the provincial government.

Education has a new importance. All seven sons of the two Lee brothers completed primary school and two attended middle school, although the cost still bars the children of some farmers. Since they can read and write and manage figures, the sons help their fathers in business calculations. They study the rural magazine *Harvest*, published fortnightly in Taipei, and glean ideas on crops and animal care from extension pamphlets. Unlike the cities, rural Formosa has little juvenile delinquency. Young people are productively and satisfyingly involved in many of the affairs of the community.

Elder Brother Lee measures his lot in life by contrasting it with that of his father. Farming is still hard work from sunrise to dusk, but the rewards are vastly greater. "Some day, I may lighten the work a bit," he says, "by buying one of those new little tractors to replace the water buffalo. But not yet." Mechanization will become more practical as the provincial government, with JCRR assistance, helps farmers trade land and rebuild dikes so they can consolidate fragmented holdings and simplify cultivation. Lee and his neighbors feel they could make more money out of poultry and pigs if there were a large packing plant in Tsao Tun Town to stabilize prices and manage marketing.

Good farming and cautious use of his income since land reform have made Elder Brother Lee a man of solid financial means. At today's prices, his fields are worth $9,750, or almost $3,000 per acre, based on Formosan dollars which have an official exchange rate of 40 for one U.S. dollar. Another measure of the prosperity that has come to Formosa is the annual average income of its farming families. Between 1952 and 1964, it has more than doubled. To help make this possible, the JCRR has spent some $7,100,000 in grant aid and roughly the equivalent of $127,800,000 in counterpart funds—Chinese currency generated by the sale of U.S. farm surpluses like cotton on Formosa and partly used for loans that financed irrigation construction.

A NEW WAY OF LIFE

Formosa has become Asia's agricultural "showcase," a kind of pilot plant where ancient civilization and Western techniques have combined to provide a new way of rural life. Formosan agricultural specialists, invited to many Asian, African, and Latin-American countries under technical cooperation arrangements, now are demonstrating modern rice growing methods in Liberia, Libya, and the Ivory Coast. Nations in many parts of the world send their own agricultural experts to Formosa to see an agricultural miracle in operation. Many take home with them ideas on land reform and crop production to put into use in their own countries.

Although political institutions on Formosa leaves much to be desired, rural communities have achieved social and economic democracy. For the Lee family and its neighbors, the hard old days are a fading memory. The better life, to which land reform was crucial, holds out a promise to emerging peoples in many parts of the world.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa.

The amendment was agreed to.

Mr. HRUSKA. Mr. President, I have an amendment at the desk which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 13, after the period in line 2 insert the following: "With respect to any such funds made available to either or both of said banks or under the supervision thereof, the voting power of the United States shall be exercised for the purpose of disapproving any loan to a communist country, as defined in section 620(f) unless the President complies with the requirements of findings and report to Congress of said section."

Mr. HRUSKA. Mr. President, section 106 of the bill concerns itself with "Title VIII—Southeast Asia Multilateral and Regional Programs." It authorizes the use of not to exceed $50 million of available funds to further the purposes of the title.

Starting on page 12 of the bill at line 21, the language reads:

(b) In the event that funds made available under this Act are used by or under the supervision of the International Bank for Reconstruction and Development or the Asian Development Bank in furtherance of the purposes of this title, such funds may be used without regard to the requirements of this or any other Act.

This Senator has been informed that the waiver of "the requirements of this or any other act" is sought for sound and good reasons. However, I am further informed that such reasons do not include the effect of such language in waiving also the provisions of section 620(f) of the Foreign Assistance Act of 1961, as amended. It provides that—

No assistance shall be furnished under this chapter . . . . to any Communist country.

The full text of sub-section 620(f), also cited as 22 USC 2370(f), reads as follows:

(f) Prohibition against assistance to Communist countries; conditions for waiver of restriction by President; enumeration of Communist countries.

No assistance shall be furnished under this chapter, (except section 2174(b) of this title) to any Communist country. This restriction may not be waived pursuant to any authority contained in this chapter unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism. For the purposes of this subsection, the phrase "Communist country" shall include specifically, but not be limited to, the following countries:

Peoples Republic of Albania,
Peoples Republic of Bulgaria,
Peoples Republic of China,
Czechoslovak Socialist Republic,
German Democratic Republic (East Germany),
Estonia,
Hungarian Peoples Republic,
Latvia,
Lithuania,
North Korean Peoples Republic,
North Vietnam,
Outer Mongolia-Mongolian Peoples Republic,
Polish Peoples Republic,
Rumanian Peoples Republic,
Tibet,
Federal Peoples Republic of Yugoslavia,
Cuba, and
Union of Soviet Socialist Republics (including its captive constituent republics).

Unless section 106 is amended as here proposed, the national policy enacted by the Congress in section 620(f) as set out, will be rendered ineffective, if funds authorized by the bill will be used or supervised by the International Bank for Reconstruction and Development or the Asian Development Bank.

My amendment would insert on page 13, after the period in line 2, the following language:

With respect to any such funds made available to either or both of said banks or under the supervision thereof, the voting power of the United States shall be exercised for the purpose of disapproving any loan to a communist country, as defined in Section 620 (f) unless the President complies with the requirements of findings and report to Congress of said Section.

Since the funds under the stated circumstances will be under one or the other of the Banks' jurisdiction, the statute cannot reach them directly. Hence, the recourse to use of the voting power of the United States as a member of those Banks for this purpose.

This same general approach and provision were used in a very similar situation involving the Inter-American Development Bank only last year. See Public Law 86-147, section 14, as added to by Public Law 89-6. Also cited as title 22 United States Code, section 2831(c).

I urge adoption of the amendment.

Mr. FULBRIGHT. Mr. President, I have discussed this amendment with the distinguished Senator from Nebraska. I think he has a point. I did not feel that there was much, if any, possibility—and certainly not the probability—that this money would be used by the Asian Development Bank or the World Bank for a Communist country. Nevertheless, the amendment certainly is not objectionable. It was not the purpose to allow the funds to be used in that manner.

The amendment is a further safeguard against changes that could possibly happen, but which I do not expect to happen.

I may say as a sponsor of the original authorization bill that it certainly was not intended to enable use of this money to aid a Communist country.

Mr. HRUSKA. Mr. President, I am grateful for the remarks of the Senator. I have discussed the measure with the Senator and with the staff. I accept the explanation that it was not the intent to circumvent section 620(f). Nevertheless, it would have that effect, and I think this would clear it up.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nebraska.

The amendment was agreed to.

AMENDMENT NO. 696

Mr. KENNEDY of New York. Mr. President, several days ago I submitted an amendment that was cosponsored by the Senator from Pennsylvania [Mr. CLARK].

I call up my amendment No. 696 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 21, after line 7, add the following:

"CHAPTER 3—RESTUDY

"SEC. 301. PROPOSALS FOR FUTURE PROGRAMS.—The President is requested to submit to the Congress, on or before July 1, 1967, his recommendations, including legislative proposals designed to carry out such recommendations, for such future foreign assistance programs as may be necessary and appropriate in the national interest and taking into account the principles set forth in section 302.

"SEC. 302. PRINCIPLES TO BE TAKEN INTO ACCOUNT IN PROPOSALS FOR FUTURE PROGRAMS.—(a) In the formulation and submission to the Congress of proposals for foreign assistance for fiscal years beginning on or after July 1, 1968, such proposals should include and be divided into the following separate and distinct categories:

"(1) Assistance intended primarily for humanitarian purposes, including grants, loans, contributions, or other aid to be made available for relief purposes through international organizations or relief agencies, or otherwise, famine relief and other assistance authorized by title II of the Agricultural Trade Development and Assistance Act of 1954, as amended, and similar relief programs.

"(2) Assistance for development purposes (A) to be extended only to countries in which progress is being made toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise; and (B) to be in furtherance of sound plans for economic and social growth to the end of developing the resources of the recipient countries to make them self-sufficient at the earliest possible date.

"(3) Assistance for political or contingency purposes, to be extended to a limited number of countries or areas, primarily for purposes of advancing or protecting the mutual interests of the United States and the other countries or areas concerned, such as programs relating to the creation of special relationships with recipient countries, reinforcement of alliance-type relationships, or other political or contingency purposes.

"(4) Military assistance to be furnished for purposes that serve the military defense of the United States as recommended by the Secretary of Defense, subject to approval by the Secretary of State.

"(b) In order to provide for better coordination of all programs of United States assistance to foreign countries, and for more efficient, economical, and effective administration of such programs, the proposals referred to in paragraphs (1), (2), and (3) of subsection (a) should also include provisions for unification, insofar as practicable, of the administration of such programs under a single officer or agency.

"(c) The proposals referred to in subsection (a) should be based on an analysis and estimate of the funds required by the developing nations of the world to close the widening gap between the economically privileged nations and those nations striving to achieve a developed economy. This analysis should examine the relationship between development requirements and the rising gross national product of the United States, assessing the percentage of gross national product that should be devoted to such development assistance. The proposals should include an assessment of the role that economic assistance by the United States and other developed nations can and should play in the economic and social development of the rest of the world, and carefully delineate policies and programs required to fulfill this role.

"SEC. 303. TEMPORARY PLANNING COMMITTEE ESTABLISHED.—(a) There is hereby created a Foreign Aid Planning Committee

(hereinafter referred to as the 'Committee') which shall consist of twelve members to be selected as follows:

"(1) Four members to be appointed by the President;

"(2) Four members of the Committee on Foreign Relations of the Senate, to be designated by the Vice President;

"(3) Four members of the Committee on Foreign Affairs of the House of Representatives, to be designated by the Speaker of the House of Representatives.

"The Committee shall select a Chairman and Vice Chairman from among its members.

"(b) It shall be the duty of the Committee (1) to make such studies and investigations as may be necessary to enable it to make recommendations to the President and to the Congress concerning the proposals referred to in section 302(a), and (2) to provide the President, or such officer or agency as the President may designate, with such assistance as the President or such officer or agency may request in the formulation of such proposals.

"(c) The Committee is authorized to appoint and fix the compensation of such secretarial, clerical, and other staff assistants as may be necessary to enable it to perform its functions, and to procure, without regard to the civil service laws and the Classification Act of 1949, as amended, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the Act of August 2, 1946 (60 Stat. 810; 5 U.S.C. 55a), but at rates not to exceed $100 per diem for individuals.

"(d) Members of the Committee appointed under subsection (a)(1) who are not otherwise employed by the United States shall be paid compensation at the rate of $100 per diem while engaged in the work of the Committee, and shall be reimbursed for travel and other necessary expenses incurred while so engaged, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

"(e) The Committee may, for the purpose of carrying out the provisions of this section, hold such hearings and sit and act at such times and places, administer such oaths, and require by subpena or otherwise the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents as the Committee may deem advisable. Subpenas may be issued under the signature of the Chairman of the Committee and may be served by any person designated by the Chairman. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (2 U.S.C. 192-194), shall apply in the case of any failure of any witness to comply with any subpena or to testify when summoned under authority of this subsection.

"(f) Each department and agency of the Government shall furnish to the Committee, upon its request, such information or other assistance as may be necessary to enable it to carry out its functions.

"(g) The Committee shall from time to time transmit to the President, and to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives, reports of its activities, including its recommendations, and shall file its final report on or before January 3, 1968. Upon the filing of its final report, the Committee shall cease to exist.

"(h) There shall be made available to the Committee out of sums appropriated pursuant to this Act such amounts, not to exceed an aggregate of $400,000, as the Committee deems necessary to enable it to carry out its functions."

Mr. KENNEDY of New York. Mr. President, this amendment was agreed to virtually unanimously last year.

The amendment would establish a Planning Committee on Foreign Aid to organize the goals and the strategy and the tactics of our aid program. I think it is an effort that is long overdue.

We have heard discussions this last week by Senators who have serious reservations about our aid program. Many of those who have voted for cuts in our aid program stated that generally they support the philosophy of aid, but that they would like to have a program that they feel they can support in execution.

The idea behind the amendment is to establish a committee made up of four Members of the U.S. Senate, four Members of the U.S. House of Representatives, and four members appointed by the President, which committee will study what our aid program has accomplished in the past and what we can hope from our aid program in the future, so that we might determine whether our whole concept of aid should be changed.

I have discussed this matter in some detail, as has the cosponsor, the Senator from Pennsylvania [Mr. CLARK], with the chairman of the Committee on Foreign Relations.

I understand that the Senator from Arkansas is in general agreement with the concept.

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

Mr. KENNEDY of New York. I yield.

Mr. CLARK. Mr. President, as a cosponsor of the amendment, as I was last year, I would like to endorse the statement made by the Senator from New York.

I have not had an opportunity in the last hour or so to reread the amendment. But my recollection is that there is somewhere in it a declaration that the proposals which are to be made the basis of the study should be based on an analysis and estimate of the funds required by the developing nations of the world to close the widening gap between the economically privileged nations and those nations striving to achieve a developing economy.

That language is contained in lines 18 to 22 on page 3 of the amendment.

Therefore, it is the concept of the Senator from New York, as it is my concept, that we will have to do more in the future, either multilaterally or bilaterally, than we are doing now, and that this study should result in recommendations which would considerably expand the AID program.

Mr. KENNEDY of New York. That is the hope of the Senator from New York. That is my philosophy, and I know it is the philosophy of the Senator from Pennsylvania. But what will be required is a study whereby those who are members of the committee will be able to make their recommendations to the Senate and the House of Representatives as well as to the President. They are to make their report to the President before September 1, 1967. The President in turn will make a report to Congress before January 1, 1968.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. KENNEDY of New York. I yield.

Mr. CLARK. The Senator is well aware, as is the manager of the bill, that a Presidential Advisory Committee on Foreign Aid has been in existence for a good many years. Its membership has changed from time to time. My understanding is that the present Chairman is Dr. James Perkins, the president of Cornell University, who has been most eloquent and very vocal in indicating that our whole concept of foreign aid today is obsolete, is picayune, and is inadequate, and that foreign aid will be with us for the rest of this century.

Dr. Perkins has stated that we must measure up, as a nation and as a member of the United Nations, to the obligation to attempt to decrease the widening economic gap between the rich nations and the poor nations.

I suspect that it would be difficult, indeed, to find qualified members for this Commission who would come to a view different from that of Dr. Perkins.

Mr. KENNEDY of New York. That is the same feeling I have. I join with the Senator on that.

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

Mr. KENNEDY of New York. I yield.

Mr. FULBRIGHT. This proposal is similar to one that the Senate adopted last year. It was taken to conference in the House of Representatives, and all kinds of supposedly insurmountable problems were raised in the conference. They refused absolutely to accept it. The Senator knows about the history of that proposal.

It is past time to have a thorough study made and I would like to see a committee along these lines appointed. They objected to including the Presidential appointees.

Another amendment provides for a similar study. There is room for difference of opinion as to the ideal composition of such a committee.

I may say that neither of these amendment study groups was presented to the committee. But in view of the action taken last year and because of substantial changes in the attitude of the House and the Senate with regard to this program since then, I am willing to submit it to the House conferees.

I believe that the general proposition of a study of this highly controversial subject by some independent group is in order, and I am willing to accept the amendment.

Mr. KENNEDY of New York. I appreciate the statement of the Senator from Arkansas.

The exchanges which have taken place in the Senate during the last 6 or 7 days clearly demonstrate that men of good will differ in regard to this matter. Many who voted for the cuts believe in foreign aid.

If we all believe that it is in the national interest and that it is our moral responsibility to have this kind of program—and disagreements have existed in the past about the effectiveness of the program—it seems to me that it is incumbent upon us to make this kind of study.

I am not wedded to any particular language in the amendment. There may be

better ways of doing it. The Senator suggested some other kind of makeup of the committee.

Before we begin the discussion of foreign aid next year, I believe it is important that we have some recommendations or some ideas presented to Congress as to what the best alternative is, if this is not the best program.

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

Mr. KENNEDY of New York. I yield.

Mr. MUNDT. I have offered a somewhat similar amendment, because I felt that the idea proposed by the Committee on Foreign Relations last year had merit.

I call to the attention of the Senator from New York, however, some of the differences between our amendments, in the hope that we might be able to reconcile those differences.

In the first place, I believe we ought to try to keep the foreign aid program as closely as possible identified with bipartisan effort. It seems to me that in the Senate we have discussed these amendments from the standpoint of bipartisan approval and disapproval.

In my amendment, I provide that not more than two members of each of the three categories be of one political party. If the Senator believes that it is important to have partisanship reflected in the Commission, I would not object to language which would say not over 7 of the 12 shall be of one political party. However, if I were the President, I would welcome the chance to divide the party responsibility. I do not believe there is any particular partisan viewpoint in the whole field of foreign aid. That is one difference between our amendments.

The second difference is that I believe it would be useful to have this study made by people who are not now identified and who never have been identified with the foreign aid program, so that no one would feel he has to defend what has gone on in the past. So I precluded that.

Other than that, the only difference in our proposal is the suggestion of the Senator from New York, which I would not object to if section 302 were just one suggestion for a variety of recommendations. But the way it reads, the Senator from New York has sort of placed the Commission in a straitjacket, forecasting what it should do.

I should like to have them look de novo at the responsibilities of our country in the field of foreign aid, with a clean sheet of paper.

I would not object to suggesting that these three general areas of consideration be included among others. But when it is spelled out as being the total job to be accomplished, it seems to me to circumscribe the potentiality for good which would exist in the Commission.

Those are the three suggestions.

Mr. KENNEDY of New York. As far as the bipartisan makeup of the Commission is concerned, I have no objection to that. I am not certain how it should be spelled out, whether it should be 7 out of the 12 or 50–50. I do not know whether it has been understood, in the exchanges that have taken place on the floor, that that principle should be applied.

Mr. MUNDT. If the conference is limited to the differences between the two bills, legislative language would have to be worked out. I would not care whether it was 7 and 5 or 50–50, but I believe we should get it into the legislation some way.

Mr. KENNEDY of New York. I agree with the Senator from South Dakota.

What was the second suggestion of the Senator?

Mr. MUNDT. The second suggestion I made was that the Senator from New York take into consideration the suggestion contained in item No. 3 of my amendment, which states that four members are to be appointed by the President from private life, as the amendment proposed by the Senator from New York has it.

Mr. KENNEDY of New York. The Senator is correct.

Mr. MUNDT. My proposed amendment contains the provision, "none of whom shall have been employed in carrying out foreign aid programs of the past."

I believe that when someone has been a foreign aid administrator, whether during the administrations of President Eisenhower, President Kennedy, or President Johnson, there is a natural tendency for him to feel obligated to defend what has occurred, and a little reticence on the part of the rest of us to say that he did not do it correctly when he was in charge.

I should like this to be a fresh look at an old problem.

Mr. KENNEDY of New York. I have no objection. I do not know whether any people have been associated in some way with the foreign aid program——

Mr. MUNDT. Say, "none of whom have been employed in an administrative capacity."

In other words, if there is to be a fresh look, it should be meaningful. I think that would be persuasive with the House. They would not like the matter to be colored by the fact that somebody——

Mr. KENNEDY of New York. I agree with the Senator in principle. It is possible that someone may have served 10 or 12 years ago in some small capacity.

Mr. MUNDT. We can contrive language to indicate what we have in mind.

Would the Senator object to refining the language——

Mr. KENNEDY of New York. Just to say "among others."

Mr. MUNDT. Not to limit it.

Mr. KENNEDY of New York. That among the considerations should be these three?

Mr. MUNDT. The Senator is correct.

Mr. KENNEDY of New York. I have no objection.

Mr. MUNDT. If we could have a few minutes to work out compromise language, it would be satisfactory to me.

Mr. GORE. Mr. President, I am very persuaded by the point of view advanced by the able junior Senator from New York [Mr. KENNEDY].

I must say that it would appear to me that his movement would be strengthened if he could find a way to coalesce with the distinguished Senator from South Dakota [Mr. MUNDT], who is very interested in this study. Even though it might entail some temporary withdrawal of the proposal in order that there be bipartisan authorship, the proposal might be strengthened. I wish to join the junior Senator from New York [Mr. KENNEDY].

Mr. KENNEDY of New York. I appreciate that.

I wonder if the Senator from Pennsylvania [Mr. CLARK] has anything to say about the suggestion of the Senator from South Dakota [Mr. MUNDT].

Mr. CLARK. I believe that it would be highly desirable if this were bipartisan. I think the suggestion was made by the Senator from South Dakota that this was quite sensible.

Mr. President, I ask unanimous consent that pending discussion between the Senator from South Dakota [Mr. MUNDT] and the Senator from New York [Mr. KENNEDY] with respect to the pending amendment, consideration of the pending amendment, No. 696, may be temporarily set aside so that I may call up my amendment No. 682. I shall not detain the Senate very long.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the end of the bill add the following:

"CHAPTER 3—MISCELLANEOUS PROVISIONS

"SEC. 203. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended by adding at the end thereof the following new section:

"'SEC. 650. AUTHORIZATION FOR AGGREGATE APPROPRIATIONS.—Notwithstanding any other provision of this Act, there is hereby authorized to be appropriated for use in the fiscal year 1967, for furnishing assistance and for administrative expenses under this Act, an aggregate amount equal to 1 per centum of the estimated gross national product of the United States for the preceding calendar year as determined by the President. The supplemental authority provided in the preceding sentence shall take effect when (1) the President determines that the expenditure of such additional funds would be in the national interest and (2) transmits a report setting forth the reasons for such determination to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives.'"

Mr. CLARK. Mr. President, if there is one theme which has emerged from this year's foreign aid debate, it is our failure to recognize the magnitude of the human misery outside our borders, and our failure to accept responsibility, as the world's wealthiest Nation, for doing something meaningful about it.

The simple fact of the matter is that a majority of the inhabitants of this planet will go to bed hungry tonight. Yet the developed nations of the world in general—and the U.S. Senate in particular—have yet to come to grips with the enormous needs and problems of the developing world.

For years we have been pretending to ourselves that the need for foreign economic aid would soon go away—indeed, that it was already going away. We have been treating it like a program which is

being phased out by degrees, constantly looking for places to trim, constantly seeking to cut back.

Back in 1949, when the Marshall plan was at its height, we were spending 11½ percent of our Federal budget on foreign economic aid. For 1967 the figure will be roughly 3 percent.

But the need for foreign aid has not diminished. On the contrary, it has greatly increased. We have witnessed a worldwide population explosion—brought on, in part by our success in eradicating disease, curbing infant mortality, and prolonging life—which threatens to produce deprivation and famine on a scale never before imagined. And even if efforts, supported and underwritten by this country, to bring the population explosion under control are successful, ways must be found to feed, clothe, and shelter the millions now being born, and to proceed with the urgent tasks of economic development and education.

The unhappy fact is that at the moment we are not doing very well with these tasks. The rich countries are still getting richer, and the poor countries are still getting poorer. Nearly a billion human beings—most of them living in Asia, Africa and Latin America— have an annual average income nearly 25 times smaller than that of the average citizen of the United States.

The time has come for the Congress—and the public—to wake up to the fact that we need a big foreign aid program—far bigger than the one we now have, and we are going to need it for years and years to come.

I wonder how many Americans realize what foreign economic aid is truly all about. For one thing, it is certainly not charity—although compassion, understanding and a sense of human brotherhood are all attributes of the giver. Nor is foreign aid merely sterile anticommunism—although there can be no doubt that communism, not freedom, will profit most from the misery and turmoil which will result if we fail adequately to meet our obligations.

What foreign aid comes down to—bluntly put—is our own security as a nation and our aspirations to live out our lives in a tranquil world. It is easy to forget that we Americans live on an island of opulence, surrounded by a sea of human misery. But anyone who has ever seen and smelled the teeming slums of Lima and Calcutta knows how frail and tenuous our fat and comfortable security is.

It is this very disparity between our wealth and their poverty which threatens our security, since it carries with it the seed of envy. For envy leads to hate, and hate breeds war.

The question is not whether we can afford a foreign aid program big enough to do the job. The question is whether we can afford not to support a big enough program—for our own sakes, for our children's, and for the sake of all mankind.

The figure I have proposed—1 percent of our gross national product which comes to over $7 billion for 1967—did not come out of thin air. It accords with a recommendation made by the Committee on Technical Cooperation of the White House Conference on International Cooperation, and it is consistent with the United Nation's resolution which calls on all developed countries to devote at least 1 percent of their gross national product for development assistance. And although it is three times as great as the amount authorized in the pending bill, it is only about half as great as the amount—figured as a percent of gross national product—which we were spending in 1949.

I do not expect the Senate to approve this amendment. In fact, I doubt that there are more than five Senators who would be prepared to vote for it. But that is all the more reason why this amendment should be urged and argued—to get the message across to the Congress and to the American people: we cannot permit our foreign economic aid effort to dwindle and die, at a time when the gap between the rich nations and the poor nations is steadily widening. We cannot phase it out or whittle it down because we are bored with it, or unhappy with the way the world is treating us, or because we do not like the way it is being administered or because we would like to believe that the need is decreasing, even though it is plain that the need is actually growing.

What we must do, to borrow a phrase used by Dr. James A. Perkins, president of Cornell University and Chairman of the President's Advisory Committee on Foreign Aid, is undergo a "Copernican revolution" in our thinking about aid. We need to come to terms, for the first time, with the magnitude of the problems faced by the desperate people of the developing nations. Once we have done that—and I hope that we shall be able to do it—perhaps then we shall be able to fashion a foreign economic development program of sufficient size, scope, and duration to offer us some hope of ultimate success.

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

Mr. CLARK. I promised to yield to the Senator from New York. He is occupied at the moment and I am glad to yield to the Senator from Ohio.

Mr. LAUSCHE. I have a question merely for clarification purposes.

Earlier in the reading of the Senator's remarks, he stated that economic aid in 1967 would be 3 percent of the gross national product.

Mr. CLARK. No; 3 percent of our national budget.

Mr. LAUSCHE. Budget.

Mr. CLARK. That is very different. The budget is a little over $100 billion. The gross national product is over $700 billion.

Mr. LAUSCHE. Yes. What does the Senator anticipate the 1967 figure will be in dollars?

Mr. CLARK. In terms of the gross national product?

Mr. LAUSCHE. Yes.

Mr. CLARK. Less than one-half of 1 percent.

Mr. LAUSCHE. I thank the Senator.

Mr. KENNEDY of New York. Mr. President, I commend the Senator from Pennsylvania for the points he has just brought to the attention of the Senate. I think this matter should be thoroughly discussed. We went into it somewhat last year. The idea of the Senator from Pennsylvania was not accepted by a majority of Senators. We suggested the idea of a commission to look into the matter and determine what needed to be done. That has not been done, and here we are back again in the same place we were a year ago arguing about foreign aid, of which many people are in favor. They favor the principle but are against this particular legislation. It seems to me that the basic idea is what the Senator from Pennsylvania has pointed out, that the gap between the rich nations and the poor nations is getting larger. As President Kennedy once said:

> If we cannot help the many who are poor, we will not save the few who are rich.

We cannot do it from the point of view of morality or from the point of view of charity. We should be doing it from the point of view of our own self-interest. We are fighting in Vietnam. We are spending $2 billion a month there, because that is to our self-interest. It does not seem to make a great deal of sense, if we are going to have more problems of the kind facing us in Vietnam in India, the undeveloped nations of Africa, and South America, that we refuse to do anything about these matters until they get to be emergencies and until they explode.

I do not think that we are farsighted. I do not think that we have learned the lessons of history. I do not think that we have learned what has gone on in the past.

Therefore, I commend the Senator from Pennsylvania for bringing the attention of the Senate once again to this vital and important area, to the effort that needs to be given, that it is extremely important it have the consideration of Senators when passing on this measure, not only in foreign aid but also on all the measures which will have an effect on the future.

Mr. CLARK. I thank my friend from New York for his helpful intervention. I welcome his cosponsorship of the amendment. Since it is obvious to any U.S. Senator that the amendment has no present chance of being adopted, I think the next best thing is an amendment for a study, with an indication of the need, to recommend how we can close the gap between the rich nations and the poor nations, which the Senator from New York is now working on, on a bipartisan basis, with the Senator from South Dakota [Mr. MUNDT], and others.

I hope that the amendment offered by the Senator from New York will be quickly approved in whatever modified form is necessary.

I do not wish to ask the Senator in charge of the bill, the Senator from Arkansas [Mr. FULBRIGHT], to state why he opposed my amendment.

Therefore, Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. KENNEDY of New York. Mr. President, we have had some conversation with the Senator from South Dakota [Mr. MUNDT], and there have been some changes made in the amendment which I believe are satisfactory to the Senator from South Dakota, to me, to the Senator from Pennsylvania, and which have been shown to the Senator from Arkansas, the Senator in charge of the bill.

Mr. LONG of Louisiana. Mr. President——

The PRESIDING OFFICER. The amendment will be so modified.

Mr. MORSE. Mr. President, may we have the modified amendment stated.

Mr. FULBRIGHT. Mr. President, I think that the clerk should read the modifications of the amendment.

The PRESIDING OFFICER. The modifications of the amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 4, under section 303 entitled "TEMPORARY PLANNING COMMITTEE ESTABLISHED"—(a) There is hereby created a Foreign Aid Planning Committee (hereinafter referred to as the "Committee") which shall consist of 12 members—no more than 7 of whom shall be members of the same political party, to be selected as follows——

Mr. KENNEDY of New York. Could I interrupt there, Mr. President, to state that if the clerk is going to read only the modification, that is the end of the modification in the amendment.

Mr. ELLENDER. Mr. President, I hope the whole of the amendment will be read.

The LEGISLATIVE CLERK (continuing reading). Four members to be appointed by the President from private life, none of whom shall have served at an executive level in the administration of the AID program in Washington——

Mr. MUNDT. Mr. President, there is a third modification at the beginning where we retained the guidelines, suggested in the amendment by the Senator from New York and expanded the functions of the commission to say that they should include those among others.

Mr. LONG of Louisiana. Mr. President, may we have the amendment read, the whole amendment, so we will know what we are voting on?

Mr. FULBRIGHT. There are copies of the amendment, except for the changes. The Senator knows what the amendment is. It is No. 696. The Senator has it in his folder.

Mr. LONG of Louisiana. I do not find it here. I would like to know what we are voting on.

Mr. FULBRIGHT. Before the Senator came on the floor, it was stated that it was very similar to the one the Senate adopted last year. The Senator from Oregon was quite interested in it. The House refused to take the amendment. In fact, the House refused to take any kind of amendment. So it is not anything new.

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

Mr. FULBRIGHT. I yield.

Mr. LAUSCHE. Am I correct that the Committee would be made up of 12 members, 4 to be appointed by the President, 4 by the Vice President——

Mr. FULBRIGHT. From the Committee on Foreign Relations.

Mr. LAUSCHE. And four from the Committee on Foreign Affairs of the House of the Representatives?

Mr. FULBRIGHT. That is correct.

Mr. LAUSCHE. Of the members to be appointed by the President, at least three of them shall not be serving——

Mr. FULBRIGHT. No; shall not be in executive positions.

Mr. LAUSCHE. What will the function of the Committee be?

Mr. FULBRIGHT. To study the foreign aid program and, hopefully, to bring a new approach, one that will be less controversial and more acceptable to the people.

Mr. MORSE. By 1968.

Mr. KENNEDY of New York. The President will submit recommendations to Congress on or before July 1, 1967. The Committee is to file its final report on or before January 3, 1968.

Mr. HOLLAND. Mr. President, will the Senator yield for a question?

Mr. LONG of Louisiana. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from New York [Mr. KENNEDY] has the floor.

Mr. LONG of Louisiana. How did I lose the floor?

Mr. FULBRIGHT. I had it.

Mr. LONG of Louisiana. I was speaking and I was interrupted, and I lost the floor. At what point did I lose it?

The PRESIDING OFFICER. It is the Chair's understanding that the Senator from Louisiana requested what the nature of the amendment was. Upon the request of the Senator from Louisiana, the amendment was read.

Mr. LONG of Louisiana. The amendment has not been read, but I have read it.

The PRESIDING OFFICER. The modifications were read.

Mr. HOLLAND. I have one question I would like to ask one of the sponsors.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senator from Louisiana may have the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, I wanted to be sure I had some idea what this amendment was, because, I am frank to say, as one Member of this body, I have no objection to a study, but during the colloquy, the legislative history might give some people the idea that we are approving a $7 billion foreign aid program. There have been no speeches on it. The sponsor of the amendment submitted it. I would have no objection to having the program studied, but if the legislative history indicates that a vote for this amendment indicates we are voting for a $7 billion foreign aid program, I do not want to vote for it.

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

Mr. LONG of Louisiana. I yield.

Mr. MANSFIELD. There is absolutely no connection whatever between the amendment offered by the Senator from Pennsylvania [Mr. CLARK] and the pending amendment, which has been modified, which modifications have been read. The Senator from Pennsylvania made clear that there was no connection between the two. I am certain he agrees with that statement.

Mr. CLARK. That is correct, except I am a cosponsor of this amendment.

Mr. MANSFIELD. Excuse me. The Senator is not only a sponsor of the $7 billion amendment, but he is also a sponsor of the amendment of the Senator from New York [Mr. KENNEDY].

Mr. CLARK. I agree that there is no connection between them.

Mr. LONG of Louisiana. This amendment does not bind or suggest that the Committee ought to come up with a $7 billion program?

Mr. KENNEDY of New York. This is an amendment setting up a study committee. After the Senator from Louisiana examines it, I am sure he will lend his overwhelming support to a $7 billion program.

Mr. LONG of Louisiana. If the Committee recommends that the program be terminated, I think that would be just as relevant as would a $7 billion program. I hope we understand that by voting for this amendment we are not approving either a $7 billion or a program providing for zero, but are merely authorizing a committee for study.

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

Mr. LONG of Louisiana. I yield.

Mr. ELLENDER. For the information of the Senate, I may mention that last year one of these "bare bones" bills provided for $3.4 billion, but the President forgot to mention that we had the food-for-peace program, which amounted to $1,750 million. A great deal of money went to various corporations to whom money was being loaned. So if we add to the $3.4 billion that the President suggested last year to all the other foreign aid programs, it amounts to almost $7 billion.

I previously put those figures in the RECORD.

Mr. LONG of Louisiana. Mr. President, I feel these studies have been useful. I think they have made some fine suggestions. The Senator from Montana [Mr. MANSFIELD] wanted a study made some years ago. A study was made, and quite a few suggestions were made. I will go along with a study. I merely wanted to make sure we do not leave the impression that we are approving this size foreign aid program.

Mr. MUNDT. Mr. President, let me say to the Senator from Louisiana that I would not have cosponsored a $7 billion foreign aid program or any considerable proportion of that amount. There is no dollar stipulation or any stipulation as to amount. The amendment provides for a study to determine what can be done to improve the efficiency of the program.

Mr. HOLLAND. Mr. President, will the Senator from Louisiana yield, so that I may ask a question of the Senator from New York?

Mr. LONG of Louisiana. I prefer to yield the floor.

Mr. HOLLAND. I should like to address a question to the Senator from New York. Does the amendment which would establish a commission envision a study of the food-for-freedom or the food-for-peace program, both of which are cleared through the Committee on Agriculture and Forestry, or does it simply relate to the foreign aid program as it is cleared through the Committee on Foreign Relations?

Mr. KENNEDY of New York. It relates primarily to the foreign aid program.

Mr. HOLLAND. As it is cleared through the Committee on Foreign Relations.

Mr. KENNEDY of New York. That is correct.

Mr. HOLLAND. It does not cover the food-for-freedom or the food-for-peace program?

Mr. KENNEDY of New York. It is not addressed primarily to them. I am not certain that during the course of its deliberation the Committee would not receive some information in connection with those programs; but the proposal is aimed primarily at the AID program.

Mr. HOLLAND. I would have no objection if the amendment were limited in its scope to the foreign aid program as such and did not include the food-for-freedom or the food-for-peace programs.

The Senator from New York will recall his suggestion that the membership of the Committee be entirely, so far as Congress is concerned, from the Committee on Foreign Relations and the House Committee on Foreign Affairs. The Senator from Florida would have no objection to that arrangement, provided that the jurisdiction of the Committee is to be limited to the study of the foreign aid program proper.

Mr. KENNEDY of New York. I shall be glad to give those assurances to the Senator from Florida. In considering the foreign aid that is to be undertaken by the United States or by any of the developed countries, the study might digress into what is proposed to be done in the field of food for peace or food for freedom, or whatever the field might be; but the aim of the investigation or the study is the foreign aid program.

Mr. HOLLAND. I thank the Senator from New York.

Mr. MORSE. Mr. President, I say to the chairman of my committee that I do not think this amendment bears very much similarity to the amendment we offered last year.

Mr. FULBRIGHT. Not as to ending the program.

Mr. MORSE. Other than that it provides for the appointing of a commission.

Mr. FULBRIGHT. That is all it does.

Mr. MORSE. That is all. And I go along with the Senator from New York on the appointment of a commission.

However, I think this amendment needs a considerable amount of overhauling, if we are to accomplish what I think we should be accomplishing in the appointment of a commission.

I refer to subsection (c) of section 302:

(c) The proposal referred to in subsection (a) should be based on an analysis and estimate of the funds required by the developing nations of the world to close the widening gap between the economically privileged nations and those nations striving to achieve a developed economy. This analysis should examine the relationship between development requirements and the rising gross national product of the United States, assessing the percentage of gross national product that should be devoted to such development assistance.

In my judgment, that will be interpreted by some—and with some reason—as an implied proposal on the part of the U.S. Senate that there should be a relationship between underdeveloped countries and the gross national product of the United States, and that we should assess the percentage of our gross national product that should be devoted to such development assistance.

"Should be devoted." In many parts of the world, among the underdeveloped countries, there is a growing feeling that some way, somehow, as a matter of right to them, we ought to make a contribution to them of a percentage of our gross national product. That concerns me. It is not the 1 percent specified in the Clark amendment, but the seed is planted there that what we contribute should meet some formula of the relationship between our gross national product and what we provide for in the foreign aid program—

The proposals should include an assessment of the role that economic assistance by the United States and other developed nations can and should play in the economic and social development of the rest of the world,

This word "should," Mr. President, is another commitment of this kind we should be wary of making. This is a commitment of policy, and of vast sums of money. I continue to insist that it must be decided each year, or at any interim period that we have an authorization bill. Whether it is a legal commitment or a moral commitment, or both, it implies some pledge on the part of the United States that we will bind ourselves to some commitment dealing with the relationship, to use the language of the amendment, "between development requirements and the rising gross national product of the United States, assessing the percentage of gross national product that should be devoted to such development assistance."

I say to the chairman of the Committee on Foreign Relations, that was not in our amendment last year. What our amendment last year did, and what I wish we could do this year—though we cannot do it in the same format we did last year——

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

Mr. MORSE. I yield.

Mr. FULBRIGHT. I think the Senator may not be correct in that statement. I believe that may have been added on the Senate floor last year.

Mr. KENNEDY of New York. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. KENNEDY of New York. I think the language was in the amendment last year, and the Senator from Oregon voted for it, on June 14, 1965.

Mr. MORSE. If it was in there, I accept the Senator's statement, but I say we ought to take it out this year.

Mr. FULBRIGHT. We thought we were following the oracle.

Mr. MORSE. You cannot catch everything when you are working on a major piece of legislation such as this. Of course, we also had a lot of other things in the amendment last year that we do not have in this one.

Mr. FULBRIGHT. I agree.

Mr. MORSE. There is not anything in here which calls for this commission to make a survey and an analysis of the findings that have already been made about procedures that are being followed by the AID people. I should like to have a commission that is charged with the responsibility of determining what the objective of our AID program should be, and coming forward with the evidence to support it, and what procedures are required to move toward that objective.

I have called for all the reports of the Comptroller General that set forth many findings as to bad procedures of AID, including military as well as economic assistance.

I should like to see us agree on this point. I think we can agree. We are not far from agreement. I should like to see an amendment adopted to provide for a study commission appointed as the Senator from New York proposes, but eliminating any language that either directly or by implication says that we are undertaking any commitment to authorize an aid program that bears some direct percentage relationship between our national income or our gross national product and what is said to be the needs of the so-called undeveloped nations.

We should get away from emphasis on the unilateral position of the United States, may I say to the committee chairman, and pay more attention to obtaining a multiple agreement with other nations as to what they are willing to do along with us. That would make a great deal of difference. If we could get, for example, through some international body, or some action of the United States, the some 30 so-called "have" nations entering into an understanding that they will jointly face up to this problem, I would go a lot farther than I would go on trying to pave the way here, through this amendment, for a subsequent proposal that a certain percentage of our gross national product should be set aside for foreign aid. I do not think we ought to commit the taxpayers of this country to any such program; and I should like to have section (c) modified. I am not in a position yet—I shall be before we vote on it—to modify it.

But it never was my intention, may I say to the chairman, last year when he and I worked out this amendment in the first place, to adopt any implied commitment such as I think is written here. There is not a line in this amendment that I can find—though I have not had time to study it as I should like to—that directs the commission to come forward with some recommendations, for example, as to the maximum number of countries that should be covered. We had

that in our proposal last year. It directed the commission to come forward——

Mr. FULBRIGHT. May I say to the Senator, that is in the bill this year. I never dreamed it would be necessary to put it in here, if it stays in the bill, which it is.

Mr. MORSE. I do not think there is any harm in directing the commission——

Mr. FULBRIGHT. I do not either, but I think that is the purpose.

Mr. MORSE. To make a recommendation to us as to what the number of countries should be. They may decide it is not the number contained in the bill.

Mr. FULBRIGHT. There is nothing to prevent it, either. It is a matter wide open for their consideration.

Mr. MORSE. But there is no direction here. They may say it was not included in our discussions.

Mr. KENNEDY of New York. May I refresh the memory of the Senator from Oregon that the aspect of the amendment he just read and commented upon was debated on the floor of the Senate last year, and one of the strongest speeches given in favor of that very language was given by the Senator from Oregon?

Mr. President, I read from the CONGRESSIONAL RECORD, volume 111, part 10, page 13491, the remarks of the Senator from Oregon:

Mr. MORSE. Mr. President, will the Senator yield me 3 minutes?

Mr. FULBRIGHT. I yield 3 minutes to the Senator from Oregon.

Mr. MORSE. First, I wish to highly commend the Senator from New York [Mr. KENNEDY] and the Senator from Pennsylvania [Mr. CLARK] for the amendments in their modified form. I do not believe that the Senate even begins to appreciate as yet the future significance of the amendments.

In my judgment, the amendments would bring together in the next 2 years on the floor of the Senate what many people think are irreconcilable conflicting groups—and it never has been true, and it not true now. The amendments would help the country to see that what we all desire is for the United States to live up to its clear moral obligations in regard to helping the underprivileged of the world and the countries in this world that we refer to as underdeveloped countries.

It has never been my position that we should not aid those people. We are dealing with problems of procedure for aiding them. The Senator from New York [Mr. KENNEDY] and the Senator from Pennsylvania [Mr. CLARK] will recognize that. We are now dealing with what our guidelines ought to be. For example, we are dealing with a problem of hard loans and soft loans, the problem of grants versus loans. We are dealing with a problem as to how other countries that have the means with which to assist us ought to be of assistance to us in trying to bring—and I know the danger of using a term such as this, but it will spell out the difference between war and peace in the years ahead—the enjoyment of economic freedom to the "have nots" of this world, so that once they become economically free, they can really develop their political freedom under the principle of self-determination.

Mr. MORSE. I stand for the same thing tonight. There is nothing there with which I do not agree tonight. But this amendment is quite different in some respects, for the Morse-Fulbright compromise proposal made last year called for a commission to go into the investigation of these procedural weaknesses.

Mr. KENNEDY of New York. This statement was made just as to the language that the Senator has read here today. It was read on the floor of the Senate, whereby he commended and supported it.

Mr. MORSE. I understand that, but last year we did not have the discussion that we had here tonight, that we ought to start considering it in terms of our national gross product and the foreign aid bill. Maybe that is what we ought to do. I do not know, but I want the instructions to go to the commission to give us a recommendation as to what we ought to do unilaterally and what we ought to do multilaterally.

I would like to see the commission come out with a report as to what our policy ought to be if we are not giving help under the multilateral program, and what we ought to do if other countries are willing to come in and make a fair contribution also.

I go back again to my point that the amendment of the Senator from New York does not have any instructions contained in it to the Committee as to what it ought to do by way of bringing forth recommendations for procedural changes in the administration of AID.

That is what has bothered me from the beginning of my criticism of the administration of foreign aid.

Congress has never come to grips with insisting that the AID people establish some procedural changes. I do not know why we cannot get a sentence or two in the amendment to accomplish that.

Mr. LONG of Louisiana. Mr President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LONG of Louisiana. Mr. President, since the Senator started to speak, I have found some objection to this action that I did not know about before.

I was looking at page 3, line 18. That contains two things that it seems to me amount to asking somebody to make a study and recommendations, and, in the amendment, telling them what they will recommend when they finish.

I thought they were to make a study and tell us how they thought the program would be better handled.

Page 3 of the amendment, beginning on line 18, reads as follows:

The proposals referred to in subsection (a) should be based on an analysis and estimate of the funds required by the developing nations of the world to close the widening gap between the economically privileged nations and those nations striving to achieve a developed economy.

If that is what the Senator has in mind, my guess is that 1 percent of our gross national product of $700 billion a year would not begin to be enough. It would mean foreign aid for the next century, if that is what the Senator hopes to achieve.

Page 3 of the amendment, starting on line 23, reads as follows:

This analysis should examine the relationship between development requirements and the rising gross national product of the United States, assessing the percentage of gross national product that should be devoted to such development assistance.

There is a case that this entire thing should be based on a percentage of the U.S. gross national product.

I notice there is no provision contained in here for members of the Committee on Appropriations to serve on this Committee. It seems apropriate to me that if we are to appropriate money, the members of the Committee on Appropriations should be on the Committee.

I should think that, if the members of the Committee on Appropriations were to serve on this study commission, the first objection they would make would be that their procedure from the beginning of this Nation was not being followed. Their procedure is that the Committee looks at the appropriations on an item-by-item basis and then says, "Here is how much money we think we can justify spending in this country under these particular circumstances."

It would seem to me that this subsection (c) amounts to telling this study group what they will recommend to us.

My thought is that if they are going to study it, they ought to be free to make their own recommendations, rather than be told what to recommend when they get finished with the study.

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

Mr. MORSE. I yield.

Mr. LAUSCHE. Mr. President, I merely want to express one thought concerning the language used in this bill. The language used in the bill definitely implies and very nearly expresses the thought that the United States has not been just in the amount of money that it grants by way of economic aid.

The language in the measure, as read by the Senator from Louisiana, definitely implies that they have not been, and practically expresses it.

The measure would tell in advance the commission of 12 members: "You have got to study the needs of the developing nations, recognizing that our gross national product is increasing annually, and on the basis of the needs and, on the basis of the increase in our gross national product, you must make a recommendation on what our economic aid program should be."

Mr. President, I am of the belief that this matter is of such significance that it ought not to be included in the bill as an amendment hurriedly drafted and inadequately considered, but ought to be submitted to the Senate as a separate bill with a separate study to be made by the Committee on Foreign Relations on the matter.

Mr. MORSE. Mr. President, I agree with much that the Senator from Ohio said, but I think we can modify this amendment so that it can become a part of the bill.

I do not think that the Senator from New York and the other Senators who are supporting the amendment and those of us who are raising these objections are too far apart.

I would like to take the Morse-Fulbright amendment of last year and do some work on this amendment tonight,

and then discuss the matter with the Senator from New York, and those associated with him in an effort to see if we cannot come to an understanding before the amendment is voted on.

We are dealing with something here that may offer more of an opportunity than we now know of getting the group of us in the Senate who are highly critical of foreign aid much closer to those who are strongly for an expansion of foreign aid.

I would like to get some language in here by way of more specific instructions to this Committee or commission as to what its terms of reference will be.

Mr. KENNEDY of New York. Mr. President, it has been mentioned here today that the amendment was hurriedly considered.

First, as I said, the amendment was considered last year. I might say to the Senator from Ohio that the proposal was gone into at great length last year. The Senator from Ohio voted for the amendment last year.

The amendment has been considered on the floor for the last 3 or 4 days, starting on Thursday. It was discussed on Thursday, Friday, and today.

There has been sufficient opportunity for every Senator to reach some conclusion about it.

I expect that the reason we are offering this amendment and the reasons that we are discussing foreign aid is that we are a developed country and are in a better economic position than are the underdeveloped countries.

I doubt very much if this kind of legislation would be considered in Peru, in Venezuela, in Zambia, or in any of the other countries of the world.

The reason why we are discussing foreign aid is, first, that we have the means and the wealth to grant foreign aid. Second, it is important in our national interest that we provide foreign aid.

I could say that I know that the Senator from Oregon has a very good answer. But he raised the question of why we are in Vietnam. Most Senators, with the exception of the Senator from Oregon and the Senator from Alaska, have supported the efforts made in Vietnam. Why are we fighting 12,500 miles away?

The position of the Senator from Oregon is consistent. But if most Senators feel that it is worthwhile to make that effort 12,500 miles away, it seems to me that it is also worthwhile if with less effort we can bring some stability to these countries, so that we will not have these problems 5, 8, or 10 years from now. That is why the language is in the amendment. Our economy is better than that of the underdeveloped countries; therefore we have some responsibility.

Mr. MORSE. If I may have the attention of the Senator from New York, the Senator from Arkansas, the majority leader, and the Senator from South Dakota, who I understand is a cosponsor of the modified amendment, I should like to suggest that action on the amendment be laid aside for tonight, and that it be made the pending amendment at the beginning of the session tomorrow, so that Senators who wish to make some suggestions or modifications may do so.

Mr. MANSFIELD. Will the Senator consider offering the amendment which he has been prepared to propose for the last 2 hours, to my knowledge, so that the type of study he thinks necessary could be made on the pending proposal seeking to set up a committee or a commission to study the foreign aid program?

Mr. MORSE. I told the majority leader that I would offer my amendment tonight, if he wished me to.

Mr. MANSFIELD. Would the Senator be agreeable to making it the pending business?

Mr. FULBRIGHT. Would it be agreeable if Senators can get together on an amendment?

Mr. MORSE. That will be all right with me.

Mr. FULBRIGHT. Then we could make progress.

Mr. MORSE. First of all, let us have an understanding on that. Is it the desire of the Senator from Montana that I offer my next amendment?

Mr. MANSFIELD. Yes.

Mr. FULBRIGHT. Does the Senator from New York withdraw his amendment temporarily?

Mr. KENNEDY of New York. Yes.

Mr. MANSFIELD. The author of the amendment can do that on his own. Unanimous consent is not needed. The Senator from New York can withdraw it on his own, with the understanding that it will be laid aside temporarily.

The PRESIDING OFFICER. Is there objection to the amendment of the Senator from New York being laid aside temporarily? The Chair hears none, and it is so ordered.

Mr. MUNDT. I suggest that in the meantime the modified amendment be printed, so that Senators may have access to it.

Mr. LAUSCHE. The amendment offered by the Senator from Oregon last year, adopted by the Senate, and subsequently rejected in conference, was predicated upon the objective that the foreign aid program would be reduced or brought to an end. That was the essence of the argument made by the Senator from Oregon in advocating the adoption of the amendment.

Mr. MORSE. The Senator is correct, in that all present programs were to terminate. What aid continued thereafter would depend on what the commission proposed.

Mr. LAUSCHE. The vote on that amendment was 78 in favor and 1 against. That is what the RECORD shows. That does not at all render invalid the arguments made by the Senator from Oregon and the Senator from Ohio, because the proposed amendment presupposes that the aid is not adequate; that we are not just in distributing our bounty. I believe that that aspect of the amendment should be deleted, because it is not in accord with the facts and it is not properly within the amendment, because in advance it tells the 12-member commission that we are not doing enough.

Mr. KENNEDY of New York. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. KENNEDY of New York. I wish to answer the Senator from Ohio by saying that this is exactly the same language that the Senator from Ohio voted in favor of last year.

Mr. LAUSCHE. But last year, as I said a moment ago, the essence of the argument of the Senator from Oregon, the basis upon which the amendment was adopted, was that foreign aid should be reduced——

Mr. MORSE. Ended.

Mr. LAUSCHE. Ended, is what the Senator argued. So that was completely different.

Mr. KENNEDY of New York. I wish to say to the Senator that everyone considered this, the amendment was read, the Senator from Oregon commended it, as I read his comment, and after considering the amendment, the Senate voted 78 to 1 in favor of it.

Mr. MORSE. It might indicate that the Senator from Ohio and the Senator from Oregon at that time were somewhat fatigued.

Mr. KENNEDY of New York. Not at all, because the Senator from Oregon made a brilliant speech in favor of the amendment last year. I was carried away by the Senator from Oregon.

Mr. MORSE. I do not accept the description of the speech. That does not change the fact that we might very well have been fatigued.

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

Mr. KENNEDY of New York. I yield.

Mr. CLARK. The fact is, is it not, that when the Senator from Oregon proposed the amendment last year, which was adopted by a vote of 78 to 1, a modification of that amendment was proposed by the Senator from New York and the Senator from Pennsylvania, which was readily accepted and which contained the language which is now being criticized by Members of the Senate who voted for the amendment as modified?

Mr. KENNEDY of New York. That language was commended last year.

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

Mr. MORSE. Mr. President, I live by my past mistakes, but I do not make the same mistake twice, when it has been called to my attention. Therefore, I believe we ought to modify the amendment, and that we can work it out. The Senator will be surprised how well we can work it out.

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

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

Mr. MORSE. I yield to the Senator from Ohio.

Mr. LAUSCHE. If it is the objective of the Senator from Pennsylvania and the Senator from New York that an impartial, objective study be made, and if the Senator from Oregon and the Senator from Ohio support that objective, then added to the bill should be language showing a purpose of an impartial, unprejudiced, objective study, recommending neither an increase nor a decrease in

the amount of foreign aid for economic assistance that would be provided.

Mr. MORSE. I now yield to the Senator from Montana.

Mr. MANSFIELD. Mr. President, with the Senator's permission, I ask unanimous consent that the pending amendment be temporarily laid aside and that further consideration be given to it at some time after the amendment to be offered by the Senator from Oregon has been debated and voted on.

The PRESIDING OFFICER. Is there objection?

Mr. MUNDT. Mr. President, reserving the right to object, I should like to have a ruling on my previous request that the amendment, as modified, which is now before the Senate, be printed.

The PRESIDING OFFICER. Without objection, the amendment (No. 704) will be printed; and without objection, it will be printed in the RECORD.

The modified amendment, ordered to be printed, is as follows:

CHAPTER 3—RESTUDY

SEC. 301. PROPOSALS FOR FUTURE PROGRAMS.—The President requested to submit to the Congress, on or before January 1, 1968, his recommendations, including legislative proposals designed to carry out such recommendations, for such future foreign assistance programs as may be necessary and appropriate in the national interest and taking into account the principles set forth in section 302.

SEC. 302. PRINCIPLES TO BE TAKEN INTO ACCOUNT IN PROPOSALS FOR FUTURE PROGRAMS.—(a) In the formulation and submission to the Congress of proposals for foreign assistance for fiscal years beginning on or after July 1, 1968, such proposals should include, among others, the following categories:

(1) Assistance intended primarily for humanitarian purposes, including grants, loans, contributions, or other aid to be made available for relief purposes through international organizations or relief agencies, or otherwise, famine relief and other assistance authorized by title II of the Agricultural Trade Development and Assistance Act of 1954, as amended, and similar relief programs.

(2) Assistance for development purposes (A) to be extended only to countries in which progress is being made toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative, and private enterprise; and (B) to be in furtherance of sound plans for economic and social growth to the end of developing the resources of the recipient countries to make them self-sufficient at the earliest possible date.

(3) Assistance for political or contingency purposes, to be extended to a limited number of countries or areas, primarily for purposes of advancing or protecting the mutual interests of the United States and the other countries or areas concerned, such as programs relating to the creation of special relationships with recipient countries, reinforcement of alliance-type relationships, or other political or contingency purposes.

(4) Military assistance to be furnished for purposes that serve the military defense of the United States as recommended by the Secretary of Defense, subject to approval by the Secretary of State.

(b) In order to provide for better coordination of all programs of United States assistance to foreign countries, and for more efficient, economical, and effective administration of such programs, the proposals referred to in paragraphs (1), (2), and (3) of subsection (a) should also include provisions for unification, insofar as practicable, of the administration of such programs under a single officer or agency.

(c) The proposals referred to in subsection (a) should be based on an analysis and estimate of the funds required by the developing nations of the world to close the widening gap between the economically privileged nations and those nations striving to achieve a developed economy. This analysis should examine the relationship between development requirements and the rising gross national product of the United States, assessing the percentage of gross national product that should be devoted to such development assistance. The proposals should include an assessment of the role that economic assistance by the United States and other developed nations can and should play in the economic and social development of the rest of the world, and carefully delineate policies and programs required to fulfill this role.

SEC. 303. TEMPORARY PLANNING COMMITTEE ESTABLISHED.—(a) There is hereby created a Foreign Aid Planning Committee (hereinafter referred to as the "Committee") which shall consist of twelve members, no more than seven of whom shall be members of the same political party, to be selected as follows:

(1) Four members to be appointed by the President from private life, none of whom shall have served at an executive level in the administration of the AID program in Washington;

(2) Four members of the Committee on Foreign Relations of the Senate, to be designated by the Vice President;

(3) Four members of the Committee on Foreign Affairs of the House of Representatives, to be designated by the Speaker of the House of Representatives.

The Committee shall select a Chairman and Vice Chairman from among its members.

(b) It shall be the duty of the Committee (1) to make such studies and investigations as may be necessary to enable it to make recommendations to the President and to the Congress concerning the proposals referred to in section 302(a), and (2) to provide the President, or such officer or agency as the President may designate, with such assistance as the President or such officer or agency may request in the formulation of such proposals.

(c) The Committee is authorized to appoint and fix the compensation of such secretarial, clerical, and other staff assistants as may be necessary to enable it to perform its functions, and to procure, without regard to the civil service laws and the Classification Act of 1949, as amended, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the Act of August 2, 1946 (60 Stat. 810; 5 U.S.C. 55a), but at rates not to exceed $100 per diem for individuals.

(d) Members of the Committee appointed under subsection (a) (1) who are not otherwise employed by the United States shall be paid compensation at the rate of $100 per diem while engaged in the work of the Committee, and shall be reimbursed for travel and other necessary expenses incurred while so engaged, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

(e) The Committee may, for the purpose of carrying out the provisions of this section, hold such hearings and sit and act at such times and places, administer such oaths, and require by subpena or otherwise the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents as the Committee may deem advisable. Subpenas may be issued under the signature of the Chairman of the Committee and may be served by any person designated by the Chairman. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (2 U.S.C. 192-194), shall apply in the case of any failure of any witness to comply with any subpena or to testify when summoned under authority of this subsection.

(f) Each department and agency of the Government shall furnish to the Committee, upon its request, such information or other assistance as may be necessary to enable it to carry out its functions.

(g) The Committee shall from time to time transmit to the President, and to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives, reports of its activities, including its recommendations, and shall file its final report on or before September 1, 1967. Upon the filing of its final report, the Committee shall cease to exist.

(h) There shall be made available to the Committee out of sums appropriated pursuant to this Act such amounts, not to exceed an aggregate of $400,000, as the Committee deems necessary to enable it to carry out its functions.

Mr. MORSE. Mr. President, I shall not take the time to read the titles of the reports from the General Accounting Office.

I ask unanimous consent that there be printed at this point in the RECORD, because they will bear upon my reasons for seeking additional provisions in the amendment of the Senator from New York [Mr. KENNEDY], only the titles of the classified and unclassified reports of the Comptroller General.

These reports set forth the findings of the Comptroller General in the spot check surveys which the General Accounting Office made concerning the administration of both economic and military aid. Some of the reports are classified as of last year; however, I am at liberty to ask unanimous consent that the titles, but not the contents, of the reports be printed in the RECORD.

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

[Classified]

Management of Donated Food Programs for Mexico Under Title III, Agricultural Trade Development and Assistance Act of 1954;

Review of the Military Assistance Program for India;

Review of Air Defense Equipment Furnished to and Procured for the Republic of China under the Military Assistance Program;

Effects of Foreign Currency Sales on Commercial Sales of Wheat to the United Arab Republic, Title I of the Agricultural Trade Development and Assistance Act of 1954;

Need for Improvement in Supply Support for Aircraft under the Military Assistance Program for the Republic of China;

Report on Certain Special Aspects of Food Distribution under Title III of the Agricultural Trade Development and Assistance Act of 1954, as amended;

Inadequate Planning, Programming, and Contracting for a Fixed Communications System for the Government of Indonesia under the Military Assistance Program;

Report on Review of Military Assistance Provided to the Republic of the Philippines;

Ineffective and Overly Costly Aspects of Military and Economic Assistance Provided to Thailand;

Review of Economic Assistance Provided to the Republic of the Philippines for Development Purposes;

Lack of Effective Action by the Military Services To Obtain NATO Cost Sharing of Military Construction Projects in Europe;

Ineffective and Inefficient Administration of the Training of Foreign Personnel under the Military Assistance Program for Greece;

Report on Review of the Military Assistance Training Program for Iran;

Waste of Funds in Construction of Shahabad Depot in Iran under the Military Assistance Program;

Inadequate Consideration Given to Utilizing Reserve Fleet Ships in Lieu of Providing New Ships to Iran under the Military Assistance Program;

Unnecessary Dollar Grants to Iran under the Foreign Assistance Program;

[Not classified]

Audit of Loan Program Financial Statements for Fiscal Years 1962, 1963, and 1964;

Review of the Expedited Signing of Certain Agreements under Title I of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480);

Survey of Internal Audits and Inspections Relating to United States Activities in Vietnam;

Report on Review of a Transaction Involving the Conversion of Foreign Currency to Dollars at Less Than the Current Exchange Rate;

Use of Dollars Rather Than Foreign Currencies To Pay United States Expenses in the Republic of Korea;

Additional Income Possible by Obtaining More Equitable Rates of Interest on United States-Owned Foreign Currencies;

Significant Dollar Savings Available in Financing Foreign Sales Agents' Commissions on Surplus Agricultural Commodities Exported under Title I, Agricultural Trade Development and Assistance Act of 1954 (Public Law 480);

Questionable Grant of Corn to the United Arab Republic under Title II, Agricultural Trade Development and Assistance Act of 1954 (Public Law 480);

Displacement of Commercial Dollar Sales of Tallow to the United Arab Republic;

Purchase of Residence in Tokyo for Financial Attaché from Exchange Stabilization Fund;

Overpayments of Per Diem Travel Allowances.

Overprocurements Resulting from Ineffective Supply Management in Korea under the Military Assistance Program;

Improper Use of Funds Appropriated for Operation and Maintenance Expenses;

Loose Management in Budgeting and Financial Reporting for Certain Educational Exchange Activities;

Improper Payment of Port Charges on Shipments to Colombia of Food Donated Under Title III of the Agricultural Trade Development and Assistance Act of 1954;

Follow-Up Examination on Certain Aspects of United States Assistance to the Central Treaty Organization for a Rail Link Between Turkey and Iran;

Ineffective Utilization of Excess Personal Property in the Foreign Assistance Program;

Questionable Aspects of Budget-Support Loans Made to the Government of Ecuador;

Failure To Effectively Utilize Excess United States-Owned Foreign Currencies To Pay International Air Travel Ticket Costs Being Paid in Dollars;

Ineffective Utilization of Excess Personal Property in the Foreign Assistance Program;

Unnecessary Costs Resulting from an Inflexible Policy of Donating Flour Instead of Wheat to Voluntary Relief Agencies for Distribution Abroad under the Agricultural Act of 1949, as amended;

Weaknesses in Negotiation and Administration of Contracts for Resettlement of Cuban Refugees;

Unnecessary Dollar Costs Incurred in Financing Purchases of Commodities Produced in Brazil;

Unnecessary Costs Incurred in the Relocation of Highways at the Amistad Dam Project;

Review of Financial Condition and Operations Fiscal Years 1963 and 1962;

Unnecessary Costs Resulting from Inadequacies in the Administration of the Inter-American Highway Program in the Republic of Panama;

Weaknesses Involving Primarily the Disposition of Surplus Nonfat Dry Milk.

Mr. MORSE. Mr. President, still speaking with reference to the amendment offered by the Senator from New York [Mr. KENNEDY], the situation has been complicated somewhat this year—I speak most respectfully—by the discussion earlier of the amendment offered by the Senator from Pennsylvania [Mr. CLARK]. He discussed it and then withdrew it. It would commit us to 1 percent of the gross national product for a foreign aid authorization.

We did not have that proposal last year. The amendment of the Senator from New York—as the Senator from Ohio [Mr. LAUSCHE] pointed out—carries with it the implication that we are not giving enough.

There is some dispute as to the total amount of all of our foreign aid. Our contribution to the World Bank, our contribution to the International Monetary Fund, military assistance, our contribution to the Inter-American Bank, our food for peace, our Public Law 480, the Peace Corps. That is all foreign aid.

The total is far, far above the so-called bare bones economic aid program and a bare bones military aid program.

We get a variety of estimates and the estimates seem to vary from $8 billion to $10 billion. Now, if they are all included and 1 percent of that—that is much more than $7 billion that is being talked about on the floor of the Senate here tonight.

Mr. RUSSELL of Georgia. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Georgia.

Mr. RUSSELL of Georgia. As one Senator, I object to any legislation that has as its objective the perpetuation of foreign aid.

Mr. MORSE. Or commitment to foreign aid.

Mr. RUSSELL of Georgia. It is implicit in this amendment that we are to have a permanent foreign assistance program with the objective of closing the gap between the have-nots and the haves.

Mr. MORSE. Yes.

Mr. RUSSELL of Georgia. That is implicit in this amendment, as I read it. In my opinion, it can only arouse the hopes in the hearts of many people, as they look to the largess of the American Congress and the American Government, that they will be brought to a standard of living that we enjoy here.

I do not know what they mean by closing this gap.

If you close the gap between our country and the underdeveloped countries, something must give somewhere. In my opinion, it would be the standard of living of the people of the United States. I do not see how that could be avoided.

To my mind this amendment looks to the perpetuation of the foreign aid program as much in our annual budget as the pay of the Federal judiciary.

I was not here last year during the debate. I do not understand the conditions under which such an overwhelming majority of the Senate approved this amendment last year. I cannot believe that it was given careful study in the committee or there would have been someone on the committee who would have objected.

Mr. MORSE. It did not come out in committee. The provision came out on the floor.

Mr. KENNEDY of New York. Mr. President, will the Senator yield?

Mr. RUSSELL of Georgia. I yield.

Mr. KENNEDY of New York. First, what I think is the concern of the Senator from Georgia [Mr. RUSSELL] is the fact that the gap between the underdeveloped countries and the developing countries of the world, such as the United States, is growing. The total gross national product of Africa, except West Africa, was about one-half of the growth in the gross national product of the United States last year.

I think, as Secretary McNamara said in his Toronto speech, if you look around the world where the United States has had difficulties, it is in those countries where there is poverty and illiteracy; where some guidance and help and assistance from the United States—and I do not mean only financial assistance—may have made a difference in the lives of those people.

Therefore, they will look not to communism and dictatorship of the left, but to the United States.

Again, I wish to stress the fact that this is not just from a moral point of view, but in our self-interest. It makes sense for us that those people have order and economic development.

I think that the purpose in stressing the idea of underdeveloped countries and developed countries, rich nations and poor nations, is this point of view.

Those countries that have had instability and disorder have turned to communism; and there is a relationship between that and poverty, disease and illiteracy. We can play a role in changing that just as we are now fighting in Vietnam at a cost of about $2 billion a month, with hundreds and hundreds of Americans dying, and getting wounded each month. We are willing to make that effort.

We should also be willing to make the effort now to prevent this.

Mr. RUSSELL of Georgia. I was opposed to getting involved in Vietnam but we are there now and I am not in favor of leaving 350,000 American boys there to their own fate. I will do everything in my power to see that they have every weapon and advantage that a man can

have under such conditions; the best medical treatment and everything else they need and can be provided by the richest country on earth.

I did not believe in sending any of our men out there. I was opposed to it. But they are there now and it is our responsibility to see that they are taken care of and that proper steps are taken by this country to reduce the ever increasing toll of casualties.

Mr. KENNEDY of New York. We are there for some purposes or we should withdraw. One of the reasons we are there, from the statements made, is that we are trying to deal with Communist expansion and the fact that the peoples of South Vietnam, under the domino theory, will not be taken over by communism.

If the Senator is willing to support that effort he should be willing to support the other effort.

Mr. RUSSELL of Georgia. The Senator is expressing the view of somebody else. I am not going into those intricacies.

American boys are there and their lives are being taken.

Mr. KENNEDY of New York. And there was some reason.

Mr. RUSSELL of Georgia. I did not send them there.

Mr. KENNEDY of New York. We could take them out.

Mr. RUSSELL of Georgia. The Senator may have better luck getting them out than I did keeping them out.

Mr. KENNEDY of New York. We can advise the public now. They must be fighting for some reason.

Mr. RUSSELL of Georgia. I will not be budged on that. I appreciated the fact that the Senator from New York [Mr. KENNEDY] brought in the African situation. I understand that. But that is not the basis of my objection to the foreign aid program.

I know that it is very popular to undertake to bring in the racial question when I undertake to open my mouth on the floor of the Senate.

I was voting on most of these foreign aid programs when colonization was in full swing in Africa. I was voting against them then and do so now because I think they have been poorly handled from the inception. I think Russia and China, although they spend, as nearly as I can estimate, about one-twentieth of what we do on foreign aid, have gotten as much or more out of their money as we have.

The Senator refers to the fact that he wants to do something about this gap.

But the Senator does not say "narrow the gap." He uses the words "close the gap" in his amendment. On line 20, page 3, he states that the committee is to be directed to get an estimate that will "close the widening gap between the economically privileged nations and those nations striving to achieve a developed economy."

Mr. KENNEDY of New York. That is the objective, I would think, let me say to the Senator from Georgia.

Mr. RUSSELL of Georgia. I beg the Senator's pardon?

Mr. KENNEDY of New York. That is the objective, I would think. That is what we would like to accomplish. It may take many years, but that is what we would like to accomplish.

Mr. RUSSELL of Georgia. For my part, I am not willing to put the responsibility on the 6 percent of the inhabitants of this globe who live in the United States of America for bringing the other 94 percent of the people up to our standard of living. I am not willing to take that risk of destroying our civilization.

Mr. MORSE. Mr. President——

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

Mr. MORSE. I yield to the Senator from Ohio.

Mr. FULBRIGHT. Mr. President, could the Senator from Oregon first inform the Senate which amendment he is going to bring up?

Mr. MORSE. I will tell the Senator what I am going to do. I have a few brief comments to clarify the RECORD which I wish to make on the amendment of the Senator from New York, and then I am going to call up amendment No. 667 on restriction on assistance to Latin America, and make that the pending business for tomorrow.

AMENDMENT NO. 667

Mr. President, I call up my amendment No. 667 and ask that it be stated.

The PRESIDING OFFICER (Mr. RUSSELL of South Carolina in the chair). The amendment will be stated for the information of the Senate.

The legislative clerk read the amendment as follows:

(c) Add the following new section:

"SEC. 254. RESTRICTION ON ASSISTANCE TO LATIN AMERICA.—None of the funds authorized by this Act shall be used to provide assistance to any country in Latin America in any fiscal year if the total estimated expenditures of such country for defense purposes for such year are expected to exceed an amount equal to 3.5 per centum of the estimated gross national product as determined by the President of such country for such year."

Mr. MORSE. Mr. President, my understanding is that we will make that the pending business for tomorrow. I shall make a brief statement tomorrow morning in support of the amendment.

Mr. President, there is available to any special committee appointed a whole series of proposals made in the Committee on Foreign Relations, including majority and minority reports last year and this year, and other proposals that we have made. The sad fact is that we have not gotten anywhere with the AID officials in adopting procedural reforms, or concerning the reports of the Comptroller General on what should be some of the procedural reforms to be adopted.

I should like to add to the amendment a paragraph that would instruct the committee to go into an examination of the administration of foreign aid and give us recommendations as to what it thinks we should do legislatively, and if legislation is necessary to improve the administration of foreign aid. I shall work on that and have it ready when we take it up tomorrow.

But the situation is somewhat different tonight from what it was a year ago when this amendment came out of committee with the Clark amendment. The Clark amendment was added on the floor of the Senate last year.

It is true that the Senator from Pennsylvania offered his amendment. It is also true that I, certainly with all the accolades of approval which the Senator from New York has pointed out, agreed to the amendment. There is no doubt about that. I was a little bit surprised to be able to get the amendment which I brought out of committee, so obviously supported by the Senate that I am not so sure that I paid enough attention to the amendment; but, on the other hand, I would probably do it again if the situation were the same as last year. Since then, there have been some problems in regard to what the administration considers a commitment under foreign aid. Moreover, since then representatives of other countries and some of our international conferences have taken the surprising position that they are entitled to it as a matter of right.

There was a conference in Latin America—I believe it was Buenos Aires—where there was controversy between some of the American delegates and the Latin American delegates over whether they had financial aid coming as a matter of right.

There has been this controversy over modification of the Organization of American States' Charter, where Latin American delegates wanted to write something into the charter that would give the same commitment in treaty form that this amendment seeks to give. We had an informal meeting of the Committee on Foreign Relations one afternoon. State Department officials were left with no room for doubt that the committee was not going to support the treaty if it contained that language; that we were not going to make that commitment.

That leads me to the last point I wish to make, and then I shall yield to my friend, the Senator from Ohio [Mr. LAUSCHE]. I do not believe that these countries have to worry about what future Congresses are going to do about authorizing increased foreign aid money.

If the foreign aid program is improved, I would be ready to vote more money for certain parts of it. I am in an embarassing situation. I should like to be joining the Senator from New York in voting for more money for certain kinds of projects. I am not going to do it until we first have some reason to believe that the foreign aid people are not going to waste a lot of it, and that in some places it is not going to do more harm than good.

If we are going to appoint a committee, let it be instructed to make a complete survey of foreign aid and come back with recommendations as to what Congress should do, including recommendations as to amounts. We can accept or reject the recommendations.

I am happy now to yield to the Senator from Ohio.

Mr. LAUSCHE. I think the record should be made clear concerning what happened last year.

Last year, as I stated previously, the Senator from Oregon advocated a study which was intended primarily either to reduce foreign aid or to bring it to an end.

The Senator from New York [Mr. KENNEDY] and the Senator from Pennsylvania [Mr. CLARK] were opposed to that general philosophy. They felt that the study should embrace the issue not only as to whether foreign aid should be lowered or discontinued but also as to whether it should be increased.

Thus, we had before the Senate the amendment of the Senator from Oregon.

I now read from the CONGRESSIONAL RECORD, volume 111, part 10, page 13486:

Mr. CLARK. Mr. President, I call up amendments No. 262, and ask that they be stated.

The PRESIDING OFFICER. The clerk will state the amendments.

The LEGISLATIVE CLERK. On page 25, strike out lines 9 to 13, inclusive. On page 25, line 14, strike out "(c)" and substitute "(b)". On page 25, line 21, strike out "(d)" and substitute "(c)". On page 25, after line 25, insert the following:

Mr. President, the amendment offered by the Senator from Pennsylvania [Mr. CLARK] is the identical one which the Senator from Louisiana read several minutes ago about eliminating the gap and bringing the undeveloped nations up to a level of economic richness comparable to that of the United States.

The amendment of the Senator from Pennsylvania was offered. In his argument, the Senator from Pennsylvania [Mr. CLARK] stated that the amendment which they offered today would insure that the committee would also consider the basic question of the proper magnitude of the future U.S. assistance program.

The Senator from Oregon was faced with opposition to his amendment. The opposition was that it was desired to include in it a study of the magnitude of the foreign aid program.

Later the RECORD shows that the Senator accepted the amendment.

The Senator from Oregon, 15 or 20 minutes ago, stated that there was a practical issue involved. He was doubtful whether his amendment for a study to eliminate foreign aid would get through. I can understand why he said he would accept the amendment.

That is the record of what happened last year.

Mr. MORSE. I accepted it.

Mr. LAUSCHE. There was a question whether the amendment ought to be accepted on a voice vote. It was agreed that, to show the firmness of the Senate, there should be a rollcall vote. On that rollcall vote there were 78 yeas and 1 nay. Thus the amendment was adopted in the Senate.

I think every Senator will concede that whenever the chairman of a committee and the sponsor of an amendment agree on its acceptance, there is a purpose to have it accepted on a voice vote. When it went to a rollcall, the result was the equivalent of the result on a voice vote.

The RECORD I have quoted from does not at all support the proposition that those who are having some question about the amendment are in an inconsistent position.

Mr. MORSE. Mr. President, it is true that I agreed to the amendment.

Mr. LAUSCHE. Why did the Senator support it?

Mr. MORSE. I probably did not give the consideration to it that I should have; but what I did last year does not bind me as to what I shall do this year.

Mr. LAUSCHE. My suggestion is that the Senator from Oregon accepted it because he was anxious to get his study proposal approved to bring foreign aid to an end.

It was a practical move.

Mr. MORSE. I wanted to get it accepted. But this year is not last year. Now I want to get it accepted with changes. Events have occurred which justify modification of the measure. I shall offer modifications. I am sure after I do the Senator from Ohio and I will stand together on it.

Mr. LAUSCHE. I favor a study, but the language should be of a nature neither implying nor suggesting any increase or decrease in the program. It should be an objective study.

Mr. MORSE. That is the way I feel about it. To give the Senator an idea of what it means mathematically, if we were to talk the American people into closing the gap between the gross national product in this country and the situation in the "have-not" nations, let us take India for an example. With an average income a year in India of $100 per capita, and assuming the average income in this country were $2,800, and we were dealing with a 500 million population in India, the gap would be $1.350 trillion. I know the proponents of such a measure would say it is absurd. I agree that it is reducing it to an absurdity to make the point, but the point is that that represents the difference between the incomes in the two countries on a per capita basis. We ought not have that kind of language, but we ought to be able to join forces in having a committee appointed to study all aspects of the foreign aid program and make findings of facts and recommendations. The committee might make recommendations as to what this country ought to spend, but we would have an opportunity to pass on that recommendation. But I do not think we ought to imply to them that we feel committed to closing the gap.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LONG of Louisiana. Would the Senator mind repeating those figures as to how much would be necessary to bring the people of India into our standard of living?

Mr. MORSE. If we assume that there are 500 million people in India, it would take $1,350 billion.

Mr. LONG of Louisiana. That is about twice our gross national product. The Senator knows that in order to bring the gross national product to $1,350 billion in India, one of the first things we would have to do would be to try to feed the Indians and help them with their health standards. While we were trying to bring up their living standards, is it not possible that the population of India would increase, making the demand even greater than the $1,350 billion?

Mr. MORSE. That is correct. I do not think it would be far wrong to say that, if we eliminated the bloc countries of Europe and took the rest of the world, our gross national product would be greater than all the other countries of the world, which is quite a gap. Even with all our humanitarian impulses, we could not possibly close that gap on a unilateral basis. That is why I said earlier in this discussion I thought a Commission should be appointed and that it should give much consideration to what can be done on a joint multilateral program, rather than place it on the basis of a unilateral foreign aid program by the United States.

Mr. KENNEDY of New York. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. KENNEDY of New York. With respect to the exchange just had between the Senator from Oregon and the Senator from Louisiana, I think it is quite clear that the suggestion is not that the United States will give enough aid to those countries in order to close the gap. That was not the purpose. Our long-term objective is that the gap shall not widen, but begin to close.

The second point I wish to make, with reference to what the Senator from Louisiana said, is that we are talking about an association with other countries and what they are willing to do. We are talking about the underdeveloped countries joining in the effort, the developed countries joining in the effort, the United States joining in the effort, and also what is in our own national interest. We should always bear in mind what is in the national interest of the United States, and what kind of governments are involved. We should not unilaterally decide that we are going to give the only aid and assistance.

I do not mind accepting any language the Senator from Oregon may suggest to clarify the matter, but, in fairness to the amendment and the discussion that took place last year, we should not distort what is in the amendment.

Mr. MORSE. I did not intend to distort it.

Mr. KENNEDY of New York. The discussion goes in considerable degree into the role the developed countries have to play, and not just the United States.

Mr. LONG of Louisiana. Mr. President, the objection that it seems to me applies most to the amendment, from my point of view at least, is that while we are willing to vote for a study, the whole purpose of a study is to give us information upon which we could base an appropriate conclusion.

I believe the majority of Senators would feel as I do, that we ought not to be telling the study group what they will recommend before they make their study. Let them make their study, and after they make it, it would seem appropriate

then that they should come up with their recommendation of what we should do, and not before. That tends to prejudice a study. "Prejudice" is a bad word in some respects, but that is what it does. At least to a certain extent, we have already reached a conclusion, and we are saying now, "You make your study, and you recommend this and you recommend that, and then you can put in such other recommendations as you wish, to arrive at that general conclusion."

That, I think, is the main objective to the amendment in its present form. But if that objection is eliminated, perhaps we could support the amendment.

Mr. MORSE. Mr. President, I do not think I shall make a statement on my amendment tonight. I will make it at the beginning of the session tomorrow. My amendment is the pending business.

Mr. FANNIN. Mr. President, I recognize and appreciate the sincerity of purpose that motivates our foreign economic assistance program and has characterized our Government's approach in extending direct help to less fortunate nations.

All of us would agree that it would be beneficial to the United States if we can persuade those nations not yet alined with or dominated by Communist power to realize that their legitimate hopes and national aspirations can be more readily attained through peaceful cooperation with the free countries of the world, ourselves included.

It can even be argued that long-range benefits might be worth the risks involved in making some assistance available to certain Communist bloc countries that are showing signs of wanting to break away from their Soviet or Chinese masters.

My quarrel is not with the objectives we have sought but rather with the way we have gone about it, frankly, I believe the record is clear that foreign economic aid in its past and present form, has not best served either our own national interest or the best interest of the recipient peoples.

Our tolerance and patience has been worn thin from the abuse showered on us by those we have helped, the American people are disgusted at being taken advantage of by every so-called new emerging nation that has learned from experience how to kick Uncle Sam and get dollars in return.

I am convinced that if the question of continued foreign aid were put to the voters in a national referendum, it would be emphatically rejected.

Last month it was my privilege to attend the 50th session of the International Labor Conference in Geneva as an adviser to the American delegation. For the first time I had an opportunity to personally see and hear the United States subjected to vicious slander and vituperation by representatives of Communist and allegedly neutral nations, including many who have been beneficiaries of our foreign aid largesse.

One after another in dreary succession, they used the podium of this international gathering to denounce the United States as the imperialistic aggressor responsible for outrages in Vietnam, intervention in the Dominican Republic, provocations against Cuba, Communist China, and so forth.

They also ridiculed our free enterprise system and lauded socialism as the way of the future.

There we were again, as we have so often been in the past, being portrayed as an international gangster bent on murder and exploitation of the poor peoples of the world.

Let me cite a few examples from the record of that conference to illustrate how it was subverted from its purpose into a round-table tirade against our country and its policies.

The pattern for all of this naturally was set by spokesmen for the various Communist bloc countries, such as one from Cuba who said:

> There is no need for any further reasoning for the peoples throughout the world to understand that their common enemy is the imperialist government of the United States and that the voice of mankind condemns it energetically.

After commending the election of "A representative from the socialist camp" to the presidency of the ILO, a workers' delegate from the Republic of Mali denounced the United States for "the bloody war in Vietnam."

Praising socialism and attacking private enterprise, a workers' delegate from Burundi said:

> The advanced countries should help us without requiring any political alinement.

Another delegate, from Upper Volta, said:

> African problems could be overcome if the billions of dollars devoted to an unjustified and inhuman war could be used. The sums spent on bombs to crush the people of Vietnam should have been used to improve conditions in Africa.

A Panama Government delegate made the astounding charge that American military bases in that country "Constitute a grave danger to the workers and the Panamanian people in general."

Another delegate from Panama blasted U.S. administration of the Panama Canal and had the gall to complain that we did not pay any tolls for passage of our naval vessels.

That misguided individual should have been reminded that American taxpayers have invested all told more than $2 billion in that country, and that all Panama had to offer was undeveloped land in a unique area.

He should know—and probably does—that our Canal Zone payroll and other related expenditures have been the largest source of income for the entire nation of Panama.

Considering our unhappy and costly experience with paying most of the bills for the United Nations, it will come as no surprise that we also are doing the same thing in the ILO.

The United States pays 25 percent of the direct and 40 percent of the indirect costs of this organization—and this, of course, is by far the largest share of the more than 110 member nations. It is more than several times the Soviet Union's share for example.

Interestingly enough, some of the delegates who were most vicious in their remarks against the United States represented countries that are in arrears in their assessments to support the ILO.

I recognize that the ILO annual budget of approximately $23 million is negligible compared with the billions we are asked to approve in the bill before us today. But the principle is the same.

No thinking person expects our country to be universally loved. But our unmatched record of international generosity has earned us the right to be respected, and we should insist on this respect as a condition of our assistance.

Apart, from the war in Vietnam, we cannot justify the use of American tax dollars to support programs by international organizations that are aimed directly at the destruction of the free enterprise system and global domination as well.

Yet that is precisely what we are doing with our support of the ILO and also in many instances with our economic aid to nations that do not share the basic principles we stand for at home and abroad.

Others are weak and need our help because their economic and political systems are weak. We are strong and able to provide help because our systems are strong. History will hold us responsible for having used our own resources to help undermine the stability of free enterprise and damage its prospects for world growth in the future.

I repeat, Mr. President, that I am not blindly opposed to the objectives we have sought with our foreign aid program. But we are never going to achieve those objectives with our present approach.

This entire program should be subjected to a thorough restudy and evaluation. The major thrust of any sound program of economic assistance must be in the private sector because it is only through the encouragement and development of private enterprise that we can hope to insure any lasting progress in the countries we are trying to help.

In this regard I support amendments that would remove assistance to those nations which indicate no inclination to sever their economic and political affiliation with the Communist bloc.

It is long past time for Congress to boldly assert our Nation's right to be respected. In good conscience, I cannot support a bill to use our own money to finance continued international assaults upon the integrity, good faith, and economic convictions of the United States.

FOREIGN AID BY PRIVATE INVESTMENT

Mr. HARTKE. Mr. President, in all of our discussions so far to date concerning foreign aid, there is one important factor which we have tended to overlook. That is the very important part which American private industry plays in the industrial, economic, and social development of a foreign country.

All the emphasis so far has been on the role of the Federal Government in the foreign aid field. We are presently debating the expenditure of around $2.5 billion in nonmilitary foreign aid, but

I want to point out to you that American businessmen invested some $3.371 billion overseas in 1965.

In addition to this capital investment overseas, Americans exported nonmilitary goods amounting to $26.567 billion last year. These figures make the foreign aid provided by the Federal Government seem small by comparison.

Let us for a moment look at the foreign aid program provided by American private industry.

First. This type of foreign aid is unique in that it not only wins friends; but most importantly, it makes a profit. These businessmen are not trying to compete for the minds of the people they sell their goods to. They are only providing much-needed consumer goods, no strings attached. When you give a man something, he always feels that he is your debtor. But when you sell him something—a fine product produced either in the United States or by the foreign subsidiary of an American firm—then he feels that he has received full value for his purchase. And, as I said earlier, the American firm earns a profit—not only monetarily, but also in goodwill.

Second. Capital investment by American firms overseas helps to broadcast the vital message of the private enterprise system. Where there were once mud huts, there now stands a modern factory surrounded by a new and modern town bringing a new found way of life to its inhabitants. This does more to tell the story of America than countless books or radio broadcasts, or even sacks of wheat.

Third. These investments build factories and assembly plants which recruit their workers from the local labor force. Willing workers in underdeveloped countries are taught to operate sophisticated machinery. Many of these companies promote their workers to the managerial level and so help to build a strong middle class in countries where there are only the very, very rich or the very, very poor. I do not need to tell those of you here of how important a strong middle class is to the development of a stable society, both economical and political.

And finally, many of these plants which are built overseas provide homes, schools, hospitals, and recreational facilities for their workers in countries which have rarely had either the money or the inclination to take care of their own people. This contribution by American industry to the social welfare of an underdeveloped country can never be counted on the scoreboard of the winning of men's minds.

But I must report to you today that both capital investments and exports by American businessmen are in grave danger. Due to policies followed by that same administration which wants to spend more money overseas in the form of foreign aid, these great helps to our foreign aid program are being urged to cut back instead of to increase their contribution.

We have as one of the cornerstones of our foreign policy the promise to solve our chronic balance-of-payments deficit. To do this the administration has instituted the voluntary restraint program on overseas capital investment and on bank lending to foreigners. Instead of offering incentives to our industries to go international, we have embarked upon a policy of economic isolationism.

And how does this affect our foreign aid program? To me it means that for every dollar the administration prohibits American business from either investing overseas or sending overseas in the form of exports, that slack will have to be picked up by the Federal Government in the form of foreign aid, if we are to provide for the expanding economic, industrial, and social development of the world.

I do not want to see this happen. Admittedly there will be gaps in world development which our foreign aid program can be directed toward filling. But private industry plays a so much bigger part in this development, and it should be encouraged to expand the part it plays.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent since there was no period for the transaction of routine morning business today, it be in order to lay before the Senate various departmental communications, and print in the RECORD various routine matters.

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

COMMITTEE MEETING DURING THE SESSION OF THE SENATE TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Housing Subcommittee of the Committee on Banking and Currency be permitted to meet during the session of the Senate tomorrow.

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

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

REPORT ON EXPORT-IMPORT BANK INSURANCE AND GUARANTEES ON EXPORT TO YUGOSLAVIA

A letter from the Assistant Secretary, Export-Import Bank of Washington, Washington, D.C., reporting, pursuant to law, that the amount of Export-Import Bank insurance and guarantees on U.S. export to Yugoslavia for the month of June 1966, not previously reported, totaled $4,382; to the Committee on Appropriations.

REPORT ON APPROVAL OF LOAN TO SOUTH MISSISSIPPI ELECTRIC POWER ASSOCIATION

A letter from the Administrator, Rural Electrification Administration, Department of Agriculture, reporting, pursuant to law, on the approval of a loan to the South Mississippi Electric Power Association, of Lucedale, Miss., in the amount of $20,671,000 (with accompanying papers); to the Committee on Appropriations.

REPORT ON APPROVAL OF LOAN TO ARKANSAS ELECTRIC COOPERATIVE CORP.

A letter from the Administrator, Rural Electrification Administration, Department of Agriculture, reporting, pursuant to law, on the approval of a loan to the Arkansas Electric Cooperative Corp., of North Little Rock, Ark., in the amount of $14,458,000 (with accompanying papers); to the Committee on Appropriations.

SUPPLEMENTAL REPORT ON ANTICIPATED PARTICIPATION AT INTERAMA

A letter from the Secretary of Commerce, transmitting, pursuant to law, a supplemental report on anticipated participation at Interama by foreign countries and by private industries (with an accompanying report); to the Committee on Foreign Relations.

REPORTS ON ALIENS WHO CONDITIONALLY ENTERED THE UNITED STATES

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, reports on aliens who conditionally entered the United States, for the period December 1, 1965, through June 30, 1966 (with accompanying papers); to the Committee on the Judiciary.

APPOINTMENT OF U.S. MARSHALS

A letter from the Attorney General, transmitting a draft of proposed legislation to provide for the appointment of U.S. marshals by the Attorney General (with accompanying papers); to the Committee on the Judiciary.

PLANS FOR WORKS OF IMPROVEMENT IN VARIOUS STATES

A letter from the Acting Director, Bureau of the Budget, transmitting, pursuant to law, plans for works of improvement on Bridge Creek-Ochlocknee River, Ga., Euharlee Creek, Ga., Pine Log Tributary, Ga., Sallacoa Creek Area, Ga., Indian Creek, Ind., Upper Big Blue River, Ind., Three Mile Creek, Iowa, Upper Black Vermillion, Kan., Cypress-Black Bayou, La., Upper Bayou Nezpique (Revised), La., East Branch Sturgeon River, Mich., Houlka Creek, Miss., Tallahaga Creek, Miss., Crow and Broad Canyons and Placitas Arroya, N. Mex., Boundary Creek, N. Dak., Middle Branch Park River, N. Dak., Potomac Creek, Va., South Fork Roanoke River, Va., and Otter Creek, Wis. (with accompanying papers); to the Committee on Public Works.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

A joint resolution adopted by the Legislature of the State of California; to the Committee on Commerce:

"JOINT RESOLUTION 28 RELATIVE TO MONTEREY BAY AND SURROUNDING OCEAN WATERS

"Whereas there is an imminent danger of Monterey Bay and the surrounding ocean waters becoming seriously polluted by local and outside forces of contamination and pollution; now, therefore, be it

"*Resolved by the Assembly and Senate of the State of California, jointly,* That the Congress of the United States is respectfully memorialized to initiate a study of the oceanography of Monterey Bay and the surrounding ocean waters in relation to the pollution thereof; and be it further

"*Resolved,* That the Chief Clerk of the Assembly is hereby directed to transmit copies of this resolution to the President and Vice

President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

A joint resolution adopted by the Legislature of the State of California; to the Committee on Interior and Insular Affairs:

"JOINT RESOLUTION 29 RELATIVE TO THE SAN FELIPE DIVISION OF THE CENTRAL VALLEY PROJECT.

"Whereas it is the purpose of the San Felipe Division, Central Valley Project, California, to provide, among other things, irrigation and municipal and industrial water supplies, conservation of fish and wildlife resources, and enhancement of outdoor recreation opportunities within the Counties of Santa Clara, San Benito, Santa Cruz and Monterey; and

"Whereas the proposed San Felipe Division will make use of a tunnel to be constructed from San Luis Reservoir westward under Pacheco Pass into said service area and will, by reason of its location, harmonize with and assist the State of California's water plan; and

"Whereas there exists at present in said service area a drastic shortage of underground water; now, therefore, it it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to expedite authorization of the San Felipe Division, Central Valley Project, California; and be it further

"Resolved, That the Chief Clerk of the Assembly is directed to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to the Chairmen of the Committees of the Senate and the House of Representatives on Interior and Insular Affairs, and to each Senator and Representative from California in the Congress of the United States."

A joint resolution adopted by the Legislature of the State of California; to the Committee on Public Works:

"JOINT RESOLUTION NO. 30 RELATIVE TO A FEDERAL STUDY OF ABNORMAL EARTH AND WATER MOVEMENTS IN THE PACIFIC PALISADES AREA OF LOS ANGELES COUNTY

"Whereas ALPHONZO BELL, Representative to Congress from the 28th Congressional District of California, has introduced United States House of Representatives Bill No. 15755, 89th Congress, 2nd Session; and

"Whereas this bill proposes that Congress authorize the Secretary of the Army, acting through the Chief of Engineers, to undertake a study of landslides, soil erosion, surface and subsurface drainage condition, flood control and seismic disturbance in the Pacific Palisades area of Los Angeles County; and

"Whereas the proposed study would be conducted in cooperation with the United States Geological Survey and the Department of Interior; and

"Whereas it is imperative that measures be taken to alleviate this critical problem affecting many of the citizens of Los Angeles; now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California hereby endorses the study proposed by United States House of Representatives Bill No. 15755, 89th Congress, 2nd Session, and memorializes the President and the Congress of the United States to enact this bill substantially as introduced by Congressman ALPHONZO BELL; and be it further

"Resolved, That the Chief Clerk of the Assembly be hereby directed to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

A resolution adopted by the Minnesota Chippewa Tribe of Indians, Cass Lake, Minn., praying for the enactment of legislation to settle certain claims; to the Committee on Interior and Insular Affairs.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. MONRONEY, from the Committee on Appropriations, with amendments:

H.R. 15456. An act making appropriation for the legislative branch for the fiscal year ending June 30, 1967, and for other purposes (Rept. No. 1409).

RESOLUTION PROVIDING ADDITIONAL FUNDS TO COMMITTEE ON FINANCE FOR EXPENSES OF OFFICIAL REPORTING—REPORT OF A COMMITTEE

Mr. LONG of Louisiana. Mr. President, in the 85th, 87th, and 88th Congresses the Committee on Finance found itself unable to conduct important hearings with respect to committee business because of the shortage of funds with which to pay expenses for official reporting. In those years the committee was holding lengthy hearings on the Revenue Acts of 1962 and 1964, on medicare, and on trade expansion. In those Congresses the committee had to request additional authorizations to supplement the $10,000 made available under the Legislative Reorganization Act.

Business before the committee in the 89th Congress is falling into pretty much the same pattern. We have already conducted lengthy hearings on medicare. We have had hearings on excise tax reductions, on the Sugar Act, on the Canadian Automobile Agreement, and, more recently, on this year's $6 billion Tax Adjustment Act.

We are now engaged in extensive hearings leading to revisions of the Federal-State unemployment compensation program. Soon we will begin hearings on the complex Foreign Investors Tax Incentive Act, and on several miscellaneous bills. We may also set hearings on the adequacy of our revenue system in today's economy, particularly in light of the Vietnam conflict. It is becoming clear that we will be unable to conduct these hearings unless our regular authorization is supplemented.

In order that the work on this important unemployment compensation bill will not be interrupted and that hearings on these other bills may be scheduled, I am reporting, on behalf of the committee, a resolution calling for an additional authorization during the 89th Congress of $10,000. As in the past, any unexpended balance at the end of the Congress will be restored.

For the benefit of the Senate, I ask unanimous consent to have printed in the RECORD a table showing the authorizations and expenditures of the Committee on Finance over the past several Congresses.

The PRESIDING OFFICER. The resolution will be received and appropriately referred, and, under the rule, will be printed in the RECORD, and, without objection, the table will be printed in the RECORD.

The resolution (S. Res. 286) was referred to the Committee on Rules and Administration, as follows:

Resolved, That the Committee on Finance is hereby authorized to expend from the contingent fund of the Senate, during the Eighty-ninth Congress, $10,000 in addition to the amount, and for the same purpose, specified in section 134(a) of the Legislative Reorganization Act approved August 2, 1946.

The table presented by Mr. LONG of Louisiana is as follows:

Committee on Finance

Year	Authorizations	Expenditures
83d Cong	$10,000	$6,475.87
84th Cong	10,000	9,218.92
85th Cong	[1] 20,000	12,922.38
86th Cong	10,000	5,491.56
87th Cong	[1] 22,000	14,600.11
88th Cong	[1] 15,000	9,836.20
89th Cong	10,000	[2] 7,263.81

[1] Increased by Senate resolutions.
[2] Expenses of committee through June 30, 1966.

BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. SMATHERS:

S. 3645. A bill for the relief of Mrs. Daisy G. Merritt; to the Committee on the Judiciary.

By Mr. HART (for himself, Mr. BURDICK, Mr. DOUGLAS, Mr. INOUYE, Mr. MCCARTHY, Mr. MORSE, Mr. MUSKIE, Mrs. NEUBERGER, Mr. PROXMIRE, and Mr. YOUNG of Ohio):

S. 3646. A bill to abolish the death penalty under all laws of the United States, and for other purposes; to the Committee on the Judiciary.

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

By Mr. CASE:

S. 3647. A bill authorizing modification of the navigation project for Newark Bay, Hackensack, and Passaic Rivers, N.J.: to the Committee on Public Works.

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

By Mrs. SMITH:

S. 3648. A bill to authorize the Secretary of the Interior to exchange certain property at Acadia National Park in Maine with the owner of certain property adjacent to the park; to the Committee on Interior and Insular Affairs.

By Mr. MORSE (for himself and Mrs. NEUBERGER):

S. 3649. A bill to provide for the disposition of judgment funds on deposit to the credit of the Confederated Tribes of the Umatilla Indian Reservation; to the Committee on Interior and Insular Affairs.

By Mr. LONG of Louisiana:

S. 3650. A bill relating to the income tax treatment of treble damage payments under the antitrust laws and certain other payments; to the Committee on Finance.

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

By Mr. DOMINICK:

S.J. Res. 183. Joint resolution to provide for the settlement of the labor dispute between certain airlines and certain of their em-

ployees; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. DOMINICK when he introduced the above joint resolution, which appear under a separate heading.)

By Mr. SMATHERS (for himself, Mr. BIBLE, Mr. FONG, and Mr. BYRD of West Virginia):

S.J. Res. 184. Joint resolution to provide for the settlement of the labor dispute between certain airlines and certain of their employees; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. SMATHERS when he introduced the above joint resolution, which appear under a separate heading.)

RESOLUTION

ADDITIONAL FUNDS FOR COMMITTEE ON FINANCE

Mr. LONG of Louisiana, from the Committee on Finance, reported an original resolution (S. Res. 286) to provide additional funds for the Committee on Finance, which, under the rule, was referred to the Committee on Rules and Administration.

(See the above resolution printed in full when reported by Mr. LONG of Louisiana, which appears under the heading "Reports of Committees.")

ABOLISHMENT OF DEATH PENALTY UNDER ALL LAWS OF THE UNITED STATES

Mr. HART. Mr. President, I introduce, for appropriate reference, a bill to abolish the death penalty for all Federal crimes, and to substitute life imprisonment instead. Joining me in sponsoring the legislation are the Senator from North Dakota [Mr. BURDICK], the Senator from Illinois [Mr. DOUGLAS], the Senator from Hawaii [Mr. INOUYE], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Oregon [Mr. MORSE], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Wisconsin [Mr. PROXMIRE], and the Senator from Ohio [Mr. YOUNG].

Mr. President, I ask unanimous consent that there be printed at this point in my remarks the text of the bill, a memorandum prepared by the Legislative Reference Service listing those code sections authorizing the imposition of the death penalty for certain Federal crimes, and two recent national opinion polls which indicate increased public support for the abolition of capital punishment.

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

The bill (S. 3646) to abolish the death penalty under all laws of the United States, and for other purposes, was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

S. 3646

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) no sentence of death shall be imposed hereafter upon any person convicted of any criminal offense punishable under any provision of law of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States, and no unexecuted sentence of death heretofore imposed under any such provision shall be carried into execution after the date of enactment of this Act. Each such provision which authorizes or requires the imposition of such sentence hereafter shall be deemed to authorize or require the imposition of a sentence to imprisonment for life, and each sentence of death heretofore imposed under any such provision which remains unexecuted on the date of enactment of this Act shall be deemed to be a sentence to imprisonment for life.

(b) The Attorney General is authorized and directed to transmit to the Congress at the earliest practicable time his recommendations for appropriate amendments to be made to all such provisions of law which by their terms provide for or relate to the imposition of any sentence of death in order to substitute for such sentence in all such laws a sentence to imprisonment for life.

The memorandum and polls presented by Mr. HART are as follows:

THE LIBRARY OF CONGRESS,
LEGISLATIVE REFERENCE SERVICE,
Washington, D.C., July 18, 1966.

To: Hon. PHILIP A. HART.
From: American Law Division.
Subject: Provisions of the United States Code and the District of Columbia Code Authorizing Imposition of the Death Penalty.

The code sections in the following list are those which authorize the imposition of the death penalty for conviction of certain crimes. If the death penalty were to be abolished not only these sections but many additional sections (not listed) dealing with procedure and other matters in connection with capital offenses or cases would have to be amended.

This list combines the results of an automated search done by a commercial firm and a non-automated search done by lawyers in the American Law Division. So far as we know, the list is now a complete one.

You may be interested in knowing that none of the bills yet introduced—even those which purport to abolish the death penalty—cite all the provisions which appear on the accompanying list.

SECTIONS OF THE FEDERAL CODE WHICH AUTHORIZE THE DEATH PENALTY

TITLE 10 U.S.C.

§ 885(c)—desertion in time of war.
§ 890—striking superior officer or disobeying lawful command in time of war.
§ 894—mutiny or sedition.
§ 899—misbehavior before the enemy.
§ 900—subordinate compelling surrender.
§ 901—improper use of countersign in time of war.
§ 902—forcing a safeguard.
§ 904—aiding the enemy.
§ 906—spies.
§ 910—improper hazarding of vessel.
§ 913—misbehavior of sentinel in time of war.
§ 918—murder.
§ 920—rape and carnal knowledge.

TITLE 18 U.S.C.

§ 34—destruction of aircraft or motor vehicle in commerce resulting in death.
§ 794—gathering and delivering defense information to aid foreign government.
§837—destroying schools, churches or other buildings with explosives transported in commerce.
§1111—murder.
§1114—killing certain officers of the United States while in the performance of their duties.
§1201—failure to liberate unharmed a kidnapped person transported in commerce.
§1715—assassination of President or Vice President.
§1716—death resulting from mailing certain non-mailable articles.
§1992—death resulting from wrecking trains.
§2031—rape.
§2113—kidnapping or causing death while engaging in bank robbery.
§2381—treason.

TITLE 21 U.S.C.

§176—sale of heroin to juveniles.

TITLE 22 U.S.C.

§156—murder and insurrection or rebellion against China, Siam, Turkey, Morocco, Muscat, Abyssinia, Persia, and the territories formerly a part of the Ottoman Empire including Egypt (consular courts).

TITLE 42 U.S.C.

§2272—atomic energy offenses (violation of §§2077, 2122, 2131, 2138).
§2274—communication of restricted data.
§2275—receipt of restricted data.
§2276—tampering with restricted data.

TITLE 49 U.S.C.

§1472(i)—aircraft piracy.
§1472(k)—commission of certain crimes aboard aircraft punishable by death, e.g. murder, rape.

SECTIONS OF THE DISTRICT OF COLUMBIA CODE WHICH AUTHORIZE THE DEATH PENALTY

§22-2404—provides death sentence for murder in the first degree unless jury by unanimous vote recommends life imprisonment.
§22-2401—defines murder in the first degree to include killing "without purpose so to do" while perpetrating an arson, rape, mayhem, robbery, kidnapping or armed housebreaking.
§22-2801—rape or carnal knowledge of a female under sixteen years of age—jury may require death penalty.

VINCENT A. DOYLE,
Legislative Attorney,
American Law Division.

JULY 18, 1966

[From the Washington Post, July 3, 1966]

SURVEY SHOWS PUBLIC DOESN'T WANT VENGEANCE ON CRIMINALS BUT IS 7-TO-1 FOR REHABILITATION

(By Louis Harris)

Revenge against the offender has a low priority in the attitudes of Americans toward the "National Crime Problem."

Many are anxious about their personal safety and many city dwellers harbor uneasy feelings about their police departments. But most Americans believe that crime can be curbed better by positive measures that attack the environmental and psychological roots of criminal activity than by great employment of police force.

The latest Harris Survey on attitudes toward crime was made amid increasing anti-crime activity in Washington and across the country. A presidential crime commission is studying the problem "from arrest to rehabilitation." More Federal money is going to local enforcement officials trying to find new crime-fighting techniques. A bill to put more rehabilitation facilities into the battle against drug traffic is sailing through Congress. The Justice Department has come out against capital punishment.

Contrary to the punitive attitudes many experts have expected to find, people express these specific opinions:

By more than 5 to 1, people believe better programs for young persons will do more to reduce crime than merely a beefing up of local police forces.

By 7 to 1, people think prisons should be more corrective than punitive, with heavy emphasis on rehabilitating criminals to reenter society.

By 4 to 3, most Americans reach the same conclusion about capital punishment that the Justice Department has.

CAUSES OF CRIME

A carefully drawn cross-section of the adult public was asked:

"What do you think are the three or four major things that contribute to crimes—that is, the main reasons people become criminals? Any others?"

Why people become criminals

[Total public]

	Percent
Upbringing	38
Bad environment	30
Mentally ill	16
Wrong companions	14
No education	14
Broken homes	13
Greed, easy money	13
Too much money around	11
Not enough money in home	10
Liquor, dope	10
Laziness	9
For kicks	8
No religion	8
No job	8
No chance by society	7
Born bad	5
Feeling of hopelessness	4
Moral breakdown of society	3
Degeneracy, sex	2
Failure of police	2

(Note: Percentages add to more than 100 because people volunteered more than one cause.)

Implicit in what people say is a rejection of the idea that there is a criminal type in society who cannot be redeemed. Clearly, the American public is firmly on the side of trying to save criminals rather than writing them off.

WAYS TO REDUCE CRIME

This is most evident in replies to the question:

"Leading authorities on crime feel there are two ways to reduce crime. One way is to head off crime by working with young people to show them that nothing can be gained through a life of crime. Another way is to strengthen our law-enforcement agencies to make it hard for criminals to get away with crime. While both ways might be desirable, if you had to choose, which one would you favor: trying to stop criminals before they begin or strengthening the police force to crack down on crime?"

Prevention versus enforcement

[Total public]

	Percent
Work with young people	76
Strengthen police	16
Not sure	8

Again, when asked why they feel this way, strong desires for rehabilitation emerged.

Views on youth programs

[Total public]

Why work with young people	76
Better to prevent crime	29
Stop before it starts	26
Only stop through education	7
Costs less to stop it	5
Help them go to church	5
Learn to respect parents	4
Why strengthen police	16
Put fear into criminals	8
Need more protection	3
Rid law of loopholes	2
Parent should train	1
Learn only if caught	1
Syndicates commit crime	1
Not sure	8

Despite the rising crime rates, Americans do not wish to turn to the billy club as a deterrent. Rather, most people want to attack what they believe are the roots of crime: how people live and are brought up.

THE DEATH PENALTY

On capital punishment, the cross-section was asked:

"Some states have abolished capital punishment—executing persons who commit a murder—and have substituted life imprisonment instead. Do you favor or oppose capital punishment?"

Capital punishment

[In percent]

	Favor	Oppose	Not sure
Nationwide	38	47	15
By education:			
8th grade or less	32	52	16
High school	28	46	16
College	44	44	12
By size of place:			
Cities	37	46	17
Suburbs	48	37	15
Towns	30	56	14
Rural	33	52	15
By sex:			
Men	44	43	13
Women	31	51	18

It is surprising that the less well-educated, more rural and small town resident—women especially—carry the day against capital punishment. The more affluent parts of society, especially among men and suburban dwellers, are more in favor of continuing capital punishment.

CORRECT OR PUNISH

On the approach to take toward criminals in prison, people were asked:

"Do you feel that most prisons today mainly try to be corrective—that is, try to make criminals into useful citizens—or mainly try to be punitive—that is, punish the criminal for having broken the law?" and

"Do you feel prisons should be mainly corrective, trying to rehabilitate criminals or mainly punitive, punishing them for their crimes?"

[In percent]

	Prisons are	Should be
Mainly corrective	57	77
Mainly punitive	19	11
Not sure	24	12

When asked why they held their views on how prisoners should be treated, here are the volunteered answers:

Views on prison treatment

	Total public percent
Why mainly corrective	77
Make better citizens	20
Should be rehabilitated	10
Better to correct than to punish	10
Give them a chance	10
Criminals should be educated	10
More correction means less crime	9
Make safe to protect society	3
Costs money to keep in prison	3
Criminals need mental treatment	2
Why mainly punitive	11
Teach them a lesson	6
They're no good	3
No punishment enough	2
Not sure	12

These attitudes persist despite indications that one adult in 11 has been a victim of crime. In cities, 14 per cent of the public told our interviewers that they had been victimized. Nine percent of suburban dwellers, the national average, said they had suffered from criminal activity, while only 6 percent of those who live in rural areas said they had felt crime personally.

CRIME AND AFFLUENCE

It is interesting that a higher percentage of upper income people have been victims of crime than those in lower income groups, though the more affluent are most frequently victims of nonviolent crimes such as burglary and petty theft:

"What crimes were you a victim of?"

Specific crimes

[In percent]

	Total	Low income	Upper income
Burglary	27	29	24
Theft, petty theft	18	8	21
Robbery	14	10	18
Fraud	10	13	7
Mugging	9	19	5
Stolen car	9	11	7
Armed robbery	6	10	2
Embezzlement	4		10
Forgery	3		6

While the vast majority of people have not been personally touched by crime possibilities of being victimized are much on people's minds. In other Harris Surveys in recent years, almost 50 per cent of the public has said each year they are more worried about their personal safety on the streets than they were in the previous year.

The major thrust of this insecurity is in cities, where confidence in police is at its lowest ebb. Yet, the existence of crime and the low estimate of law enforcement do not necessarily go together. The proof of that is in the suburbs, where residents report the fastest growing incidence of crime, but where police are rated highest. People were asked:

"How would you rate the job the Federal (state, local) Government does on law enforcement—excellent, pretty good, only fair, or poor?"

Ratings of law enforcement

[In percent]

	Good to excellent rating		
	Federal	State	Local
Nationwide	76	70	65
By size of place:			
Cities	80	67	57
Suburbs	79	71	72
Towns	75	72	65
Rural	71	72	66
By race:			
White	75	71	67
Negro	81	63	51

Part of the general uneasiness about the police rests in the pattern of bribes, of taking money illegally. People were asked:

"Do you think there are many, some but not a lot, only a few, or almost no policemen in this community who take bribes of money illegally?"

Police taking bribes

[In percent]

	Total Nation	Cities	Suburbs	Negroes only
Many take bribes	4	14	7	15
Some, not a lot	10	13	11	5
Only a few	22	30	23	20
Almost none	43	28	40	33
Not sure	21	19	25	27

While the public overwhelmingly rejects the idea that many policemen are taking bribes, the significant fact is that less than

a majority of the people felt able to say for sure that the police do not take bribes.

Roughly one American in every five is convinced that an organized crime syndicate is operating in his community, that the syndicate is tied to the Mafia and that there is a close tie between organized crime and politics. These numbers rise to about one third of the people who live in big cities and, surprisingly, in the suburbs.

In fact, awareness of organized crime seems to be slightly higher in suburban America than anywhere else. One reason appears to be the higher visibility of wrongdoing in a small community. City residents are more inclined to say they simply can't be sure.

Bookmaking, prostitution and liquor rackets are reported to abound in suburbia, while narcotics, robbery and juvenile gangs are all considered as more likely in the cities. Rural and small town Americans report a drastically lower incidence of organized criminal activities.

In politics, people believe that crime syndicates are seeking power and control of elected officials, protection to operate rackets, money shakedowns and beneficial legislation.

[From the Washington Post, July 2, 1966]

THE GALLUP POLL—47 PERCENT OBJECT TO CAPITAL PUNISHMENT

PRINCETON, N.J.—Opposition to the death penalty continues to mount among the Nation's adults.

Results of the latest survey show that nearly half of the American people (47 per cent), now object to capital punishment as compared with 42 per cent who favor it.

This marks the first time since 1953 when the percentage of persons opposed to capital punishment has exceeded the percentage who favor it. In 1953, the ratio was nearly 3-to-1 in favor of capital punishment.

Although only 13 states have officially abolished the death penalty, in 1965 only seven persons were executed in the United States. All seven men were sentenced for murder.

Since 1953, the Gallup Poll has surveyed the American people on the subject. This is the question asked:

"Are you in favor of the death penalty for persons convicted of murder?"

Following are the latest results for the nation as a whole, and the trend since 1953:

[In percent]

	Latest	1965	1960	1953
Yes	42	45	51	68
No	47	43	36	25
No opinion	11	12	13	7

Much of the change in attitudes toward the death penalty since 1965 may be attributed to the changing views of males. In the 1965 survey, women, by a 3-to-2 ratio, expressed opposition while men favored it by about the same ratio. The attitudes of women have not changed appreciably, but today about as many men oppose capital punishment as favor it.

Mr. HART. Mr. President, this legislation is offered for a number of reasons. The death penalty is ineffective in deterring crime. It discriminates against the poor and friendless. And the mistakes, few but inevitable, which are made in its application are irretrievable.

There is a growing trend in this country and around the world to abolish the death penalty. It is high time the Federal Government joined this movement.

In the midst of wars and rumors of wars, and in a period when we live on the edge of unimaginable nuclear destruction, some may feel it is foolish to be concerned about the life of a relatively few individuals—especially individuals who have transgressed society's laws.

Yet in this same period of great potential and actual violence we have seen increasing concern for the lives of those few individuals who have committed heinous crimes. This is again, a considerable gain. It means that behind the blaring banner headlines there are quiet unobtrusive but important factors working in favor of a more humane and just society.

TREND TOWARD ABOLITION

It is clearly time for the Federal Government to bring our laws in line with the growing movement to abolish the death penalty. In our own country considerable progress has been made in just the past few years. Iowa and West Virginia abolished the death penalty completely in 1965; New York and Vermont also enacted laws abolishing it except for certain special cases last year. In 1964 Oregon passed a complete abolition bill by popular vote—453,654 to 302,105. Alaska and Hawaii abolished it in 1957. All in all there are 13 "abolitionist" States in our country. In addition to those named, they are North Dakota, 1915; Minnesota, 1911; Maine, 1887; Wisconsin, 1853; and Rhode Island, 1852. I am proud that Michigan was the first State in our Nation to abolish the death penalty, in 1847, retaining it only for treason. In 1963 Michigan abolished the death penalty for this offense also.

Around the world, 72 nations have eliminated executions either by law or custom. Great Britain is the most recent and impressive example. In 1965, after years of exhaustive study, doubting legislators were satisfied that the death penalty was ineffective and an abolition bill was passed. It provides for a review at the end of 5 years of operation and excepts only certain specific treasonable acts.

Our Federal system makes abolition in the United States a slower, more decentralized process. But the Congress can play an important part. We can abolish the death penalty for those Federal crimes for which it is now imposed. By so doing the administration of Federal justice will be improved and the abolition process at the State level will be accelerated through leadership by example.

The trend toward abolition can be seen in the actual administration of the law as well as by changes on the statute books. The number of executions in the United States shows a rapidly declining curve during the last three decades:

1935–39	891
1940–44	645
1945–49	639
1950–54	413
1955–59	304
1960–64	181

In 1964 there were 15 executions in all U.S. jurisdictions. In 1965 there were only seven.

These figures are persuasive evidence of a fast growing national consensus against capital punishment. They reflect the views and actions of juries, judges, and law enforcement officials across our country. But this is not a measure of the significance of the issue. At the beginning of this year there were 331 persons under sentence of death.

CRIMES AFFECTED BY THE BILL

Because the time is ripe for action by the Congress, I am proposing the abolition of the death penalty for all crimes over which we have jurisdiction. This includes three categories: general Federal crimes, laws of the District of Columbia, and military crime. Let us take a look at each of these.

GENERAL FEDERAL CRIMES

Our Federal statutes include the death penalty for a variety of crimes including murder, rape, national security crimes, aircraft piracy, and train robbery. In the past 35 years there have been 33 executions for these crimes: 16 for murder, 2 for rape, 6 for kidnaping, 1 for armed robbery, and 8 for espionage. In the last 8 years, only one person has been executed.

The eight persons executed for espionage since 1930 suggest the special, transitory nature of executions for national security crimes as distinguished from crimes against persons and property. Six of those eight were Germans convicted of sabotage and executed in the District of Columbia jail on August 8, 1942. At that time the Soviet Union was our stanch ally in the war against Hitler and fascism. The other two were Julius and Ethel Rosenberg executed at Sing Sing Prison, June 19, 1953, for conspiracy to commit sabotage. At that time the cold war was in full swing against the Soviet Union, our former ally, while Germany was our loyal NATO partner.

DISTRICT OF COLUMBIA CRIMES

The District of Columbia has had 40 executions since 1930, but only one in the last 11 years. Of those 40, 37 were executed for murder, the other 3 for rape. All but three of those executed under District of Columbia laws in the past 35 years have been Negroes.

MILITARY CRIMES

The Code of Military Justice provides the death penalty for a variety of offenses including aiding the enemy, desertion, sedition, and spying. In actual practice the record shows that, with one lone and very questionable exception in World War II, all of the 160 executions by the Army and Air Force since 1930 have been for murder or rape. The last military execution was in 1961. The Army's execution of Pvt. Ed Slovik, of Michigan, on January 31, 1945, for cowardice—the first since the Civil War—indicates the chance and arbitrary operation of this severest of all penalties. In World War II, approximately 40,000 formal charges of misbehavior in the face of the enemy or desertion were preferred against American soldiers. Of these, 2,894 resulted in general court-martial convictions; 49 death sentences were approved by convening authorities, but only one was carried out.

Clearest evidence that the death penalty is not needed to enforce military discipline or safeguard national security

matters is the simple fact that the Navy has not executed anyone since 1849.

DOES THE DEATH PENALTY DETER CRIME?

The crimes for which the death penalty is imposed are those which our society considers most terrible and of greatest danger to its existence. Passions run high when we think of murder, rape, presidential assassination and national security.

Yet if our laws are to reflect more than mere vengeance upon the wrongdoers, and an outmoded "eye for an eye" doctrine, we must base our policy on some reasonable and rational basis.

The key question is thus—does the death penalty deter and prevent similar crimes in the future?

All of the evidence I have seen indicates that the death penalty is ineffective in deterring crime and primarily for this reason I am convinced it should be abolished. Surely those who support the official killing of citizens by the state should bear the burden of proof that these acts are necessary. I don't believe they can make that case.

For 4 years from 1949 to 1953 the British Royal Commission on Capital Punishment heard innumerable witnesses and sifted hundreds of documents. They visited Norway, Sweden, Belgium, Holland, and the United States to hear further evidence in those countries. In 1953, the Commission reported that:

Whether the death penalty is used or not, both death penalty and abolition states show homicide rates which suggest that these rates are conditioned by other factors than the death penalty.

Another way of saying there is no deterrent effect. Further, they said:

The general conclusion which we have reached is that there is no clear evidence in any of the figures we have examined that the abolition of capital punishment has led to an increase in the homicide rate or that its reintroduction has led to a fall.

We do have some objective evidence on this subject, for we can compare similar abolition and nonabolition States in our country. Studies show that Rhode Island, an abolition State since 1852, has a homicide rate very similar to, though slightly and consistently lower than Connecticut, where the penalty has been retained. The murder rate in Michigan, where the penalty was abolished in 1847, parallels that of Indiana and Illinois, death penalty States, while Wisconsin, an abolition State for practically a hundred years, has a rate significantly below Michigan, again indicating that the murder rate is not affected by the presence or absence of the death penalty.

What about police officers? It is often argued that the death penalty will prevent police killings. But a 1950 study of 266 cities of over 10,000 population in 17 States—6 abolition, 11 death penalty—revealed that:

On the whole, abolition states seem to have fewer police killings but the differences are small. (Dr. Thorsten Sellin, "The Death Penalty and Police Safety.")

The claim that the death penalty protects police officers is disproved also by a study of police homicides in Chicago from 1920–54. Executions for Cook County take place in Chicago. If the death penalty is a deterrent, when the execution rates rise the homicide rates should fall. But between 1920 and 1954 the two rose and fell together. Here again, the homicide rate was unaffected by the death penalty. Observation by qualified authorities supports these statistical studies.

Clinton Duffy, former warden of San Quentin Prison, says flatly:

I do not favor capital punishment because I do not believe it is a deterrent to crime.

Warden Duffy had a wealth of experience on which to base that judgment.

From 1929 to 1952 I talked with every man that was convicted in San Quentin under penalty of death. Many of these men have been executed, others commuted to life imprisonment, some without possibility of parole. A few have had new trials or reversals. Some have died while serving their sentence in prison walls. I have asked personally every man (and two women) if they gave any thought to the fact that they might be executed should they commit a murder or a crime that is covered by the death penalty. I have asked hundreds—yes thousands of prisoners who have committed homicides, and who were not sentenced to death, whether or not they thought of the death penalty before the commission of their act. I have interviewed and have asked the same question of thousands of robbers who used a gun or other deadly weapon, in the commission of their "stick up." They of course are potential murderers. I have to date, not one person say they had ever thought of the death penalty prior to the commission of their crime.

John Baker Waite, for over 30 years professor of criminal law at the University of Michigan, has pointed out:

After the Lindbergh kidnapping case, when some jurisdictions set up a death penalty for kidnapping, not only did kidnapping increase in frequency, but it occurred as often in the death penalty jurisdictions as in others. Nowhere have I found evidence of deterrent value in capital punishment.

Dr. Philip Q. Roche, former prison psychiatrist and faculty member at the University of Pennsylvania Medical School, told a New Jersey legislative committee:

The psychological and sociological sciences do not support the belief that the fear of death is an effectual deterrent to crime. On the contrary we more often encounter the opposite effect; the death penalty may be an incentive to murder, and here indirectly capital punishment tends to lower the respect for life. The number of murderers who are mentally unstable is larger than we wish to admit. Even in some instances they are attracted to the spectacle of their own execution and attempt to secure it to insure their own destruction.

There is even the story of an Ohio prisoner, Charles Justice, who worked in the death house and invented a method to make the electric chair more effective. Upon parole, undeterred, he committed another crime, was returned to prison, and died in the electric chair he helped to perfect.

I am inclined to accept the conclusion of Gov. Edmund G. Brown, of California, who said in his 1960 message to the California Legislature:

The naked, simple fact is that the death penalty has been a gross failure. Beyond its horror and incivility, it has neither protected the innocent nor deterred the wicked. The recurrent spectacle of publicly sanctioned killing has cheapened human life and dignity without the redeeming grace which comes from justice meted out swiftly, evenly, humanely.

THE DEATH PENALTY DISCRIMINATES

Not only is the death penalty ineffective, but it operates in a discriminatory manner against certain segments of our society.

Gov. Michael DiSalle, of Ohio, is a man who has had a deep concern for reform of our penal laws especially regarding the death penalty. He recently wrote:

In all my experience, I have never seen a murderer with enough money to hire top-drawer counsel condemned to death. The last time I visited death row at Ohio State Penitentiary in Columbus, the ten men there awaiting the electric chair had one thing in common: They were penniless.

The late Warden Lewis E. Lawes of Sing Sing Prison has recalled:

In the twelve years of my wardenship I have escorted 150 men and one woman to the death chamber and the electric chair. In ages they ranged from seventeen to sixty-three. They came from all kinds of homes and environments. In one respect they were all alike. All were poor, and most of them friendless. The defendant of wealth and position never goes to the electric chair or to the gallows.

The national prisoner statistics issued by the Department of Justice show there were 3,849 executions under civil authority from 1930 to 1964. More than half of these—53.6 percent—were Negroes. Of the 455 executions for rape, 405 or 89 percent were Negroes.

MISTAKES ARE INEVITABLE AND IRREVERSIBLE

Said Thomas Jefferson, with compelling eloquence:

I shall ask for the abolition of the punishment of death until I have the infallibility of human judgment demonstrated to me.

No system of justice is perfect. Mistakes are inevitable even though every effort is made to assure that only the guilty are punished. Abolition of the death penalty at least will prevent the State from an act for which there can be no possible remedy or recall.

Remorse has in fact been one of the factors in bringing about abolition. Maine and Rhode Island abolished capital punishment principally because they executed an innocent man. I suggest we should not wait for such a tragedy to stir us to action.

THE ADMINISTRATION'S POSITION

It is reassuring to know that the administration supports an end to the death penalty. On July 23, 1965, Deputy Attorney General Ramsey Clark wrote a letter to Chairman JOHN L. MCMILLAN, of the House District of Columbia Committee, concerning H.R. 559, a bill to abolish the death penalty for first-degree murder and substitute life imprisonment. Mr. Clark said:

We favor the abolition of the death penalty. Modern penology with its correctional and rehabilitation skills affords greater protection to society than the death penalty which is inconsistent with its goals. This Nation is too great in its resources and too

good in its purposes to engage in the light of present understanding in the deliberate taking of human life as either a punishment or a deterrent to domestic crime.

A piecemeal abolition of the death penalty in Federal law is meaningless, if not harmful. If abolition is indicated for murder, why not for rape? If abolition is indicated within the District of Columbia, why not then for all Federal crimes?

Mr. Clark suggested there be a comprehensive study of all aspects of crime, punishment and sentencing before abolition is accomplished.

The President's National Crime Commission is obviously in a position to undertake such a study and recommend abolition. I am confident that when the Crime Commission focuses on this issue it will conclude that ending the death penalty is a sound and important step to take now.

But I am prepared to suggest that we in the Congress need not have to wait for such a report. A massive body of factual and expert evidence has accumulated on this subject. A major series of congressional hearings through the regular Judiciary Committee procedures or a special subcommittee could gather the evidence and recommend a sound course of action for the Senate and House.

HUMAN VALUES

The value of a human life, I believe, is the basis for much of the instinctive opposition to the death penalty. Even the basest criminal is a fellow human being. We would condemn his being killed by another individual. To justify it because we act as a group is difficult.

One little-noticed fact is the age of those executed. Between 1937 and 1964, 178 teenagers were executed. Eleven of these were 16 and younger, including boys of 15 and 14. Just 12 years ago, in 1954, 10 teenagers were executed including one 16-year-old and two 17-year-olds. I believe our society is the poorer because the decision was made to kill these youths rather than to attempt to rehabilitate them.

The abolition of capital punishment is just one of many steps which must be taken to create a constructive society—constructive for the weak and foolhardy as well as for the strong and confident. I hope that as we study this question of capital punishment and make the decision to abolish it, we will at the same time gain a new understanding of the need to emphasize rehabilitation and redemptive justice for those who transgress against society.

The death penalty is a symbol of a dying order of vengeance and death. Its abolition can be a first step to open our eyes and our hearts and our minds to the need for wholesale reforms throughout our entire penal system so that it will reflect in its daily operation our respect for human dignity and our desire to do justice for all our people.

Sometimes the artists of the world have clearer insight than we more ordinary mortals. Boris Pasternak in "Doctor Zhivago" summarizes in a perceptive comment and poetic images the basic message which many of us are trying to suggest as we propose the abolition of capital punishment:

I think that if the beast who sleeps in man could be held down by threats—any kind of threat, whether of jail or of retribution after death—then the highest emblem of humanity would be the lion tamer in the circus with his whip, not the prophet who sacrificed himself. But don't you see, this is just the point—what has for centuries raised man above the beast is not the cudgel but an inward music; the irresistible power of warmest truth, the powerful attraction of its example.

CONSTRUCTION OF CERTAIN SHIP MANEUVERING AREAS IN NEWARK BAY

Mr. CASE. Mr. President, I introduce, for appropriate reference, a bill which would provide for construction of two ship maneuvering areas and widening a portion of the channel in Newark Bay.

On June 16, two ships collided in the bay off the southerly tip of Bayonne, with a heavy loss of life. Only a short time before that, another vessel rammed the Jersey Central Railroad drawbridge which crosses the bay and which is very near the scene of the June 16 disaster. Fortunately no one was killed in the earlier accident, but thousands of rail commuters whose trains use the drawbridge were inconvenienced.

Ship movements in Newark Bay alone, I am advised, have almost doubled in a decade—from 25,784 in 1954 to 42,334 in 1964. In roughly the same period, 39 ship accidents have occurred in the bay.

While I have asked the Coast Guard to make a full study of maritime traffic and accidents in all of New York Harbor, I believe we need no study to demonstrate that certain specific steps must be taken, and taken quickly, to improve safety in Newark Bay.

My bill is designed to do this by providing for: First, two ship maneuvering areas—one north and one south of the Jersey Central drawbridge. One important purpose of these areas would be to permit a vessel to wait while another ship passes, thus avoiding competition for space in the presently narrow channel. The cost of the work would be $3,098,000 and would be borne by the Federal Government; second, widening of the channel for a short distance both above and below the Jersey Central drawbridge. The Army Corps of Engineers believes this improvement would make it easier for ships, particularly the larger variety cargo vessels now in service, to aline themselves with the drawbridge before passing beneath it. The cost of this project would be $835,000. Again, the cost would be borne by the Federal Government.

These projects have been approved by the Army Corps of Engineers, by the Departments of the Interior, Commerce, and Health, Education, and Welfare, and, I am told, by the Governor of New Jersey and his commissioner of conservation and economic development.

However, they still must be authorized by Congress before money can be appropriated. It is my hope that both steps can be taken during the present session so that this important work may be undertaken without unnecessary delay.

Spokesmen for the Army Engineers tell me the maneuvering areas, as well as the partial channel widening, will add immeasurably to navigation safety in Newark Bay.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3647) authorizing modification of the navigation project for Newark Bay, Hackensack and Passaic Rivers, N.J., introduced by Mr. CASE, was received, read twice by its title, and referred to the Committee on Public Works.

TAX TREATMENT OF TREBLE DAMAGE PAYMENTS

Mr. LONG of Louisiana. Mr. President, I introduce, for appropriate reference, a bill relating to the income tax treatment of treble damage payments under the antitrust laws and certain other payments. I ask unanimous consent that the bill be printed in the RECORD, at the conclusion of my remarks.

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

The bill (S. 3650) relating to the income tax treatment of treble damage payments under the antitrust laws and certain other payments, introduced by Mr. LONG of Louisiana, was received, read twice by its title, and referred to the Committee on Finance.

Mr. LONG of Louisiana. Mr. President, in a ruling—revenue ruling 64-224—issued on July 24, 1964, the Internal Revenue Service held that amounts paid in satisfaction of treble damage claims under section 4 of the Clayton Act are deductible for Federal income tax purposes as ordinary and necessary business expenses.

On November 18, 1964, Senator Harry F. Byrd, as chairman, and Congressman WILBUR D. MILLS, as vice chairman, of the Joint Committee on Internal Revenue Taxation, instructed the staff of the Joint Committee to seek the views of the Senate and House Antitrust Subcommittees on this ruling, to obtain from the Internal Revenue Service the basis for the ruling, and to inquire from interested parties in industry as to their position in this matter.

On the basis of this request, the staff early in 1965 presented to the Joint Committee the views of interested parties. After an analysis of this material, the committee requested the staff to present ideas for possible legislative action on this subject. The staff complied with this request by presenting suggestions as to possible legislative action. The report I am referring to was released on November 1, 1965.

Section 1 of the Sherman Act makes a violation of the antitrust laws a misdemeanor, and for each violation a fine of up to $50,000, or imprisonment for not more than 1 year, or both may be imposed. Prior to 1955, the maximum fine was $5,000.

Section 4 of the Clayton Act provides for the recovery by private persons for treble damages as follows:

> Any person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws may sue therefor in any district court of the United States in the district in which the defendant resides or is found or has an agent, without respect to the amount in controversy and shall recover threefold the damages by him *sustained*, and the cost of suit, including a reasonable attorney's fee.

Provision for recovery of treble damages was included in the Sherman Act when it was first enacted in 1890.

The interest in revenue ruling 64–224 in large part is attributable to the criminal proceedings in the "Philadelphia electric cases" and to the mass of civil suits which the utility companies then brought against the electrical manufacturing companies for treble damage payments under section 4 of the Clayton Act.

In 1960, the United States obtained a number of indictments against the manufacturers of various types of electrical equipment and against some of the officers of the corporations for engaging in a combination and conspiracy in restraint of trade. In 1961, the major companies entered pleas of guilty to the major indictments and pleas of nolo contendere, with the Government's consent, to the minor indictments. Seven executives were imprisoned for various lengths of time and 23 others were given suspended jail sentences and put on probation for 5 years. Fines of nearly $2 million were imposed. Twenty-nine companies received fines ranging from $437,500 down to $7,500.

As an aftermath of the criminal proceedings, more than 1,800 civil suits were brought against the electrical manufacturing companies for damages under sections 4 and 4A of the Clayton Act. In most of these cases, the electric companies have tried to reach settlement with the utilities and Government agencies involved. General Electric and Westinghouse, by far the largest electrical manufacturers, have reached settlements with respect to about 95 percent of the sales involved in the suits brought against them. General Electric has already paid over $190 million in settlements. Perhaps something like $300 million will have been paid by all of the companies in settlements when all the cases are settled.

This ruling of the Internal Revenue Service can be considered either from the standpoint as to whether it represents a proper interpretation of present law or from the standpoint of legislative policy as to whether the deduction of these treble damage payments is appropriate.

The staff report to which I have referred reviews quite carefully the issue as to whether this ruling constitutes a proper interpretation of present law. It concluded that it is probable, although by no means certain, that the courts would have supported the Internal Revenue Service, had it taken a position that treble damage payments under the Clayton Act are not deductible in the case of violations where they are based upon the same specific acts which had been found in a criminal case to be in violation of the antitrust laws. Nevertheless, there is enough uncertainty that one could say that the revenue ruling is not "wrong" or "improper."

This also seems to be the position of the Department of Justice when it, in its letter to the Joint Committee staff with respect to this ruling, said:

> While the position adopted by the Revenue Service is not necessarily the one which this Department would have reached had it been charged with the responsibility, and *while we would have been prepared to defend in court, a rule of complete nondeductibility*, we recognize that the Revenue Service position has support in analogous cases under the wartime price control laws. * * * [Emphasis added.]

While the question of what is the proper interpretation of present law in this regard is an interesting one, that, however, is not the purpose of my statement today. I am at the present time introducing a bill developed by the Joint Committee staff to resolve this issue by legislation as to the treatment of treble damage payments.

While the full deductibility of all business expenses, of whatever nature, represents a possible position, it is not one I am prepared to suggest. Present policy already departs from this position at least in denying deductions for fines, improper payments to foreign officials, and certain types of expenses for political campaigns and certain legislative matters—section 162(e)(2). It seems unlikely that this direction will now be reversed. A logical extension of the present statutory treatment would be to deny the deduction of fines, bribes and illegal kickbacks where the States involved enforce their own laws. Legislative action is desirable because public policy in this area is so uncertain at the present time as to make consistent administrative or judicial action with respect to these issues difficult and unlikely.

The bill I am introducing denies deductions both for the fines, bribes, and kickbacks I have referred to and also certain deductions for treble damage payments. This is done, however, on a very careful basis. The denial of a deduction for treble damage payments in effect is limited to cases where there has been a "sharply defined" violation of the antitrust laws. The uncertainty of the application of the antitrust laws is such that a sense of fairplay would seem to require such a limitation. To limit the denial to sharply defined violations, the denial of the deduction is limited to those damage payments arising out of cases in which the courts have imposed criminal sanctions against officers of the companies. The denial of the deduction is also limited to two-thirds of the total, on the grounds that the first third is merely the recovery of actual damages.

The denial of any deduction is not made retroactive. In view of the unsettled status of the law prior to the issuance of revenue ruling 64–224, it was believed that any change which might be made now apply only to antitrust violations occurring in the future.

Let me now describe the bill in somewhat more detail.

The bill denies deductions under certain specified circumstances in the case of four different types of expenditures. All of the proposed limitations are concerned with restricting the deductibility of trade or business expenses—section 162 of the code: A new subsection (f) denies a deduction for fines; a new subsection (g) for treble damage payments under the antitrust laws; a revision of existing subsection (c) denies a deduction for bribes of public officials whether or not foreign officials—present law already deals with foreign government officials and a new subsection (c)(2) denies a deduction for other unlawful bribes or "kickbacks." All of these types of expenditures for which deductions are denied by the bill are limited in certain respects.

While I am primarily concerned with treble damage payments under the antitrust laws, it seems inappropriate to deny deductions for such payments without also specifically denying by statutory provision deductions for fines, penalties, bribes, and kickbacks. By listing these items it is intended for the future to provide greater certainty in the case of these categories of expenditures. There may well be other trade or business expenses for which deductions also should be denied by the code. If so, it is hoped that this will be brought out now that I have introduced this bill. Modifications may also be needed in the categories included in this bill.

In the case of two of the four categories, it is proposed that the amount be denied as a deduction only when it or an associated expenditure arises out of a conviction in a criminal proceeding. For fines and penalties there would be a denial if there is a violation of any law. Under the bill there would have to be a conviction in a criminal prosecution before deductions would be denied for treble damage payments under the antitrust laws and bribes and kickbacks of other than public officials. Except where payments to public officials are involved, it appears undesirable that a revenue agent be permitted to determine whether a taxpayer's payment to a third party is in violation of a law. If the taxpayer had been convicted in a criminal proceeding, he was protected by the requirement that the prosecutor must prove him guilty beyond a reasonable doubt. In such a case it is clear that the taxpayer's payment was in violation of the public policy involved. Denial of the deduction of the payment can then be justified on the ground that the deduction would clearly frustrate a sharply defined public policy. This approach, which is incorporated in the bill as a prerequisite to the denial of these deductions—except payments to public officials—is in accord with a recent decision of the Court of Claims. In the decision the court refused to deny a deduction for an alleged illegal kickback where the State authorities (even though advised by the Internal Revenue Service of the alleged violation of State laws) took no action to prosecute the taxpayer for the alleged vio-

lation (*Kirtz* v. *United States*, 304 F. 2d 460 (1962)).

In the case of bribes or other illegal payments to public officials, it is thought that these should not be deductible whether or not action is taken with respect to them by the appropriate authorities. However, to avoid the problem outlined above of making the taxpayer prove that he did not pay a bribe, it is believed that it would be appropriate even in these cases to place the burden of proof of the illegality of the payment upon the Commissioner of Internal Revenue.

In the case of treble damage payments under the antitrust laws, the presence of a criminal conviction is used as a means of identifying "hard core" violations, or those which are violations of sharply defined public policy, where there is no question but that the taxpayer would have known that he was violating the law.

It will be noted that the denial of the deduction in the case of antitrust payments and bribes and kickbacks extends beyond the specific case for which there is a criminal conviction to also cover other related payments. This is necessary to cover the type of situation where only a few out of a series of related actions give rise to specific indictments. A criminal conviction for this purpose includes a conviction after a plea of nolo contendere. The fact that the denial of the deduction is not limited merely to the payment with respect to which the criminal proceedings arose is a clear indication that the denial of the deduction is not itself intended as additional punishment but, rather, as a means of separating out those hard core violations as to which intent has been clearly proved in a criminal proceeding. It is believed, however, that illegal bribes and kickbacks with respect to public officials are in a different category and that these, in all events, should be denied as deductions. It should be noted in this regard that such treatment is, by statute, already accorded bribes of or kickbacks to, foreign government officials or employees.

In the case of treble damage payments under the antitrust laws, attention should be directed to two other aspects of this denial of a deduction. First, the denial of the deduction is limited to two-thirds of the amount of damages paid or incurred. This is on the grounds that the one-third represents merely a restoration of the amount already owing to the other party. In addition, the denial of the deduction in this case applies not only to judgments for damages against the taxpayer under the antitrust laws but also for settlements of any actions brought under these laws. Moreover, in the case of settlements, the same two-thirds rule in determining the amount which is nondeductible is used as in the case of the judgments. This procedure is followed because in settlements the taxpayer and other party, in weighing the chances in litigation, must also take into account the fact that if a judgment for damages is obtained, treble damages are automatically provided.

This bill would be made applicable in the case of fines and penalties and bribes and kickbacks with respect to amounts paid or incurred after the date of enactment of the bill. In the case of antitrust treble damage payments, this bill would apply only with respect to violations occurring after the date of enactment. In this manner it is anticipated that this bill will be prospective in effect. It is believed that the status of the law in the past, in many cases, is too uncertain to make the denial of any of these deductions retroactive. This, of course, would not be intended to modify or affect prior law or judicial interpretation of it in any respect for past years. Thus, it appears clear, for example, that the courts already hold the deduction of payment for fines and penalties to be not allowable for income tax purposes.

The bill (S. 3650), introduced by Mr. LONG of Louisiana, is as follows:

S. 3650

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 162 of the Internal Revenue Code of 1954 (relating to deduction of trade or business expenses) is amended by redesignating subsection (f) as subsection (h), and by inserting after subsection (e) the following new subsections:

"(f) FINES AND PENALTIES.—No deduction shall be allowed under subsection (a) for any fine or penalty paid to a government for the violation of any law.

"(g) TREBLE DAMAGE PAYMENTS UNDER THE ANTITRUST LAWS.—If in a criminal proceeding a taxpayer is convicted of a violation of the antitrust laws, no deduction shall be allowed under subsection (a) for two-thirds of any amount paid or incurred—

"(1) on any judgment for damages entered against the taxpayer under section 4 of the Act entitled 'An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes,' approved October 15, 1914 (38 Stat. 731; 15 U.S.C. 15) on account of such violation or any related violation of the antitrust laws which occurred prior to the date of the final judgment of such conviction, or

"(2) in settlement of any action brought under section 4 on account of such violation or related violation."

(b) Section 162(c) of such Code (relating to improper payments to certain Government officials or employees) is amended to read as follows:

"(c) BRIBES AND ILLEGAL KICKBACKS.—

"(1) ILLEGAL PAYMENTS TO GOVERNMENT OFFICIALS OR EMPLOYEES.—No deduction shall be allowed under subsection (a) for any payment made, directly or indirectly, to an official or employee of any government, or of any agency or instrumentality of any government, if the payment constitutes an illegal bribe or kickback or, if the payment is to an official or employee of a foreign government, the payment would be unlawful under the laws of the United States if such laws were applicable to such payment and to such official or employee. The burden of proof in respect of the issue, for the purpose of this paragraph, as to whether a payment constitutes an illegal bribe or kickback (or would be unlawful under the laws of the United States) shall be upon the Secretary or his delegate to the same extent as he bears the burden of proof under section 7454 (concerning the burden of proof when the issue relates to fraud).

"(2) OTHER BRIBES OR KICKBACKS.—If in a criminal proceeding a taxpayer is convicted of making a payment (other than a payment described in paragraph (1)) which is an illegal bribe or kickback, no deduction shall be allowed under subsection (a) on account of such payment or any related payment made prior to the date of the final judgment of such conviction.

"(3) STATUTE OF LIMITATIONS.—If a taxpayer claimed a deduction for a payment described in paragraph (2) which is disallowed because of a final judgment of conviction entered after the close of the taxable year for which the deduction was claimed, and if the conviction was based on an indictment returned or on information filed prior to the expiration of the statutory period for the assessment of any deficiency for such taxable year, the period for the assessment of any deficiency attributable to the deduction of such payment shall not expire prior to the expiration of one year from the date of such final judgment, and such deficiency may be assessed prior to the expiration of such one-year period notwithstanding the provision of any other law or rule of law which would otherwise prevent such assessment."

(c) The amendments made by this Act shall be applicable only with respect to amounts paid or incurred after the date of the enactment of this Act, except that the provisions relating to antitrust treble damage payments shall apply only with respect to violations occurring after such date of enactment.

SETTLEMENT OF LABOR DISPUTE BETWEEN CERTAIN AIRLINES AND THEIR EMPLOYEES

Mr. SMATHERS. Mr. President, last Wednesday in this Chamber I stated that the airline strike, which has effectively crippled a large portion of the Nation's economy, has become a burden too great for the American people to bear.

I said at that time that I was considering the introduction of legislation to get the grounded planes flying again while the issues that have divided the International Association of Machinists and the five struck airlines were settled.

Since I made my statement, there has been no tangible progress in the talks between the union and the carriers.

In the 17 days since the machinists first walked off their jobs, the prospects for a voluntary pact have grown steadily dimmer. Each bargaining session has concluded with the sides more cemented in their positions than ever. This morning's Washington Post reports that Assistant Secretary of Labor, James J. Reynolds said yesterday:

> I regret to say there has been no progress whatsoever * * * The parties are still deadlocked, still far apart on their respective views.

While labor and management have maneuvered to gain concessions from one another, the economic effects caused by the loss of 60 percent of our domestic commercial airline service have been felt in every corner of the land.

Because there are no signs that the deadlock will be broken by the normal processes of collective bargaining before irreparable economic harm has resulted, I am introducing for appropriate reference a Senate joint resolution that would place the airlines back in operation and would provide for the appointment of a special arbitration board to rule on the

points in contention. The joint resolution, Mr. President, would apply to this strike and this strike only.

Under the provisions of this measure, the airlines and the machinists would revert to the conditions that were in effect before July 8, when the present strike began. The arbitration board, composed of two members chosen by the *carriers, two* members chosen by the union, and three members selected by the first four, would take testimony from each side and would then hand down a binding ruling based on the merits of each side's case. This ruling would remain in force for a maximum of 2 years.

Mr. President, there is ample precedent for the Congress to take action along the lines I am proposing. In 1963, we enacted Senate Joint Resolution 102, which was signed into law by the late President Kennedy on August 28 of that year. This law authorized the settlement of the railroad work rules dispute through machinery identical to that I am now suggesting.

As I pointed out last week, the parallels between the railroad dispute of 1963 and the airline strike of 1966 are clearly discernible. Both railroads and airlines are cornerstones of our national transportation system. A strike in either industry, if allowed to go unsettled for a long time, could deal a staggering blow to the economy. In 1963, and this year, the machinery of the Railway Labor Act was exhausted without producing a permanent solution.

It is evident that our legislative course in these circumstances has been clearly charted. The law of 1963 is the map we must now follow.

Mr. President, I have not suggested action to supplant free collective bargaining in this particular strike without having given the problem much thought. Every reasonable man, be he union member or manager, recognizes the importance of collective bargaining to good and stable labor-management relations. Those of us who serve in the Congress, as well as those in industry share a common faith in the institutions which bring labor and management to the conference table to work out their differences in an atmosphere of mutual confidence.

When these institutions fail, however, and when the atmosphere becomes heavy with the clouds of anger and mistrust, some steps must be taken to assure that innocent citizens will not be hostages to a dispute in which they have no primary interest.

The distinguished senior Senator from Oregon has also introduced legislation in an attempt to restore commercial air service to its normal volume. The Senator has been familiar with this problem from the beginning, having headed the Emergency Board that was formed under the Railway Labor Act in an effort to head off the present strike. As he has told the Senate, his Board issued a report that was doomed to rejection by the union.

I commend the Senator for his fine work with respect to this whole matter. However, I cannot agree that his suggested solution is the best one.

It seem to me the priorities in this matter have to be as follows:

The first concern must be the interests of the general public. The first concern is not for either party to the dispute. Rather, we who represent all citizens must act to protect the rights of all citizens, and all citizens are now suffering the inconvenience and the enormous growing economic dislocation which is resulting from the strike.

Our first job is to get the airlines back in the air as quickly as possible. Thereafter, the parties to the dispute must be treated fairly and impartially, and it seems to me that to accomplish fairness to both parties to the dispute we must put them back into the position that they were before the strike took place. Having achieved this position for the betterment of the general public and having guaranteed continued service to the general public, we should then proceed to the best method of settling the dispute between the parties on the fairest, most objective, and most impartial basis.

I am fearful that the distinguished Senator from Oregon's proposal postpones relief to the public for too long a time. For, as I read the proposal, it would require first a finding by the Congress that there is a national emergency resulting from the strike. Second, it would require a finding on the part of the President that there is a national emergency. And then third, it would require that a Federal district court make this same finding before any sort of an injunction for relief could be granted.

However, I do not wish to quarrel with my distinguished colleague from Oregon with respect to the best manner and method of approach to the solution of this problem, for I do believe that we both seek to give relief to the general public at the earliest possible moment, while at the same time doing justice to both of the parties involved.

Again the approach which I am recommending in my joint resolution is one which would as quickly as possible put the airlines back in the air and thereby serve the general public. I reiterate and reemphasize that this course which I recommend is almost the identical course which the Congress followed less than 3 years ago when a somewhat similar condition existed in the railway industry. This joint resolution makes use of our most recent precedent. It would provide relief in a demonstrably short space of time.

I therefore respectfully urge that my colleagues on the Labor Committee, who will undoubtedly have this and other proposals before them very shortly, consider this proposal of mine.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 184) to provide for the settlement of the labor dispute between certain airlines and certain of their employees, introduced by Mr. SMATHERS (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

SETTLEMENT OF LABOR DISPUTE RELATING TO CERTAIN AIRLINES—AMENDMENTS

AMENDMENT NO. 699

Mr. JAVITS submitted amendments, intended to be proposed by him, to the joint resolution (S.J. Res. 180) to provide for the settlement of the labor dispute currently existing between certain air carriers and certain of their employees, which were referred to the Committee on Labor and Public Welfare and ordered to be printed.

THE MILITARY ASSISTANCE AND SALES ACT OF 1966—AMENDMENTS

AMENDMENTS NOS. 700 THROUGH 702

Mr. McGOVERN submitted three amendments, intended to be proposed by him, to the bill (S. 3583) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward internal and external security, which were ordered to lie on the table and to be printed.

EXTENSION OF LAWS RELATING TO HOUSING AND URBAN DEVELOPMENT

AMENDMENT NO. 703

Mr. CLARK. Mr. President, I submit an amendment, intended to be proposed by me, to the bill (S. 2978) to amend and extend laws relating to housing and urban development.

The PRESIDING OFFICER. The amendment will be received, printed, and appropriately referred.

The amendment was referred to the Committee on Banking and Currency.

Mr. CLARK. Mr. President, section 110(c) of title I of the Housing Act of 1964 authorizes urban renewal projects utilizing air rights as sites for low income or moderate income housing and related facilities and uses. This amendment would extend the coverage of this section by adding industrial development uses, if the area in question is found by the local public agency to be unsuitable for use for low- and moderate-income housing.

One of the great problems in our older cities is the lack of room in the core area for industrial plant expansion. Firms desiring to enlarge their plant facilities are often compelled to relocate at points remote from the core area, thus aggravating the already serious lack of job opportunities existing in the downtown sections of the city.

Under this amendment residential housing would continue to have a priority position for air rights benefits. However, where the development of air rights would seem to be unsuitable for residential purposes, as for instance over railroad rights-of-way and railroad mar-

shaling yards, it would permit their development for industrial purposes.

THE FOREIGN ASSISTANCE ACT OF 1966—AMENDMENT

AMENDMENT NO. 704

Mr. KENNEDY of New York (for himself and Mr. MUNDT) submitted an amendment, intended to be proposed by them, jointly, to the bill (S. 3584) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

(See reference to the above amendment when submitted by Mr. KENNEDY of New York, which appears under a separate heading.)

ADDITIONAL COSPONSORS OF RESOLUTION

Under authority of the order of the Senate of July 12, 1966, the names of Mr. ANDERSON, Mr. BAYH, Mr. CASE, Mr. CLARK, Mr. DOUGLAS, Mr. FULBRIGHT, Mr. INOUYE, Mr. JAVITS, Mr. KENNEDY of New York, Mr. MCINTYRE, Mr. RIBICOFF, Mr. ROBERTSON, Mr. SMATHERS, Mr. SYMINGTON, Mr. WILLIAMS of New Jersey, and Mr. YARBOROUGH were added as cosponsors of the resolution (S. Res. 282) to authorize a study of needs and costs of remedial action to restore the original Capitol, and of the west-central front extension of the Capitol, submitted by Mr. PROXMIRE (for himself and other Senators) on July 12, 1966.

ADDITIONAL COSPONSOR OF BILL

Mr. TALMADGE. Mr. President, I ask unanimous consent that, at its next printing, the name of the Senator from Kansas [Mr. PEARSON] be added as a cosponsor of the bill (S. 3641) to amend the Internal Revenue Code of 1954 to allow teachers to deduct expenses incurred in pursuing courses for academic credit and degrees at institutions of higher education.

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

ANNOUNCEMENT OF HEARINGS BY SUBCOMMITTEE ON PARKS AND RECREATION OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. BIBLE. Mr. President, for the information of interested Senators and other persons, I take this opportunity to announce hearings by the Subcommittee on Parks and Recreation of the Committee on Interior and Insular Affairs:

July 27, 1966: S. 1607, to increase the appropriation authorization for the Point Reyes National Seashore in the State of California.

August 9, 1966: S. 295, to establish the Guadalupe National Park in the State of Texas.

August 17, 1966: S. 2962, to establish the Redwood National Park in the State of California.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, July 25, 1966, he presented to the President of the United States the enrolled bill (S. 2948) to set aside certain lands in Montana for the Indians of the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Mont.

THE WORLD PRESS INSTITUTE

Mr. DIRKSEN. Mr. President, on the completion of its fifth full year of operation, I would like to hail the excellent work done by the World Press Institute.

The institute provides the means by which outstanding foreign newsmen may become better acquainted with the United States and with its people.

Located at Macalester College, St. Paul, Minn., the institute provides fellowships for working newsmen from foreign countries who are flown to the United States for an enriched academic program at Macalester College. This is followed by a combination of internship on American newspapers, magazines, television stations, and group and individual travel to provide a perspective in depth of important aspects of American life so these newsmen may get to know us better.

The professional and personal contacts thus made and these friendships contribute much to mutual understanding.

The institute is privately sponsored by: American Motors Corp., the Coca-Cola Export Corp., the General Foods Fund, General Mills, Hammond Organ Corp., Hilton Hotels, the Johnson Foundation, the National Cash Register Corp., Pan American World Airways, the Procter & Gamble Fund, Radio Corp. of America, the Reader's Digest Foundation, Signode Corp., Standard Oil Co. of New Jersey, and Whitney Communications Corp.

I salute the institute, its personnel and its students and wish them all well.

A REPORT ON PROGRESS IN ALASKA

Mr. GRUENING. Mr. President, a thoughtful summary of the progress which Alaska has made 7½ years after the achievement of statehood was published in the New York Times yesterday. It was written by its knowledgeable west coast correspondent, Lawrence E. Davies, who has been to Alaska many times and is now writing a series of excellent articles on some of its developments.

While the confidence of all of us who supported statehood as absolutely essential to Alaska's progress has been fully vindicated, it is clear that the consequences of 92 years of stepchildhood in large part still remain and need to be liquidated. Much catching up remains to be done, particularly in the field of transportation, because of Alaska's total exclusion from the Federal highway aid legislation since it was first enacted in 1916 until 1956. Alaska was thereby condemned to the unique plight, unthinkable in any of the older States, of having not merely a few but the majority of its communities unconnected with any other by highway or railway, a situation which must be rectified if Alaska is really to progress as it should.

In the field of maritime transportation, through which virtually all of Alaska's freight moves, a crippling discrimination was fastened on Alaska in the so-called Jones Act, as it is known in Alaska, officially known as the Merchant Marine Act of 1920, as a result of which a steamship monopoly was imposed on Alaska, and in consequence, freight rates have been astronomic and have been reflected in the high cost of living in Alaska. That situation has been partially rectified by competition to the westward part of Alaska, but the burden of excessive freight charges continues in southeastern Alaska, where, despite the shorter haul from Seattle, the existing steamship monopoly exact rates higher than they are for the much longer distance to the westward ports of Whittier, Seward, and Anchorage.

Power development, which is obviously needed, is virtually nonexistent. While in the lower 48 States such great dams as Hoover, Grand Coulee, and Bonneville, and the rest which dot our Western States have supplied low-cost power to the areas, to date less than one-fourth of 1 percent of Alaska's hydro potential has been developed. The great dam at Rampart on the Yukon, which would have an installed capacity of 5 million kilowatts and would supply power at the bus bar at 2 cents a kilowatt, is being inexcusably delayed in the Interior Department. The Corps of Engineers completed its study over a year ago and has been waiting for the Interior Department's report, which has been repeatedly promised but has not been forthcoming. The Snettisham power project, sorely needed for the Greater Juneau area which is already suffering occasional "brownouts" and also to take care of the great St. Regis Paper Co. projects in the Tongass National Forest, was deleted from the budget as one of the economies believed to be necessitated by our military expenditures in southeast Asia. Clearly, however, this is not an economy, since this power project would produce revenues far in excess of its cost, which indeed rather than an expenditure is in effect a loan repayable through the years from the revenues derived from the sale of electric current.

So, Alaska, because of the near century of neglect and discrimination as well as the continuing obstructive policies of certain Federal agencies, still has a long way to go, but its prospects justify optimism, particularly in view of its initiative in developing trade with Japan and the Orient, which will furnish markets for Alaska's raw materials not found under our own flag.

I ask unanimous consent that the article by Lawrence E. Davies, which appeared in the New York Times of Sunday, July 24, 1966, entitled "Alaska Thriving Under Statehood," be printed at this point in my remarks.

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

[From the New York Times, July 24, 1966]

ALASKA THRIVING UNDER STATEHOOD: BUSINESS VOLUME DOUBLES SINCE 1958, BUT ECONOMISTS SEE GROWTH SLOWING—INVESTMENTS ON RISE—WHILE MAINLAND COMPANIES JOIN IN VENTURES, AREA ALSO LOOKS TO JAPAN

(By Lawrence E. Davies)

ANCHORAGE.—Out in the Kobuk River region of northwestern Alaska a promising new mine has been sunk to a depth of almost 1,000 feet by the Kennecott Copper Corporation.

In southeastern Alaska the St. Regis Paper Company is weighing a fill site selection after having bid in the biggest block of timber ever sold by the United States Forest Service.

In the Anchorage area the oil industry is booming and new plants are in prospect—one to liquefy natural gas for export to Tokyo.

These are the kinds of industries—"the big guys," as a Federal economist put it—that Alaska assertedly needs to provide large private capital for its economic growth.

Gov. William A. Evans beams as he talks of the first seven and one-half years of statehood, of grappling with "tremendous transitional problems" and of growth in the private segment of the economy.

BUSINESS ON RISE

He quotes in interviews and speeches his favorite set of statistics to illustrate the condition of Alaskan economy:

"In 92 years under the American flag Alaska experienced a business growth that reached a gross volume of $577-million in 1958, the last territorial year. By 1965 it had more than doubled. Alaskan businessmen last year reported a business gross of $1.24-billion. And this excludes commercial fishing, oil and gas, mineral developments and the liquor industry. This is the business done by people who, under business license tax regulations, have to report sales and other monies received."

Although it is hard to find an Alaskan who discounts the state's potential, economists say its pace is settling down after last years' heavy post-earthquake reconstruction. Unemployment, one economist noted, had risen to 8 per cent. On the other hand, despite the tight-money situation, a big shopping center is rising along Northern Lights Boulevard outside Anchorage's central business district, and other buildings are under way.

SPURT IN EXPLORATION

This year is producing an unusually heavy spurt in exploration of minerals. Senator ERNEST GRUENING, Democrat, of Alaska and chairman of a Senate subcommittee on mines, materials and fuels, just escorted a party on a week's tour of Alaska and parts of British Columbia and the Yukon Territory. He wanted to acquaint the Interior Department officials and geologists with the thriving mining projects across the border and show how Canada helped prospectors and developers through tax relief and in other ways.

Several Interior Department attachés who had not seen Alaska before were described as "having their tongues hanging out over its potential."

Of the Kennecott copper mine, which the party inspected, Senator GRUENING reported: "The corporation has spent $7.5-million on it and expects to spend another $7.5-million."

A visitor to Alaska frequently hears variations of this remark:

"If you really wanted to develop Alaska, you'd cede it to the Japanese and you'd see 10-million people here in three days." (The state's population is estimated at 260,000 including military personnel.)

Dr. Douglas Jones, economist of the Federal field committee for development planning in Alaska, said the state "has all the things Japan needs."

"There is a great need," he asserted, "for Alaska to look westward to Japan, also over the Pole to Europe, not southward to the rest of the United States."

The Japanese established a pulp mill at Sitka several years ago, and they have other Alaska timber interests, as well as fish canning, and are looking to the oil and gas business.

The Federal field committee, under the chairmanship of Joseph H. Fitzgerald, was set up last year with 10 Federal agencies represented. A closely watched experimental group, it is charged with coordinating the Federal planning of Federal agencies and with integrating Federal planning with state planning.

RUNDOWN OF ECONOMY

Dr. Jones, who was professor of economics for five years at the Air Force Academy, gave these thumbnail characterizations of individual Alaskan industries:

Gas and oil—"In good shape."

Timber—"In good shape."

Fisheries—"Still the largest income earner but a tough problem."

Agriculture—"Slipping."

Power—"We need low-cost power." A model system will be shown in a power survey in February.

Communications—"The sale of the Alaska communications system [now operated by the Air Force] would mean lower rates and better service."

Transportation—"A great revolution is going on. Our view is we've got to have government abstain and let competitive modes fight it out."

Dr. Jones added: "Alaska's progress will go as fast as the United States Government wants it to go. It's not national policy to juice up the economy but to let it experience the normal ebbs and flows of economic activity."

He called high prices a key problem and said that under study was a proposal to penalize the hoarding of unused land by taxing it progressively higher the longer it was held. He favored Alaska's letting Canada have a corridor through this state to the sea, for "commerce begets development."

ALASKA MOVES AHEAD

Mr. BARTLETT. Mr. President, it is less than 8 years since the Territory became the 49th State of the Union yet during that time business volume in Alaska has doubled and the prospects for the years ahead are bright and cheering.

All this is described in the article written by Lawrence E. Davies, Times bureau chief in San Francisco. Mr. Davies is especially well qualified for the task he undertook. He travels to Alaska regularly and his articles are objective, well written, and informative.

In the one which was printed yesterday, Mr. Davies tells, among other things, how my colleague, Senator ERNEST GRUENING, chairman of the Interior Subcommittee on Mines, Materials and Fuels, led a party of high-ranking Interior Department officials concerned with mining to Alaska during the 4th of July recess. Not only did they examine into the present mining situation in Alaska, and inquire about its potential, but they traveled over to the Yukon Territory to make a comparison between the booming Canadian mining economy and that on the American side which, matched against Canadian progress, is in a depressed state.

ONE HUNDRED THOUSAND DOLLAR BUSINESS CITIZENSHIP COMPETITION

Mr. MUNDT. Mr. President, on March 2 of this year, a truly unique project was launched by the American Security Council: a $100,000 essay competition to produce the best possible thinking in the country on the role of American business in the cold war. The response has been explosive. At last count, the American Security Council has distributed over 150,000 rules booklets explaining the regulations of the competition and containing entry blanks. In addition, more than 220 colleges and universities are now cooperating in the essay competition, as well as a series of ASC studies on the cold war.

Anyone may enter: students, professors, business executives, housewives, union officials, and government employees. And it is most heartening to learn that so many Americans have responded to this challenging problem.

As the ASC has stated:

> Our challenge (in this country) is to find the most effective way of recruiting and using the talents and resources of business in the global battle for men's minds.

Unquestionably, the sales, advertising, and public relations talents of American business have not been effectively utilized in this battle. The United States is famous for being able to sell iceboxes to Eskimos or California wine to Frenchmen, but we have not been as effective as we can be in selling freedom and democracy around the world.

The American Security Council calls the cold war a "psychological hot war," waged by communism to shape and influence the actions of freemen. The United States has proved time and time again its ability to win a shooting war, but a talking war, for some reason, puts us on the defensive. It is past time that we took the psychological offensive, and it is obvious that the American business community can be most helpful.

It is, in fact, the responsibility and duty of American business to cooperate in every way possible. As the national Governor's conference report on cold war education stated:

> The American right to engage in private enterprise, like the right of citizenship itself, is balanced by a responsibility to defend and strengthen the system which makes free enterprise possible.

The competition will be conducted by the American Security Council under a public service grant from the Schick Safety Razor Co., which I believe should be commended for its action. The top five individual awards are $25,000, $10,000, $7,000, $5,000, and $2,500, while grants equal to these awards will be given by the Schick Co. to cooperating organizations, colleges, and universities named by the award winners. One thousand medals will also be given as special awards.

Entries are to be in the form of essays which may run from 10 to 20 single-

spaced typewritten pages. The winning papers will be published as the appendix of "The Business Gap in the Cold War"; the second in the American Security Council's series of studies on "Peace and Freedom Through Cold War Victory." Entries must be mailed before December 31, 1966.

The contest will be judged by a most distinguished committee headed by Robert W. Galvin, chairman of the board of Motorola, Inc. Information and entry forms may be obtained by writing to Business Citizenship Competition, care of American Security Council, 123 North Wacker Drive, Chicago, Ill. 60606.

Mr. President, we have all heard about various "contests" that feature prizes and gimmicks ranging from a new refrigerator to a 2-weeks vacation in Paris. It occurs to me that the prizes of this ASC competition could be the blueprint for a "grand design" to end the cold war and help secure freedom for the entire world.

AID TO DAIRY FARMERS ESSENTIAL IF WE ARE TO MEET FUTURE FOOD NEEDS

Mr. PROXMIRE. Mr. President, today the House Agriculture Committee will try to resolve the question of which House committee, Agriculture or Education and Labor, will handle the child nutrition bill recently passed by the Senate. This is a most important question, for it affects thousands of dairy farmers who benefit from the school milk program. If this legislation is not approved this year, the milk program, which is extended under section 13 of the child nutrition bill, could expire next June 30. As a result, more dairy farmers may be forced off the farm.

This would be disastrous at a time of dwindling milk production, especially in view of Secretary Freeman's comment yesterday on "Meet the Press" that the full production capacity of America's farmers may be called into use in the next 5 years. With a continuation of the outflow from the dairy farm, this Nation simply will not be able to meet increased milk needs imposed by the population explosion. This is why the school milk program, which accounts for 2.5 percent of the Nation's milk production is essential if the dairy farmer is to be provided an adequate income.

SOUND AND FURY IN OUR STREETS

Mr. BYRD of West Virginia. Mr. President, an editorial which appeared in the Wheeling, W. Va., News-Register of July 21, refers to the civil strife which has been occurring in some of the large cities throughout the country, and States that hoodlums, rabblerousers, and malcontents have seized upon the civil rights struggle to terrorize, loot, and destroy in a wave of lawlessness which shocks all decent citizens of every of race. The editorial, titled "Sound and Fury in Our Streets," goes right to the point when it says:

It is time to put away the spectacular displays and civil disobedience and begin instead to show respect for law and order, the true mark of maturity.

I ask unanimous consent that the editorial be printed in the RECORD.

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

SOUND AND FURY IN OUR STREETS

This is the long hot time of the year and the sound and fury of civil strife in our country grows ever louder. There is pillage and disorder in the cities and violence and death in the streets.

It is an ugly mood that has sprung from the civil rights movement. Hoodlums, rabble-rousers and malcontents have seized upon the rights' struggle to terrorize, loot and destroy in a wave of lawlessness which shocks all decent citizens of every race.

What is so terribly disappointing is that this new upheaval with its overtones of "Black Power" comes despite all that has been done in the last couple of years to aid the Negro cause. It seems that the more civil rights legislation put on the statute books, the more Federal money poured into attempts at Negro betterment—the more the bitterness and rancor increases.

Maybe it is true that too much was expected too soon. Maybe in the beginning the promises were too glowing. Maybe there were false prophets among us spreading idle dreams of instant change. But it is time to remember as the Wall Street Journal noted that not all the Federal aid or private help imaginable can lift the Negroes as a group into "instant contentment."

Those who portray themselves as leaders in the civil rights movement need take a more responsible stand; one with emphasis on enlightenment and a more personal involvement with the individual. There is so much to be done today that it is criminal that the hours are being wasted in nonproductive demonstrations, marches, violent rioting and the preaching of hate. Let the leaders turn this energy and drive towards meaningful help while spreading the brotherhood of man.

When we consider the restraint and fairmindedness with which a great majority of Americans have reacted to the revolution in racial relations there is reason to be proud of our country. We cannot allow a minority of the minority to spoil and foul the progress being achieved. It is time to put away the spectacular displays and civil disobedience and begin instead to show respect for law and order, the true mark of maturity.

THE FORGOTTEN MEN

Mr. BARTLETT. Mr. President, on June 27 the House approved a bill to provide a salary increase for the policemen and firemen of the District of Columbia. This authorization bill is now pending before the Senate District of Columbia Committee.

As a member of the District of Columbia Appropriations Subcommittee, I urge early enactment of this necessary and important measure.

The District police and firemen are not covered by the Federal pay raise bills which we approved last year and this. They did not receive last year's pay raise of 3.6 percent nor are they scheduled to receive this year's pay raise of 2.9 percent. They are the forgotten men.

This bill, H.R. 15857, will give them the pay raise which they deserve and which we need. I say we need this pay raise for our police and firemen because we need as efficient, effective, and able a metropolitan police force and fire department as it is possible to obtain.

Recent events in such cities as Chicago, Cleveland, Los Angeles, and Philadelphia, Miss., make clear how important a competent, fair, and trustworthy police force is to the public safety.

The right to protest is an inherent part of our system. The frustrations caused by hereditary poverty in the urban ghettos is obvious. Nothing is served, however, when this frustration and protest passes into violence and rioting.

Obviously we must heed the protest and work to remove the causes of the frustration. Equally obvious is the importance in maintaining a strong and impartial police force.

We have such a force here in Washington. The men and officers of the Metropolitan Police Force have a difficult job and they do it well. Their excellent record has been made in spite of the fact that the forces are underpaid and understaffed. There are today over 200 vacancies on the authorized 3,100 man force. Despite constant recruitment efforts, the department has been unable to obtain enough qualified candidates. As the President said in his budget message this year "an increase in the salaries of policemen is necessary to bring the police force to its currently authorized strength."

The rate of crime is increasing every year. Prices and wages are going up. If our police force is to cope with the crime it must be paid fair wages—wages comparable with policemen elsewhere and with other professions.

U.S. BALANCE-OF-PAYMENTS DEFICIT IS INCREASING

Mr. HARTKE. Mr. President, the U.S. payments deficit is mounting once again. And the struggle to achieve international monetary reform before the complete disruption of the present world money system continues to be bogged down. Under the pressure of ever rising Vietnam expenditures, the administration's voluntary program of restrictions on U.S. dollar flows grows more apparently bankrupt every day. As documented by Edward Cowan in today's New York Times, this economic bankruptcy is matched by the political bankruptcy of the administration's effort to lead the free world to rational and liberal monetary reform.

Mr. Cowan reports from Brussels that the deputies of the major economic and financial powers—the Group of Ten—have completed their study of reform proposals "without a recommendation for a second stage of planning." In other words, our major partners in the world economy, from France to Japan, have decided—with or without our concurrence—to shelve the issue of monetary reform.

U.S. officials—

Mr. Cowan goes on—

continue to express confidence that there will be a second stage, but they do not specify how or what it might evolve.

This is whistling in the dark by a nation which has been left holding the bag.

For the bag is our unprecedentedly tight peacetime restrictions on the flow of capital to those economies which must continue growing if we are to prosper—but who cannot grow on the basis of their domestic savings supply alone. The U.S. commitment to international monetary reform was made 1 year ago as a determination to plan ahead against the deflationary and disruptive impact of a cutback in the dollar outflow. For the same reason, the program of capital flow restrictions was conceived, presented, and justified as a temporary program, to give us the bargaining power to lead the world to forward-looking, progressive reform of its financial and monetary system. Today, 1 year later, we face the reality: We have not achieved a cutback in the dollar outflow great enough to give us the bargaining power we need—although we have succeeded in dislocating every money and capital market from New York to Tokyo. We are stuck with a "temporary" program which looks every day like becoming more permanent. And we are not one practical step closer to the kind of international monetary reform we all know that the world needs.

I ask unanimous consent that the New York Times article of July 12, "Monetary Study Omits Planning," by Edward Cowan, be printed in the CONGRESSIONAL RECORD.

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

[From the New York Times, July 12, 1966]

MONETARY REPORT SILENT ON PLANNING

(By Edward Cowan)

BRUSSELS, July 11.—The deputies of the world's 10 leading financial powers, which together make up the so-called Group of Ten, have finished a draft report on international monetary reform without a recommendation for a second stage of planning.

United States officials continue to express confidence that there will be a second stage, but they do not specify how or what it might evolve. Washington envisages as a second stage the inclusion in the consultations of additional nations, including semideveloped and underdeveloped countries.

The basic coolness of some European monetary authorities to enlarging the forum has been reinforced by the latest balance-of-payments difficulties of the United States and Britain.

What happens next will be discussed by the finance ministers of the 10 industrialized countries in The Hague on July 25–26. They are Belgium, Canada, France, West Germany, Italy, the Netherlands, Sweden, Britain and the United States. It is possible that the question will not be resolved before the annual meeting of the International Monetary Fund in Washington in September.

U.S. SEEKS RESERVE ASSETS

Treasury Secretary Henry H. Fowler is expected to seek to rally support for continuation of the planning of a new type of reserve asset to be held by central banks. It is thought doubtful, however, that he would be able to muster a commitment to a brisk pace.

The United States has achieved some success in winning support for its view that the new source of liquidity should be linked to the Monetary Fund. In general, Washington has sought to avoid development and management of a new asset in such a way that the have-not nations would be excluded entirely.

The deputy ministers completed the drafting of a report to their chiefs in two long evening sessions last Wednesday and Thursday in Paris.

On an undisclosed number of points the report reflects not a consensus but different views of technical possibilities.

DETAILS UNRESOLVED

Still unresolved, for example, are whether and how a new reserve asset would be linked to gold and how the new device would be administered. These are among the most difficult points, politically and technically, and it is doubtful that they will be decided for some time.

Participants said the drafting sessions have led to a less theoretical and more pragmatic approach, one that has been tending increasingly toward tying in the new asset with the Monetary Fund.

What is slowing down the exercise is the concern in some European capitals, notably in Paris and Brussels, that development of an alternative asset to dollars and pounds sterling will diminish the resolve of Washington and London to eliminate their payments deficits.

Other countries, such as the Netherlands and West Germany, while attaching equal importance to eliminating the deficits are more sympathetic to the United States view that "contingency planning" is desirable.

Because of these differences and because the second-stage question has important political aspects, the deputies are believed to have avoided a full-blown debate on this point.

The new type of credit is seen as a hedge against a shortage of liquidity if and when the United States by balancing its international payments, ceases to add to the dollar balances of the rest of the world. Some Europeans fear that it would come into use before such equilibrium was achieved, thereby easing the threat to American gold reserves and thus weakening the impulse in Washington to trim the dollar deficit.

WESTERN ART AND WONDERFUL WYOMING

Mr. SIMPSON. Mr. President, Wyoming has been richly blessed with men and mountains and an appreciation of both. Nowhere in the world are there mountains to compare with the Tetons of northwestern Wyoming, and nowhere in the world is there a better display of the past and present splendors of western art than in Cody, Wyo., a city which lies on one of the principal routes into Yellowstone Park and the Teton country.

Recently, Wyoming newspapers published two articles by Max Jennings, the bureau manager of United Press International's Wyoming office. In addition to being topnotch feature journalism, the articles tell of the creation of the Whitney Gallery of Western Art in Cody and the acquisition of the most exemplary collection of western art in the United States, principally through the genius of gallery director Dr. Harold McCracken. Mr. Jennings' second article deals with the preeminent western artist Conrad Schwiering, who lives in and paints the splendor of the Teton Mountains.

Mr. President, I ask unanimous consent that these two articles be printed at this point in the RECORD.

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

[From the Cheyenne (Wyo.) State Tribune, July 20, 1966]

TOP WESTERN ARTIST USES TETONS IN HIS PAINTINGS

(By Max Jennings)

JACKSON, WYO.—He works from dawn to dark, whenever the mood on the mountain is right, but there's still not enough time for his job that's his hobby and everything else.

Conrad Schwiering, 50, has chosen to spend his life paintin, story book mountains is too much for most persons to believe until they see for themselves. And as the Tetons of northwestern Wyoming become better known, so does Schwiering.

"If you have not experienced these mountains you don't believe them," Schwiering says.

The Jackson artist, considered one of the best in his field by western art authorities, waves an arm at the snow-topped mountain range jutting into the sky around his home, and explains the mountains he loves also are sometimes a problem.

Many persons, particularly easterners, "don't believe mountains like these exist," Schwiering says. "They're almost story book mountains.

The mountains are becoming more and more famous, thanks largely to the increase in tourists.

"I'm enjoying a chance to rise on that wave" Schwiering says.

That's not to mean Schwiering already hasn't earned a firm place among contemporary western artists.

Dr. Harold McCracken of Cody, Wyo., director of the Whitney Gallery of Western Art and author of 28 books, says Schwiering is one of the best.

"I think he's tops," McCracken says. "I don't think anyone has done a better presentation of the Rocky Mountains of that area."

Schwiering himself seems a little amazed at the compulsion driving him to do his work.

"Art is an insidious sort of thing," he said. "It gets hold of you and it just won't let you go. It makes you keep digging deeper and deeper. Time doesn't mean anything."

Schwiering says his wife has learned this, too.

"Now she just doesn't cook anything until she sees me coming in the door. Once I start painting it's like trying to turn off a volcano once it starts to erupt."

He says painting doesn't necessarily mean working when "my mood is right, but when the mood on the mountain is right."

Schwiering feels his career was guided largely by his father, Dr. O. C. Schwiering, a former dean of education at the University of Wyoming.

The elder Schwiering took his son into the mountains often to fish.

"I owe, I'm sure, my love for this great country to him," Schwiering says. "He didn't ever cross a stream that he didn't stop and tell me this flower was a buttercup . . . it was just part of the education of growing up."

Schwiering says now, though he literally can't go fishing.

He says he can toss a fly on the water, and then "I see a beautiful reflection or a rich color underneath it and I've had a strike." The artist, who often paints in western clothes and spends a lot of time outdoors, considers it "a funny thing to have a profession that is your hobby, too. I really get a great deal of joy out of my work."

Schwiering majored in commerce at the University of Wyoming but took all the fine arts courses offered as an art minor.

He went to New York to study for two years.

"I went back there to study with people—not to study in a class," he said. "I really think this is the way everybody ought to go to school."

In New York Schwiering met Charles S. Chapman, a man who influenced him profoundly. Schwiering says Chapman, a master, taught him a philosophy of painting along with the mechanics.

"Mr. Chapman said to me one day, 'Connie, why don't you go home?'" Schwiering said. "I said, 'I'm just now getting to the point when I paint a picture of the model it looks like the model.'"

Schwiering said he told Chapman he came to get the fundamentals and Chapman told him, "You got 'em boy."

Art experts, western art collectors and people who love the Tetons agree.

[From the Cheyenne (Wyo.) Eagle, July 19, 1966]

WHITNEY ART GALLERY PORTRAYS OLD WEST

(By Max Jennings)

CODY.—In 1959, the Whitney Gallery of Western Art was completed—a beautiful, half million dollar building that is—and turned over to a director who "didn't have $5 acquisition money."

The insurance inventory at the Whitney Gallery at Cody today is $3.5 million, more than $2 million owned by the museum.

A little town of less than 5,000 nestled at the foot of the mountains in northwestern Wyoming hardly is the place for an art gallery, it would seem, but it turns out it must be exactly at the right spot.

Last season, from June through August, 237,000 persons paid from 50 to 75 cents each to tour the gallery and the nearby Buffalo Bill Historical Center.

Moneywise, the attendance alone has made the gallery big business—to the point where it has paid all its expenses with some left over.

ATTENDANCE INCREASING

And on the side of art, the attendance was even more phenomenal, one of the best of any gallery in the nation.

This year during June, the attendance was up 18 percent over the same period in 1965.

"Our attendance has been increasing at an amazing rate ever since we opened," says Dr. Harold McCracken, director of the gallery who also happens to be the author of 28 books and a preeminent authority on western art.

"The museum paid its own way the first year it was opened," McCracken said.

McCracken is not likely to forget that first year or the moment he took the job as director of the gallery. He had lived in the East a number of years but came to Wyoming regularly to stay at a ranch and write.

He was ready to board a plane to go back to New York when officials of the newly built gallery rushed out to the airport and offered him a job.

McCracken reviewed his secure career, took a look at the mountains around him, "and in two minutes I said yes."

Said McCracken, "I had come to the point of making a respectable living from my books." But he was lured by the challenge.

TRUST FUND

"I didn't have $5 acquisition money when I took this place over," he said.

Gertrude Vanderbilt Whitney set up a trust to provide funds for an art gallery to be built near her bronze statute of "Buffalo Bill," dedicated in 1924.

In 1959, the gallery was put up at a cost of about a half million dollars, but there was no provision for funds to acquire art to put in the museum.

When McCracken was hired, he was told he had four months to get ready for a grand opening. He took one look at the bare walls of the new building and agreed.

"I had a lot of friends," he said, "and they all came to my rescue."

Long days McCracken was on the telephone and writing letters, trying to get donations of art for the gallery.

"I knew where the material was," he said. "That was my advantage. I just kept phoning and sold them on the idea that this was a contribution to the story of the Old West . . . and what is represented, and they were sympathetic."

The art treasures began to arrive from all parts of the nation.

"I had a half million dollars of Western art in one van," McCracken said.

OWNS $2 MILLION

Now that the museum owns more than $2 million in Western art and has more than another million on loan, McCracken says, "we're only getting started. The building already is too small—much too small."

The non-profit gallery has grown largely through word of mouth and because of its location near the east gate of Yellowstone National Park. There never has been a paid publicity worker.

What has been done to publicize the gallery was by McCracken himself.

"I think the fact that we have specialized has had something to do with our success," McCracken says. "When people come to the West, they want to see the West."

Too, McCracken says, the museum has largely developed itself.

"We have presented something worth seeing," he said. "It is the first museum that has ever been dedicated entirely to the collection and exhibition of documentary art of the Old West."

Critics agree about the museum. Said one, "there has never been a more comprehensive exhibit of Western Americana anywhere."

THE ATOM AND THE LAW—ADDRESS BY ATOMIC ENERGY COMMISSIONER JAMES T. RAMEY

Mr. JACKSON. Mr. President, on April 28, Mr. James T. Ramey, a member of the U.S. Atomic Energy Commission, addressed a meeting of the Chicago Bar Association in Chicago, Ill., on the subject, "The Atom and the Law—Circa 1966." Because of the importance of his remarks, I thought every member of the Senate should have an opportunity to have the benefit of Commissioner Ramey's outstanding speech.

Commissioner Ramey, prior to becoming a member of the Atomic Energy Commission, was a longtime employee of the Commission and subsequently served as Staff Director of the Joint Committee on Atomic Energy prior to his nomination as a member of the Commission.

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

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

THE ATOM AND THE LAW—CIRCA 1966

(Remarks by James T. Ramey, Commissioner, U.S. Atomic Energy Commission, at a meeting of the Chicago Bar Association, Chicago, Ill., April 28, 1966)

Introduction

It is always a pleasure to come back to Chicago, especially when there is an opportunity to talk with fellow attorneys about the status of the atom and the law.

It is hard for me to realize that I have been working in various capacities in this vineyard—or thicket as it has sometimes been called—for about 20 years. Perhaps, since I shall be referring to some teachings of Professor Karl Llewellyn, my former mentor at Columbia Law School, it might be appropriate to use his term, "bramble bush." At any rate, almost half of that time was spent in Chicago, and the last ten years have been spent in Washington.

While living and working in the Chicago area, it was my privilege to serve with the first Atomic Energy Law Committee of this Bar Association, and to conduct a seminar at Northwestern Law School on the problems of the then fledgling civilian nuclear industry. One of my public appearances here was to give a paper at the Institute on "Impact of Atomic Energy in the Law," sponsored by your bar association and others in September 1956.[1]

The intervening decade has been a period of great growth and progress in the peaceful nuclear program. During this period, the civilian nuclear industry has emerged as a strong and vigorous entity.

CIVILIAN NUCLEAR PROGRAMS

The Chicago area has been able to witness firsthand the rapid development of nuclear power because of the activities of Commonwealth Edison which are, to a great extent, based on the design and development work of Argonne National Laboratory and commercialized by the General Electric Company. The Dresden I plant at nearby Morris began operation in 1959, producing about 180,000 kilowatts. Dresden II is now under construction, and the company has announced plans for Dresden III. Each of these two stations will generate more than 700,000 kilowatts, and they will represent a total investment of about 155 million dollars. But that's not all. Early this month, Commonwealth Edison and the Iowa-Illinois Gas and Electric Company announced they will build another 715,000 kilowatt station, costing about $80 million.

This activity here in your area reflects the widespread acceptance of nuclear power by utilities. It may seem strange that just three or four years ago, we were concerned because nuclear power growth appeared to be lagging. But since then, plants have been scaled up in size, and the economics have improved. Also, industry has become increasingly confident of nuclear power because of the success of such demonstration plants as Dresden I, Yankee, and Shippingport.

So, today the outlook is very good. Since January 1965, utilities have contracted for 14 new nuclear stations involving a total investment of about 1.2 billion dollars. The fact that businessmen will commit money on this scale indicates that nuclear electric power is no longer solely an experimental venture. It is an economic reality.

But we are, of course, pressing on in our research and development program. For example, we are concentrating on improved advanced converter and breeder reactors which will utilize our raw material resources more efficiently.

One of our advanced programs of great interest to me is the concept of using nuclear energy to desalt seawater. We are cooperating in this field with the Department of the Interior. It appears that very large nuclear plants can serve two purposes—they can produce fresh water as well as electric power.

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[1] James T. Ramey, remarks at the Institute on "Impact on Atomic Energy in the Law," entitled "Atomic Energy and Government Institutions," Chicago, Illinois, September 25, 1956.

One of our most promising domestic engineering studies has been conducted in cooperation with the Metropolitan Water District of Los Angeles, the organization which built and operates an aqueduct system from the Colorado River to Southern California. It is possible that the MWD with Federal assistance will start a dual-purpose project involving 1500 MW of power and 150 million gallons of water per day within the next year or so. Nuclear desalting is of great interest to a number of other countries and we have several cooperative programs of study. Israel, for example, has critical water problems and we have recently completed, with the Israeli Government, a joint engineering study on the technical feasibility of a dual-purpose plant there.

There are a number of other interesting applications of atomic energy that I would like to mention in passing. I am sure you are aware that radioisotopes are in widespread use in medical diagnosis and therapy, in industry, and in basic research. Also, because of the unique characteristics of isotopic power sources, radiation is providing energy for a number of uses—including satellite systems, navigational aids, and remote weather stations. And even the possibilities of a small isotopic unit which could provide pumping power for an artificial human heart are being considered.

One of our most promising efforts at present in the space field is the Rover Program, in which we are developing a nuclear rocket engine in cooperation with the National Aeronautics and Space Administration (NASA). Because a nuclear rocket can supply power for relatively long periods of time and lift twice the payload of a conventional rocket, the nuclear rocket will someday provide the energy for long-range space missions to the moon and the planets.

I wanted to discuss some of these activities to indicate the scope of our work. Although we still have many defense responsibilities, much of our work is devoted to the beneficial applications of the atom. At the present time, about half of our operating budget is spent on civilian programs. This indicates the tremendous versatility of nuclear energy as a useful tool—and we have barely scratched the surface.

Against that background, then, let us discuss the atom and the law.

THE ATOM AND THE LAW

History

Twenty years ago the Atomic Energy Act of 1946 became the law of the land. Its drafters, deeply concerned with the effects of this awesome force on the future of our civilization, stated in the opening provision of the Act:

"It is reasonable to anticipate that tapping this new source of energy will cause profound changes in our present way of life." [2]

There were some who thought that the law would be among those institutions which would be profoundly affected by the atom. I recall hearing of a prediction that the introduction of atomic energy to modern society would generate more legal problems than the advent of the airplane. Others disagreed. In the latter category was Gordon Dean, second Chairman of the AEC, who made the following comment in a 1951 speech:

"Despite the scope and significance of the atomic enegry program, the events which have followed the first splitting of the uranium atom up to now have hardly left a dent on the substantive law of this country, on the procedural law, or for that matter on the work habits, the interests, the business or the specialties of the practicing lawyer." [3]

I suspect that the truth lies somewhere between these two extremes. Certainly, there are some unusual legal aspects involved. On the other hand, the feasibility of applying and adapting traditional legal doctrines to problems involving the atom has been amply demonstrated.

Before turning to the specific legal problem areas that I will discuss tonight, it may be useful to briefly sketch the unique structure in which the atomic industry is developing. As Senator ANDERSON, then Chairman of the Joint Committee on Atomic Energy, remarked in 1959:

"The atomic energy industry grew upside down; most industries begin on the local level, and come under Federal regulation only when they begin to spread across state lines and affect interstate commerce. The atomic energy industry, on the other hand . . . was nurtured and developed by the Federal Government." [4]

Born as a Federal Government monopoly, the nuclear industry today is in midpassage in converting to a system of Government-regulated private enterprise. However, even when the development and use of atomic energy was legally a Government monopoly, industry was very much involved. The pattern of Government-owned, contractor-operated plants and laboratories, established under the Manhattan Engineering District, was carried over by the AEC and remains the pattern today in the conduct of continuing very large Government operations. Paralleling this is a growing, privately financed industry which is subject to Federal regulation, particularly as to health and safety.

In considering our general progress—and specific problem areas—in atomic energy, I believe we should keep two themes in mind: (1) the effects of technology on the law and how technology can help solve legal problems; and (2) the functions and the interrelationship of lawyers and technical people in the complex nuclear field. It is my hope that a review of the problems we have encountered may be of some value in other new areas of technology such as space, air and water pollution control, oceanography, weather control, and the like.

Special problems

Some of the legal problems associated with the nuclear energy program arise from the Government's role as proprietor of a considerable industrial empire which is operated by that interesting institution the "Government Prime Contractor." The Commission has invested nearly $8.5 billion in capital facilities and its annual budget approximates $2.5 billion.

Other legal problems arise from the Commission's role in regulating a burgeoning new industry, and I will have more to say about this later. Still other problems derive from legislative efforts to establish conditions in which this important new industry can grow and thrive while, at the same time, the interests of the public are fully protected.

Let us first consider two problems that center around the unusual nature of atomic energy itself and the unique materials involved in its use. Of fundamental importance are the so-called special nuclear materials—plutonium and two uranium isotopes, U-233 and U-235. These are the materials which produce a chain reaction. These are used as fuel in nuclear power plants, and they are used in atomic weapons.

Control of special nuclear materials and of atomic energy in general was the major theme of the Atomic Energy Act of 1946. The foundation of the control structure formulated by that Act was governmental ownership of such materials. By the terms of the Act, "all right, title, and interest in or to" any such materials existing at time of passage of the Act or thereafter produced was vested in the Atomic Energy Commission. This was certainly a legal innovation. It is interesting to note that in 1954 when the Act was significantly amended to provide a better basis for peaceful nuclear development, the drafters inserted these words:

"It is essential to the common defense and security that title to all special nuclear material be in the United States while special nuclear material is in the United States." [5]

Yet, scarcely eight years later, that quoted finding was deleted, as new legislative changes were made to permit the private ownership of such materials. This was an instance of the statutory law being revised to reflect the realities of the growing atomic power industry and to provide a more favorable framework for the truly large-scale growth that lies ahead.

Despite these rather dramatic changes in the law, one would be very much in error to conclude that the Government had ceased to worry about the control of special nuclear material. The drafters of the 1946 Act were concerned with preserving what was hoped to be an atomic weapons monopoly. The Act specifically forbade permitting any person to have special nuclear material in such quantities and under such conditions as to permit the possibility of manufacturing a weapon.

Today, while we are equally concerned with the problem of proliferation of atomic weapons abroad, experience has shown practical ways to permit widespread dissemination of large quantities of special nuclear material for peaceful purposes. I shall return to the weapons proliferation problem later. Domestically, we have created a system of licensing, materials accountability, and inspection that will substitute for the Government monopoly of special nuclear material. These administrative mechanisms for preventing the diversion of special nuclear material are backed up by scientific techniques and instruments which enable us to verify information on these materials.

As special nuclear materials move in the direction of being legally treated more and more like ordinary materials in commerce, it will behoove lawyers to learn something about them. The AEC has already found that they can cause complex legal problems in contracts for their use as fuel in nuclear power plants. Without dwelling at length on this subject I will simply note that these materials are very costly. For example, a kilogram or 2.2 pounds of uranium metal containing 90% U-235 is priced at more than $10,000. Many millions of dollars of such materials are needed for a single core of a large power reactor.

Such a core represents the equivalent of thousands of tons of coal or barrels of oil. It is not yet clear how these cores will be financed or who will own them. Different patterns are emerging. In some cases reactor equipment manufacturers will own the core in a utility's plant and simply sell heat to the utility. In other cases the utility will buy its own core. Still another possibility is the

[2] Public Law 585, 79th Congress.

[3] Gordon Dean, remarks at the University of Pittsburgh Law School, "The Impact of the Atom on Law," Pittsburgh, Pennsylvania, February 15, 1951.

[4] Senator CLINTON P. ANDERSON's remarks before the regional meeting of the American Bar Association, "Lawyers, Legislators and the Atom," Pittsburgh, Pennsylvania, March 11, 1959.

[5] Public Law 83-703, as amended.

formation of organizations to finance and lease core materials to others. Whatever the arrangements, you attorneys representing the institutions that will own or finance such cores may one day find yourselves confronted with drafting language to secure an ownership interest in the highly radioactive fuel elements and plutonium byproducts powering a nuclear reactor. Not only will you be concerned with the quantities of U-325 atoms consumed by the reactor, but you will be asking yourselves what to do with the valuable plutonium which is produced in the fuel element as the fission process goes on. Who owns the plutonium? How do you repossess a hot—both thermally and radioactively hot—fuel element?

Nuclear safety and liability

Now let us talk about a more familiar topic—nuclear safety and liability. First, let me say that the need for safety was recognized at the very outset of the nuclear energy program, and safety was built in as the industry developed. Thus, with respect to safety, the nuclear industry hasn't "just growed" like Topsy. There has been careful planning at every stage. In a very real sense, this represents one of the first conscious attempts of Government to understand and control the hazards of an emerging large-scale industry. The effort is paying off. The atomic energy industry is one of the safest in the nation.

I believe we all know that in the use of atomic power to generate electricity there is an extremely remote but finite hazard. This risk is one which, in the public interest, needs to be broadly shared. By reason of legal doctrines stemming back to cases such as *Rylands vs. Fletcher* and *McPherson vs. Buick*, prospective atomic plant owners and suppliers of plant components could be faced with potential financial liabilities of a magnitude that could seriously affect their organizations. On the other hand, third parties who might be injured or whose property might be damaged by such an accident need to be assured that, regardless of the cause and despite the cost of such an accident, they would be compensated for injuries or damages suffered.

I think that most of you are aware of the Price-Anderson Act that was enacted in 1957 to meet this problem.[6] In summary, it provides an indemnity of up to 500 million dollars for each nuclear accident. This governmental indemnity would come into use only after private insurance funds had been exhausted thus providing a first-of-a-kind joint approach by the Federal Government and the insurance industry to this major indemnification problem. Since enactment of the Price-Anderson indemnity provisions, the maximum coverage offered by pools of private insurers has increased from 60 million dollars to 72 million, but is still far short of the Price-Anderson coverage.

Last year the Joint Committee on Atomic Energy, in the course of hearings held on extension of the Price-Anderson indemnity, did re-examine the capability of the private insurance industry to handle the total job. It was ultimately decided to extend the statutory indemnity for an additional ten years with the hope that this will provide time for the insurance industry to develop the necessary experience and for the atomic power industry to expand enough to support the cost of a private insurance program.

Considered, but left unanswered by last year's hearings on nuclear indemnity, was the question of adoption of a Federal rule of absolute liability. As might be expected, the various segments of the atomic industry and others—that is to say the utilities, the equipment companies, the insurance people, bar associations, law professors, etc.—hold widely different viewpoints on this subject. Thus, for example, there are those who feel that establishment of such a rule would constitute an infringement of state prerogatives. We enjoy close working relationships with the states, and certainly we hope that any legislative move toward absolute liability will be accomplished with a minimum displacement of state law. In any event, because of the divergence of opinion, a major battle might well develop over any legislative attempts to establish the rule.

Interestingly enough such a battle may never develop—there are indications that the insurance industry may voluntarily assume the doctrine of absolute liability with respect to nuclear accidents. Such action would constitute a very significant voluntary social change without need of legislation and the controversy which would be involved.

Contract improvements

I would next like to comment about some areas of organization and administration where the AEC has plowed new ground. These are very much a part of the governmental-industrial framework in which the atom is being developed. Despite the fact that the AEC is now 20 years of age—and in the eyes of some—already pretty well over the hill, I like to think that we are still engaged in experimenting with new ways to achieve greater efficiency and increased effectiveness. From its inception, our agency has sought to develop and use new patterns for getting things done. We have sought to take advantage of the unique combination of scientists, engineers, administrators, lawyers and accountants that make up the AEC and its contractors, and to develop effective informal techniques of management. Tonight I shall touch upon only a few examples.

I have already mentioned that interesting new institution called a "Government Prime Contractor" whose operations are a hybrid between private industry and direct Government operations. The AEC has many different types of contractual relationships of this kind and among them there is the "administrative contract."[7] For large undertakings these are normally negotiated cost-reimbursement contracts. The contract document is designed to emphasize the cooperative and continuing relationship between the Government and its contractor. Such contracts are used for the operation of the Commission's major research and development laboratories, such as Argonne.

The administrative contract document might be likened more to a charter than to the normal concept of a Government contract. It should be drafted in clear layman's language and hopefully should not include "whereas clauses." It contains no rigid specifications and it requires numerous subsidiary documents which are not contractual in nature in order to make it work. For example, there are Program Letters that describe work objectives and directions on a yearly basis, and there are Financial Plans that provide annual funding planning and limitations within which the contractor must work. But most of all it requires a continuing mutual interchange between the contractor and the Government representatives, both technical and administrative. The administrative contract has its formal aspects and qualifies as a contract for Government legal and fiscal purposes but, like the base of an iceberg, the informal aspects of arrangement are far more extensive and more important in the success of its operations.

Improved machinery for settlement of contract disputes

The AEC, like all other Government agencies, has a disputes clause in its contracts. However, we like to believe that our system for handling disputes is not run of the mill. The AEC contract disputes procedure places heavy emphasis on amicable resolution of disputes rather than constituting a first step toward litigation.

About a year and a half ago, after previously trying several different arrangements, the AEC established a Board of Contract Appeals as the authorized representative of the Commission for the purpose of considering and finally deciding contract appeals. The Board has a full-time Chairman who is an employee of the Commission. Some members of the Board Panel are lawyers but other members of the Board are distinguished "non-legal" representatives of a broad spectrum of the industrial and university communities, and the accounting, engineering, and other professions. Two Board members are selected to sit with the Chairman to hear disputes. Board procedures emphasize informality. Mandatory pre-hearing conferences are used for the purpose of informally disposing of appeals or narrowing the issues by agreement of the parties prior to a formal hearing. Also, there is an accelerated procedure for small claims and other good causes.

This new informal approach has been so successful that it has resulted in the disposal of 20 of the 23 appeals received since the new procedure became operative.

Improvements in the licensing process

In its regulatory program also, the Commission is emphasizing informality and speed of operation. The Commission has issued a Policy Statement which, among other things, reemphasizes the value of prehearing conferences to identify significant safety questions or points in controversy, and to settle matters of procedure concerning the conduct of mandatory public hearings. We are using scientists and engineers, along with lawyers, as members of the Atomic Safety and Licensing Boards which conduct public hearings. We are asking these Boards to use the hearings to inform the public as well as to satisfy themselves on public health and safety matters. We are urging that a board, in an uncontested licensing action, make known its decision within 15 days of its receipt of a proposed finding, and we hope that in a contested case the initial decision could be handed down within 45 days.

I was gratified by two recent demonstrations of the fact that our regulatory processes can, in fact, be handled with dispatch. The construction permit for Dresden II was approved 21 days after completion of the hearing last December. That is good. However, just this month, a construction permit was issued to Rochester Gas and Electric Corporation only *eight* days after completion of the hearing. That is excellent. So our emphasis on more expeditious handling of regulatory matters while still emphasizing real safety is showing some results.

In this connection, the Commission is also strongly emphasizing the need to develop new and improved engineered safeguards for atomic power plants, and specific standards and codes for plant components.

The interaction of law and technology

The third area which I would like to examine briefly involves unique interactions of law and science. This is an area where we are doing both legal and technical pioneering.

All lawyers know that there is a vast difference between enacting a law making some

[6] Public Law 85-256; 42 U.S.C. 2210.

[7] See "Introduction to the Concept of the 'Administrative Contract' in Government Sponsored Research and Development." James T. Ramey and John A. Erlewine, 17 Federal Bar Journal 354 (1957).

act illegal, and assuring that such illegal act is not in fact committed. For anyone worrying about the potential illegal use of an atomic weapon, an obvious source of concern has been the many U.S. atomic weapons which are stored abroad for use in cooperation with our NATO allies in the event of hostilities.

Where atomic weapons are stored abroad, international agreements implementing the U.S. Atomic Energy Act provide that the nuclear components remain in the possession or "custody" of the United States. Legally such bombs or warheads, intended for use by our allies with their planes or missiles, can only be used on the express authorization of the President of the United States. But no matter how clearly it might be expressed on paper that such weapons can only be so used, it was evident to thoughtful people in the 1950's that weapons stored abroad might be subject to accident or unauthorized use.

The solution to this problem came largely because of the active interest of the Joint Committee, under the leadership of Congressman CHET HOLIFIELD, and with the assistance of its staff, of which I was Executive Director at that time. We all became deeply concerned over this apparent gap between the intent of the law and what was going on in practice. The Joint Committee not only worried about the problem, it pushed for an active effort to solve it. As a result, a program of research and development was launched at AEC weapons laboratories to find a way to place special control devices on all such weapons. That program was pressed with great haste and ingenuity in 1961, and as a consequence, in a relatively short time safety locks, or "permissive action links (PALs)" as they were called, were successfully developed and placed on our atomic weapons used in the NATO system. As a consequence, today the American public can have greater assurance that no irrational person or group can endanger the well-being of the United States or its allies—or jeopardize our foreign relations—through the illegal use of one of our own atomic weapons.

This example, which has been mentioned publicly several times,[8] as well as certain others which remain classified for security reasons, shows that it is possible for laymen and lawyers to sense problems and suggest solutions which scientists and engineers can then implement with all the ingenuity of modern technology. It is certainly a case of technology helping to make law enforcement meaningful.

Pioneering in the prevention of nuclear proliferation

We also have technical and legal problems related to sending special nuclear material abroad for peaceful uses. Political problems of considerable magnitude are also involved. Since 1953, when President Eisenhower announced the United States Atoms for Peace Program, this country has been wrestling with the problem of how to assure that special nuclear materials sent to foreign countries for peaceful uses are not diverted for military purposes. As more and more nations have increased their peaceful atomic capabilities and more nations have "joined the atomic weapons club" the worry has increased.

The importance of this problem of proliferation of atomic weapons was recognized by President Johnson in his State of the Union Message this year. One of the important principles of U.S. policy, President Johnson declared, "is the effort to control and reduce—and ultimately eliminate—modern engines of destruction." To this end, the President stated, "We will vigorously pursue existing proposals—and seek new ones—to control and stop the spread of nuclear weapons."

The U.S. has distributed most of its special nuclear materials abroad through bilateral agreements with the recipient nations. Such agreements include gaurantees by the recipient governments that nuclear material and equipment supplied by the United States will not be used to further any military purpose. Also, the agreements include the right by the U.S. to carry out inspections to assure that those guarantees are observed. At the same time the United States has actively supported building up the inspection capabilities of the International Atomic Energy Agency (IAEA), a United Nations related agency composed of some 95 nations. As a matter of policy, we have supported these increased IAEA capabilities so the agency might assume the international inspection responsibilities of the United States as well as other countries in a position to distribute source and special nuclear materials to other nations.

Thus, we see that the key legal concept here is the right of effective international inspection. Until now, the IAEA has carried out such inspections either (1) in connection with special nuclear materials distributed through the agency itself, or (2) in those cases in which inspection responsibilities under bilateral agreements are transferred to the IAEA, (3) in cases in which a country has voluntarily placed certain facilities under IAEA inspection. Now, we are considering the IAEA as the most likely agency to conduct inspections under a proposed non-proliferation treaty which would be a multilateral agreement. The treaty we would like to have would be designed to prevent the development of nuclear weapons by—or the transfer to—those countries which do not now possess them. Any such treaty should contain the strongest possible provisions for international safeguards.

These inspection developments have taken place in the same time frame as the disarmament discussions between Russia and the Western Nations to bring a halt to the spread of nuclear weapons. A concomitant effort has been devoted to developing techniques for verification of agreements related to such important matters as the proposed cut-off of fissionable material production for weapons purposes, and the detection of clandestine weapons tests underground or in outer space.

These are areas in which international law and atomic science are inextricably mixed. As we have indicated, technology can play a major role in implementing whatever safeguards are established.

CONCLUSION

From the examples I have cited, I believe you will agree that atomic technology is indeed making a significant impact on the law, both domestically and internationally. I believe also that they illustrate the progress we are making in utilizing the diverse talents of lawyers, administrators, scientists and engineers in solving these interrelated problems of law, public policy and technology.

In closing let me hazard a few guesses at what the next 10 or 15 years holds for us in the atomic energy field.

Certainly the age of large-scale use of nuclear power to generate electricity will be truly at hand and there are those who believe that the FPC estimate of 20% of total capacity for nuclear power in 1980 will be exceeded.

If we make as much progress in the next 10 years as in the last 10, we should be well on our way toward developing large combination plants that will both generate electricity and desalt large quantities of water.

We have noted this evening that although atomic energy started as a Government monopoly in the vital areas of special nuclear material and reactors, the private sector is becoming the pattern for the future. Perhaps the next 10 or 15 years will see still another important link as the last major industrial phase—production of enriched uranium-235 at Oak Ridge, Paducah and Portsmouth—could pass from Government to private operation. These are very large plants, and perhaps they will be operated by organizations of mixed private and public participation such as "Comsat."

Also in the next 10 to 15 years, as we continue to gain experience and confidence—and as the volume of regulatory business increases—perhaps the mandatory hearing process might be eliminated, and the licensing board system might evolve into a wholly separate regulatory agency.

I might add that even if these events take place, the AEC will continue to have an important job to do in the field of research, development and demonstration both for national defense and for advanced peacetime uses. As I mentioned earlier among the development tasks which are already under way and which appear to have a great future is the use of atomic power to explore the depths of the oceans and to power flights into outer space.

As uses of atomic energy continue to expand, there is bound to be an ever-increasing impact on all areas of our economy. When that happens it is inevitable that the law and the lawyers will be more and more affected.

I hope that when you do become involved in this area in behalf of clients—perhaps as counsel for a company having contractual relations with the Commission, or as counsel for a utility seeking a license to construct and operate an atomic power plant—you will find that the Commission has managed to preserve its youth and its youthful approach. I hope you will find that "informality" not "ossification" is the hallmark of doing business with us.

It has been a pleasure to be with you tonight.

[8] Senator CLINTON P. ANDERSON, remarks on the floor of the Senate, CONGRESSIONAL RECORD, vol. 108, pt. 10, pp. 13056–13058.

POLICE NEED PUBLIC SUPPORT IN EFFORT TO CURB VIOLENCE

Mr. BYRD of West Virginia. Mr. President, in this era of growing disrespect for law and order, the Huntington, W. Va., Advertiser has, through its editorials, consistently and forthrightly spoken out in support of the police departments of the country. As an example of such editorials, I call attention to one which appeared in that newspaper on July 22 titled "Police Need Public Support in Effort To Curb Violence."

I ask unanimous consent that the editorial be printed in the RECORD.

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

POLICE NEED PUBLIC SUPPORT IN EFFORT TO CURB VIOLENCE

The Harvard University professor who criticized Chicago police for releasing evidence against Richard Speck were straining at the same gnat and swallowing the same camel as the Supreme Court in recent decisions.

In interviews with a Boston paper all three professors were inclined to see mitigating circumstances in divulging information for the arrest of the man charged with the methodical murder of eight young student nurses.

But they seemed to feel that giving out evidence in advance of the trial would tend to prejudice the jury against the defendant.

Prof. Paul A. Freund said, "Wanted posters are legitimate but they should contain a minimum of comment on guilt or evidence."

The publicity, he added, "might be necessary to assure the public, to prevent hysteria—but this is to be subordinated to a fair trial."

That seemed to mean that the authority on constitutional law placed greater importance upon the fair disposition of Speck's case than upon the protection of all the people of Chicago from a ruthless killer.

For at the time the information was released, since Speck was still at large, no one knew when or where the killer—whether Speck or not—might strike again.

Moreover, the Freund statement seemed also to place small confidence in the integrity of the American jury system. Certainly the information that the police released purporting to connect Speck with the crime will also be presented at his trial.

The idea that releasing the information in advance could prejudice a jury against him does not give the average potential juryman credit for the fairness and intelligence that the record of juries justifies.

The entire campaign to muzzle police and the free press in dealing with criminals and their activities involves more sentimentality than actual evidence of prejudice among juries resulting in the miscarriage of justice.

As a matter of fact, long observance of the conduct of criminal trials will convince the average citizen that juries themselves are more often swayed by sympathy for the accused than by prejudice and that they err much more frequently in freeing the guilty than in convicting the innocent.

This is perhaps as it should be.

But recent decisions of the U.S. Supreme Court in setting up so-called constitutional protections never before recognized for criminals have carried the trend entirely too far.

If there had been a series of improper convictions, there might have been some justification for tighter restrictions upon police and trial courts.

The trend of the times, however, is not toward unfair treatment of criminals but against their conviction. This is in face of the fact that the rate of crime is rising higher and higher each year even at Washington in the shadow of the Supreme Court building.

While the public suffers from increasing violence and people fear to venture out on Washington's streets at night, the court continues to broaden its protection of criminals and by implication to discredit law-enforcement officers.

Decisions implying police brutality in questioning prisoners have encouraged the automatic shouting of charges against officers and probably even frequent physical attacks upon them.

Hoodlums and their spokesmen seem to think a policeman should let a savage mob beat his brains out and use only kind-hearted appeals in taking violators into custody.

The law gives an officer the right to use force when necessary in making an arrest. If the offender resists to the extent that makes force to subdue him harsh, it is his own fault, and he has no just complaint.

The sooner law-abiding citizens come to the defense of conscientious officers and the more forcefully they denounce the bleeding-heart sentimentalists who protect savage criminals, the sooner will the mounting crime wave subside.

URBAN HUMAN RESOURCE PROBLEMS AND THE DEMONSTRATION-CITIES PROGRAM

Mr. RIBICOFF. Mr. President, at the national Governors conference which took place in Los Angeles on July 4, 5, 6, and 7, the Governors' Committee on Human Resources presented to the conference a report which included a statement endorsing the demonstration cities legislation now pending before the Congress.

This committee, chaired by Gov. Richard J. Hughes, of New Jersey, also included the following Governors: Gov. Mark O. Hatfield, Oregon, vice chairman; Gov. Edmund B. Brown, California; Gov. Nils A. Boe, South Dakota; Gov. John H. Chafee, Rhode Island; Gov. Frank G. Clement, Tennessee; Gov. Daniel J. Evans, Washington, Gov. Warren E. Hearnes, Missouri; Gov. Robert E. McNair, South Carolina; Gov. Frank B. Morrison, Nebraska; Gov. Ralph M. Paiewonsky, Virgin Islands; Gov. Karl F. Rolvaag, Minnesota; Gov. Carl E. Sanders, Georgia.

As pointed out in the report many cities in America suffer from a physical rot which leads to the nightmares of crime, delinquency and disease. The committee feels strongly that physical renewal alone will not prevent human corrosion. There must be, in addition, an overall effort at human renewal, tying together physical redevelopment with adequate educational facilities, job training and job opportunity, and healthy, social and recreational services and facilities.

The committee therefore called to the attention of the national Governor's conference the demonstration cities legislation now pending in the Congress which offers a major attempt to concentrate all Federal, State, and local resources in a coordinated drive for the physical and human renewal of entire city neighborhoods.

The conference of Governors then unanimously adopted the report of the committee.

In view of the overwhelming support demonstrated by this action I ask unanimous consent for the Governors' statement on demonstration cities to be printed in the RECORD at this point.

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

URBAN HUMAN RESOURCE PROBLEMS AND THE DEMONSTRATION CITIES PROGRAM

The federal government has enacted and proposed a wide range of programs which recognize that many of America's most pressing human resource problems are shaped by the urban environment. We believe that this aspect of overall human resource development should be a focus of continuing study by the governors, since it very clearly implies significant opportunities and responsibilities for the states. Here, as in many other areas of public policy, the states must act boldly to assure their meaningful participation and leadership as partners with the federal and local governments.

The recently proposed demonstration cities program, for example, is premised upon the need for an immediate and massive attack on the individual and social decay of large sections of American cities.

Many cities in America suffer from a physical rot which leads to the nightmares of crime, delinquency and disease. The Committee feels strongly that physical renewal alone will not prevent human corrosion. There must be, in addition, an overall effort at human renewal, tying together physical redevelopment with adequate educational facilities, job training and job opportunity, and healthy, social and recreational services and facilities.

The Committee therefore calls to the attention of the National Governor's Conference the Demonstration Cities legislation now pending in the Congress. It offers a major attempt to concentrate all federal, state and local resources in a coordinated drive for the physical and human renewal of entire city neighborhoods.

The Committee believes that such an overall effort, coordinating federal, state and local endeavor, would be of substantial benefit to many urban areas throughout the nation. This reminds us again of the necessity for states to demonstrate, that they can provide a positive and vital force for physical and human development in urban America.

We invite other governors of the conference to submit suggestions concerning ways in which our committee might focus on the special demands of urban human resource development. The need for increased state activity in this area is both pressing and promising.

INVITATION TO VISIT MOBILE, ALA.

Mr. SPARKMAN. Mr. President, on several occasions recently I have invited my colleagues in the Senate, and their constituents, to come down to Alabama and see what this Deep South State really is like. I want to repeat that invitation today: Come and see us. You will like our hospitality, and you will discover that there is a lot of variety and charm in the 57,000 square miles which we call Alabama.

Today, I want to invite you especially to Alabama's seaport city, Mobile. This city, founded by the French in 1702, three-quarters of a century before the Declaration of Independence, was capital of Louisiana before New Orleans was. For many years it was under Spanish rule. In all, six flags have flown over this Alabama city.

The city prospered first because this was a base for the fur trade, and men from Mobile went far up the Alabama and Tombigbee Rivers to trade for pelts with the Indians, long before the Carolinians, Georgians, and Virginians had begun to push into the Alabama country from the east and northeast. Then, because this great system of rivers offered a route from northwest Georgia, from most of Alabama and parts of Mississippi, Mobile became a great cotton port. The flatboats and the steamboats brought down the cotton from thousands of plantations to make Mobile a rich city.

When the War Between the States interrupted the steady growth of Mobile, this became a theater of operations, and it was at the mouth of Mobile Bay that Admiral Farragut is said to have cried:

Damn the torpedoes; full speed ahead.

Forts Morgan and Gaines still guard the entrance to the bay, and they are now museums.

Points of interest in Mobile include Oakleigh, a fine antebellum mansion, the U.S.S. *Alabama*, now anchored on the causeway just a few minutes from downtown Mobile, and Bellingrath Gardens and Long Gardens, both famous beauty spots which have been enjoyed by many thousands of tourists. Mobile is justly

famous for its Azalea Trail, more than 35 miles of colorful azaleas usually at their peak of bloom in early March. An annual azalea festival is held during the blooming season. One of Mobile's great attractions for me are the great live oaks which interlace over Government Street and Bienville Square. Fortunately, these fine trees have been preserved, even in the heart of the business district.

But Mobile has more than history and more than flowers to recommend it. It has become a major industrial city and a major port. Part of the credit for its growth has been the Alabama State docks, operated by the State of Alabama, where there are facilities for handling a great variety of cargo. Many tourists visit this great complex. It is a busy and exciting place.

Not long ago I had the privilege of standing on the 34th floor of Mobile's new First National Bank Building and surveying this growing city. I could look across Polecat Bay and the Tensaw River toward the ridge of Baldwin County and the Eastern Shore, over the sprawling docks, up and down the bay toward Dauphin Island and the smooth beaches along the gulf, and everywhere I looked I saw signs of growth.

I mentioned the beaches at Dauphin. There are other fine white sands along the gulf just a few minutes away at Gulf State Park and at Alabama Point at the southern tip of Baldwin County. Another Baldwin County attraction is Point Clear with its majestic Grand Hotel surrounded by spacious resort grounds and recreational facilities.

Shrimp and other commercial fishing is the leading activity at Bayou La Batre. Commercial and recreational fishing are generally prevalent throughout the Mobile Bay area. Improvements presently in progress, under legislation which I sponsored, promise to make Bayou La Batre a fine port. Additions to the Alabama State dock system are being built at Bayou La Batre.

Whatever you want—to see an old city which has much in common with the old city of New Orleans, to enjoy deep sea fishing, to participate in gaudy Mardi Gras, or just to relax, Mobile is ideal.

Mobile is the home of the Senior Bowl game and of the Junior Miss pageant. There are events scheduled throughout the year. In addition, the convention facilities of Mobile are unexcelled, with plenty of fine motels and hotels and a great new city auditorium which is as good as you will find anywhere.

In early spring or late winter, just before the beginning of Lent, Mobilians, joined by friends from miles around, join as one in the gay parades and dancing of Mardi Gras. The colorful and majestic Mardi Gras Court reigns as has its predecessors since that first Mardi Gras in Mobile many years ago. Mobile's sister city of New Orleans has joined in the frolic, but Mobilians know and every informed person must agree that Mardi Gras started in Mobile.

It is a wonderful city. If you are going soon, I will be glad to tell you about some of the good eating places around, and about such delicacies as crab claws.

I say it again: Come to Alabama. You are welcome, and you will enjoy Alabama and her people.

LESSER MINDS FIDDLE WITH WHAT FATHERS FUSSED OVER

Mr. SIMPSON. Mr. President, I invite the attention of Senators to a splendid article entitled "Lesser Minds Fiddle With What Fathers Fussed Over," written by Wolf Von Eckardt, and published in the Washington Post of July 24, 1966.

The article deals with plans to destroy the Capitol's magnificent west front and construct something hideously utilitarian in its place. Mr. Eckardt traces the construction of the Capitol from the splendid concepts of Washington and Jefferson, through the architectural excellence of Thornton, Walter, Bulfinch, and Olmsted, down to the hastily conceived present-day plan which would, as the author asserts, "spell the final obliteration of the splendid building that Fillmore saved and Washington and Jefferson worried so much about."

Why any Members of today's Congress, after having seen other examples of the architectural excellence of Capitol Architect J. George Stewart, would want to swap his designs for the splendor of the present edifice is more than I can fathom.

Somehow, I fail to see that the yield of 2 visitors' auditoriums, 2 cafeterias, 4 dining rooms, conference rooms, and 109 new places in which Congressmen can hide from their constituents could be adequate justification for the monumental changes which are envisioned by Stewart and company.

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

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

A FURTHER OUTLOOK: LESSER MINDS FIDDLE WITH WHAT FATHERS FUSSED OVER

(By Wolf Von Eckardt)

Although busy enough making independence and self-government work, George Washington and Thomas Jefferson worried and fussed a great deal about the National Capitol.

The original building—the last remaining portions of which lesser minds would now entomb in a new, vastly extended marble front—is as much their work as that of architects William Thornton, Benjamin Latrobe and Charles Bulfinch.

As Washington and Jefferson saw it, the Nation's first building was to be the symbol for generations of the dignity and permanence of the new republic.

Two generations later, President Millard Fillmore decided against tampering with the original building when Congress demanded more space. Instead, in 1851, he appointed architect Thomas U. Walter to add new wings to either side of the old building. They are connected with it by narrow corridors. To give harmony to this essemble, Walter capped it with his magnificent dome.

To Abraham Lincoln, too, the Capitol was a symbol of the permanency of the Union. Despite the demands which the Civil War made on manpower and finance, he ordered the work rushed to completion. His judgment of the country's sentiment was soon proven correct:

"How is the Capitol? Is it finished?" were among the first questions the representative of the Confederacy asked the representative of the Union when South and North first met to negotiate the end of hostilities on Feb. 3, 1865, aboard a ship in Hampton Roads.

It was essentially finished. Two years earlier—not long after Gettysburg—the bronze statute of Freedom was, precisely at noon on Dec. 2, 1863, slowly hoisted atop the great cast iron dome. A flag was unfurled and a salute of 35 guns was fired from Capitol Hill.

All that remained to be done now was Frederick Law Olmstead's magnificent west terrace and landscaping and, obviously, continuing interior improvements of plumbing, lighting, heating and cooling. But for this the building and the symbol were complete, or should be considered so. Who would dream of extending St. Peter's in Rome, Monticello, Mount Vernon or even the Houses of Parliament in London?

BICKERING GOES ON

But the unending bickering—a curious mixture of political and architectural ambition, of genius and pettiness, parsimony and extravagance, respect for history and disrepectiful vainglory—that had accompanied the work from the very beginning has persisted to this day. In a way this bickering helped create our Capitol. Now it threatens it.

President Fillmore had ended the long debate in Congress about enlarging and changing the original Capitol because he would not "mar the harmony and beauty of the present building which, as a specimen of architecture, is so universally admired." Yet only ten years later scheme after hideous extension scheme was proposed.

For nearly a hundred years, Congress, supported by the vast majority of the country's architects, has resisted all of them. Rather than change and disfigure its glorious home, Congress decided to accommodate the ever-growing need for additional space and facilities by constructing new buildings on Capitol Hill. The results are the Library of Congress, the Supreme Court Building, the old and new Senate Office Buildings, three huge House Office Buildings and now the proposed Madison Memorial Library which will serve as a third building for the Library of Congress.

The old, vainglorious and long rejected enlargement proposals of the 1870s and '80s have, however, intrigued the present Architect of the Capitol, J. George Stewart, who is not an architect but a builder and former Republican Congressman from Delaware.

With the emphatic backing of the late House Speaker Sam Rayburn (D-Tex.), he puffed out the east facade of the original, central portion of the building by 32½ feet with a new, slick marble replica. The work was completed in 1961.

ON THE WESTERN FRONT

Last month Stewart and his powerful Commission for the Extension of the Capitol suddenly announced that they had decided to similarly extend the west front, but this time by up to 88 feet and not with a replica but a somewhat changed design. The members of this Commission, in addition to Stewart, are Vice President HUBERT H. HUMPHREY, House Speaker JOHN W. MCCORMACK, Democrat, of Massachusetts, Senate Minority Leader EVERETT M. DIRKSEN, Republican, of Illinois and House Minority leader GERALD R. FORD, Republican, of Michigan.

This second extension would, of course, spell the final obliteration of the splendid building that Fillmore saved and Washington and Jefferson worried so much about.

Of all the politicians who fussed with the work of the Capitol's architects, Washington and Jefferson were surely the most qualified. An informed appreciation of architecture was, in their day, considered an essential part of the education of a Virginia gentleman.

True, Washington thought it best to let the design of buildings "be governed by the rules which are laid down by the professors of the art." But his active part in the enlargement of his home at Mount Vernon belies this modesty.

And for Jefferson, of course, architecture was a passionate avocation. He had, he confessed, in uncharacteristic ecstasy, "stood for whole hours gazing at the Maison Carré like a lover at his mistress." It was not that this exceptionally well preserved Roman temple at Nimes, in southern France, seemed more perfect to him than other buildings he had seen.

It was because, in the words of one scholar, this temple's almost austere simplicity—in contrast to the still predominant Georgian style which accompanied British colonization—"was the speaking symbol of all that America could and should stand for, proclaiming the strength of republican virtue, the beauty of discipline, the wisdom of rule by laws rather than men, in a language he wanted all the United States to learn."

In quest of such architecture, Washington and Jefferson called a competition for the design of the Capitol. Its disappointing results may justify the slight hanky-panky which helped Thornton to win it. The fact that he had been introduced to President Washington by the famous painter John Trumbull may also have helped.

At any rate, Thornton was given permission to enter three months after the competition was officially closed and after the French architect Stephen Hallet had been given reason to believe that he had won. But surely Hallet's drawing of what looked like the fairy tale palace of a minor Renaissance prince was hardly the simple, classic building both Washington and Jefferson had in mind.

William Thornton was born in 1759 at Tortola in the Virgin Islands. He studied medicine in Edinburgh, traveled extensively in Europe and in Parisian society, settled for a while in Philadelphia where he knew Benjamin Franklin, gave up the practice of medicine and married a 15-year-old girl. He eventually became a Commissioner for the District of Columbia and later head of the United States Patent Office which he saved from destruction by the British in 1814 by stepping in front of their cannon and cussing them out.

At Philadelphia he had learned of a competition for the design of a public library. "When I traveled," he wrote, "I never thought of architecture, but I got some books and worked a few days, then gave a plan in the ancient Ionic order, which carried the day.

He carried the day again in the Capitol competition, his second architectural effort.

"Grandeur, simplicity and convenience appear so well combined in this plan of Dr. Thornton's," wrote George Washington on Jan. 31, 1793, to the District Commissioners who were officially in charge, that he was certain of their instant approval.

And Jefferson let it be known that Thornton's design "had capitivated the eyes and judgment of all. It is simple, noble, beautiful, excellently arranged and moderate in size. * * * Among its admirers none is more decided than he whose decision is most important."

But Hallet's eyes and judgment, understandably perhaps, were captivated not at all. He, after all, was a professional architect and Thornton was not. And the District Commissioners, it turned out, made a bad mistake when, to appease the cantankerous Frenchman, they awarded him the same prize as Thornton ($500 and a building lot in Washington), invited him to examine Thornton's plans (which he promptly ripped to pieces in a lengthy report), and gave him the $400-a-year job of supervising the construction of the building (which he proceeded to change in accordance with his own ideas).

When it was discovered that Hallet had laid foundations for a square court instead of the Rotunda Thornton had planned, President Washington, according to the long harassed Thornton, "expressed his disapproval in a style of such warmth as his dignity seldom permitted."

Hallet was fired. But since he refused to surrender the original plans, it is difficult to judge precisely how much influence he had on the design. Some historians have accepted Hallet's assertion that Thornton stole it from him in the first place. Glenn Brown, in his two heavy volumes on the history of the Capitol, defends Thornton's originality and competence with passionate eloquence.

The truth is probably, as Latrobe has written, that Thornton's design was one of the most brilliant and modern of his time, but that the amateur lacked the practical skill to properly execute and articulate it. His, regardless of details, is no doubt the chaste, classic simplicity of the building that pleased Jefferson so well and that Walter's House and Senate wings lack. As any discerning art historian knows, it is impossible to recreate this spirit, the "Zeitgeist," as the Germans call it, of a work of art. And although George Stewart's East Front now appears as an exact replica, future generations will, no doubt, instantly recognize it for what it is—a mid-20th century imitation.

Even Latrobe, aside from his jealous ambition, rebelled against Jefferson's and Thornton's pure classicism, though in the end he, like Bulfinch, faithfully executed Thornton's design. Besides he created the marvelous interiors of the original building.

Another difficulty was lack of skilled craftsmen. It proved hard to recruit carpenters and stone cutters who could build anything higher than thresholds.

Money, furthermore, was short. Washington's public buildings were to be financed from the sale of lots. But in the trackless wasteland where few streets were even marked, the real estate business was slow. The Government had to borrow money.

Under the circumstances, President Washington would not hear doing the building in marble as Thornton urged. There was none about at the time and it would have had to be imported at tremendous expense. Instead the original Capitol was built of sandstone from the nearby Acquia quarry and painted white.

CORRODED AND PAINT-CAKED

Sandstone is porous and has, as the incumbent Architect of the Capitol keeps pointing out with much alarm, corroded in spots and is caked with the innumerable coats of paint. But Washington's sandstone is part of our history, too. And although it must, of course, be repaired, and although marble is unquestionably the most suitable building material, it should no more be changed for the sake of prettiness than we should put up plastic cherry trees around the Tidal Basin.

On Nov. 22, 1800, President John Adams welcomed Congress in the completed north wing of the building, congratulating the gentlemen "on the prospect of a residence not to be changed." Seven years later, built under the direction of Latrobe, the identical south wing was completed. The two were joined by a wooden arcade where the Rotunda now stands.

Latrobe was appointed by Jefferson in 1803. He was a most accomplished architect and engineer but just as arrogant and troublesome as Hallet had been—at least for poor Thornton. The two kept harpooning each other with bitter accusations and acid sarcasm.

Latrobe was born in England and trained partly in Germany. On a visit to Philadelphia, in 1798, he met the president of the Bank of Pennsylvania and in the course of a casual conversation made a sketch of what a bank ought to look like. Nine months later, to his great surprise, he had the commission.

Latrobe was almost unique among the architects of his time in believing in function as well as form. This led him to his many quibbles, not only with Thornton but with Jefferson as well, who would not have his conceptions of classic design altered for the sake of a more workable building.

Latrobe and Jefferson, for instance, disagreed violently over roofing the House of Representatives. Latrobe, for functional reasons, wanted a hemispheric dome lighted by a lantern with vertical glass panes that could be easily waterproofed. Jefferson wanted something like the dome over the new Halle aux Bles he had seen in Paris with long ribs springing from a drum and horizontal glass strips between them. It seemed to him more like the Pantheon in Rome.

The President had his way. Latrobe was sarcastic. "Presidents and Vice Presidents are the only architects and poets," he wrote his assistant. ". . . Therefore let us fall down and worship them . . ." The leaks Latrobe had predicted were fixed with some extra putty.

But Jefferson, like everyone else to this day, much admired Latrobe's handsome "corncob" capitals on the ornamental columns in the original Senate wing. It was a patriotic deed of much daring to replace the 2000-year-old acanthus leaf of antiquity with a motive as lowly—and American!—as carved ears of Indian corn.

BRITISH SET FIRES

"The Cossacks spared Paris," as one English newspaper remarked, but the British did not spare Washington and the fire damage they did to the Capitol in 1814 was extensive. The District Commissioners promised Congress, which had retreated to Sam Blodget's nearby hotel, to have the building restored by 1816. It took 14 years longer.

Latrobe now did over much of the formerly wooden interiors in marble and metal, but was out of town a lot on other business and an increasing irritant to the growing bureaucracy. In 1817 he stiffly informed President James Monroe that he had "no choice between resignation and the sacrifice of all self-respect." He was spared the sacrifice. Bulfinch took over and to him goes the credit for completing the Capitol much as Thornton had envisioned it.

That job completed in 1830, there seemed no more need for an architect of the Capitol and the position was abolished for many years.

In 1850 the country's population exceeded 23 million and even distant California had become a state. The 62 Senators and 232 Representatives who assembled that year felt crowded.

Again, following precedent, a competition was called. Again the munificent sum of $500 was offered as first prize. And again the entries proved most unsatisfactory.

Robert Mills, the official government architect and engineer at the time, was asked to combine the various ideas the competition had brought out into a new scheme. Mills had designed the Washington Monument, the Treasury and the Patent Office (now the National Portrait Gallery), among other handsome buildings, but failed to please

Congress on this job. After much hassle, President Fillmore appointed Thomas U. Walter to build the Capitol as we know it today.

Walter's design reflects a different America than Thornton's. The age of elegance and almost aristocratic refinement had yielded to a new sense of power—in fact, to a certain arrogance, and to the esthetic confusion of the beginning industrial revolution. Walter's idea of "classic" architecture was different from that of Thornton and Jefferson. He would, he once lectured, have architects think as the Greeks thought, not do as they did. And what he thought the Greeks thought was really what most Americans thought of—the manifest destiny of a new industrial empire.

Walter's nine million pound, cast-iron dome reflects this spirit. Besides, it was a great engineering feat. People often wonder how Walter got the 16-foot figure of Freedom way up there. It's quite simple. He merely built scaffolding straight up the middle of the rotunda, through the eye of the dome. From there he swung a derrick by means of which the ironwork could be hoisted up on the outside.

He left the interior of the original rotunda unchanged up to the top of the cornice. From there a new and higher inner dome was constructed.

The last constructive and truly handsome work on Capitol Hill was performed by Frederick Law Olmsted, America's greatest landscape architect, who, beginning with Central Park in New York, gave us fine city parks all over the country. Olmsted, in 1874, spruced up the Capitol grounds. He created the handsome plaza on the east of the building which has now been turned into a dismal parking lot. And he designed the marble terraces and grand stairs on the west which Stewart's extension scheme would also destroy, along with the architecture. They were, according to Olmsted, "to support, sustain and augment."

By the time all this was finished, Ulysses S. Grant was President, the flag had 38 stars and Congress again felt crowded.

Though long retired as Architect of the Capitol, Walter offered two remedies. His plans showed the Capitol enlarged like a blown-up balloon. Then the busy architectural firm of Smythmeyer & Pelz came along with a real lulu. Extending the Capitol east and west, they wanted to adorn it with towers and turrets in all directions. It was filed away.

In 1903, however, these ideas were again resurrected and a Joint Commission of Congress appointed architects Carrere & Hastings to study the possibility of extending the east front.

They recommended an extension of no more than 12½ feet to give Walter's dome better visual support. They called this Scheme A. In addition, they complied with the request of the Commission for more space but recommended against it. This plan, called Scheme B, was to extend the east front by 32½ feet. With some slight amendments, the Commission approved Scheme B, despite the architects' recommendation to the contrary. But the Congress as a whole voted it down in 1905 and built the first House and Senate Office Buildings instead.

Nothing was ever said about the west front.

Scheme B was brought up and voted down three times more—in 1935, 1937 and 1949. In 1955, a year after J. George Stewart was appointed Architect of the Capitol, legislation to extend the east front in substantial accordance with Scheme B was passed as a rider to the Legislative Appropriations Act. There were no public hearings or public debate. But the measure had the emphatic backing of Speaker Sam Rayburn. Many Congressmen apparently took any criticism of the scheme as a criticism of this popular leader. The deed was done.

A PROMISE BY RAYBURN

Again, nothing was ever said about the west front. On the contrary, Rayburn assured the Congress in 1958 that "we are not going to do anything with the west end."

Yet the present Commission for the Extension of the Capitol says that it derives its authority from the 1955 Scheme B legislation.

It proposes to bring out Thornton's portico by 44 feet and change its design by adding a pediment, widening it and adding more columns. Thornton's wings are to be brought out 88 feet. And Walter's corridors that connect the original building with his wings is to be extended by 65 feet. Olmsted's terrace and stairs to be redesigned.

The yield: 4½ acres of space—a 25 percent increase in the size of the present Capitol—to be used for two visitors' auditoriums, two cafeterias, four dining rooms, several conference rooms and 109 "hideaway" offices for Members of Congress.

The cost: an estimated $34 million and the certain loss of a building that for a century-and-a-half has in Thomas Jefferson's words "captivated the eyes and judgment of all."

DECISIONMAKING IN SOUTHEAST ASIA

Mr. KENNEDY of New York. Mr. President, Mr. Philip Geyelin, of the Wall Street Journal, who has written perceptively on this and related issues in the past, contributed two articles appearing in that newspaper July 21 and 22, examining the interrelationships of political, psychological, and military considerations in decisionmaking in southeast Asia. I believe these articles are important contributions to the study of policy formation and of interest to all concerned in that area.

I ask unanimous consent that the articles be printed in the RECORD.

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

[From the Wall Street Journal, July 21, 1966]

THE ESCALATION MACHINE: POLICYMAKING SYSTEM ITSELF MAKES ANOTHER STEPUP LIKELY

(By Philip Geyelin)

WASHINGTON.—The smoke had barely blown away from the Hanoi-Haiphong oil depots and the latest expansion of the U.S. effort in Vietnam when the wheels that could carry the U.S. toward yet another "escalation" began, barely perceptibly but almost inexorably, to turn again.

Not conclusively, necessarily, perhaps not even consciously. No Presidential "decisions" were taken. No military orders were handed down. Quite the contrary; when pressed in public, such leading Administration figures as Presidential assistant Walt W. Rostow stoutly insisted that military considerations—meaning the response of the enemy—would dictate the next U.S. moves, and that nobody could predict the enemy's response.

After all, argued Mr. Rostow, the North Vietnamese had really started it in 1964, by infiltrating new and heavier arms and whole divisions of their troops; the U.S. was merely responding when it landed its own troops and launched air attacks on the enemy's "logistical and military bases" in the North. Similarly, it was only after the invaders continued to pour in that the U.S. did the same, while progressively intensifying the air assault. As for where it would end, Mr. Rostow begged off by declaring that "there is only one target officer in this Government—that is the President of the United States." Besides, he added, the answer rests with "the other side."

There is simple logic in this portrayal of military responses to military moves, with all of it apparently under careful control. But if that was all there is to the machinery of escalation, as it has functioned so far, it would also be a lot easier to accept the prospect put forth of late by at least some influential Administration officials of a protracted conflict, at something close to the present scale, with the Communists ultimately wearying of it all and either quietly scaling down their effort, or openly seeking peace.

It may turn out that way, of course. Or it might turn out just the other way. Either by a massive increase in infiltration, or a big monsoon offensive, or a war crimes trial and execution of captured U.S. airmen, or the entry into the war of the Red Chinese, the Communists might make further U.S. escalation clearly inescapable. But if past performance is any test, it is even more likely that nothing so dramatic or decisive will happen, but that the U.S. war effort will escalate anyway, for reasons only marginally related to strict military need.

A COMBINATION OF INGREDIENTS

For the fact is that the wheels propelling the U.S. toward wider war in Vietnam are not just military wheels. Some are political or diplomatic or psychological, both within and outside the U.S. Government, and all are tightly intermeshed under the complex process of step-by-step consensus-building, of balancing contradictory pressures, which is President Johnson's preferred technique for making Vietnam policy.

The momentum, in short, is in the decision-making system, and nowhere has that been more graphically demonstrated than in the case of the Hanoi-Haiphong raids, and some little-noted developments that were all but lost in the excitement afterwards.

The bombing of the Hanoi-Haiphong oil depots was an entirely "logical," high-priority Pentagon project from the moment the U.S. set out to interdict Communist supply lines by bombing North Vietnam. Why bomb roads, bridges or convoys and leave untouched the oil that fuels the trucks that make up the convoys? But the President at first held off, adhering to the doctrine of "graduated response." Going for the fuel supplies too fast, it was argued, would pose an intolerable provocation to the Communist Chinese.

By early this year, as the U.S. air strikes resumed after a 37-day "pause" for a peace offensive, the oil depots had moved to the top of the list of prime targets. But again the President held back; this time not out of military considerations at all, but because political unrest in South Vietnam raised the question of whether the Saigon government could stand the strain of a new expansion of the war. But the political unrest, in turn, was also helping sap public support in the U.S. for the war. Public dissent was growing loud, and with it official U.S. anxiety that Hanoi would misread U.S. resolve.

Meantime, public speculation and debate was widening over the possibility that the oil depots would be attacked. The longer the U.S. held off the more Hanoi might misunderstand. Hitting those oil depots thus became more than ever a test of U.S. will.

So it should have surprised nobody that, when Premier Ky finally got the upper hand over his opposition, Mr. Johnson began preparing U.S. and world opinion for this next step in intensification of the U.S. air war against North Vietnam. On June 18, the President warned publicly that the cost of aggression would be "raised at its source."

Privately, he began the business of building Congressional backing for the Haiphong-Hanoi raids.

The reasoning put forth was that destruction of the oil depots would curtail, if not cripple, North Vietnam's infiltration capability, that it was a justifiable retaliation for Communist "escalation," that it would ease some of the enemy pressure on U.S. troops in the South. But this military argument was only part of the rationale, perhaps the smallest part. In February, when the Administration didn't want to expand the bombing, Secretary McNamara was one of those arguing privately that even a fourfold step-up of the bombing of North Vietnam's "logistical bases" would have only slight effect on the Communist war effort.

Suddenly, in June, it had become an urgent, crucial element. The real rationale, officials have since explained, was that a dramatic blow at "the source"—the Hanoi-Haiphong oil depots—would serve multiple purposes. It would put some limitations on infiltration. But it would also reaffirm American mettle for Hanoi's benefit, while damping down U.S. dissent by removing the point of further debate over this particular step. It would probably also prove popular with a U.S. public grown frustrated by lack of solid achievement in the war—and thus, too, would reduce dissent.

THE ADMINISTRATION'S FOLLOW-UP

That a showy display of public approval was a good part of the purpose is suggested by the follow-up effort of the President and his top men to picture the enemy as "war weary" and defeatist in spirit and by the flourishing of the resulting, favorable, opinion polls.

With consensus-building so much a part of the whole episode, it is hardly surprising that the news leaked out prematurely; it is hard to enlist a Congressman's backing for a military measure without telling him a little about it. Still, Government officials loudly lamented the "leaks," however unlikely it seems that Hanoi was either surprised or effectively forewarned. After all, the pros and cons of just such action had been a public topic for many months longer than it would have taken to beef up defenses at the target sites.

Indeed, the North Vietnamese were hard at work dispersing the oil supplies when the air raids took place. Even so, officials expressed outrage at the advance news report and the President ordered the FBI to search out the source.

So what happened within hours after the Hanoi-Haiphong raids? First, from the Pentagon came published reports that "top military men" had a list of new objectives, including the closing (presumably by mines) of the Haiphong harbor, destruction of the three biggest airfields in the Hanoi-Haiphong area, and the bombing of power plants and industrial facilities, including quite specifically the Thanguyen steel plant 35 miles north of Hanoi.

This was all anonymously attributed. But before long, according to a dispatch from United Press International, Rear Adm. James R. Reedy, commander of the 7th Fleet Task Force off Vietnam, made it more official. He had picked out new targets in the industrial corridor between Hanoi and Haiphong, he told a press conference aboard his flagship the USS *Constellation*, according to the UPI account, which added: "The Admiral said one target would be a large steel plant if his five-carrier force receives orders to widen its air assault on North Vietnamese targets." (The Admiral later told superiors he was misquoted, but as a practical matter, the impact of the original UPI report is likely to be the same.)

A few days later, in Canberra, the U.S. Ambassador to Australia was still more expansive, according to the Washington Post. Arguing for a stepped-up bombing offensive, he declared "We will knock out oil, electrical grids, power lines, dams and canals."

A GRIM PROSPECT

So Hanoi is on notice, and so are the war critics in the U.S. as well as the press. The notice won't matter, of course, if the latest turn of the screw against the Communists should prove to be the telling one. But history argues for contemplation, at least, of quite a different prospect:

Assuming the war drags on without dramatic change, public patience at home is likely once again to wear thin. There will be a revival of open and acrimonious debate and fresh fears among the policymakers that Hanoi will see such dissent as a U.S. disinclination to stay the course. Finally, perhaps some months from now, there will be urgent consideration of the need, politically, and psychologically, as well as militarily, for further measures to reaffirm U.S. resolve.

At that point, it should surprise nobody if public speculation about next moves should center on the Thanguyen steel mill, on Haiphong harbor, on those three airfields, on electricity grids, dams and canals. As the critics oppose and the proponents propound and the press probes, the President and his advisers may come to see yet another urgent test of will. As Decision Day approaches, they will doubtless also deplore the inevitable security transgressions, perhaps without recalling their original source, and even though a span of months ought logically to allow a lot more time than a span of hours or days for the Communists to beef up defenses or make alternate arrangements to keep supply routes open.

For now, the President can hope that his refurbished consensus, coupled with a real increase in military effort, will actually give the Communists serious second thoughts. At the best, he can hope that it will carry him safely past the Congressional elections, when heavy Democratic losses, growing out of disillusionment with Vietnam policy, might serve to hearten Hanoi. But unless there is positive, demonstrable headway to show for the U.S. effort in Vietnam, serious public disillusionment and dissent is almost certain to recur in time. So will serious consideration of further escalation as a logical, military necessity.

But the "logic" of this military argument may well be less important than the political and psychological pressures inherent in the free play of business-as-usual consensus politics—pressures which give an added measure of inevitability to the escalation machine.

[From the Wall Street Journal, July 22, 1966]

VIETNAM AND VOX POPULI: SOME MERIT SEEN IN CONGRESSIONAL ENDORSEMENT OF OUR AIMS

(By Philip Geyelin)

WASHINGTON.—Air raids aimed in large part at muffling war critics at home by way of reaffirming U.S. resolve abroad. U.S. public opinion polls employed as a psychological warfare weapon against a foreign foe. Step by step endorsement of military measures, sought privately and out loud from Congress and the public in ways that can only give weeks of warning to the enemy.

Is this any way to run a war?

A short answer is that the conflict in Vietnam is no ordinary war. It is undeclared and without any readily understandable, clearly definable goal; here is a U.S. armed force, committed to a struggle rapidly reaching Korean War-size, whose purpose seems to be as much political and psychological as military. By inflicting military punishment, it seeks to break the enemy's will. The professed aim is not surrender, but something much more like stalemate out of which a political settlement might ultimately be forged.

For this unprecedented purpose, the prevailing Administration view remains that the war is being run in the only way it can be, given its nature and the particular talents and preferred techniques of the man who is running it, his high premium on what the diplomats call "wriggle room," his abhorrence of final commitment, his passion for patient building and rebuilding of "consensus" under each successive step.

AUTHORITY FROM CONGRESS?

But there is another view, encountered increasingly among those policy makers and war-planners once or twice removed from the peak of power where domestic and foreign politics must be figured into final decisions (and are figured in with a vengeance by President Johnson). This view has it that the time is fast approaching—if not already passed—when the widening Vietnam effort requires something more in the way of Congressional authority and public endorsement than a controversial treaty commitment, or a two-year-old resolution growing out of a one-shot raid against North Vietnamese torpedo boat pens, or the samplings of Gallup, Roper, Harris or Quayle.

Events, of course could quite quickly make this the prevailing view. A major enlargement of the Communist effort might confront the President with the need for the sort of Congressional action—a declaration of emergency, a Reserve call-up, or whatever—which would constitute unmistakable endorsement of the Administration's Vietnam policy. But even in the absence of a dramatic expansion of the war, a case can be made that if the machinery of steady escalation is ever to be halted or reversed, some better means must be found to convince the "other side" of this country's determination to see the struggle through.

The question, of course, is how to make U.S. staying-power as convincing as its firepower—how to put to rest, insofar as it is possible, any doubts the Communists have about the American public's willingness to carry on the war. Almost everybody agrees that the obvious alternative to consensus politics—a formal mobilization under a declaration of war—would harden demands for unconditional surrender as the goal. It would stir war fever to perhaps irreversible heights, and lock the U.S. even more tightly into the struggle when its best chance of extrication lies in maintaining maximum flexibility.

But there is a middle course open, and it is worth examining, both because it might be adopted at some point, and, even if it isn't because of the insight it offers into one of the most troublesome aspects of the Vietnam conflict. As outlined by some of its advocates, the idea goes something like this:

Congress would be formally requested to approve the basic U.S. approach to Vietnam by accepting the concept of "limited war for limited objectives," to be fought, not all-out, but with a "graduated response" to the escalations of the enemy. In the process, Congress would redefine and reaffirm the U.S. commitment to South Vietnam. The U.S. public, in short, would get an opportunity, in the only way available, to state its acceptance of the war for what it has become and for the long, costly struggle it may well turn out to be.

QUIETING THE CRITICS

In theory, then, either the war's critics, having been offered a meaningful outlet, would pipe down, or if they continued their dissent it would be less likely to mislead Hanoi or Peking or Moscow about U.S. intents. A vote of confidence in current strategy would reduce the need for Mr. Johnson to drum up fresh evidence of backing for each new move, and thus reduce the need for him

to tip his hand. Policy—or strategy—debates within his Administration could be more readily stifled; there would be less incentive for the debaters, and in particular the military, to carry their arguments into public print or to push their points of view with sympathetic lawmakers.

This, when coupled with official acknowledgement of a state of emergency by a solid majority vote, might even tend to discourage confusing and often misleading public speculation about next steps.

That's the theory—and even its proponents concede it has some flaws. Few seriously doubt that Congressional endorsement of the war effort would be overwhelming; with several hundred thousand U.S. troops already engaged in battle, and U.S. prestige squarely committed, Congress would have little choice. But the language of any very precise Congressional resolution of support would be difficult to draw. There would be a bruising debate, confusing to the enemy, perhaps prolonged. Senator MORSE, Democrat, of Oregon, for one, could be counted on for a filibuster.

Moreover, a request for a fresh Congressional authorization would carry with it the implication that Mr. Johnson felt he perhaps did not have authority to commit the U.S. so deeply to an Asian land war and was seeking authority retroactively. To the extent that Congress tempered its approval, it might seem to be putting limits on Presidential prerogatives—limits which might restrain the President's freedom of action in Vietnam or some future crisis. Finally, a formal resolution of Congressional support might tend to make Vietnam officially "Johnson's war."

Plainly, Mr. Johnson would prefer to draw on the inherent powers of the Presidency; on the original Eisenhower letter of commitment to former South Vietnamese President Ngo Dinh Diem; on U.S. obligations under the Southeast Asian Treaty Organization; on occasional appropriation requests which have been pointedly tied to Vietnam spending and presented as a test of Congressional support for the war; and on the virtual blank check contained in a joint resolution growing out of North Vietnamese torpedo boat raids on a pair of U.S. destroyers in the Gulf of Tonkin in August 1964, and the U.S. air raids in reprisal.

Technically, all this is probably authority enough. But the ten-year-old Eisenhower letter to Diem was in the context of economic aid. The SEATO argument was an afterthought, all but unmentioned at the moment of massive U.S. escalation over a year ago, and tossed belatedly into the argument. The appropriation votes were hardly a fair test of sentiment. As for the Tonkin resolution, when the entire House and all but two Senators voted for it, there were no U.S. troops organized as combat units in South Vietnam, and no systematic air raids against the North, and election candidate Johnson, in vivid contrast with his opponent, was repeatedly promising that he would not "go North."

Indeed, when an attempt was made to restrict the language of the resolution in the Senate, so as to limit authority for any open-ended escalation, assurance was offered by the Administration's floor manager of the measure, Senator FULBRIGHT, Democrat, of Arkansas, that nothing so sweeping was either contemplated or implied.

The real weakness of the Tonkin resolution, however, is not so much in its "legislative history" as in the fact that it is out of date, unrelated to the current U.S. involvement, and almost certainly unpersuasive to the enemy. Whether a new declaration of Congressional sentiment would be any more convincing to Hanoi is perhaps less important than the indirect impact it might have on a decision-making process which currently requires the careful building and re-building of popular—and impermanent—majorities behind each new venture in the war.

The polls show powerful support for the oil depot raids. What they don't show is what portion of that approval rests on the belief that the raids will measurably shorten the war, or how quickly this might turn to disillusionment and disapproval if the war drags on inconclusively. It's in this fashion that escalation feeds upon itself, for public disapproval would then argue for some new military blow to demonstrate U.S. will.

It is perhaps unreasonable, in this election year, to expect Mr. Johnson to provoke a showdown with Congress over his conduct of war, especially when his principal advisers are telling him that the war is going relatively well. But if this advice proves premature, criticism of the war is almost bound to swell. At some point, it may not be unreasonable to ask whether the President can continue to demand suspension of debate-as-usual and dissent-as-usual for the duration, while at the White House "consensus" politics-as-usual remains the rule.

IRS RULING IS A STEP IN WRONG DIRECTION

Mr. MUNDT. Mr. President, on July 7, the Internal Revenue Service announced a proposed change in its regulations administering the Internal Revenue Code of 1954 which, if allowed to stand, would discourage every teacher, skilled professional person, salesclerk, and even doctors from furthering their knowledge of their profession or skill by pursuing formal education. The Internal Revenue Service proposed to "clarify" paragraph 1.162-5 of section 162 of the code which relates to the expenses for education. These proposed changes are, in my estimation, a step backward and they are completely unwarranted. They not only penalize initiative and desire but they hit hardest a profession—teaching—that should be helped and not hindered. At a time when teachers' salaries are in many instances failing to keep pace with the rest of the economy, decisions such as this make it just that much more difficult for the young educators to keep the wolf from the door.

Certainly one cannot argue with the agency's noble and well-meaning efforts to expedite rulings on the deductibility of expenses for educational purposes. This is most commendable, and I believe that the vast majority of my distinguished colleagues would agree that, during these times of mushrooming expenditures in the field of foreign and domestic affairs, we must look to the Government administrators to save money through administrative efficiency within their agencies and, in the case of the "tax collector" for the Federal Government, be ever watchful in closing loopholes in the tax structure. However, when such diligence has the effect of negating the incentive of the American educator to get ahead in life on his own initiative, and through sacrificing the luxuries of life in order to spend his free time and hard-earned money by going to school to improve his skill, I feel we must take issue with the proposed "clarification" of regulations.

Let me quote to you a statement by J. L. McCaskill, assistant executive secretary for State and Federal relations, National Education Association, who, I believe, sounds the alarm of not only the teaching profession but all American working people, if the proposed changes in the IRS Code become effective:

> For more than 20 years the NEA and its Legislative Commission have worked with the Treasury Department to convince responsible revenue collecting officials that teaching should not be included with the profit making occupations in the income tax treatment of necessary educational expenses. Yet, the proposed changes, in the Internal Revenue regulations would reverse the modest gains of the past 25 years, denying tax deductions for teachers to broaden and enrich their professional skills in our fast-changing, dynamic American society.
>
> The National Education Association will call on its local and state affiliates to oppose these proposed changes with all the strength and vigor that the united teaching profession possesses.

Now let me give several examples of the effect the proposed changes in the code could have on those dedicated men and women who are teaching in our educational institutions. In the State of South Dakota we have been making good progress in upgrading our State educational system and improving the qualifications of our teachers. We still have, however, 1,342 1-teacher rural schools and of this number only 64 of these teachers have college degrees. If the Internal Revenue Service has its way, the 1,278 teachers without degrees dare not from a tax viewpoint go to summer school or drive 50 to 100 miles one night each week to take extension courses offered by one of our fine universities, as so many do or save his or her money for several years in order to devote a full year to studying on the campus of one of our colleges or go to summer school every summer for 6 or 8 years if their intention or the result of such class work will lead to a college degree. What is wrong with encouraging them to get their degree?

If a teacher in South Dakota has a permanent or continuing teaching certificate which requires further educational courses every 3 or 6 years, he must not announce his plan to work toward the requirements for a degree because by doing so, the newly proposed Internal Revenue Service regulations would disallow the expenses of tuition, travel, or lodging while the teacher is improving his skill and knowledge.

The reasoning of the IRS is that a planned course of study leading toward a person's own specialization or skill is a personal or capital gain, and thus cannot be deducted from yearly earnings. In other words, IRS is saying or judging that every person who wants to better himself through formal education is primarily looking out for his own welfare and the almighty dollar, and that dedication to a vocation such as teaching, or the true Christian desire to help others is always secondary in one's life, and thus personal. As a former teacher myself, I am here to say that I will dispute this philosophy or opinion or belief anywhere at any time. It just isn't so within the

ranks of the teaching profession in the United States.

Is it not unrealistic to think that a career teacher would spend his or her summer months going to school and spending money—rather than earning more money—just to get a refund from the Internal Revenue Service for his tuition, living and traveling expenses involved in becoming more skilled when the employer did not require it? It seems to me, however, that the IRS is certainly implying that the majority of teachers follow precisely such a course of action.

The proposed changes in the present code for deducting educational expenses do allow, on a much too restrictive basis, for deduction of expenses under certain conditions. If a teacher takes courses helter-skelter or hit-and-miss just to fulfill requirements for his continuing teaching certificate or if the school administrator signs a letter that the course will make him more skilled in the subject he is teaching, educational expenses can be deducted when he reports his earnings each year. But the courses taken must not lead toward an academic degree.

In other words, if I could convince my superior that basket weaving was essential to my skill as a speech instructor, I could deduct expenses for such study from my yearly income. On the other hand, if I took a course in electrical engineering which qualified me eventually for a degree in that field even though I took the courses in order to be able to build a radio sending set in the speech laboratory in my school—and further could not prove that I had no intention of being an electrical engineer, consciously or subconsciously—I would not be able to deduct such expenses from my annual income.

There is a way, however, of outsmarting the Internal Revenue Service, if their proposed clarification of educational expense deductions becomes effective, that will enable a teacher to get a degree while meeting the necessary qualifications of continued study in order to maintain his teaching certificate. If the teacher conceals his intention of seeking a degree or having a plan for a degree registered with the school he is attending, he can still very likely wear a cap and gown some day and march across the stage to receive his sheepskin. However, the school administrator under whom he teaches must assist him in his secret and surreptitious quest for a degree, and the teacher's college adviser and the college administration must cooperate by not putting anything in writing that would indicate the individual is enrolled in a systematic program leading to a degree. If word got out that the teacher was seeking a degree the IRS would not allow the educational expenses involved as deductions from his annual gross income. What a curious way to run a Federal tax collecting agency.

These procedures seem to be acceptable to the IRS by their proposed changes, but honesty and integrity which have been a hallmark within the teaching profession seem to be punishable by loss of deductibility of education expenses. Is this what we want our teachers to become: slight-of-mind and slight-of-hand technicians? I believe we would rather want them to "practice what they preach"—I do not believe we have come to the point in our society where we want teachers to tell their students, "Do not do as I do; do as I say."

The proposed restrictions on the deduction of educational expenses for millions of our taxpayers are not only detrimental to the entire teaching profession, but they stab at the heart of the incentive of the American workingman and woman to sacrifice present income to procure a better and more secure future. For instance, under these new IRS regulations, if a salesclerk wants to work all day and then enroll in a course at a university—or for that matter, I assume, to obtain a high school diploma—the expenses for this schooling would be a personal or capital expense and not deductible from the clerk's gross annual salary for tax purposes. This proposed change certainly negates the present administration's announced desire to better the economic and educational standards of the American citizen.

As an illustration of this self-defeating policy let me cite an example of what will happen to a young constituent of mine. Recently I received notification that a young South Dakotan had finished a course in electrical work at the Custer Job Corps Center in Michigan. On the basis of his superior work at the center he was awarded a scholarship sponsored by Litton Industries, Inc., to study electrical engineering at Western Michigan University. In addition to the scholarship it is my understanding that the Litton Co. arranged a part-time job for this young fellow to help cover the cost of living while attending the university.

The initial incentive provided by the Job Corps in interesting this youth in the field of electrical engineering is commendable. But where does he go from there? He evidently desires to complete his training so that he may make a greater contribution to society but the IRS is not going to encourage him to do so. His expenses, including travel expenses and living expenses, will not be deductible. He will, at least, have the scholarship, provided by a private corporation, to help him out. If he were motivated enough to go on in school but not lucky enough to win a scholarship, his expenses would still be nondeductible and in all probability, his educational career would be at an end.

In the final analysis, the Government is in effect saying, "We will let you get a taste of the cake, but when you have acquired a taste for the profession, when you believe that you would like to go on and improve yourself as a result of your own initiative and with no government strings attached, then we will restrict your ability to do so."

The aspiring electrical engineer, the salesclerk, and the teacher are not the only victims of this new effort to restrict the incentive of the American taxpayer to make his own way in life. The public accountant, once certified and employed under the minimum conditions required by an employer, dare not unconsciously or consciously improve himself by taking courses at a university leading toward an advanced degree because the result might lead to a promotion or an expansion of responsibilities in his position with the company, and this is personal gain, the likes of which would disqualify him from deducting the educational and training expenses involved.

What is even more ridiculous is that if the employer raises the qualifications for the position the individual holds and he must therefore go on to school in order to keep his job, he still cannot deduct the educational expenses because this would be personal or capital gain. This is hardly a consistent philosophy for raising the standards of employment, or assuring every man the security of a living wage and the individual dignity which has been a continual cry of the present administration.

Mr. President, if these rulings go into operation, their net effect will be to strip away job security in the teaching profession, place an added financial burden on an already overburdened profession, and destroy the initiative for continued self-improvement.

I hope the IRS will reconsider its stand on this issue. It is time someone gave the teachers a helping hand rather than the back of the hand. I know that many of my colleagues agree. This has been illustrated by the support given proposed tax legislation introduced in Congress which would encourage rather than discourage self-improvement on the part of the teachers. One such bill is S. 1203 of which I am happy to be a cosponsor. This bill would provide greater deductions for teachers who wish to broaden and increase their professional skills.

This is the direction in which this country should be moving—forward, not backward, recognizing and rewarding initiative, not penalizing it. In spite of all the billions this Nation may spend for Federal assistance to education the lasting gains that will accrue must come from the services of the educators themselves and these individuals can best be helped simply by encouraging them to improve themselves.

FOOD AND FOREIGN POLICY

Mr. McGOVERN. Mr. President, Mr. Richard Wilson, one of the most knowledgeable observers of the relationship of American agriculture to U.S. foreign policy, has written an interesting piece on this subject which was published in the Sunday, July 24, Washington Star.

I ask unanimous consent that Mr. Wilson's article be printed at this point in the RECORD.

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

FOOD AS AN INSTRUMENT OF OUR FOREIGN POLICY

(By Richard Wilson)

We are on the way toward spending many more billions to feed the world. This will be a major factor in our economy and our foreign policy for years to come. A great deal

hinges on how efficiently and effectively the programs are carried out.

Much more hard-headedness is called for. The no-strings-attached idea, where food is concerned, has little application. There is simply no sense in feeding hungry nations so they can prepare to fight us or each other.

Nor is there any sense in not using food as a persuader in nations that happen to be neutral, or using it, when practical, to moderate those governments that are actively hostile to us.

In that context, selling food to Communist China inevitably will have to be considered. It may never be practical. But it would be vacant-headed not to study how, when and under what conditions shipping food to Red China could be an effective instrument of U.S. foreign policy.

Conversely, we ought to be tough with President Nasser of Egypt on what he does with the food we ship there in the future. As pointed out in a forthcoming article in Readers Digest by Dr. N. R. Danielian, president of the International Economic Association, we made it easier for Nasser to buy arms and hire German rocket technicians by shipping Egypt $1 billion worth of food. At the same time Nasser was receiving American corn, he was shipping Egyptian rice to Red China.

These contradictions have to be examined and reconciled, not after the fact but before.

Congress is now working on a measure called the food-for-freedom bill that would about double our food shipments abroad and limit them to $3.3 billion each year for a two-year period. As passed by the House, the bill gives too little latitude to the President and his administrators. That may be corrected by the Senate.

But what the Senate Agriculture Committee is failing to do in a series of secret hearings is to revise the bill sufficiently so that the President will have a real persuader for use in the satellite countries, and for possible future use in the Soviet Union and China.

Congress is insisting on the tight control of the assignment of food. It is certainly entitled to some control, but the fact remains that under the Constitution the President of the United States conducts its foreign relations.

Senator ELLENDER, of Louisiana, chairman of the committee, is trying to limit the executive authority so that it cannot effectively use the great food producing capacity of this country as an instrument of foreign policy. The secretary of agriculture would be forbidden from making acreage allotments that would produce a surplus to be used for worldwide food allocation.

That provision alone defeats one other desirable effect of the program, which would be to release farmers from acreage restraints so that they could produce for the world market.

The startling fact is that the worldwide food shortage, the spreading plague of hunger is advancing at a faster rate than expected. The recent commitment of wheat to India shows that our wheat reserves are already being drawn down below a desirable point.

The vanishing surpluses are an economic miracle in a nation whose administrators came to think of surplus farm products as a natural condition. They are slow in adjusting to the newer conditions and so committed to old policies of restraint that they are slow to acknowledge what is ahead. Only last year the Johnson administration asked for and got a four-year extension of basic agricultural law contemplating the total retirement of around 40 million additional acres from farm production. That goal is already wholly out-of-date, but the Johnson administration is moving slowly to increase farm acreage. Its concern seems more with holding down farm prices by adjusting government purchases, even though farm prices generally are about 20 percent below the level Congress had declared to be fair and equitable.

Farmers are eager to produce. They have the techniques and the land. It is a widely noted phenomenon that good farmers take great pride in their productive capacity, and some of them feel unnatural and uncomfortable, entirely aside from the economic aspects, if their land is not bountiful.

What is needed now is a more imaginative and constructive approach to a measured expansion of this productive capacity so as to place in the hands of the President a more effective instrument of foreign policy.

LOOTING PROFITABLE BUSINESS

Mr. BYRD of West Virginia. Mr. President, a UPI news story out of Cleveland appeared in the Parkersburg, W. Va., News on July 21, titled "Looting Profitable Business." The story refers to the riot which has recently rocked certain areas of Cleveland, and it depicts the pathetic situation in which merchants found themselves while their stores were being looted. Some merchants, according to the news story, watched their businesses go down the drain and said that they would not reopen in the riot area. Some of the merchants arrived at their stores while they were being looted and, rather than face the possibility of injury in trying to prevent the plundering of their own property, they told the looters to take what they wanted. It goes without saying, the looters obliged them.

I ask unanimous consent that the news story be printed in the RECORD.

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

LOOTING PROFITABLE BUSINESS

(M. J. Prendergast)

CLEVELAND.—A fifth of liquor for $3, a new suede jacket for $10, a gold watch for 25 cents, a bottle of wine for 40 cents, food at half price.

The cut-rate sale of looted goods went on. It was a buyers' bonanza.

Looting in this riot-marked city, a profitable business, was also a dangerous one.

Police arrested more than 125 persons for looting during the past two nights of racial strife, but this did little to assuage the anguish of some merchants who watched their businesses go down the drain.

Some said they would not reopen in the riot area.

"I can't believe what I have seen," said Earl Gamer, nearly in tears.

Gamer, owner of Larry's meat market in the heart of the rioting area along Hough Avenue, poked around the charred ruins of his burned and looted establishment.

He said looters smashed into his store, broke into a safe and left him "flat broke."

"They say we are capitalizing on the Negroes," he said. "That's not true. When I first moved here 19 years ago, there were very few Negroes. They came to me. I didn't come to them."

Looters smashed plate glass windows and doors to enter stores along Hough Avenue. Protective wire gates offered little protection. They ripped through the gates to get at the merchandise.

Men, women and children shared in the "windfall."

In some instances, the looting went on as police stood by in the background.

Looters took little or no precaution to disguise their activity.

Men carrying rolls of room-length rugs walked brazenly down Hough Avenue. Others made no attempt to stop photographers from taking their pictures as they carried merchandise from window-shattered stores.

Some merchants arrived at their stores while they were being looted. Rather than face the possibility of injury in trying to prevent the plundering, they told the "bargain seekers" to take what they wanted.

In all cases the looters obliged them.

NEED FOR HIGH-SPEED RAIL SERVICE BETWEEN MAJOR CITIES

Mr. PELL. Mr. President, the Wall Street Journal of July 22 carries a most interesting article regarding new developments in rail passenger service which I should like to call to the attention of the Senate.

The article reports that the New York Central Railroad is planning to seek discontinuance this fall of all long-haul passenger service, including such famous trains as the 20th Century Limited, which provides overnight service between Chicago and New York. Instead, the railroad will concentrate on new, high-speed shuttle service between major cities less than 200 miles apart.

This report is most interesting to me because it confirms what I have been arguing since 1962—namely that there is a real market and need for high-speed rail service over intermediate length routes which are often too short for efficient use of aircraft and too long for automobile travel. This is particularly true here on the Northeast seaboard, where we have many cities clustered together—many of them separated by only 20 or 30 miles of countryside. Indeed, the area between Washington and Boston is becoming so predominately urbanized that it has been called Megalopolis.

It is precisely because of the unique transportation needs of this area that I have urged a rehabilitation of rail passenger service to serve megalopolitan regions. Many of my ideas were incorporated in the High Speed Ground Transportation Act of 1965 which authorized the Department of Commerce to make demonstration tests of high-speed intercity service and to conduct research and development into new phases of ground transportation technology.

The reported plans of the New York Central Railroad should admirably complement these efforts by the Federal Government to promote truly balanced systems of transportation on a regional basis. I would add the personal hope that the Central's plans would not lead to abandonment of useful overnight sleeper service on such highly traveled routes as the Washington-Boston corridor. Also, it seems to me that the current disruption of air service has demonstrated amply the need for retaining a reserve capacity of longer haul passenger service, including sleeper service. Perhaps some of this capacity will have to be preserved in the form of so-called mothball fleets of rail cars, but it is capacity which could be essential to national defense and survival and therefore should not be allowed to disappear.

Mr. President, I ask unanimous consent to insert in the RECORD the article

from the July 22 issue of the Wall Street Journal entitled "Central Aims To End Long Passenger Runs, Add Swift Shuttles," and also an article from the Washington Post of July 25 entitled "High-Speed Run Is Made by Jet-Train."

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

[From the Wall Street Journal, July 22, 1966]

CENTRAL AIMS TO END LONG PASSENGER RUNS, ADD SWIFT SHUTTLES—LINE TO ASK ICC APPROVAL SOON—OTHER ROADS COULD FOLLOW—LOWER FARES, FASTER RUNS

(By John D. Williams, staff reporter of the Wall Street Journal)

NEW YORK.—The New York Central Railroad will ask the Interstate Commerce Commission this fall for permission to end all of its long-haul passenger trains. In return, the line will offer to set up a new system of high-speed, all-coach shuttle trains between major cities spaced less than 200 miles apart.

The move, if approved, could lead to a major overhaul of railroad passenger service in the U.S. There is no indication yet what the ICC reaction will be, but a go-ahead for the Central almost certainly would lead to similar requests by other railroads, especially those in the East, railroad officials say. When the Pennsylvania Railroad merges with the Central the combined system probably will seek to abandon the long-haul Pennsy trains, too.

In effect, the road is reemphasizing that it can't compete with the airlines on long runs—such as the New York-to-Chicago trip—but is giving notice that it intends to become a major factor in short-haul transportation—such as the New York-to-Albany run.

The plan would enable the railroad to scrap all its sleeping, dining and parlor cars. And since tickets would be sold only on board, the road could close its reservation offices and non-commuter ticket windows, reducing its work force by attrition.

THE AIM: PROFITS

The aim of the plan, of course, is to make the Central's passenger service profitable. Long-haul service accounted for the great bulk of the line's $16,176,000 deficit from passenger operations last year, when 8.8 million persons rode these trains. The number of passengers was less than half the 18.6 million of 1955. Similarly, the road figures that fast, frequent service between major cities that are relatively close could be quite profitable. Much present trackage could be used for the trains, which eventually would be jet-powered.

The Central, the nation's second largest road in terms of passengers carried, refuses to comment on the plan. But other sources confirm its existence. In fact, as a forerunner to the plan, the Central will begin testing tomorrow a former commuter car now powered by two jet aircraft engines on a stretch of track west of Toledo, Ohio. Engineers will seek to run it at speed of more than 150 miles an hour.

In an effort to lure travelers, fares on the new trains would be low and service frequent. The fare for the 142-mile trip between New York City and Albany, for instance, would be cut from $6.75 to $5—20 cents less than the current bus fare. Trains would leave every three hours.

In its argument before the ICC, the Central is expected to try to show that many cities would have more, rather than less, service under the new plan. It probably would note, for instance, that several major cities between Chicago and New York are less than 200 miles apart, and though these cities no longer would be served by the Twentieth Century Limited, they would have increased short-haul service. It is understood that some of the trains also would have interim stops.

OPPOSITION EXPECTED

The Central's approach—a modern-day version of the old interurban systems—surely will meet with much opposition. Railroads seeking to abandon passenger service are consistently met with strong attacks from the dwindling number of train riders. Some of these people don't drive cars and are afraid to fly. Others simply prefer train travel.

Nevertheless, the Central is determined to press ahead. Economics are the main factor, sources say. The Pennsy's New York-Chicago Broadway Limited, for instance, which carries an average of 75 through passengers, requires a crew of 68 for the 907-mile, 16-hour trip, chiefly because of crew changes and union work rules. A jet, which makes the trip in less than two hours, needs only a crew of seven or eight for the journey.

Some air fares between New York and Chicago already are lower than some train fares, and the Central is known to fear that the gap will widen in the 1970s when new jet planes hauling 250 to 490 passengers are added to the run.

The interurban rail service is just the latest of several plans railroads have for their passenger service. Abandonment is the hope of many roads—10 roads have applications pending to discontinue 25 intercity passenger trains—but others have hopes of improving their service.

Next year, the Pennsy and the New Haven Railroad, which also will be in the Penn-Central combine, will launch a three-year, $90 million Federally sponsored program for high-speed service over major sections of track between Boston and Washington. Under this program, the New York-to-Washington train time would be cut to 2 hours 18 minutes from 3 hours 35 minutes. These trains would travel at speeds of 110 miles or more an hour.

With such schedules, Commerce Department planners believe, the railroads could compete successfully with the popular air shuttles. At present, it takes about an hour on the air shuttle from New York to Washington, but getting to and from the airports can easily add another hour and a half to the traveling time.

The Central's interurban plan could be the answer to the troubles of many railroads, some rail officials say. "The Central's concept is a good one for the East Coast because of the tremendous congestion there," says a spokesman for the Union Pacific. "There is a real place for such service in the East and perhaps as far west as Chicago. But it wouldn't apply in the West where our average passenger haul is far longer than the Central's. We don't have the densely populated centers that would lend themselves to short hauls." The UP loses about $20 million a year on its passenger service.

Not all roads agree, however. The B&O-C&O system, for instance, loses $300,000 a year on its 43-mile run between Washington and Baltimore, and officials doubt that a fast shuttle would improve business, primarily because of a high-speed highway between the cities.

[From the Washington Post, July 25, 1966]

HIGH-SPEED RUN IS MADE BY JET TRAIN

BRYAN, OHIO, July 24.—New York Central Railroad officials appeared elated today after apparently concluding test runs of their jet-powered train of the future.

The converted lounge car with twin jet engines on its roof made two runs, one of about 30 miles from Butler, Ind., and another of about 17 miles.

Company officials would not comment on today's top speed, but one writer said he thought it was 140 mph or better. An unconfirmed report from a Ft. Wayne, Ind., television station said the train reached a speed of 225 mph. The station observed the test from a helicopter.

The railroad's public relations director, Eric Woolfall, said the test runs would be discussed this week at a news conference in New York City.

The Central, soon to merge with the Pennsylvania Railroad, has not announced its plans for jet-propelled trains. But the Wall Street Journal has reported that the company hopes to use them on 200 mph. shuttle runs between major cities less than 200 miles apart.

BANGKOK BUSINESSMAN APPRECIATES EXECUTIVE SERVICE CORPS HELP

Mr. HARTKE. Mr. President, I noted here recently the sound growth of the International Executive Service Corps, which grew out of suggestions I made for the voluntary service of experienced businessmen in personally contributing their executive and technical know-how to counterpart businesses in less developed countries.

In noting that item in the CONGRESSIONAL RECORD, my good friend Frank Pace, Jr., now president of the IESC, forwarded to me a copy of a letter from a Bangkok textile mill director in which he stated that the 3 months of work with him by an American volunteer had moved their mill 5 years ahead.

As we are in the midst of our debate over foreign assistance, it is worth noting what a remarkable job can be, and is being, performed by a private agency such as the IESC, although it must be recognized also that its initial funding was through an AID grant. This is a most constructive approach, and I trust we shall see its continued expansion and success.

Mr. President, I ask unanimous consent that the letter to which I refer may appear in the CONGRESSIONAL RECORD.

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

THE BANGKOK WEAVING MILLS, LTD.,
Bangkok, Thailand, July 7, 1966.

Mr. FRANK PACE, Jr.,
President, International Executive Service Corps, New York, N.Y.

DEAR SIR: We are deeply indebted to you for sending Mr. Sidney Buffington to us.

Mr. Buffington is not only an expert in textile who had helped to solve all our problems in the mill, he has also made friends with our people and he is loved by all. To us he is also your ambassador-at-large.

During the three short months that Mr. Buffington was here he had worked harder than any of us, transferred to us his 40 years of textile mill experience and moved us 5 years ahead of what we used to be three months ago.

We are so sad that we could not persuade him to stay with us longer. But wherever he goes, our thoughts will always be with him. Our arms will always be opened to welcome him whenever he has a chance to come to Thailand again.

We want to thank you again and we shall never forget your kindness, and the wonderful work which your Thailand representative Mr. John C. Chandler had done here.

Respectfully yours,

TANYAH POCINWONG,
Managing Director.

TRIBUTE TO NATIONAL DRUM CORPS WEEK

Mr. SIMPSON. Mr. President, I invite the attention of Senators to the week of August 20–27, which has been declared National Drum Corps Week. Instilling discipline, an appreciation for music, and a healthy patriotism, drum and bugle corps are an inspiring and exacting, activity for more than 1 million persons in cities and towns across the Nation. Members who make the grade can well be proud of themselves and their organization.

I have a special interest in the National Drum Corps Week, as my State can lay claim to the World Champion Casper Troopers. This fine group of young people has truly been a credit to our great State of Wyoming and to the Nation.

Everyone thrills to the excitement of brass bands, flashing drums and bugles, and the color and rustling of flags in a parade, particularly when these sights and sounds are combined with the eager and freshly scrubbed faces of American youth engaged in a wholesome and worthwhile purpose.

I join with other Senators in wishing the best of success to drum and bugle corps throughout the Nation in the projects they will be undertaking this week and throughout the year.

TWIN MARINES, CASUALTIES OF VIETNAM, REUNITED IN HOSPITAL

Mr. INOUYE. Mr. President, Lance Cpl. Ronald Sanoria, USMC, and his twin brother, Pfc. Richard Sanoria, USMC, sons of Mr. and Mrs. Lucio Agustin of Pahoa, Hawaii, were reunited recently at Tripler Hospital in Honolulu.

Both young men have had their left legs amputated after stepping on enemy mines in Vietnam in separate actions 4 months apart.

Ronald and Richard have been virtually inseparable since birth. They were born on Christmas Day, 1946, and were graduated from Pahoa High School in 1964. They played baseball and basketball in high school and joined the Marine Corps together. They have given much to their country and Hawaii is proud of their record.

An article by Mr. Wallace Mitchell, a reporter for the Honolulu Advertiser, describes their reunion at Tripler Hospital. If there are no objections, I respectfully request that it be printed in full in the RECORD.

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

SMILES DON'T HIDE TEARS AT SANORIA TWIN REUNION

(By Wallace Mitchell)

"Hi, Rick," Ronald Sanoria said when his brother Richard entered the room.

"Hi!" answered Richard, using a cane to take some of the weight off his new artificial leg.

Then their smiles collapsed, and they shook with sobs and tears. Richard buried his face against his brother's bare shoulders.

Their mother came into the room, crying. She put her arm around Ronald.

"I'm okay, Ma," he said through his tears. "I'm okay."

Richard and Ronald are the 19-year-old identical twins from Pahoa, Hawaii, each of whom lost his left leg below the knee in separate mine explosions in Viet Nam.

They were reunited yesterday for the first time since they both lost a leg.

Richard has been in Tripler Hospital since March 17. Ronald arrived here yesterday from Clark Air Force Base in the Philippines.

Their father, Howard Sanoria, and brothers, Robert and Fernando, also joined in the tearful reunion.

"I'm sorry, Ronald," whispered Robert, 22, a sailor home on special orders of Adm. Roy L. Johnson, Pacific Fleet commander.

"I told you I'd come back," Richard said to Fernando, who flew here from Pomona, Calif., to welcome his brother home.

"You've made it so far," Fernando said. "You'll make it all the way."

Robert kept sobbing.

"Thank God you're back," he said, and left the room to try to regain control over his emotions.

Ronald seemed embarrassed when he was greeted at planeside at Hickam Air Force Base by a cluster of reporters and photographers.

Lt. Gen. Victor Krulak, Pacific Fleet Marine commander, moved alongside Ronald's stretcher.

"How are you, Sanoria?" Krulak asked. "How're you doing—how was the trip?"

"Fine, sir," answered the slim veteran.

"I have something here for you," Krulak continued.

He took a medal from a box.

"I always feel a little ashamed about this Purple Heart 'cause it probably only costs a dollar," he said.

"But it's the most important medal your country can give you.

"To begin with, it means you are alive. Then it means you fought for your country and did it in an honorable way.

"And third, and most of all, it means 180 million people are trying to say 'thanks' to you.

"Now you're going to be all right and so is your brother. We're glad to have you here. God bless you."

Ronald, with severe internal wounds received when he tripped a Viet Cong mine near Da Nang, probably will have a longer stay at Tripler than Richard.

But they'll be together, as they have been all their life until their Viet Nam service.

And that was the important thing to Ronald.

TRIBUTE TO JAMES E. WEBB

Mr. ANDERSON. Mr. President, all too often our Government agency executives become known to the public because of errors in judgment and for the mistakes they make.

Less often is the steady day-after-day competence and dedication of many public servants brought to the attention of the public. One such public servant is the Honorable James E. Webb, Administrator of NASA—a very able man of great dedication. I was delighted, therefore, to read the editorial "The Test of Time" in the July 25 issue of Technology Week regarding the 5 years of outstanding service by Mr. Webb to NASA and to his country. I ask unanimous consent that this editorial be placed in the RECORD.

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

THE TEST OF TIME

More than five years ago, just after Mr. James E. Webb was named head of the National Aeronautics and Space Administration, a weekly aviation magazine called his selection a great disappointment. The publication was disgruntled because a scientist had not been named to the post.

We said at the time: "Mr. James E. Webb deserves a fair chance to tackle the important job he has accepted without being labeled a failure before he starts." And we added: "We will be among the first to criticize Mr. Webb if we feel he has made a mistake. Meanwhile, we will withhold judgment. Let's not hang a man before he commits a crime."

These past five years have witnessed great events in space. Man's reach for the stars has progressed from glimmering hope to the reality of hardware. During that period, we have not hesitated to criticize NASA when we felt such comment was called for. But the events of this week in the *Gemini* program inspire us now to pass that judgment we refused to pass five years ago.

We think it is time to state for the record our belief that Mr. James E. Webb has done an outstanding job as NASA Administrator. He has presided over an explosive growth of the agency which would have overwhelmed a less capable administrator; he has met and solved some exceedingly thorny management problems; he has dealt effectively with some of the world's most temperamental scientists; he has successfully steered the space agency's budget through the perils of both Administration and Congressional financing; he has given the space program a nationwide base of facilities and political strength; and, most important of all, he has forged a team which is writing an unparalleled record of technical accomplishment.

This issue is our tenth annual world missile/space encyclopedia. One need only study the record of world accomplishment in space, including that of the Soviet Union, to know how great a debt this nation owes to James Webb. We are the foremost nation in the world in many fields of space technology and, if the momentum is sustained, we can achieve this in all fields. The race to the Moon is indeed a race and one we have a chance of winning. Such worldwide preeminence in space most certainly did not exist five years ago.

It is true that there was a group in NASA which was greatly disappointed when President Kennedy did not name a scientist to head the organization. Mr. Webb was aware of this and he emphasized to the President that he was not a scientist.

Mr. Webb had served in a number of Government posts, including three years as Director of the Budget Bureau and three years as Under Secretary of State in the Truman Administration. But he also had displayed more than a passing interest in science. As Under Secretary, he had established the practice of assigning science attachés to our embassies. He also was active in working to improve high school science courses.

This interest helped overcome the nascent opposition in the scientific sector of the space agency. So did the gentle assistance and counsel of the late Dr. Hugh Dryden, whose willingness to work wholeheartedly as Mr. Webb's deputy provided an example for his scientific colleagues.

The NASA Administrator said at the beginning of his term of office that he did not feel it was his job to tell NASA's scientific staff in detail what to do, but rather to build an atmosphere of creativity in which scientific work and innovation could flourish.

The accomplishments of *Gemini 10* are testimony to his success in doing just that. U.S. astronauts have flown higher than their Russian counterparts. They have successfully performed intricate docking and rendezvous maneuvers. The have demonstrated that all the complicated maneuvers required for the lunar mission are attainable. They have performed extravehicular activity

and carried out an impressive number of scientific experiments. They have flown many more hours in space than the Soviets.

As the *Washington Post* said last week, "The total achievement, in and of itself, is spectacular beyond the wildest hopes of a few years ago."

To appreciate the truth of that statement one need only remember how things stood when Mr. Webb took office. There was no *Gemini* program. The almost non-existent budget for something called *Apollo* had just been cut back to a study program by the previous Administration. Within a few weeks of Mr. Webb's appointment, the Russians startled the world by putting the first man in space almost a year before the *Mercury* project was in a position to match the feat.

Behind the space competence demonstrated by the astronauts lies five years of hard work in building nationwide facilities; designing, engineering and producing new space hardware; establishing the reliability of hardware and the competence of launch teams to enable two highly sophisticated vehicles to be launched on tight, often-simultaneous countdowns; and erection of a far-flung and complex tracking network.

The success of the space program is attributable to a large government-industry team. The boss of that team is James E. Webb.

As we pointed out five years ago, what President Kennedy was looking for in the man to head NASA was a good administrator with the ability to run a large organization and to help create an effective national space policy. We think he got exactly the right man.

WILLIAM J. COUGHLIN.

KING VEERS TOWARD VIOLENCE

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent to insert in the RECORD a column by Robert Allen and Paul Scott, entitled "King Veers Toward Violence," which appeared in the Bluefield, W. Va., Telegraph on July 17.

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

KING VEERS TOWARD VIOLENCE

(By Robert Allen and Paul Scott)

WASHINGTON.—Dr. Martin Luther King may be preaching the doctrine of non-violence for his coming "civil rights" disobedience campaign in the big cities, but he and his aides appear to be organizing for violence.

Federal authorities keeping a close watch on his Southern Christian Leadership Conference report that lieutenants of King are contacting Chicago street gangs and bringing them into his civil rights movement to fight "the power structure."

King, whose organization is studying the Buddhist use of street gangs in Saigon demonstrations, has put the Reverend A. R. Sampson in charge of enlisting gang leaders in SCLC's new militant youth movement.

According to an investigation report being circulated inside the Justice Department, King plans to organize the teen-age gangs into protest and marching groups in all major U.S. cities if his Chicago experiment is a success.

The report reveals that King personally has attended several meetings with gang leaders, including one early in June at a downtown Chicago hotel, where 50 groups held their "first annual gangs convention."

Attending this gathering were the "Blackstone Rangers," "The Disciples," "Del Vikings," "Peacemakers" and "Vice Lords." They are estimated to have a combined membership of more than 1,000.

A government informant who sat in on one meeting said that King and his aides harangued the gang leaders about the "unjust society" and urged them to join their civil rights group fight against its evils—"slums, poverty and police brutality."

In the sing-song rhythm that has become his trademark, Dr. King chanted, "If we are to deal with our problems, we have to get power. And power in Chicago, as in other large cities, is being so well organized that we can get the most powerful political organization in the country to say 'yes' when it wants to say 'no.'"

Sampson was more specific in his appeal to the gang leaders. He promised to establish a Committee on Police Service (COPS), consisting of "local gangs" to pressure the present city and state government to make changes and meet their demands.

Other SCLC speakers, according to the government report, told the gang members, "The real foes are Mayor Daley, policemen, slumlords, bankers, businessmen and school administrators."

Government informants reporting on other SCLC gang organization activities warned, "The gang members are being incited to violence instead of being taught nonviolence." They stressed that the gang leaders "have little or no understanding of civil rights" but do know how to use force.

King's new strategy of involving street gangs in his mounting civil rights activities is being watched by federal authorities because of his announced plans to resort to widespread civil disobedience.

They are concerned that if King uses these gangs to disrupt the flow of the city's transportation system, as he has indicated, he could trigger a Watts-like eruption in the nation's second largest city.

There also are signs that Dr. King contemplates using his new militant youth drive to help "internationalize" the turbulent civil rights movement.

Preparations already are underway to use these "street gangs" in a potentially stormy move against South Africa, whose apartheid policy has been under violent attack by the civil rights groups in this country.

The gangs are to be used in giant demonstrations in New York and other U.S. cities after the World Court, at The Hague, rules on South Africa's old League of Nations mandate over Southwest Africa.

THE USE AND ABUSE OF THE LEGISLATIVE REFERENCE SERVICE

Mr. BARTLETT. Mr. President, much attention has been directed of late to Congress' need for information. The concern is well founded. The increased scope and complexity of Government has resulted in heretofore unheard of demands on legislators. These demands are growing. It is important for our democracy that the legislative branch maintain its ascendency. It is important that the public will and the public interest continue to find its expression via Congress' actions and deliberations. Thus it is important that we not be forced increasingly to defer to the bureaucracy for expertise. We must develop and improve our own sources of information. Political scientist Charles R. Dechert has recently summed up the situation succinctly:

> Effective and independent decisionmaking requires autonomous sources of information and analysis. The Congress today is probably too dependent on executive sources and on the press for the definition of relevant problems, research, analysis, and the development of decisional alternatives.
>
> If Congress is to retain its essential role and relative strength within the American governmental system, it must consider means to facilitate access to factual knowledge, analytic skills and original ideas.

The principal independent congressional source of information is the Legislative Reference Service of the Library of Congress. In many ways LRS has served us well. For some time I have been concerned with Congress' need for a source of expertise on matters of science and technology. A promising first step has been taken with the employment of a small staff of senior scientists within LRS. The work of this group thus far has been most promising. They have been able to concentrate on substantive research and to avoid trivial tasks of the sort that have burdened so much of our research staff. I also should mention the high caliber of the research that was carried out by the International Law Division in connection with proposals to establish a 12-mile fisheries zone.

Too often, however, the case has been otherwise. Too often the work done by Legislative Reference Service has been sadly inadequate, lacking in scope and depth. But it is important, Mr. President, that the blame for this situation be properly placed. The prime fault is not that of LRS, though perhaps some refurbishing is in order. The prime fault lies with Members of Congress and their staffs, who have misused LRS and consequently impaired its functioning as an effective research organ. I evaluated the situation briefly last year in testimony before the Joint Committee on Organization:

> It is sad but true that LRS has often been flagrantly misused by Members of Congress. Work that should have been done by members' staffs, or perhaps not done at all, has been shoved off on LRS's research staff. Top experts in their fields have been saddled with such edifying tasks as writing book reports for high school students. Substantive work, of course, has suffered. It appears that the new scientific branch has been able to escape some of these difficulties, through concentrating on substantive research and declining to assume a heavy workload to trivia. It has been suggested that all research divisions be granted this degree of independence and that most constituent requests, if handled by LRS at all, be handled by a separate division. My information is incomplete, but my impression is that the scientific branch might indeed serve as something of a model for the other LRS divisions in this regard. The abuse of our reference service has gone to the point where legitimate and needed research cannot have the time and attention it deserves.

I am pleased to note that the joint committee plans to include in its report certain proposals designed to give LRS more time to devote to substantive research. Of course the success of any reform proposal will depend on the willingness of Members and their staffs to use the reference service properly.

The July 30, 1966, issue of the New Republic contains an excellent and incisive article by James Ridgeway on the use and abuse of LRS. Mr. Ridgeway's indictment is telling, and it deserves consideration by each Member of Congress. Therefore I ask unanimous consent that

the article, "Advising Congress," be inserted at this point in the RECORD.

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

ADVISING CONGRESS

(By James Ridgeway)

Members of Congress frequently complain they don't really know what's going on, which is ironic since across the street from the Capitol at the Library of Congress they maintain a special staff called the Legislative Reference Service to give them expert advice.

The LRS is meant to keep the members informed with reports and briefings, and to help out in handling the work load by writing speeches and answering queries. In short, it is supposed to cut through the mass of junk that floods every congressional office and help the legislator come to grips with the basic issues of public policy. But some members and their staffs long ago despaired of its ever serving this function. "If I were going to want a first class paper prepared for a highly intelligent and literate audience on an important public policy problem," Congressman BRADEMAS has said, "the Library of Congress would be the last place in the United States I would go because I have tried them out, and with rare exceptions the product has been second-rate. . . ." BRADEMAS was testifying before the Joint Committee on the Organization of the Congress, which has been looking into ways Congress could function more effectively. Senator MONRONEY, the co-chairman, was more insulting. He said, "I have never had a paper from them that I would even insert in the CONGRESSIONAL RECORD without putting some of my own staff to getting some more basic things, and some of it is juvenile."

This is not entirely fair to the LRS since its work generally reflects the desires of the members, and particularly those conservatives who for so long have dominated Capitol Hill. Thus, while the Congress has increasingly pushed off on the Service a good deal of the day-to-day drudgery, it has been unwilling to pay for more staff to do the job properly. The result is that 228 people are asked to handle 100,000 inquiries a year, some of them involving extended and complicated analysis of pending legislation. More than a few of the requests for information are peculiar:

A research analyst had no sooner sat down to begin a long project than the phone rang. A congressman's secretary had to have the name of the U.S. ambassador to Hawaii. In another instance, a senator's office needed all the information available on medieval medicine by 3:30 that afternoon. The senator's daughter was late with a report for school. The daughter of another member was working for an advanced degree, and the service was asked to help her out by compiling a bibliography on the Suez Canal crisis.

Constituents are taking an increasing, if bizarre, interest in the operation of Congress, and they ask all sorts of questions that are promptly sent over to the Service for answering. People have written in posing such questions as: Was it right for Africa to break away and gain independence? Could the LRS find the article a constituent had read somewhere about happy marriages in the United States? From a woman who wanted to live in Saudi Arabia: Were conditions sanitary there and what sort of diseases would one be likely to contract? Peace Corps volunteers are forever wanting to know about the places they are to be sent. But by all odds teachers are the worst. They are masters at fobbing off on the members children with strange problems. One youngster in Connecticut wrote a congressman: "I mentioned to my US history teacher that the US recently purchased a new country named Gara. I think it is somewhere in or around Africa. He said he heard of no new purchase and asked me to bring in the piece of literature that I read the article in. I couldn't find it so I thought maybe you had some information that may help." Unwilling to run the risk of upsetting a constituent, the members have treated such requests with undue kindness. The Service can get rid of a good many queries by sending out already prepared pamphlets or book lists. The staff will respond to the particularly obtuse question with a pamphlet that tells how to use the dictionary and local library. In response to the great demand for debate materials, the LRS pulls together each year papers that present the pros and cons of the national college and high school debate topics. The Congress then prints them up by the thousands and the members distribute the materials. Where debators once had to do their own research, they now can get by mail booklets with everything done for them.

The members still feel it necessary to mark important historical occasions in countries from which their constituents' forefathers fled. And the LRS people are pulled off research to crank out hundreds of these speeches which can be inserted in the CONGRESSIONAL RECORD, and then sent back to the district. The independence of the Ukraine is one popular event. More than 80 speeches were read into the RECORD this year in celebration of the independence of Poland, and the staff of the LRS tries to make each one sound a little different. The birth of Israel brings on another orgy.

When he was Assistant Secretary of State, G. Mennen Williams wanted to make diplomats from the new African countries feel welcome in the United States, and he sent around a letter asking members to help out by putting congratulatory statements in the RECORD each time an African country had a national holiday. Williams promised his office would write them up, but as it turned out a great deal of work was dumped onto the LRS. ADAM CLAYTON POWELL is usually careful to mark the important African events with and LRS speech, and he is interested in the Middle East as well. In 1963 the Kuwaitis were so delighted with a speech he made about them that they flew him to the Persian Gulf for a look around. The speech was written at the LRS.

Members use the Legislative Reference Service to help them win reelection. While the LRS avoids partisan statements, it provides an analysis of issues, ghostwrites speeches and briefs the incumbent on subjects that are important to him—all of which can add to his advantage over the challenger. At election time, the members may ask the Service to coddle more of the voters who write in. The people at LRS were delighted when Lindley Beckworth was beaten in the recent Democratic primary in Texas. They weren't interested one way or the other in his politics. But Beckworth had sent over quantities of constituent mail to be answered.

GHOSTWRITING SCHOOL PAPERS

While the LRS is meant to be used judiciously by members to help them with their work, in practice, requests are usually accepted from anyone calling in from a member's office. This presents interesting opportunities for people on the make. Assistants to members have got the LRS to do research for books they were writing. In one case, the staff was asked to prepare an outline for a lazy political science professor who was a friend of a Congressman. Secretaries have called in with requests for reports, which, as it turns out, are papers for boy friends at college. Students who work as interns in Congress during the summer sometimes send over queries that will be of use to them in college.

Lester Jayson, director of the LRS, says his people catch most of the phony requests. As for constituent mail, while it is increasing, he feels these requests take relatively little time to process, and are not a major obstacle to the researcher in getting work done. But some of the staff people I talked to said the queries meant the interesting substantive work they were assigned had to be rushed and was sloppy as a result. In some quarters in the Congress the service has got itself the reputation of turning out poor, dull stuff. In 1962, for instance, Senator NEUBERGER asked for a rundown of the previous legislative history on smoking and health preparatory to the debates on cigarette labeling. Her office got back a list of previous bills and a brief description of what each one said. The LRS report said the Congress had held no hearings on the subject. As it turned out, the Congress had held an important set of hearings in 1957.

The Service is at its best analyzing matters of public policy when there is a mass of published information and the arguments are clearly drawn. Two of the staff members, Fred Arner and Helen Livingston were useful to members during the Medicare debates last year. They were loaned first to the House Ways and Means Committee and then to the Senate Finance Committee, where they helped prepare questions for expert witnesses, worked on drafting legislation, and in the final stages were on the floor to advise members.

In an effort to avoid partisan politics, the LRS staff is not permitted to offer opinions in their research papers, which makes the reports dull, and over the long run, very probably discourages spirited people from working there. The researchers also are expected to stick closely to published material, a rule which sometimes prevents a research analyst from giving a member the nuances of what he has discovered. The Service hasn't the money to put together the sort of investigatory research which played an important part in helping Congress make up its mind about auto and tire safety, pesticides, water and air pollution, and poverty. The Congress ought to have imaginative and expert information in such areas before the executive departments and lobbyists descend on it. As it is now, because the LRS is so ineffective, members will ask the executive departments to prepare expert testimony, and write questions for witnesses which, in effect, means that the Administration not only writes the legislation it wants, but exercises oversight as well.

There are signs that the LRS may be slowly changing. A new division of science policy research is beginning to put out the wide ranging reports on science and technology which should go some way towards helping members stand up to the executive departments. Jayson is asking the House Appropriations Committee to give him more staff, and he wants to get the constituent mail and other spot requests out of the researchers' hair. The Joint Committee on Organization has been preparing a report which would strengthen the LRS by creating a separate division to handle routine inquiries, and thus freeing researchers for more substantive work. It also would encourage the Congress to hire expert consultants when needed on a temporary basis. All this will help. But the Congress would find things considerably more lively if it staffed the Legislative Reference Service with people whose opinions the members found stimulating.

NEED FOR NEW TRADE POLICY TO OVERCOME RESTRICTIONS AGAINST AMERICAN FARM PRODUCTS

Mr. PROXMIRE. Mr. President, in commenting on our present international

economic position, I have attempted to identify some critical areas where policy or natural changes may affect our overall balance of payments. Today I draw the attention of the Senate to the vital contribution of agricultural exports.

It is easy to overlook their importance. The growth of world trade has been largely in exchanges between industrial countries. The recovery of the war-torn countries of Europe has brought a new competitive challenge to our manufacturing industry. There, as here, the share of agriculture in total output and in the employment of labor has been declining. But, the United States has continued as the world's largest exporter of farm products. It has supplied about one-fifth of the world's total of these exports. And the market is a growing one. The total value of farm product exports is expected this year to be almost double that of only 7 years ago—$6.7 billion compared with $3.7 billion in 1959. Cash receipts will approach $5 billion. Agricultural exports represent almost one-quarter of the value of our merchandise exports, excluding military aid items. A prosperous and increasingly populous world creates growing demand for our produce. The less prosperous, but also increasingly populous, countries need our supply of food. It is in a real sense food for peace.

But the critical role of our agricultural exports is based on our trade with the industrialized countries. They account for about one-third of our total exports to Western Europe, whereas our agricultural imports from these countries are one-tenth or less of our total imports. It is very easy for us to strike a balance and say we have an annual surplus of over $1 billion on our agricultural product trade with the countries of the Common Market. It is just as easy for these same countries to look at the same trade and see a large deficit. And when some of these countries are in overall deficit, there is a ready political appeal, even if no economic case, for a policy of restricting their imports from us.

Now the Congress has made very clear its expectations that trade negotiations under the Trade Expansion Act must assure improved access to world markets for U.S. agricultural exports. Yet we have, since November 1964, been negotiating on industrial products only, and the EEC, while it has recently reached internal agreement on agriculture, has yet to present its agricultural proposals to our negotiators in Geneva.

The evidence is accumulating that we shall be facing a common agricultural policy of the EEC that is protectionist and restrictive in its international aspects. Let it be made clear that we in the United States understand by the term "reciprocity" an agreement on trade that includes agricultural trade liberalization. We need that, and we shall not quietly grant concessions on industrial products without it.

Let me make a serious proposal. If the negotiators of the EEC go on their August vacations without submitting their agricultural proposals, a failure which would cast doubts on their serious intention to bargain, the United States should begin to give thought to a change in its trading policy. This would have two aspects: First, an abandonment of our unconditional most-favored-nation approach, so as to exclude named customs unions that have demonstrated unwillingness to move toward trade liberalization. Second, an offer to negotiate with any and all other nations with a view to the elimination of trade barriers. If the Common Market of Europe will not play, let us show that we can make a common market of the rest of the free world. If we are unable to reduce restrictionism by the EEC, the United States has no prospect of gain from a general retaliatory policy or a broad retreat from all of its postwar trade aims. The United States has a clear interest in liberalizing trade with those who are likewise willing to liberalize it.

PUBLIC OPINION POLLS AND VIETNAM

Mr. McGOVERN. Mr. President, at a time when major foreign policy and military decisions relating to the war in Vietnam seem to be made more and more on the basis of public opinion polls, Mr. Art Buchwald's column on this subject in the Sunday, July 24, Washington Post is of special interest. I ask unanimous consent that the article be printed at this point in the RECORD.

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

BOMBING OUT—AH RIS POLL SHOWS ONLY 13 PERCENT OF NORTH VIETNAMESE LIKE BOMBS

(By Art Buchwald)

LONDON.—There has been a lot of emphasis on polls of late, particularly on the Vietnam war. After the United States bombed the outskirts of Hanoi and Haiphong, President Johnson announced that 75 percent of the American people approved.

Unbeknownst to most people, a recent poll was taken in Hanoi by the North Vietnamese political pollster, Lu Ah Ris, and someone slipped it to me. The results were very interesting.

Ah Ris revealed that 75 per cent of all the North Vietnamese said they did not like being bombed by American planes, 13 per cent said they didn't mind being bombed and 12 per cent said they didn't know.

Sixty per cent of the people asked said they would rather be bombed than strafed, 23 per cent said they would rather be strafed than bombed and 17 per cent said they had no preference.

A large segment of those questioned said that, while they didn't agree with President Ho Chi Minh's domestic policies, they felt he was doing a good job in foreign affairs. At least 96 per cent replied yes when asked if they were happy with President Ho's handling of the war. The other 4 per cent turned up as refugees in South Vietnam.

President Ho still has a good following in North Vietnam. In answer to the question, "If elections were held tomorrow in Vietnam, would you vote for Ho Chi Minh, Gen. Ky, President Johnson, Gov. Romney or BOBBY KENNEDY?" President Ho got 63 per cent of the vote.

But in the follow-up question, "If elections were held in 1972 . . .?" KENNEDY came out 2 percentage points over President Ho and 34 percentage points over HUBERT HUMPHREY.

When asked if they thought President Johnson was doing a good job in Vietnam, 98 per cent of the North Vietnamese felt he wasn't doing enough bombing of *South* Vietnam. Two per cent said they "didn't know."

President Johnson's popularity in Hanoi hit a new low after the bombing near Hanoi and Haiphong.

Seventy-three per cent of those questioned said they would have thought twice about supporting President Johnson if they knew he was going to bomb North Vietnamese cities. Twenty-three per cent of those interviewed said they saw no reason to go to the conference table now that all their oil supplies were burned up and 7 per cent said Barry Goldwater's approach toward North Vietnam was much more honest and straightforward.

When asked what they thought of the escalation of the bombing, only 6 per cent of the North Vietnamese thought it was a "good thing."

Good thing—6 per cent.

Bad thing—32 per cent.

Not sure, but probably bad—59 per cent.

Too early to tell—3 per cent.

The final question of the poll was about what the average North Vietnamese felt was the most pressing problem facing Hanoi at this time.

Urban renewal—2 per cent.

Air and water pollution—5 per cent.

The move of large masses to the suburbs—6 per cent.

The draft—3 per cent.

The Seventh Fleet—84 per cent.

STUDENT LOAN PROGRAM MOVING FORWARD

Mr. HARTKE. Mr. President, one of the milestone legislative accomplishments of this Congress, which has been dubbed by some the education Congress, was the passage of Public Law 89-329, the Higher Education Act which was signed into law last November 8.

As one who has long sought to improve the opportunities for financing a college education by all those who are qualified to make profitable use of such training, I was particularly pleased that title IV incorporated the proposals I offered in the 88th Congress for student loans guaranteed by the Federal Government, for a program of work-study assistance, and for grants in aid to the neediest students. At the same time, as I have frequently noted, the new program cannot be expected to carry the full load of need without the continuance at its present level of the National Defense Education Act loan fund program.

But it is significant that the bankers of the Nation are girding for participation in the new federally guaranteed private loan program. According to Dr. Benjamin Fine in his syndicated column appearing in the Washington Star recently, the Association of Reserve City Bankers has pledged full support to the program. Charles E. Walker, vice president of the American Bankers Association, is quoted as saying that eventually all banks will participate in the loan process established by the act.

In this time of rapidly rising interest rates and tight money, it is encouraging that the Nation's banks are willing to make such a universal commitment to loans which will bring the banks a lower return than they might receive from other types of lending.

Dr. Fine's article also contains information about available materials for students who wish to become familiar not

only with the Federal program but with others as well. The suggestions made there may be useful to Members of the Senate in responding to student inquiries. I therefore ask unanimous consent that the Fine article may appear in the CONGRESSIONAL RECORD.

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

[From the Washington (D.C.) Star, June 26, 1966]

COLLEGE FOR THE ASKING: BANKERS BACK STUDENT AID

(By Benjamin Fine, Ph. D.)

The top management of the nation's largest banks, members of the Association of Reserve City Bankers, have pledged their full support to finance student loans under state and private guarantee plans.

The bankers plan to develop methods and procedures to provide adequate amounts of funds in all sections of the country. An estimated 775,000 college students will be eligible to borrow $620 million during the next school year to finance their education.

According to Charles E. Walker, executive vice president of the American Bankers Association, all banks will eventually participate in the program. He predicted that students will borrow primarily in their home towns rather than in their college towns.

The federal government is the principle source of college loans. More than $190 million a year is loaned to some 250,000 students. But the federal government wants private and state agencies to take over this job, though the government will continue to underwrite the loans and subsidize the interest rate. Thus, if the banks charge the students 6 percent interest, the federal government will pay 3 percent and the student will pay the other 3 percent.

As the importance of education continues to mount, so does the cost of obtaining a higher education. The cost of financing a higher education at either a public or private school has increased by 50 percent in the last 10 years and will jump another 25 percent by 1970. Enrollments are climbing along with costs. The number of students in college doubled between 1955 and 1965, going to 5.5 million. By 1970 enrollments will reach 8 million.

AGREEMENTS SIGNED

Interim agreements to initiate the insured student loan program during the 1966–67 academic year have been signed by the U.S. Office of Education with agencies in 13 states and the United Student Aid Funds which operates a nationwide student loan program. The United Student Aid Funds, 5259 N. Tacoma Ave., Indianapolis, Ind., is a nonprofit student guaranteed loan agency with programs in all 50 states.

The USFA guarantees the loans, reimburses the banks and continues the collection procedure if the loans become delinquent. The loans, of course, are supplemented with scholarships, fellowships and outright grants from private, federal and state sources.

Under the government-guaranteed loan program the government assists state and private student loan insurance plans in underwriting loans up to $1,000 a year for undergraduate students and $1,500 for graduate students.

I have prepared a series of bulletins that spell out the sources available for scholarships, fellowships and loans and the steps to follow in getting college funds. Write to Dr. Benjamin Fine, in care of The Star, and ask for these bulletins: Bulletin No. 1, "College Help for Children of Veterans"; Bulletin No. 2, "Where to Get Federal, State and Private Loans"; Bulletin No. 3, "Major Scholarship Sources"; Bulletin No. 5, "Scholarships Available Through Business and Industry" and Bulletin No. 10, "Federal Scholarships, Fellowships and Loans." Please send a long, stamped, self-addressed envelop and 25 cents in coin for each bulletin desired to cover handling charges. (All five for $1.)

One of the major sources of scholarship aid are the colleges themselves. During the coming year the colleges are scheduled to offer $100 million in scholarship aid to 300,000 students. Not everyone who applies gets help, of course. But two important considerations are involved: academic record and need.

YALE EXAMPLE

Yale University is a good example. At present the total financial assistance received by the four Yale classes amounts to $3 million each year. A request for financial aid will in no way handicap an application. This is generally true among all colleges.

Financial aid, in accordance with need, will be continued all four years, provided only that the student remains in good academic and personal standing. Jobs will normally be offered but are not mandatory. Yale loans may always be substituted for the job. Every effort is being made by Yale to find on-campus jobs when requested. More than 40 percent of each recent class of Yale has received financial aid.

You can get a listing of the scholarships, loans and jobs available at each college and university in the United States from the 360-page U.S. Office of Education book "Financial Assistance for College Students: Undergraduate." (U.S. Government Printing Office, Washington, $1.25.)

For those interestd in graphic arts, the Educational Council of the Graphic Arts Industry, 1411 K St. NW, Washington, has set up a national scholarship trust fund for 12 fourth-year scholarships to be used at institutions offering degree programs or majors in printing design, printing teaching, printing management and technology. The values of the scholarships range from $100 to $1,000 a year. Additional scholarships are offered by several companies, foundations and other donors in the industry.

ALL IS LOST IN DISORDER

Mr. BYRD of West Virginia. Mr. President, the Dominion-News of Morgantown, W. Va., carried an editorial on July 20 titled "All Is Lost in Disorder." The editorial referred to the race riots which have been occurring in various cities throughout the country, and it appropriately stated that "There can be no solution," referring to racial grievances, "which is based on violence." The editorial went on to state:

Law and order must be maintained for the community good, and our police forces must be supported in this very delicate task.

Mr. President, this is the position which I have been taking for a long time. As the editorial pertinently pointed out:

There is no excuse for the looting and burning—

And—

Stealing from stores and businesses has no justification.

The editorial went on to say:

Much of what we have witnessed in the past week is plain criminal activity. It has nothing to do with civil rights.

Mr. President, I ask unanimous consent that this timely editorial be printed in the RECORD.

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

ALL IS LOST IN DISORDER

The race riots in the big cities of the nation are spreading. The apostles of "Black Power" seem to be winning the mass of young negroes to the idea that only through violence and disorder can the Negro achieve his aims of equal rights and justice.

Last week it was Chicago, where only the advent of the Illinois National Guard calmed the situation to a degree where it was possible for leaders of both races to sit down and discuss grievances and their solution.

This week it is Cleveland, Brooklyn, N.Y., and Jacksonville, Fla. Death came to a Negro woman in Cleveland, in the midst of rioting and looting. In the other two cities stupid taunting by white youths set off street battles which ended up in injuries all round.

But no matter what the provocations; no matter how grim is the ghetto life (and grim it is), there can be no solution which is based on violence. Law and order must be maintained for the community good. And our police forces must be supported in this very delicate task. It is one thing to demonstrate peacefully for rights which have been denied; but there is no excuse for the looting and burning which always develops from these disorders. Much of what we have witnessed in the past week is plan criminal activity. Stealing from stores and businesses has no justification—certainly, it has nothing to do with civil rights.

The tragedy of the situation lies in the fact that the Negro complaints have a just basis. The Civil Rights acts of the past several years have had little effect on the lot of the average Negro. Those of the middle classes have been the gainers. But they represent only 10 per cent of the 18 million Negroes in America. The other 90 per cent are caged in ghettos, many jobless, uneducated, frustrated, and full of despair.

These Negroes are ripe for the influences of "Black Power" advocates, who preach a message as hateful and as violent as that of the Ku Klux Klan and the other white racists. Racism of any kind is un-American and begets the type of violence that has been witnessed these past few days.

The Negro leadership on every level must exercise the art of restraint, and this must be the message they pass on to the whole Negro community. The considerable victories won by the Civil Rights movement will mean nothing, if the rest of the American community is alienated by the current show of force and violence. Respect for law and order does not mean subservience or slavery. But to flout the law and burn and pillage under the guise of civil rights, is a mockery of the American ideal. We can have no sympathy and can give no support to those who are party to it.

THE MOST RECENT MARRIAGE OF MR. JUSTICE DOUGLAS

Mr. SIMPSON. Mr. President, the recent marriage of 67-year-old Supreme Court Justice Douglas to a 23-year-old Oregon coed has caused not a small bit of speculation as to the emotional balance of one of the nine men who have within them the power to create Federal by fiat.

The Casper, Wyo., Star-Tribune took note of this marriage in an editorial

published on July 20. The paper was unequivocal. Said its editorial:

There can be little question but that Justice William O. Douglas ought to resign.

The editorial went on to opine that—

Justice Douglas is entitled to his penchant for taking young wives, but only as a private citizen. Not since Daddy Browning adopted Peaches has there been anything like this.

Mr. President, as a Senator who takes a dim view of the matrimonial musical chairs of a man who has been appointed for life to the Supreme Court of the United States, I ask that the Star-Tribune editorial be printed with my remarks in the RECORD.

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

HE SHOULD RESIGN

There can be little question but that Justice William O. Douglas ought to resign.

The private lives of movie stars, with their multiple marriages, may be their own. The people can make their own choices as to whether to patronize their films and whether to dissociate their public and private careers.

In the case of a public official, particularly in such an important and distinguished office as that of a Justice of the United States Supreme Court, no such choice is permitted. The decisions of the Supreme Court affect all citizens, and their salaries are paid out of the public coffers. This fact gives the people an inherent right to demand of such jurists that they shall show some respect for generally accepted standards of conduct.

Justice Douglas is entitled to his penchant for taking young wives, but only as a private citizen. Not since Daddy Browning adopted Peaches has there been anything like this.

Justice Douglas, who is 67, was married a fourth time Friday to a 23-year-old Oregon coed, Cathleen Curran Heffernan. While the majority of Americans must have lifted their eyebrows at this news, the lid really blew off Monday when five Members of the House of Representatives introduced resolutions calling for an investigation of Justice Douglas' moral character. The question of morality might be hard to determine, since every man must set his own standards. If those standards, however, run counter to public opinion, there is ample reason for skepticism.

Legally, Mr. Justice Douglas can get marriad and divorced as many times as he desires but he adds nothing to the dignity of the Court. He may argue that his private life is his own, but it is not his own. He already has laid it on the bench of American jurisprudence. As a life-time member of the Supreme Court, he presumably has dedicated his best efforts to the American people. Those people, although they may disagree with many decisions, have a right to expect that the personal conduct of men who interpet the laws of the land shall be above criticism.

WALL STREET JOURNAL OPPOSES WEST FRONT EXTENSION

Mr. PROXMIRE. Mr. President, one of the Nation's most respected newspapers, the Wall Street Journal, suggests today that if Congress permits the west front of the Capitol to be extended as proposed by the Architect of the Capitol, then every Member should run for cover from an enraged electorate.

I could not agree more. If Congress allows this needless expenditure of $34 million—and that is only the starting figure—and the totally indefensible destruction of the west front, then every Member will have failed his constituents and his country.

As I have said before: the huge amount of money proposed is inconsistent with the President's pleas for moderation for spending in a time of a tight budget; we do not need additional tourist facilities in the Capitol of the United States; we dare not overlook the historic virtues of preserving the last remaining public structure of the Capitol's exterior; and we simply cannot defend the proposition of trying to improve architectually on one of the world's most famous structures.

We must repair the west front. That much is certain. But we must do it in an intelligent, reasoned, and sensible manner.

I ask unanimous consent to place in the RECORD at this time this editorial from the Wall Street Journal.

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

OBESITY ON CAPITOL HILL

If, a decade ago, Congress without question or debate had not given five men the power to "provide for the extension, reconstruction, and replacement" of the Capitol's central portion, perhaps it would not be in the middle of the mess it is in now. And it is quite a mess.

There is no doubt that the Capitol's historic West front, crumbling and patched, needs to be shored up or that it can be. This much is conceded by the Commission for the Extension of the Capitol, headed by House Speaker JOHN MCCORMACK. Its other members are Capitol Architect J. George Stewart (who is not an architect), Vice President HUBERT HUMPHREY, Sen. EVERETT DIRKSON and Rep. GERALD FORD.

Messrs. Stewart, MCCORMACK and DIRKSEN, the others being absent, recently decided in closed session that the West front should not just be repaired, but extended. Extended substantialy, in fact, to provide more than four acres of floor space including, among other things, two cafeterias, four dining rooms, two auditoriums and a reception center for tourists, plus Congressional committee and conference rooms, although conference space already in the East front is seldom used. It also would include 115 small offices—sometimes known as "hideaways"—for members of Congress.

The cost? An estimated $34 million, at a time when the Government is supposed to be economizing and urging everybody else to do the same.

Mr. Stewart told a questioning Senate committee that since the decision to extend had been made, Congress would not be asked to review the Commission's plans. It would be asked only for the $34 million. The Commission, meanwhile, is paying no heed to the Government's Commission on Fine Arts, composed of four architects, a sculptor and an art critic, which recommends the West front's repair and not its extension.

Before Congress votes a nickel for this plan, maybe it ought to take a fresh look at the Rayburn House Office Building, a structural horror built under the aegis of the Architect of the Capitol. For if the legislators give the Commission carte blanche to proceed with its proposed bloating of the Capitol, they may well need those 115 new little hideaways, and then some.

A CASE FOR REFORMING THE FEDERAL RESERVE

Mr. DOUGLAS. Mr. President, one of the great joys of my years of service on the Joint Economic Committee has been the opportunity to hear my dear friend, WRIGHT PATMAN, question the Fed. There are very few people who can match his knowledge of the intricacies of our central banking system, and the twists and turns of its historical development. And I know of no one who can match his steadfast dedication to the goal of reforming the Fed to make that august institution more responsive to the will of the people. I have not agreed with him at all times on monetary issues, but I have always appreciated his vigor and dedication.

It was therefore a most gratifying discovery to come across an article by WRIGHT PATMAN in the spring issue of the St. Louis University Law Review on the Federal Reserve System and its need for legal reform. In his 38 years in Congress, WRIGHT PATMAN has kept a careful account of the Federal Reserve System, and he has been an active participant in discussions and debates on the subject over the years. He knows things that the historians have never learned, or have overlooked. Out of this knowledge and experience he has distilled an intriguing account of the Fed's legal development, chronicled some of the behind-the-scenes activity and provided a blueprint for reform.

I hope that the article will be widely read—by every Member of Congress, by scholars and, above all, by members of the banking fraternity. It is with this in mind that I offer WRIGHT PATMAN'S Law Review article for the RECORD.

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

THE FEDERAL RESERVE SYSTEM: A BRIEF FOR LEGAL REFORM

(By WRIGHT PATMAN*)

The Constitution vests the monetary powers of the nation in the Congress. Article I, Section 8, Clause 2, of the Constitution provides that: "The Congress shall have power. . . . To borrow money on the credit of the United States. . . ." Clauses 5 and 6 empower the Congress "To coin Money, regulate the Value thereof, and of foreign Coin . . ." and "To provide for the Punishment of counterfeiting the Securites and current Coin of the United States. . . ." Clause 18, embodying the so-called "Incidental Powers," provides that the Congress shall have power "To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers and all other Powers vested by this Constitution in the Government of the Untied States, or in any Department or Officer thereof." Article II, Section 1, Clause 1, states: "The executive Power shall be vested in a President of the United States of America." Thus it is eminently clear that Congress has the responsibility of establishing the laws for carrying out the monetary powers and that the President, vested with the executive powers, has the responsibility of carrying out the laws established by Congress.

* United States Congresman, Chairman of the House Banking and Currency Committee and the Joint Economic Committee of Congress.

The founding fathers realized the power inherent in these monetary functions. They were keenly aware from their study of history that the power to regulate and control money, like the power to declare war and to levy taxes, is fundamental to the public welfare. Their study of history had taught them that these great powers must be kept subject to the will and vigilance of a free *and alert citizenry*; for, otherwise, that citizenry stood in imminent peril of domination by a powerful oligarchic minority, a phenomenon that has recurred countless times throughout human history.

The landmark decision of *McCullough* v. *Maryland*,[1] clearly affirmed the principle that Congress holds the monetary powers under our Constitution, and this doctrine has been reaffirmed and elaborated in a number of cases since that decision, one of the more recent being *Norman* v. *Baltimore & O.R.R.*[2] Furthermore, the federal government argued successfully in the *Legal Tender Cases* that Congress was "under no express restrictions on the subject of money."[3] There is no equivocation in legal precedent, therefore, about the principle that the monetary powers belong to the people and reside in the Congress.

In spite of this indisputable clarity, however, we find that Congress has in fact handed this sovereign power to create and control money to the Federal Reserve System, an institution more responsible to itself than to the federal government, and one which has shockingly close ties to the commercial banks. As an illustration of this self-accountability, William McChesney Martin, Jr., Chairman of the Federal Reserve Board, told the Joint Economic Committee on February 6, 1964, that the Board has "the authority to act independently of the President" and even "despite the President."[4]

On December 5, 1965, by a four-to-three vote, the Board raised the discount rate in flagrant disregard of the President's statement a few days earlier that tightening money would be harmful. This action prompted Professor Tobin of Yale University to say in a letter to the *New York Times* that, "Because of the paranoiac mania for Federal Reserve independence, the Federal Open Market Committee, the real hard core on policy in this country, does not even let the Secretary of the Treasury or the Council of Economic Advisers inside the door to explain the Administration's fiscal outlook for strategy."[5] When the Board was brought before the Joint Economic Economic Committee to answer questions about its precipitate action, Chairman Martin admitted, in response to a question from Senator Sparkman, that prior to raising the interest rate the Federal Reserve Board did not consult the Federal Home Loan Bank Board, which represents the Savings and Loan industry and which was destined to be adversely affected by the action.[6] In the previous year, the Board refused outright to furnish the Banking and Currency Committee of the House of Representatives with minutes of the recent meetings of the Open Market Committee.

[1] 17 U.S. (4 Wheat.) 316 (1819).

[2] 294 U.S. 240 (1935).

[3] 79 U.S. (12 Wall.) 457, 518 (1871).

[4] *Hearings Before the Joint Economic Committee on the January 1965 Economic Report of the President*, 89th Cong., 1st Sess., pt. 3, at 46 (1965).

[5] Letter to the Editor, N.Y. Times, Dec. 15, 1965, p. 46.

[6] *Hearings Before the Joint Economic Committee on the recent Federal Reserve Action and Economic Policy Coordination*, 89th Cong., 1st Sess., pt. 1, at 120 (1965) [hereinafter cited as *Hearings on recent Federal Reserve Action*].

It should be stressed that the Open Market Committee is a creature of the Federal Reserve System that possesses tremendous power over the money supply of the nation through the purchase and sale of billions of dollars of United States securities each year. But even the congressional committees, charged with the responsibility of supervising our banking laws, have no access to its activities and decisions. It is unfortunate that the operation of our monetary system is shrouded in obscurity and is not as well known to the people as it should be. This situation has been fostered by the Federal Reserve Board and by some of the banking community who have made a mystique of the subject. They carefully cultivate the illusion that they are the only ones who can understand the money market and the mysterious breezes and occasional hurricanes that blow through it.

The principles of our money system can be clearly understood if people are given a chance to see the facts. We have a fractional reserve system under which the commercial banks are permitted to lend out money approximately ten times in excess of their reserves. These loans by the commercial banks constitute demand deposits which bankers can create, literally, by a stroke of the pen. The Federal Reserve System by regulation, sets the reserve requirements which the private commercial banks must by law maintain against their demand deposits. In other words, it is the Federal Reserve System which has the power under the law to determine the percentage ratio between reserves and demand deposits. In actual practice, the Federal Reserve System controls the supply of money or, more specifically, the amount of commercial bank reserves through the purchase and sale of government bonds in the open market. By selling bonds, the Federal Reserve Board withdraws reserve funds from the banking system. Conversely, by purchasing bonds in the open market, it adds to the reserves of the banking system. In short, the power to create money, which the Constitution vested in the elected representatives of the people, and the power to fix its volume and its cost have been given to the Federal Reserve System and its Open Market Committee, consisting largely of representatives of private banks.

The limit on the lending power of the commercial banks is the supply of reserves which is determined by the Federal Reserve System. It is the Open Market Committee, made up of the seven members of the Federal Reserve Board and the twelve presidents of the regional Federal Reserve banks, who are selected by representatives of private commercial banks, which actually determines the purchase and sale of securities and, thereby, controls the reserves of the banking system. This is the most important power in the Federal Reserve System. This committee has the power to issue notes of the federal government which are interest free in exchange for United States bonds which bear interest. The Committee also has the power to do the reverse: Issue United States bonds bearing interest in exchange for interest-free notes.

The Federal Reserve System is a quasi-private exercise of public power which is completely improper in a modern democracy. Even though the Employment Act[7] gives the President extensive responsibilities for the prosperity and growth of our economy, neither the President nor the Congress controls the monetary powers which are among the most important and fundamental for our well being. The Employment Act cannot be carried out effectively unless the Government has the power to control and coordinate all of its economic activities, including the all-important monetary powers which include the control of the money supply, the available credit, and the interest rates charged to borrowers—the fundamentals of economic stability. The policies of the United States Government for full employment, international stability, equitable taxation, and domestic prosperity can never be sound or dependable while the most important part of the nation's economic powers is in the hands of a private group which exists as a separate government. The result is that there are two governments in Washington—the elected Government of the people and the autocracy that controls our financial destiny.[8]

It is tremendously important to the public welfare that lawyers understand the nature, origin, and development of our present monetary situation. This article will analyze in detail the present structure of the system that manages the public money, explore the turning points of history that brought about the present system, examine some of its results, and, finally, suggest what can be done about it.

THE PRESENT STRUCTURE OF THE FEDERAL RESERVE SYSTEM

As presently constituted, the Federal Reserve System[9] consists of twelve regional banks governed by directorates and supervised by a board of seven members appointed by the United States President for terms of fourteen years. Each of the twelve Federal Reserve banks has nine directors. One of the vital insights into an understanding of the Federal Reserve System is the method of selecting these directors. Three of them are called Class A, three, Class B, and three, Class C. The Class A and Class B directors are elected by member banks. Class A directors are chosen from officers of banks in the area;

[7] 60 Stat. 23 (1946), 15 U.S.C. § 1021 (1964).

[8] The Committee on Administrative Management characterized the problem in this manner:

"They (Administrative Agencies) are in reality miniature independent governments set up to deal with the railroad problem, the banking problem, or the radio problem. They constitute a headless 'fourth branch' of the Government, a haphazard deposit of irresponsible agencies and uncoordinated powers. They do violence to the basic theory of the American Constitution that there should be three major branches of the Government and only three. The Congress has found no effective way of supervising them, they cannot be controlled by the President, and they are answerable to the courts only in respect to the legality of their activities. . . .

They suffer from an internal inconsistency, and unsoundness of basic theory. This is because they are vested with duties of administration and policy determination with respect to which they ought to be clearly and effectively responsible to the President, (or to the Congress) and at the same time they are given important judicial work in the doing of which they ought to be wholly independent of Executive control . . . [T]he independent commission is obliged to carry on judicial functions under conditions which threaten the impartial performance of that judicial work. The discretionary work of the administrator is merged with that of the judge . . . . Any program to restore our constitutional ideal of a fully coordinated Executive Branch responsible to the President must bring within the reach of that responsible control all work done by these independent commissions which is not judicial in nature."

Report of President's Committee on Administrative Management 36–7 (1937). For a current summary of these problems see also, STAFF OF SENATE COMM. ON REGULATORY AGENCIES (Comm. Print 1960).

[9] 38 Stat. 251 (1913), 12 U.S.C. § 221 (1964).

and Class B directors are chosen by the commercial banks from the fields of commerce, industry, or agriculture, and may be stockholders in banks. Class C directors are appointed by the Board of Governors, and they must not be officers, directors, employees, or stockholders of any bank.

It should be noted that the 7,000 commercial banks who are members and who hold "stock" in the Federal Reserve System, do not vote according to the size of their stockholdings. Rather, each exercises one vote. It should also be noted that the word "stock" is a misnomer since the relationship it denotes lacks the true attributes and power of stock in a corporation. The president of each of the twelve Federal Reserve banks is elected by the nine directors of the bank; and significantly, no oath of office is taken by these presidents or by the directors.

Studies have revealed a preponderance of banking background among directors.[10] Early in 1964 the House Banking and Currency Committee, in connection with the comprehensive review of the Federal Reserve System, sent to all Class B and C directors a questionnaire regarding bank affiliation and bank stock ownership. Since Class A directors are chosen from officers of banks, they would be expected to have banking connections. But the study showed that of the thirty-six Class B directors, all of whom responded, seventeen had been directors of banks before becoming Federal Reserve directors and four had held other positions or offices in banks. Of this total of twenty-one, there were only three who did not own some bank stock. Of the remaining fifteen who had never been directors or officers of commerical banks, nine owned bank stock. Thus, out of thirty-six Class B directors, thirty had some connection with banking.

Of the thirty-six Class C directors, all of whom responded, eighteen had formerly been bank directors and two had held other bank positions. Of this group of twenty, there were only three who had never owned bank stock. Out of the remaining sixteen who had never been directors or officers, five had owned bank stock at one time. Thus, out of the total of 108 directors in the twelve banks, ninety-one are or have been connected with the private banking industry which they have the responsibility to regulate.

The present Chairman, Mr. William McChesney Martin, Jr., is widely regarded as sympathetic to the banking interests and is much respected by them. Mr. Martin has won great respect as a man of ability and integrity; but there is a very serious question whether he has the balanced view that should be the *sine qua non* of public service with broad national responsibilities. He belongs to the money world of New York and was, at one time, the president of the New York Stock Exchange. In his testimony before the Joint Economic Committee on December 13, 1965, Mr. Martin stated that, in his conversation with President Kennedy concerning the idea of making the Chairman of the Federal Reserve Board *"persona grata"* to the President, he [Martin] "would undertake to take that up with the American Bankers Association. . ." to see if he could ". . . get their support for it."[11] The presence of Chairman Martin and of Alfred Hayes, president of the New York Federal Reserve Bank, on the Open Market Committee, along with the additional support received from the presence of the presidents of the Chicago, Boston, and Philadelphia banks, guarantees the powerful New York banks ample protection.

[10] The results of the House Banking and Currency Committee survey are published for the first time in this article.

[11] *Hearings on recent Federal Reserve Action, supra* note 6, pt. 1, at 167.

It is important to recognize that the fundamental monetary powers of the nation are exercised by the Open Market Committee which is made up, on the record, of five Federal Reserve bank presidents and the seven members of the Board. But, in actual fact, all twelve bank presidents participate in the deliberations which, of course, are conducted in secrecy every three weeks. In this way, the fundamental power for economic good and economic ill in our country is exercised by a group currently identified with the banking community and operating willfully and deliberately outside the ambit of the United States Government.

HISTORICAL DEVELOPMENT

Throughout the fifty-three years of its existence, there has been a struggle over the control of the Federal Reserve System between the advocates of a public-spirited, impartial, able administration dedicated to the public interest and the advocates of the special interests of the banks. There is no doubt that the bankers have been winning the struggle and that the open market function has been the basis of their control. This extra-legal power is so great that its exercise can literally create prosperity or depression. The Open Market Committee maintains a forty billion dollar portfolio of bonds, over which there is no outside control and upon which the people of the United States are required to pay full interest, in spite of the fact that the Federal Reserve Board has already paid for these bonds with the people's money.

Contrary to notions disseminated by spokesmen for the banking interests, this state of affairs was never sanctioned by the Congress. It was deliberately engineered by the banking interests and was aided by the inactivity of the Congress which failed to take action as, step by step, the people's control of their own monetary powers was whittled away. Furthermore, the Federal Reserve System has never been subjected to public audit or budgetary control like the other agencies of government. Although it controls exclusively the forty billion dollar portfolio which belongs to the Government, handles hundreds of billions of dollars of the Government's money, and exercises the Government's power to destroy soiled and damaged bills, the Federal Reserve System has become a power unto itself. It decides its own budget without any congressional scrutiny and it audits itself.

As passed in 1913, the Federal Reserve Act[12] was never intended to set up anything like the system that exists today. What the Act did was establish twelve regional banks, each with autonomy in its own region and designed to operate more or less automatically to provide a flexible supply of money and credit under general supervision of a Board appointed by the United States President. There was no central bank; President Wilson was opposed to the very concept of a central bank. He also stressed the need for public control. When the Act was under consideration in 1913, President Wilson said:

"The control of the system of banking and of issue which our new laws are to set up must be public, not private. . . . It must be vested in the Government itself so that the banks may be the instruments, not the masters, of business and of individual initiative and enterprise."[13]

President Wilson was once approached by a group of bankers who desired to assure themselves of control of the System while in its formulative stage. In a circumspect way, they proposed the subject to him in his office. "Which of you gentlemen would condone putting a Railroad President on the I.C.C.?,"[14] asked the President. There was an embarrassed silence, after which the delegation walked out. They did not convince Woodrow Wilson, but they did achieve certain compromises in the final legislation. One of them was the provision that six out of the nine directors of each regional bank be chosen by the banking community. It is this provision, more than any other, which has weakened the Federal Reserve System and has allowed banking interests to dominate it, in spite of the fact that its original legislative character contemplated twelve autonomous regional banks.

When the Federal Reserve legislation was considered in 1913, the question whether it should be a central bank or a system made up of twelve independent regional banks was basic. The Aldrich Commission had proposed a system of branch Reserve banks operating under the control of a central board of directors.[15] Under this system, the branch banks would have carried out mechanical operations without any control over policy. Nelson Aldrich, the maternal grandfather of Governor Rockefeller of New York, was a prominent New York banker. The plan developed by him and his commission was a big-bankers' dream and, thus, it was opposed strenuously by President Wilson. Due to the vigorous efforts of the President and of many legislators mindful of the public interest, the Aldrich plan was rejected in favor of a system of semi-autonomous regional banks which had the power to buy and sell bonds and notes of the United States and of States and counties, to purchase and sell bills of exchange, and to establish discount rates. The Board, which was appointed by the President, had certain supervisory powers such as the right to review discount rates. The clear aim of the legislation's sponsors was to "get the money market out of New York," and that is one reason the Aldrich plan was rejected.

At the time of its enactment and for a number of years thereafter, there was no general awareness of the great power inherent in the open market function. Gradually, several astute eastern bankers began to see the tremendous possibility for power and control in exercising the open market function and, more important to them, in centralizing it under the control of the New York bank. Andrew Mellon, the Secretary of the Treasury from 1921 to 1932, Benjamin Strong, the governor of the Federal Reserve Bank of New York from the time it was established in 1914 until his death in 1928, and a number of others began a long quest for power. It should also be pointed out that in 1921 the banks began to purchase bonds in the open market, mainly to provide themselves with earning assets. They paid for these bonds by simply increasing the reserves of banks. In other words, they simply created the purchasing power. Although this had not been intended by the Act, neither the Board nor the Congress recognized this usurpation and the practice expanded. Each of the Reserve banks determined the amount of its own purchases and bought as much as it felt it needed.

[12] 38 Stat. 251 (1913).

[13] 50 CONGRESSIONAL RECORD 4643 (1923) (Representative Carter Glass of Virginia quoting President Wilson).

[14] *Hearings on recent Federal Reserve Action, supra* note 6, pt. 1, at 167.

[15] In 1910 Congress created a National Monetary Commission to conduct a searching examination into the nation's monetary and banking structure. Senator Aldrich was Chairman of the Commission, and submitted the first report to Congress, S. Doc. No. 784, 61st Cong., 3d Sess. (1911). Senator Aldrich retired from the Senate on March 3, 1911, but the proposed plan was later submitted by Senator Burton. Although Senator Aldrich had retired from the Senate, he continued as Chairman of the Commission, and the final report was submitted by him. S. Doc. No. 243, 62d Cong., 2d Sess. (1912).

In the vital period between 1921 and 1932, the Federal Reserve System was dominated by Andrew Mellon, Secretary of the Treasury. For, in those days, the Treasury Secretary and the Comptroller of the Currency were members of the Board and the former was the ex-officio chairman. Mellon was a representative of big banking interests; and, in various ways, he and his associates saw to it that the Board remained weak and under banker domination. He established a pattern that has proved hard to change. Mellon took an immediate and violent dislike to the regional autonomy in the purchase of bonds. He took the position that it interfered with Treasury efforts to purchase securities for government accounts, and he claimed that they were bidding against each other for Treasury securities,[16] a situation which one might expect to redound to the advantage of the Treasury. Unfortunately, the Treasury Department does not have such a delightful option today. Mellon, along with Benjamin Strong and a number of stalwart allies, took the first step away from public control in a 1922 palace revolution which ended in the formation of an *ad hoc* committee of the presidents of the five eastern-district Reserve banks. The function of this "committee of governors" was to coordinate open market operations. As Governor Strong of the New York bank stated, "Nobody watches this market as closely as we do . . . if we do not do something they [the Federal Reserve Board] will. The Federal Reserve Board has power to regulate this matter."[17]

Strong was able to convince the other banks to go along with this proposal, which clearly put the open market function in the hands of eastern bankers, by arguing that, if they did not do what he said, the Federal Reserve Board would take control. Obviously, this was anathema to the banking community and was sufficient to frighten the regional banks into acquiescence. It is also a revealing indication that the Federal Reserve Board had failed at a vital juncture to assert the power that the Congress gave it. This deficiency in initiative furthered the success of the eastern bankers toward their objective of constituting themselves a central bank with the vital monetary powers of the nation in their hands.

When in 1923 the Federal Reserve Board, dominated by Andrew Mellon, failed to take any action, the Committee of Governors started at once on a policy of tightening money and raising interest rates. Already it had become an extension of Benjamin Strong's ego. In the short space of a year he prevailed against most of the other participants in monopolizing the power not only to recommend purchases and sales but actually to control them and thus to dominate the monetary policy. Even Carter Glass, then Chairman of the House Banking and Currency Committee, who often showed great tolerance for the ambitions and powers of the banking community, observed that "Strong is trying to dominant the Treasury and the Federal Reserve Board."[18] Strong and his associates beat down every feeble effort of the Board to reassert its authority except for the relatively minor accomplishment in 1923 of changing the name of the committee and requiring that it submit its actions to the Board for approval. However, the committee retained the power of initiating policy and therefore preserved its control. Meanwhile, Mellon muddied the waters by thundering against the confusion engendered by local bank purchases. Although ostensibly speaking for a stronger Board, he was really strengthening the hand of Benjamin Strong, the president of the New York bank.

Mellon and Strong were the successful architects of the transformation of the Federal Reserve System. It is clear that Congress intended to establish public control over the System through the appointive Board and that the decentralization in the form of regional banks was designed to nullify the monopolistic powers of the New York money managers. Mellon and Strong, however, transformed the nature of the institution through assuring "safe" control of the open market function. They shrewdly left the discount provisions of the law, under which regional banks discount debt paper for commercial banks to provide flexibility for the credit system and to meet local needs, in the hands of the local banks. They realized that the discounting function, which was paramount in the minds of the founders, would decline steadily in importance as the scope of the open market powers became more obvious.

As a matter of fact, the arrogant domination by New York was not readily accepted in the other sections of the country, and there was counter agitation from time to time. Moreover, the Board, stimulated by this grass roots discontent, occasionally made feeble efforts to assert itself. Due to this periodic ferment there was another revision in March 1930, resulting in the informal formation of the open market policy conference to replace the open market investment committee. This was done without any legal sanction.[19] The conference was made up of the heads of all twelve banks and, on the surface, gave more weight to the various regions of the country. But in actuality, the functions continued to be dominated by the New York bank. In the 1933 legislation, this provision was enacted into law,[20] thus giving legal sanction to the idea of complete control of the sovereign monetary powers of the people of the United States by the banking interests. This legislation was reported by the House Banking and Currency Committee without any hearings, and it slipped through without a record vote after an intensive campaign by the American Bankers Association. Representative Lemke of North Dakota summarized it as follows:

"I can well understand why this bill was considered in executive sessions by the committee, because, if my friends and colleagues, the gentleman from Texas (Mr. PATMAN), the gentleman from Pennsylvania (Mr. McFadden), and others had been permitted to take part in the considerations, the bill would never have appeared on the floor of this House in its present form—A bill of this kind could never have been born in the bright sunlight of day. It had to be born in executive session. And now we are asked to vote for it without knowing its contents and without having had time to digest its far-reaching results."[21]

Actually, the 1933 Act was a step toward a central bank, but not a complete one, because it was still possible for regional banks to refuse cooperation with New York. It was the 1935 Act, discussed below, that converted the Federal Reserve System from a twelve-bank regional system to a central bank. Marriner Eccles, who became Chairman of the Federal Reserve Board in 1934, in discussing the 1933 Federal Reserve Act Amendments, said:

"Under existing law open-market operations must be initiated by a committee consisting of representatives of the 12 Federal Reserve Banks, that is, persons representing primarily local interests. They must be submitted for approval or disapproval to the Federal Reserve Board, and after they have been approved by the Federal Reserve Board, the boards of directors of the Federal Reserve banks have the power to decide whether or not they wish to participate in the operations. We have, therefore, on this vital matter a setup by which the body which initiates the policies is not in a position to ratify them; and the body which ratifies them is not in a position to initiate them or to insist on their being carried out after they are ratified; and still a third group has the power to nullify policies that have been initiated and ratified by the other two bodies. In this matter, therefore, which requires prompt attention and immediate action and the responsibility for which should be centralized so as to be inescapable, the existing law requires the participation of 12 governors, 8 members of the Federal Reserve Board, and 108 directors scattered all over the country before a policy can be put into operation."[22]

The struggle by the dominant eastern banking elements to set up a central bank controlled by them in New York continued. As indicated above, a major objective of the founders of the Federal Reserve System and most of the bankers who participated in it was avoidance of the domination of the eastern bankers—the so-called New York Money Trust. But in spite of the fact that the regional bankers and their representatives in Congress battled valiantly over the years and put up strong resistance to the New York forces, they slowly lost the fight. By the early 1930's the trend of the struggle was apparent, and, by the end of the World War II period, the battle was over. At the present time, there is no doubt that the New York money market dominates the Federal Reserve System. As was brought out in the December 1965 hearings of the Joint Economic Committee in a colloquy between the author and Chairman Martin, the President of the New York Federal Reserve bank dominates the open market function, controls its employees, and has exclusive possession of the forty billion dollar portfolio.[23]

One aspect of this situation that should command the attention of students of public law is the existence of an exclusive and

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[16] CHANDLER, BENJAMIN STRONG, CENTRAL BANKER 209–10 (1958).

[17] *Id.* at 213.

[18] *Hearings Before the Subcommittee on Domestic Finance of the House Committee on Banking and Currency*, 88th Cong., 2d Sess., vol. 3, at 1986 (1964).

[19] The Federal Reserve Board became particularly concerned with the easy money policy initiated in 1927 by Governor (President) Strong of the New York Federal Reserve Bank. Because of his close connections with the European central banks, Strong became convinced that this policy was necessary to stop the continuous gold flow to the U.S. Consequently, the Open Market Investment Committee, under his domination, undertook a large purchase of government securities in 1927. The disastrous consequences of this policy led the Federal Reserve Board to attempt to assert its authority over the regulation of open market operations. As a result it established the Open Market Policy Conference in March 1930 to replace the Open Market Investment Committee. The main purpose was to reduce the power of the New York Bank by making the Board Chairman, Chairman of the Conference and by giving all 12 banks representation.

The Conference still remained "extra-legal," as there had never been any legislative provision for an open market committee, and this change took place without any legal action. (Emphasis supplied.)

[20] 48 Stat. 168 (1933), 12 U.S.S. § 263 (1964).

[21] *Hearings Before the Subcommittee on Domestic Finance of the House Committee on Banking and Currency, supra* note 18, vol. 3, at 1992.

[22] *Hearings Before the House Committee on H.R. 5757*, 74th Cong., 1st Sess., at 181–82 (1935).

[23] *Hearings on recent Federal Reserve Action, supra* note 6, pt. 1, at 166.

limited group of bond dealers who have a monopoly on the huge purchases and sales of government securities conducted by the Open Market Committee. In this way, the twenty authorized dealers are in possession of a double tollgate that permits them to collect commissions on every bond transaction of the Open Market Committee—both purchases and sales. They get them coming in and going out, and neither the Congress nor the people have the slightest idea how much profit these dealers make from this exclusive franchise. The legality of channelling all of this public business through an exclusive and restricted handful of large-scale operators is open to serious question.

The dominance of the New York bank became obvious to all informed observers. Carter Glass once reported that the English press regards the Federal Reserve bank of New York as the central bank of the Federal Reserve System, with the other eleven banks mere branches.[24]

At the time of the 1933 legislation, advocates of bank domination began to express concern about "political" control of the System. It was first raised in connection with the feeble and partly successful efforts to give the Board some role in the open market function by requiring its approval. This power was exercised in a very timid fashion and had virtually no effect. This theme has been repeated constantly and can be heard daily from the lips of Federal Reserve officials and commercial bankers. The originally intended public role of the Federal Reserve System has been reversed and replaced by the spurious doctrine of nonpolitical control of the monetary powers. By this is meant banker control as opposed to public control in the public interest. This is like having the geese guard the shelled corn. Thus it has never failed to amaze this observer to see how many people can be duped by the notion that somehow the Government would not run the Federal Reserve System properly and that the commercial bankers would. The 1933 legislation also extended the terms of the six appointed governors to twelve years and put them on a staggered basis, thus placing the Board beyond the reach of the President and the administration. It was a great victory for the banking interests.

Riding the crest of his overwhelming mandate in 1932, President Roosevelt had determined that a substantial work-relief program was necessary to increase employment and purchasing power and to help get the country back on its feet. He was well aware that the Federal Reserve System would play a key role in deciding what kind of reception would be accorded the government bond issues that would be necessary to finance it. With good reason he was afraid that the Federal Reserve banks might block his program by failing to take appropriate action in the open market. In particular, he was afraid that they would try to offset the stimulative effects of large-scale government spending by dumping government bonds and shrinking the money supply. This situation was documented by Marriner Eccles, who for many years was Chairman of the Federal Reserve Board.[25]

To avoid this prospect President Roosevelt sent a reform bill to the Congress which would have given authority for open market operations to an eight man Federal Reserve Board, including the Secretary of the Treasury and the Comptroller of the Currency serving as ex-officio members. The Board members were to be appointed by the President to fourteen year terms and were to consult with a five-man advisory committee appointed by the Federal Reserve banks. The committee would not have any vote in the final determination of policy. Thus the proposals were designed to place full authority for open market operations in a central board which represented the national interest.

The bill, as introduced in the House by Congressman Steagall of Alabama, differed from the Administration proposal in the composition of the committee. Steagall's bill provided for a Committee made up of the Chairman of the Board, two members of the Board to be selected by the entire Board, and two Federal Reserve Bank presidents selected by all the presidents of the Reserve banks.[26]

In the hearings before the House Banking and Currency Committee, Marriner Eccles stressed the desirability of placing final authority in the Board. He told the Committee:

"Open-market operations are the most important single instrument of control over the volume and cost of credit in this country. . . . Authority over these operations, which affect the welfare of the people as a whole, must be vested in a body representing the national interest." [27]

He criticized the Steagall bill as follows:

"The Federal Reserve Board, which is appointed by the President and approved by the Senate for the purpose of having general responsibility for the formulation of the monetary policies, would have to delegate its principal function to a committee, on which members of the Board would have a bare majority." [28]

Eccles also quoted from President Wilson and other founders of the Federal Reserve Act, clearly indicating the intention of the framers to assure Government control of the System. After Eccles' testimony, Congressman Steagall introduced an amended bill which would have placed full responsibility for open market operations in the Federal Reserve Board. In the debates that followed on the floor of the House, there was very clear indication that the basic issue was who would wield the monetary power—private banks or the elected government of the United States. Symptomatic of the opinions of the proponents was the following statement by Congressman Sisson:

"I am heartily in favor of the main provisions of title II, which carry out nearly in whole the recommendations made by Governor Eccles to the Banking and Currency Committee, and in accordance with the program initiated by the great leader of the American people, Franklin D. Roosevelt, to give us a sound and adequate currency and to place the control of the issue of money and the control of credit, which is at least nine-tenths of our money, in the Government of the United States rather than in the private bankers." [29]

Another comment, from Representative Hancock, is of interest:

"[T]he heart of this bill, as I have just said, revolves around the operations of the open market committee. . . . Every power provided for in this bill exists today in the present law; but there is a transfer of power to take the control of the volume and the cost of money from private hands and place it in Government hands, where, in my opinion, it should have been for the past 20 years." [30]

And finally, Representative Steagall himself made clear his own considered judgment on the Act, saying:

"After the Federal Reserve Board outlines policies, every Federal Reserve bank will be required to carry out in full faith the plans and policies declared by the Federal Reserve Board, as the servants of the Government of the United States, speaking for all the people and not for any private interest." [31]

Unfortunately for the national welfare, the bill was badly weakened in the Senate—partly, I regret to say, because of efforts of an old friend, the late Senator Glass.

Carter Glass had been annoyed at President Roosevelt for ignoring him when the President chose Eccles to be the new Chairman of the Federal Reserve Board. As Chairman of the Subcommittee on Monetary Policy, Banking and Deposit Insurance in the Senate at that time, Senator Glass challenged the philosophy underlying the bill and solicited support from sympathetic economists and bankers as witnesses before the Subcommittee. As a result of his efforts and aided by the testimony of witnesses he produced, the Subcommittee amended the provisions affecting the open market committee to include five Federal Reserve bank representatives and seven members of the Board. This, of course, greatly changed the original bill. It was passed by the Senate in the form proposed by Glass and, in conference, the Senators were able to prevail. The conference bill passed both Houses on August 19, 1935.[32]

As a result, appointments to the Board were staggered over periods of from two to fourteen years so that not more than one would expire in any two-year period. The fourteen-year term remains in the present law. Moreover, the Chairman was selected from the members of the Board. When Chairman Martin's term expired during the administration of President Kennedy, the President found his hands tied. He had no freedom of choice, being limited to the seven members of the existing Board. A President who serves two full terms will not have, under present law, the opportunity to appoint more than two members in his first four years in office. The third would come in the first half of his second term. Inasmuch as a recent amendment to the Constitution limits a President to two terms, the law virtually denies him any opportunity to control the Board through appointments. The net result is that he is controlled by his predecessors' choice and his selections control his successor.

To sum up the history of deliberations on the vital question of control of the open market committee, the original bill would have drastically revised the open market committee which, because of its control of the monetary system, is one of the most powerful economic forces in the world. The House bill would have placed this important function exclusively in the Federal Reserve

[24] CLIFFORD, THE INDEPENDENCE OF THE FEDERAL RESERVE SYSTEM 120 (1965).

[25] ECCLES, BECKONING FRONTIERS 186 (1951).

[26] The bill was introduced by Representative Stegall and referred to the Committee on Banking and Currency. H.R. 5357, 79th CONG. REC. 1501 (1935).

[27] *Hearings Before the House Committee on H.R. 5357, supra* note 22, at 181.

[28] *Id.* at 181–82.

[29] 79 CONG. REC. 6964 (1935).

[30] *Id.* at 6734.

[31] *Id.* at 6720.

[32] H.R. 7617 was reported from the House Banking and Currency Committee on April 19, 1935. H.R. Rep. No. 742. It passed the House May 9, 1935, by a record vote of 271 yeas to 110 nays. On May 10, 1935, the bill was introduced in the Senate and referred to the Senate Committee on Banking and Currency, 79 CONG. REC. 7281 (1935). It was reported favorably by Chairman Glass on July 2, 1935, with an amendment. 79 CONG. REC. 10588 (1935). The amendment changed the Open Market Committee provisions of the bill to include not only the Board of Governors, but also five representatives of the Federal Reserve banks which in the House bill were to act in an advisory capacity only. On July 26, 1935, the bill, with the Federal Open Market Committee amendment in tact, was passed by a voice vote. 79 CONG. REC. 11935 (1935). On August 19, 1935, the Conference Report, which included the Senate provision, was agreed to by a voice vote in both Houses. 79 CONG REC. 13711, 13655 (1935).

Board, which is appointed by the President and confirmed by the Senate, and it would have relegated the committee of bank presidents to a supervisory role. This House bill passed, 262 to 110, on a record vote. However, the Senate-passed bill favored the bankers' position, and it was this substitute measure that passed the House and Senate without a record vote.

In addition to diluting the possibility of Board control of the open market activities, the bill eliminated any possibility of day-to-day Administration contact with the Board by eliminating the Secretary of the Treasury and the Comptroller of the Currency from its membership. Moreover, it was not long before all twelve Reserve Bank presidents began to attend the open market committee meetings. While only five could vote, all could participate freely in the discussion and in shaping the consensus of the meeting which was generally summed up for the record, in any, case, by the Chairman. In this way, the Reserve Bank presidents, under the leadership of the New York Federal Reserve Bank, are able to exercise a dominance on the committee.

The Administration's efforts to strengthen the public control of the Board suffered a defeat in 1935 and, as a result, the Board and the open market function were further removed from Administration control and influence. In addition to the 1935 legislation, subsequent developments have strengthened the control of the System by the banking community.[33] The president of the New York bank, for example, was made a permanent member of the Open Market Committee in 1942. This appointment became effective on March 1, 1943. Thus, the New York bank now conducts the open market operation in its entirety. The eleven other banks conduct no open market activities; they are mere service centers for check-clearing and similar functions. They do not even know their condition until the New York bank sends them a telegram to advise them. It is the New York bank which assigns to the other eleven banks their shares of the portfolio of government bonds held by the Committee. These bonds, of course, are the basis for the earnings of the various banks. Detailed questioning of the bank presidents during the 1964 hearings held by the Banking and Currency Committee revealed that most of the bank presidents did not even know how the allocation of the portfolio or its income is determined. For this function is handled completely in New York, and the other eleven banks are merely passive recipients.[34] This practice is particularly indicative inasmuch as the original Federal Reserve Act did not mention the New York bank. Instead, it contemplated taking the money market out of New York and decentralizing it to the twelve regional banks, the sole overall coordination coming from Washington.

These developments in the history of the Federal Reserve System, all of which were made possible by the inaction or indifference of the Congress, placed the Federal Reserve System well beyond the reach of the people and their elected Representatives. It became an autocracy and it has so remained. This transformation to autocracy was accomplished through a number of steps which looked small or harmless to most people at the time. But each step lead eventually to the control of the central bank by private commercial banks. As indicated above, it was the clear intention of the founders that the System be run by public officials and completely in the public interest.[35] But the

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[33] The Voting Record. On September 18, 1913, the Federal Reserve Act was passed by the House with only two Democrats voting against it while 248 voted for it. On the other hand, eighty-one Republicans voted against it with only twenty-five voting for it. 50 CONG. REC. 5129 (1913). In the Senate, forty-seven Democrats voted for it with none voting against it; thirty-four Republicans, voted against it with only six voting for it. 51 CONG. REC. 1230 (1913). It will be recalled that Aldrich, a leading New York banker, and other representatives of the large banks had proposed a system that was completely independent of the Government. Consequently, there was fear that the final version of the Act, moderate as it was, might be too effective in reducing banker control. In the vote on the Conference report in the House 248 Democrats voted for the bill with only two against it while forty Republicans voted for it with fifty-eight against it. 51 CONG. REC. 1464 (1913). In the Senate, thirty-eight Democrats voted for the Conference Report with none voting against it. On the other hand, twenty-five Republicans voted against the bill with only three voting for it. 51 CONG. REC. 1488 (1913).

The 1935 legislation evidenced a similar voting pattern. House bill, H.R. 7617, which would have vested the open market function in the Board and therefore kept it more closely under public control, was passed by a vote of 271 to 110. Two hundred and sixty-two Democrats voted for it, and eleven against it. Only three Republicans voted for it, and ninety-six were against it. 79 CONG. REC. 7270 (1935). However, the bill was changed in the Senate in order to bring the Reserve bank presidents back into the open market picture, and this version stayed in the Conference report. With these added assurances of continued banker influence in the system, the Republicans no longer opposed the bill and, when the Conference report came before the Senate, only three voted against it. 79 CONG. REC. 13655 (1935). It is also of interest to note that the House Joint Resolution, H.J. Res. 27, passed by the Eightieth Congress and which later became the Twenty-Second Amendment to the Constitution had overwhelming Republican support. One of the effects of this legislation was to further insulate the Board members from presidential control. As indicated elsewhere in this article, a President must stay in office for two terms before his influence will be felt by the Board. The vote on this resolution in the House on February 6, 1947, showed 238 Republicans as opposed to forty-seven Democrats for the bill. One hundred and twenty-one Democrats voted against it without a single Republican dissent. 79 CONG. REC. 872 (1947). A month later in the Senate, forty-six Republicans and thirteen Democrats voted for the bill. Twenty-three Democrats voted against it, and, again, not one Republican voted against it. 93 CONG. REC. 1978 (1947). The proposals suggested in this article will probably arouse similar opposition from the Republicans in the Congress.

[34] The strength of the New York Bank president's position is further indicated by the powers granted to him by the Federal Reserve Act.

"[A] Federal Reserve bank shall have power . . . to appoint by its board of directors a president, vice presidents, and such officers and employees as are not otherwise provided for in this Chapter. . . . The president shall be the chief executive officer of the bank and shall be appointed by the board of directors, with the approval of the Board of Governors of the Federal Reserve System, for a term of five years; and all other executive officers and *all employees of the bank shall be directly responsible to him.*" (Emphasis supplied.)

12 U.S.C. § 341 (1964). Thus, the president of the New York Bank maintains a commanding position in the Federal Reserve System.

[35] The following quotations from the House and Senate debates on the original Federal Reserve Act provide further documentation of the intention of Congress in establishing the System:

Mr. Glass (Dem., Va.) quoting President Wilson:

" 'And the control of the system of banking and of issue which our new laws are to set up must be public, not private, must be vested in the Government itself, so that the banks may be the instruments, not the masters, of business and of individual enterprise and initiative.' " 50 CONG. REC. 4643 (1913).

Mr. Glass (Dem., Va.):

"The danger which the banking community professes to see is not the real danger which I apprehend. The bankers seem to fear that men of their craft will be excluded; but the real peril of the provision is the possibility of too many bankers being included." 50 CONG. REC. 4645 (1913).

Mr. Korbly (Dem., Ind.):

"We have created these 12 banks, partly in control of bankers, in conjunction with Government officers, and then we have practically put these 12 banks under the control of the Federal Reserve Board, which is altogether a Government office, and we propose that this board shall see to it that the prescriptions of Congress shall be obeyed." 50 CONG. REC. 4663 (1913).

Mr. Murdock (Progressive, Kansas):

"The measure places the central conventional control of reserve banks in the hands of the Government, a proposition which the bankers themselves very strenuously opposed until a guardian advisory committee of bankers was added to the central governmental board.

"This addition weakened the original proposition, but as the amended governmental control stands, even though it prove feebly formal, it carries the promise of the ultimate actual control by the Government, and this promise alone warrants a supporting vote of the whole measure." 50 CONG. REC. 4664 (1913).

Mr. Phelan (Dem., Mass.):

"The supreme oversight and control of the whole system, however, is vested in a board representing the public. Thus the bill renders unto the bankers what is the bankers', but positively and definitely secures to the public what belongs to the public." 50 CONG. REC. 4673–4 (1913).

Mr. Borland (Dem., Mo.):

"Either the control of credits and money must be turned over to the banker or it must be retained in the hands of the people of the United States and their representatives. The Glass bill does not make the national reserve board a corporation. It is simply a board of public officials similar to the Interstate Commerce Commission or any other governmental agency through which the people exercise administrative control." 50 CONG. REC. 4731 (1913).

Mr. Quin (Dem., Miss.):

"I want to say to you, gentlemen, that the people want the Government to control the banks under this bill, but the special-privilege crowd are all exceedingly anxious that the banking fraternity should control the board. I stand for the rights of the people of this country, and I am voting for them to control through the President and the Senate, for the people in the final analysis are financially responsible for every dollar of this currency." 50 CONG. REC. 4763 (1913).

Mr. Seldomridge (Dem., Colo.):

"We have reached the parting of the ways in this legislation. We must either give the power to regulate our financial system to

banking community has never accepted this principle and, today, while the tide of battle has varied, the private banking community clearly has the upper hand.

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private and special interests or else we must confine it exclusively to governmental supervision and discretion. The Democratic Party will never permit this great function to be exercised through other than governmental agencies. On this declaration it stands fearless and unafraid." 50 CONG. REC. 4768 (1913).

Mr. Barkley (Dem., Ky.):

"Mr. Chairman, we hear much criticism from the Republican side of this House and from some of the larger bankers of the country because it provides for a Federal Reserve Board, to be appointed by the President of the United States. Those who have criticized this provision of the bill upon this floor and elsewhere claim to fear that by reason of the fact that this board shall be appointed by the President, it will therefore be a political board and may use its great powers for political purposes.

"There is not a governmental function with which we have to do today that is not a political function. There is not an act of Congress, nor an order of the executive department, nor a decision of the courts, from the smallest to the highest, that is not a political function, for the real definition of "politics" itself is "the science of government," and the definition of the word "political" is simply "pertaining to or having to do with the science of government." It is therefore impossible for any function of the Government to be performed that is not a political function.

"Mr. Hayes: 'Mr. Chairman, will the gentleman yield?'

"The Chairman: 'Does the gentleman yield?'

"Mr. Barkley: 'Yes.'

"Mr. Hayes: 'I would like to ask the gentleman if he claims that all of the powers of the Government are exercised as a matter of partisan politics?'

"Mr. Barkley: 'No, sir; I do not. And that is where the gentleman fails to distinguish between the terms "political" and "partisan."'

"Mr. Hayes: 'I would like for the gentleman to distinguish between "partisan" and "political."'

"Mr. Barkley: 'I appreciate that difference. That is where the critics make their mistake. They take it for granted they are the same, which is largely true of the so-called Republican Party.'

" 'The President does not control the action of the reserve board after they are appointed any more than he controls the action of the Interstate Commerce Commission after he appoints its members.' " 50 CONG. REC. 4789 (1913).

Mr. Helvering (Dem., Kansas):

"The issue and control of money is too intimately connected with the welfare of every inhabitant of the United States to leave it in private hands, and while the banker is a most important cog in the economic life of the Nation, yet his powers are so great and his opportunities for good or evil so many that it is absolutely necessary that he should be the servant of the Government in dealing with the people instead of a separate and independent entity." 50 CONG. REC. 4800 (1913).

Mr. Collier (Dem., Miss.):

"One of the most serious objections to the Aldrich plan of currency reform was that it contemplated placing this control in the hands of the bankers themselves. I would never agree to support such a propostion. I would never be willing to place this power,

Throughout the 1920's, these differences were acute. In the course of the 1935 revisions, there were a number of eloquent ex-

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this control, in the hands of the bankers or the lawyers or the merchants or any other set of men. Human nature is too strong in the best of us to permit such power to be vested in private hands. This power should properly be placed under the control of the Government itself—under the control of a Government placed into power by the ballots of the American people and responsive to the will of that people." 50 CONG. REC. 4805 (1913).

Mr. Gray (Dem., Ind.): "I believe that the issue of money and its control and distribution is a vital public function which should be exercised only by the people themselves through the instrumentality of government." 50 CONG. REC. 4821, (1913).

Mr. Graham (Dem., Ill.):

"The ordinary banker devotes very little of his time to a study of financial system. He devotes himself rather to the immediate management of his bank, such as determining the soundness of the paper he discounts, the character of the loans and investments made for the bank, and all that. In fact, he is so close to this part of the field that it is quite difficult for him to have a clear and disinterested view of the entire field," 50 CONG. REC. 4943 (1913).

Mr. Neeley (Dem., Kans.):

"The failure of this plan would be directly charged to the administration in power, and justly so. Therefore in installing it and in its future ministrations, no matter what political party may be in power, it should be directed by those who are in sympathy with the administration charged with the responsibility of its proper conduct." 50 CONG. REC. 4845 (1913).

Mr. Wilson (Dem., Fla.):

"Objection is made by the opposition to this bill, claiming it would give the President too much power in appointing the Federal Reserve Board. The bill provides these appointments shall be made with the advice and consent of the Senate. They also claim this board would be under political control. Political control is governmental control. Who constitutes the Government in this country? The People. Do you want to deny the people the right to govern themselves?" 50 CONG. REC. 4855 (1913).

Mr. Gray (Dem., Ind.):

"Money is the most vital of all public agencies, and as such vital public agency it should be held in the full and complete control of the public, all the people—its issue, volume, and its distribution, to insure its availability to all the people equally and impartially for their use. Such a public function should never rest in the control of private or selfish interests, to be made the subject of monopoly and concentration into the hands of a few. The provisions of the Glass bill place such control where it properly belongs—in the Government—to be administered by the sworn and chosen representatives of the people.

"The unrestricted power to issue money carries with it the power to control the volume of currency, and thereby the power to fix prices of all products, commodities, services, and property, and of all values as measured in money. To surrender this power to private control would be to surrender the most potent and vital authority of the Government—the control of money and the virtual control of the welfare of the people.

"Give me the absolute power to control the volume of money and I will control the destinies of this Nation more fully and completely than the exercise of arbitrary power by a czar. . . .

hortations by Senator Borah, Senator La Follette, Senator Thomas, Representative Goldsborough, and a host of other prominent

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"This House is under political control, the Senate is under political control, the Executive is under political control. . . .

"Political control means the rule of the people, and it has terrors only for those who are afraid of and recoil from the rule of the people." 50 CONG. REC. 5038 (1913).

Mr. Brown (Dem., W. Va.):

"Under the proposed system, however, the appointees on the Federal Reserve Board must be confirmed by the Senate, and the majority of the board must retire when a new President is elected. In this way the people have the power to ratify or reverse the policy of any administration at the end of every four years." 50 CONG. REC. 5107 (1913).

Mr. Underwood (Dem., Ala.):

"The rock on which our friends on the Republican side have broken when they attempted to pass their monetary legislation through this House in the last 16 years has been the fact that they have attempted to put the control of the system that they advocated in the hands of the men who loan the money and not in the hands of the representatives of the people who borrow the money." 50 CONG. REC. 1459 (1913).

Mr. Reed (Dem., Mo.):

"The banks have contended that they are entitled to be represented upon the Federal Reserve Board. I utterly deny it. They are on one side of the table; the Government of the United States, representing the people of the country, is upon the other. The bankers represent those who demand, who ask, rights from the Government. They come to the Federal Reserve Board making their demands and proffering their requests. No man should sit upon that board unless he represents the people of the United States—the people of the United States alone—for it is their money and their credit which is to be granted." 51 CONG. REC. 179 (1914).

Mr. Weeks (Repub., Mass.):

"And the control of the system of banking and of issue which our new laws are to set up must be public, not private, must be vested in the Government itself, so that the banks may be the instruments, not the masters, of business and of individual enterprise and initiative." 51 CONG. REC. 538 (1914).

Mr. Hollis (Dem., N.H.):

"But the Federal Reserve Board should represent the Government solely. They should control broad questions of policy concerning which individual interests might tend to favoritism and abuse." 51 CONG. REC. 783 (1914).

Mr. Borah (Repub., Idaho):

"It cannot adjust itself to an industrial life grounded in inequality; it cannot be fitted to monopoly; though strong enough to destroy, it can never be powerful enough to regulate monopoly. These things we ought to realize and cease our efforts to adjust our Government to the centralizing, monopolizing tendencies of business and compel business to adjust itself to the fundamental principles of democracy. This Government should assert its power and exert its prerogatives, and nowhere is it more essential and vital that it do so than in the complete regulation and control of the money and currency of its people. Everything that performs the functions of money, whether technically money or not, should come under this control." 51 CONG. REC. 1071–2 (1914).

Mr. Norris (Repub., Nebr.):

"I did believe, and do believe, that the banking and currency system and the banks organized under the system ought to be under Government control." 51 CONG. REC. 1136 (1914).

public figures, pleading for public control of our monetary system.[36] These men were concerned basically with one thing Congress had not realized in 1913, the immense potential of the monetary power. They did not realize a central bank could control the money supply and influence the entire spectrum of interest rates through its absolute control of the reserves of the banking system. This was not realized until long after 1913. Eventually, however, it became apparent that the central banking function was the most concentrated, single economic power in modern society; and that, in a democracy, it must be employed for the social good, kept under complete public control, and completely coordinated with the other broad economic policies of the Government. Nevertheless, the 1935 Act made a central bank out of the Federal Reserve System, further removing the System from public direction and control.

It is ridiculous for the President of the United States to be overruled by the Federal Reserve Board without any preliminary advice and to be forced to resort to the forum of public opinion to try to keep an arrogant central bank in line. It is an absurd and dangerous situation. The proponents of private control have cynically distorted the basic reasoning behind the Act. They persist in arguing, as Mr. Martin has done even before the Banking Committees of the Congress, that the Federal Reserve System must be protected from political control.[37] In effect, the System must be left in private hands, beyond the reach of the elected representatives of the people. It is perfectly legitimate, they argue, that the vital powers of taxation and the issues of war and peace remain in the hands of the elected representatives, but not the monetary powers. And this they argue in spite of the clear, constitutional mandate vesting the monetary powers in the Congress.

It is inevitable that the Federal Reserve System will necessarily reflect the bias of the people who control and dominate it. Interest rates are the bankers' income; and the higher the interest rates, the more the lender receives. Bankers live on debt. If there is no debt, there is no money, no interest, and no income. Bankers want only high-grade, low-risk debt paper, especially government bonds. In fact, the one thing they do not want is Government reduction of the public debt.

Professor John Kenneth Galbraith, testifying before the Joint Economic Committee on February 24, 1965, stated that "it is hard to recall any occasion when the Federal Reserve was known to be agitating for lower interest. . . . We have come to envisage the Open Market Committee as a group of men of excellent character and reassuring demeanor who meet to consider whether there is good reason for tighter money."[38] Professor Emeritus Seymour Harris, testifying on the same day stated:

"Financial groups seem to believe that the higher the price of their product, the more profits. They exercised excessive influence in the 1950's when long-term rates rose by two-thirds. But, in my opinion, they will do better with lower rates. Their attitude toward restrictive monetary policy since 1961 only strengthens the case for the exclusion of the Federal Reserve Bank presidents from the Open Market Committee. . . ."[39]

Both these eminent economists again testified publicly in December 1965 on the issue of the Federal Reserve Board's raising the discount rate.[40]

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[36] Mr. Borah (Repub., Idaho):

"To regulate the value of money is the function of the Government by the express terms of the Constitution. It ought not to be delegated to private interests." 79 CONG. REC. 11909 (1935).

Mr. La Follette (Progressive, Wis.):

"[T]itle II does not go as far as I believe it should. It is my firm conviction that we must have complete control of credit and monetary policies in the public interest. . . . I find myself in complete disagreement, therefore, with the recommendation of the Senate committee that the banker representation upon the open market committee should have full and equal power, so far as their individual votes are concerned, with the members of the newly constituted board." 79 CONG. REC. 11914 (1935).

Mr. Thomas (Dem., Okla.)

"I suggest the advisability of congressional legislation fixing a definite tribunal, and it should be, in my judgment, the Federal Reserve Board to regulate the value of the dollar. Today it is being regulated by influences outside of the public service. In my judgment the value of the dollar is being regulated by the Federal Reserve Bank of New York City. It is my purpose to get that power out of the Federal Reserve Bank of New York City and into some federally owned and controlled institution. . . ." 79 CONG. REC. 11925 (1935).

Mr. Goldsborough (Dem., Md.)

"At this time the banks themselves practically control the monetary policy of the country, and this [the open market provisions] changes all that. That is what this racket is about, that is why the subsidized press tells us that there is something wrong with the bill. They call it a political bill. They say that we are setting up a political board.

"It is exactly the opposite. . . . Now it is the Governors of the Federal Reserve Banks who control the open market policies of the Federal Reserve Banks. This bill places their open market policies under the control of an independent board, the Federal Reserve Board, which is not dependent at all upon the banks." 79 CONG. REC. 6653 (1935).

Mr. Martin (Dem., Colo.)

"That the monetary system of the country has been privately controlled for the benefit of the banking system of the country and not in the interest of the people generally. I believe the time has come to curb that system and that it would be nothing less than a hollow gesture to pass a law here that would still leave the same control in the banks over the money and the credit of the country that has existed up to this time and that exists now." 79 CONG. REC. 6733 (1935).

Mr. Ford (Dem., Cal.)

"What this bill aims to accomplish is to give back to Congress its constitutional function to 'coin money and regulate the value thereof.' This function was long ago surrendered to the privately owned banks and has been tenaciously held by them to the detriment of the people.

"Prior to the creation of the Federal Reserve System, the responsibility for the monetary and credit policies of the Nation was in the hands of a powerful group of New York banks. The reserves of the entire Nation, through the correspondent system then in vogue, were in the hands of this powerful group.

"It was this Money Trust . . . which made apparent the necessity for the Federal Reserve System.

"One of the shortcomings of the act was that it left in the hands of the Federal Reserve banks the control of open-market operations, one of the most powerful of the levers for the control of monetary and credit policy. The bill before us seeks to remedy this defect by placing the control of open-market operations in the hands of the Federal Reserve Board." 79 CONG. REC. 6802 (1935).

[37] See generally, *Hearings Before the Subcommittee on General Credit Control and Debt Management of the Joint Economic Committee*, 79th Cong., 2d Sess., Vol. 1, 86–87 (1952); *Hearings Before the Subcommittee on Domestic Finance of the House Committee on Banking and Currency, supra* note 18, vol. 1, at 536–37, 693; *Hearings Before the Joint Economic Committee on the January 1965 Economic Report of the President, supra* note 4, pt. 3, at 46.

[38] *Hearings Before the Joint Economic Committee on the January 1965 Economic Report of the President, supra* note 4, pt. 2, at 11.

[39] *Ibid.*

[40] Prof. John Kenneth Galbraith, December 15, 1965:

"And this problem [coordination of economic policy] can be solved very simply by giving the ultimate authority to the President of the United States, where it belongs. The point I am making is that . . . the ultimate responsibility—lies with the Secretary of the Treasury, Council of Economic Advisers, Bureau of the Budget, and, also, with the Federal Reserve. If the system of economic management which we have then allows six members of the Federal Reserve who have not attended these meetings, have not participated in this discussion, to exercise arbitrary independent power to overthrow the decisions reached by the previous group, this is a very poor form of coordination. It is indefensible. *Hearings on recent Federal Reserve Action, supra* note 6, pt. II at 331.

"The world in which the Federal Reserve System was born, apart from some romantic echoes in the rescripts of the modern conservatives as they are called, is now gone and forever. . . . The Government now acts to insure expanding output and stable prices. The central bank plays a subordinate but integral role in this policy. To such coordinated management . . . we owe the steady expansion and the steady prices of the last five years . . . . The imperatives of coordinated economic administration have required all countries to bring their central banks fully under government control. . . . Most Americans regard successful management of the economy as an imperative. They do not react well to unemployment, depression or stagnation. The right of the Federal Reserve to independent action has survived only because it has not interfered with that management—because it has not been used. . . . *"Hearings on recent Federal Reserve Action, supra* note 6, pt. II at 308–09.

"I do not wish to be unfair to these excellent and indispensable gentlemen [the bankers]. Perhaps they have persuaded themselves that the money is, in their case, unimportant. But it should be observed that an increase in interest rates is the only form of inflation control that ever appeals to the financial spokesman. Increased taxation is not urged. The wage and price guideposts evoke no applause. And also, alas, one must notice that the stock market did not misunderstand the recent increase in interest rates. It prompted markups of banks' stocks on the over the counter market. If I am wrong, if the banks are only interested in higher interest rates for their public benefit, these capital gains must be most embarrassing." *Hearings on recent Federal Reserve Action, supra* note 6, pt. II at 313.

Prof. Seymour Harris, December 16, 1965:

"Federal Reserve independence is an insane idea. Even in less troubled times, it is folly to allow the Federal Reserve to run in one direction and the Executive in another. I have never had much sympathy with the theory of independence. Particularly in these troubled times the Government certainly should not move in one direction and

The type of quasi-private exercise of public power manifested in the Federal Reserve System is completely improper in a modern democracy. History indicates the control of monetary power by private groups has had adverse consequences for mankind. It is most unsound and actually dangerous for us in the United States to permit the volume of money and the level of interest rates—the two basic determinants of our economic destiny—to remain under the control of an institution which is independent from the executive branch and from the Congress, and which is oriented toward the banking community. The welfare of the nation is at the mercy of a group which is beyond public control and which openly boasts of it. In fact, it asserts that the people, through their elected representatives, cannot be trusted to exercise their own monetary powers, in spite of the fact that the Constitution vests these money powers in the Congress of the United States.[41] This is not simply a question of proper government structure. The country has paid a high economic price for permitting the Federal Reserve System to control our money supply independently of the United States Government. It is a fact of economic life that the creation and the management of money are prime determinants of employment, wages, prices, indeed, of the prosperity and well being of the entire nation. Indirectly, these powers affect the deficits, the debt, and the interest burden of the federal government, as well as those of every governmental unit in the nation.

It was the Employment Act of 1946, with which the author was intimately acquainted, that set forth the basic economic objectives of our society—maxmium production, purchasing power, and employment. The present Chairman, Mr. Martin, recognizes the mandate of this Act. It was his interpretation that the Employment Act gives him the power to take such action as he thinks desirable to promote maximum production or stability, as the case may be. The following colloquy from the 1957 Hearings of the House Banking and Currency Committee on the Financial Institutions Act of 1957 is very interesting in this regard:

"The Chairman: When we delegate power to an agency, without any standards or limitations or definitions or restrictions, it is a legislative power that we delegate.

"Mr. Martin: That is what I conceive. . . .

"The Chairman: We have delegated that to the Federal Reserve.

"Mr. Martin: That is correct, sir.

"The Chairman: Without restrictions or standards.

"Mr. Martin: Oh, yes, indeed.

"The Chairman: We might delegate power with standards, and within the scope of the power delegated to the Board, it would have great freedom of action.

"Do you think it would be feasible and practical to legislate for the Federal Reserve Board certain objectives which they are to attain?

"Mr. Martin: Well, I think they have said to us that we are to attain certain objectives. I think the Employment Act of 1946, to which I subscribe, gives us certain objectives—maximum production, maximum purchasing power. I think we have got to do everything we can, use the resources of the Government to attain those ends.

"The Chairman: Do you think you could attain a uniform price level, a stable interest rate?

"Mr. Martin: I don't think you can do it precisely, but yes, sir, I think that it is possible to have price stability if you have competition in the economy and you have reasonable restraint on the part of businesses and individuals, and you reduce spending and increase saving, when it is in imbalance that way, or the reverse—when it is in imbalance the other way—I believe it is quite possible to attain those objectives. I accept the objectives that we are trying to reach, and the point I have constantly made is that under present conditions the only way we can hope to attain the objectives of the Employment Act is by resisting inflation, and by resisting inflation, I mean dealing with this problem of the cost of living, which for eight successive months has risen, and I think it is something that has to concern all of us."[42]

Chairman Martin has chosen to interpret the Act as empowering him to take whatever monetary action he judges desirable to obtain the objectives of the Act as he interprets them. But this is not the proper interpretation. As indicated above, monetary policy has been coordinated with the general economic policy of the nation.

Tight money is closely related to a high interest rate; and, when money gets too tight, the economy slumps. This nation suffered three recessions in the decade of the 1950's, each of which was preceded by a deliberate tightening of money and raising of interest rates. It is important to note that under our system, the final stage in the creation of money is performed by commercial banks when they lend to borrowers. In this way, the money supply is tied to the creation of debt. Obviously, when people have to pay too high a price to borrow, they reduce their business operations and forgo previously planned expansion. This results in lower spending and lower production; employment falls and deficits rise at all levels of government. The overall result is that economic growth is stunted. The only pepole who benefit from tighter money and higher interest rates are bankers. Interest rates, after all, represent their income, and it is not strange that they wish to take in as much income as possible.

Unfortunately, we have permitted the banking community to control our basic monetary policies. When we consider that banking is not as competitive as other industries and that it is, moreover, threatened by a virulent merger movement, it becomes clear that the oversights of the Congress have permitted an autocracy to develop and flourish.

It is striking to examine the rise in interest rates in the past fifteen years since the Federal Reserve Board asserted its independence by refusing to cooperate with the Treasury in supporting the government bond market. In this period, interest rates on long-term government bonds have more than doubled and the annual burden of the national debt to the taxpayers has risen from about six billion dollars to twelve billion dollars. Interest rates on short-term obligations of the United States have sky-rocketed from one-eighth of one percent during the height of World War II to four percent today, practically as high as the interest on long-term bonds. As a result of this increase, the Government now has to pay thirty-two dollars in interest for every one dollar it would have paid under World War II rates. The yield on long-term United States bonds at the time of writing is four and forty-five hundredths percent, dangerously beyond the statutory ceiling[43] which has been in effect for almost fifty years.

RECENT DEVELOPMENTS

On December 5, 1965, the Chairman and a majority of the Federal Reserve Board openly defied the President of the United States and raised the discount rate, thereby triggering a general rise in interest rates. This occurred at the very time when the President and the Secretary of the Treasury were taking great pains to make it clear that they were pursuing a policy of price and interest rate stability in order to keep the economy on the prosperous course that had prevailed for the preceding five years. This event illustrates the manner in which the Federal Reserve Board can force the hand of the President and of the Congress, and shape the structure of our economy to suit itself. If there were, in fact, any danger of inflation, it could have been countered in any one of several ways: by raising taxes, by reducing government expenditures, or by tightening money. When the Board tightened the money supply, it cut down the options available to the elected Government of the United States. Many observers overlooked the extensive nature of the Board's action. The increase, however, from four percent to five and one-half percent on thirty to ninety day paper is a rise of thirty-seven and one-half percent. These increases result in millions of unbalanced family budgets. This distressing situation is the fault of the Congress. It is the failure of Congress to exercise its responsibilities in the field of money that has permitted the bankers to control the fundamentals of our money system.

CORRECTIVE LEGISLATION

At the beginning of the 89th Congress, the Omnibus Federal Reserve bill, H.R. 11, was introduced by the author. It was preceded by very extensive hearings in the previous Congress during which expert testimony was received from economists, lawyers, bankers, political scientists, and others. The bill is designed to correct the principal defects in the Federal Reserve System and restore it to its proper position. The bill would accomplish this in a number of ways.

First, it would emphasize the public character of the Federal Reserve System by providing for the retirement of the existing Federal Reserve stock which, for many years, has given rise to the spurious impression that the member commercial banks own the Federal Reserve System. Actually, the stock, which is owned by the member banks, cannot be transferred or sold and is clearly a fixed-income, nonproprietary asset. Retirement of the stock will remove any doubts about the System's belonging to the Government and eliminate the notion that it is only "allied to Government," a phrase used

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the monetary authority in another. The latter has every right to push its views before Government decides on a policy. But once the decision is made monetary policy must be an instrument of Government policy, not a barrier to its achievement.

"Who wants higher rates here? Primarily European bankers because they are unwilling or unable to control their inflation; and American bankers who want higher prices for their product, and more profits. But the banking system and the Fed should serve the public, not the banks." *Hearings on recent Federal Reserve Action, supra* note 6, pt. II at 356–57.

"As for the American bankers, they are simply interested in raising the price of the product they sell. Their profits are high and rising; but they want market forces, with an assist from the Fed, to raise their profits even more. Somehow they do not seem to realize that a high money rate will reduce the national product and hence even at higher prices cut into banker's profits." *Hearings on recent Federal Reserve Action, supra* note 6, pt. II at 359.

[41] U.S. Const. art. I § 8.

[42] *Hearings Before the House Committee on Banking and Currency*, 85th Cong., 1st Sess., pt. I, 68–69 (1957).

[43] The Second Liberty Loan Act of 1917 set the statutory ceiling for long-term Government bonds, maturities of five years or more, at 4¼%.

by one of the Federal Reserve officials during a Banking Committee hearing.[44]

Second, it would place the open market powers in the Federal Reserve Board. The independent status of the Open Market Committee and its continued performance of crucial monetary functions are untenable in a modern democracy. As indicated in the first part of this article, there is no basis in law or in fact for having the open market function performed by a mixed body of Federal Reserve Governors and Federal Reserve bank presidents. Moreover, the correction of this situation would go a long way toward ridding the Federal Reserve System of its chronic tight money bias and inflation psychosis.

Third, it would make the Federal Reserve System more responsive to the President by reducing the membership of the Board to five, by reducing the terms of office of the Governors to five years, and by making the term of the Chairman of the Board of Governors coterminous with that of the President. Under the present arrangements, a President does not have an opportunity to appoint a majority of the Federal Reserve Board until his eighth year in office. He is, therefore, unable to count on a Board that is sympathetic and responsive to him. President Johnson will have to retain the seven present Governors until January of 1967. At that time one term expires; the next term expires in January, 1968. Mr. Martin will continue as Chairman until 1967. And, significantly, the President, under existing law and regulation, will have to pick his Chairman from among the seven Governors then on the Board.

Fourth, it would insure public control over the expenditure of public money by requiring the Federal Reserve System to pay into the Treasury as miscellaneous receipts all the revenues which it receives, by providing a public audit by the Comptroller General of all expenditures by the Board and the banks, and by requiring that Congress authorize appropriations to defray the expenses of the Federal Reserve Board and the banks.

Fifth, it would assure coordination of governmental economic policies by requiring the President to set forth in his periodic economic reports the monetary policies to be followed by his Administration and by providing that the Federal Reserve Board report regularly to the Congress on its activities implementing the President's economic policies.

As members of the legal profession will readily discern, this legislation is aimed at the so-called "independence" of the Federal Reserve System. It is designed expressly to return control of our monetary policy to the President of the United States and to the Congressmen who are responsible to the will of the people. The people can remove a Congressman or a President if they disapprove of his actions; but they cannot dislodge the members of the Board of Governors of the Federal Reserve from office, regardless of the mistakes they make.

In theory, the Federal Reserve Board should be an agency of the United States Government. Readers will recall, however, that the law requires that an agent assume a special relationship toward his principal:

"It is the duty of an agent in all transactions concerning or affecting the subject matter of the agency, to act with the utmost good faith and loyalty to further the principal's interests.

"It is an agent's duty to adhere faithfully to all instructions given him by his principal, and a failure or neglect to do so will serve to make the agent liable for any loss or damage which may result therefrom.

"Agency presumes subordination on the part of an agent to the principal."[45]

Needless to say, no such relationship exists between the Federal Reserve Board and the federal government at the present time.

In summary, I would like to make it clear that the Federal Reserve System, as it presently operates, is harmful to the best interests of the people of this country. As has been shown, the Federal Reserve System was not designed to be independent. It merely assumed and seized its present position. Furthermore, this situation has continued because Congress has not retained supervision over its delegated monetary powers, not even to the extent of clearing the annual budget for the Federal Reserve System, appropriating its funds, or auditing its transactions.

As indicated above, for the first twenty-two years of its life, the Federal Reserve System did not really have control over the money supply, nor was it designed to have such control. This was made clear in the Report of the House Committee on Banking and Currency on the Federal Reserve Act. In speaking of the Act as reported to the House, Chairman Carter Glass said:

"It is proposed that the Government shall retain a sufficient power over the reserve banks to enable it to exercise a directing authority when necessary to do so, but that it shall in no way attempt to carry on through its own mechanism the routine operations of banking which require detailed knowledge of local and individual credit and which determine the actual use of the funds of the community in any given instance. In other words, the reserve-bank plan retains to the Government power over the exercise of the broader banking functions, while it leaves to individuals and privately owned institutions the actual direction of routine."[46]

It is now time to remedy the present situation by appropriate legislation, placing the Federal Reserve System into the position envisioned by the Congress when it first enacted the Federal Reserve Act.[47]

[44] *Hearings Before the Subcommittee on Domestic Finance of the House Banking and Currency Committee, supra* note 18, vol. 1.

[45] C.J.S. Agency §§ 138, 147 (1936).

[46] HOUSE COMMITTEE ON BANKING AND CURRENCY, 85th Cong., 1st Sess., REPORT TO ACCOMPANY H.R. 7873, 18–19 (Comm. Print 1958).

[47] Lawyers must interest themselves in this important public policy question. For this reason, I wish to recommend to the legal profession the Report of the December 1965 Hearings on the Federal Reserve and a recent study of the $49 billion Federal Reserve portfolio, both of which were prepared by the Joint Economic Committee. These documents and those referred to in this article can be obtained from your Congressman or either of your Senators. I am sure they would be happy to supply you with any of the documents you may need.

WHEN THE ARM OF THE LAW IS STRONG

Mr. BYRD of West Virginia. Mr. President, I have been waging a constant campaign to awaken this country to the growing dangers of lawlessness and crime, riots, and street violence. Time and time again, I have pointed to the damaging court decisions which have helped to handcuff the police, and I have urged our fellow countrymen to rally to the support of the police departments throughout the Nation. If this Republic is to remain strong and great, the laws must be upheld and the citizenry must be able to go about its daily business without fear.

Apropos of this subject, a timely and pertinent editorial appeared in the Beckley, W. Va., Post Herald on July 23, titled "The Inevitable Course Taken in Chicago."

I ask unanimous consent that this editorial be printed in the RECORD.

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

[From the Beckley Post-Herald July 23, 1966]

THE INEVITABLE COURSE TAKEN IN CHICAGO!

"Shoot to kill if you are attacked," were the orders issued National Guardsmen brought in to help keep peace in Chicago. When word of the order swept through areas of the city where the riots were occurring, the streets became virtually deserted.

When the arm of the law is strong and purposeful, lawbreakers usually become peaceful and law-abiding immediately. When the arm is weak and vacillating, however, rioters and other lawbreakers run roughshod.

Even in nations where the freedom of the individual is a truly cherished right, the arm of the law can and should become mighty and awe-inspiring if one of the greatest freedoms of all, freedom from fear, is endangered.

In New York, Chicago, Los Angeles and many other American cities, fear roams the streets of downtrodden and affluent neighborhoods alike. It is the fear of brutality, of fire by night, of looting, of rape, of a knife in the back, of sinister strangers, that makes decent people tremble for their lives and those of their loved ones.

Only a strong and vigilant arm of the law can drive that fear away and make the streets safe again. Only a gutless administration allows lawbreakers to gain the upper hand.

A courageous administration in Chicago risked the revenge of a growing political bloc when it called in the armed forces to restore law and order, but it showed the way for all other American cities threatened this summer by anarchy and worse.

MANDATORY SUICIDE IN SAIGON

Mr. SIMPSON. Mr. President, an article published in the July 24 Washington Post has shed an interesting light on a matter that has had the emotional wallop to produce at least one change in government in Vietnam.

Compiled from news dispatches, the article told of the death of a young Buddhist monk who was apparently to have been the latest in Vietnam's so-called suicides by fire or immolation. The monk gave police a deathbed statement:

I don't know who wanted to assassinate me but I really had no intention of committing self-immolation.

It is to be remembered that many months ago when Buddhists were incinerating themselves, ostensibly in protest of the various regimes in Saigon, a few journalists had the courage to speculate that perhaps all of these immolations were not suicides. In my judgment, this story from Saigon would support that premise.

It has been reported that Buddhist leaders have systematically doped and coerced their monks and nuns and burned them in a manner which would hardly be called suicide in order to have a political impact in Saigon. If this is true, it is among the most reprehensible, disgusting, and tragic acts that have oc-

curred in the tragedy-filled saga of Vietnam.

It is understandable, and admirable as a point of courage and conviction, that a member of a religious organization would knowingly, willingly, and without coercion, make the supreme sacrifice for a cause in which he believes. It is quite another thing when a band of self-serving monks throw one of their drunk or drugged confederates into a village square, douse him in gasoline, set him afire, and then hurl invectives against a government that had nothing to do with the whole thing. The news dispatch from Saigon would seem to suggest that such "involuntary suicides" have been practiced in South Vietnam.

PROBLEMS OF THE U.S. FISHING INDUSTRY

Mr. MAGNUSON. Mr. President, on Thursday of last week an eight-member delegation from the National Fishermen and Wives, Inc., arrived in the Capital to discuss a number of our fishery problems, particularly those associated with the present Soviet fishery off our coasts. They are all ladies, all wives of fishermen in the Oregon and Washington area.

Those arriving were, Mrs. Peter Mosness and Mrs. John Lervold, Seattle; Mrs. John Malchow and Mrs. Lawrence Prest, Chinook, Wash.; Mrs. Rea Green, Mrs. Iola Kelly, Mrs. Delores Hart, and Mrs. Sally Smotherman, all of Warrenton, Oreg.

I would extend a rather belated welcome today to these dedicated ladies and also my congratulations, not only for the good impression they have made with Government people concerned with fisheries, and Members of the Congress, but for their courage in attempting travel during these times of great difficulty.

A telegram which they sent to me and which I received upon my arrival in the Capital on Friday said in part:

> Our fishery is in peril. Fish in the seas adjacent to the coast of North America has been conserved by commercial and sports fishermen for over 50 years. Now huge Russian and Japanese fleets are fishing continuously off our coast with gear designed to take even the smallest fish. When they deplete an area, their hundreds of vessels move on to more lucrative grounds. . . . The seas are eventually to be the main source of protein when population growth renders our land inadequate to meet our needs. . . .

The women further called attention to our failure to heed the warnings of the needs of the ocean, even as President Johnson, in dedicating the *Oceanographer* the other day, referred to the great hope we hold for fish protein concentrate to feed the hungry of the world. I have long urged our Government to increase its efforts both in the area of general oceanography and in the harvest of the resources of the sea, and I share the concern of these women for the future.

For a long time my office and the Commerce Committee has been literally deluged with protests and communications of concern from citizens, particularly in the coastal areas of Washington and Oregon over the increasing threat of the Soviet Union fishing fleets. As you know, I have continuously urged that our Government sit down with the Soviets and discuss the problems of conservation, for it is my judgment that our responsibility to maintain the harvests of the adjacent sea for future generations is even more important than the questions of jurisdiction. I was pleased when I was advised of the talks in Moscow which are getting underway this week to discuss some data exchange and a basis for conservation of the coastal fishery resources.

The timing of the arrival of the delegation from the National Fishermen and Wives, Inc., was excellent, for they were able to meet with the leaders of the U.S. fishery mission to Moscow, just prior to their departure.

In addition to urging a strong U.S. position in these meetings with the Russians, the ladies brought with them a resolution on the offshore fishery problems which now enjoys widespread support, not only in Washington and Oregon, but in other States as well. It calls for the proclamation of extended conservation zones predicated on the principles set forth in the 1958 Geneva Fishing and Conservation Convention. There is nothing unreasonable about this approach, and I would urge that it receive broad support by Government.

I have recently had a communication from the Governor of the State of Washington supporting the 12-mile fishery zone legislation introduced by the senior Senator from Alaska [Mr. BARTLETT] and myself, and I am told that the women will be meeting with members of the other House to urge adoption of this measure.

Whenever we speak of jurisdiction of the fisheries, we find that the U.S. fishing industry tends to divide itself due to the variation of interests. This is regrettable, and I am always hopeful that we can achieve some understanding whereby we may be united in the protection of our resources, and still preserve the historic fisheries which some of our fleets enjoy off other shores. This is not necessarily a question of having our cake and eating it too, for our distant fishing fleets have asked only for fair treatment and a reasonable opportunity to continue in their historic and traditional areas, but as we well know the conditions off South America in the case of the American tuna fleet have been intolerable.

One of the misunderstandings in the question of jurisdiction results from the loose application of the principle of freedom of the seas. One of the longtime leaders in America's international fishery relationships, Edward W. Allen, Seattle attorney, and honored member of many of the treaty commissions, recently made some remarks at the Law of the Sea Conference at the University of Rhode Island.

I ask unanimous consent that Mr. Allen's remarks be included in the RECORD at this point in their entirety.

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

INTRODUCTORY COMMENT OF EDWARD W. ALLEN AT PANEL OF UNIVERSITY OF RHODE ISLAND CONFERENCE ON THE "LAW OF THE SEA," JUNE 26, 1966

Various elements of the United States fishing industry are united as to certain practical aspects which affect their approach to government and law, and are divergent as to other aspects.

All unite in desiring competency in the fishery divisions of Federal and State governmental agencies. This was demonstrated recently in the unanimous support for upgrading the fishery division of the Department of State. Also, they all avidly support oceanographic research. But they are divergent as to ocean fishery protection.

Although no fishery people openly disclaim their attachment to the cause of conservation, some emphasize the necessity for its being applied right now to coastal fisheries, whereas others contend that the potential of ocean fisheries is so great as to negate necessity for high seas limitations. Those who oppose restrictions on ocean fishery exploitation point out that almost any kind of fish can be made into flour to meet the protein needs of billions of people; hence, that the beautiful phrase "freedom of the seas" must be kept pure, sacred and absolute, whereas the first group, while not disparaging the value of fish flour, suggest that, in this country at least, people prefer to know that they are eating salmon, tuna, shrimp, pampano or cod, rather than risk a diet of spoon-fed conger eel and rat fish powder; hence that practical protection of coastal fisheries is more important than some theory.

These two divergent approaches to the law of the sea met at Geneva with the result that the fishery convention adopted there in 1958 was a compromise; hence its complexity. Although the fisheries convention purported to endorse freedom of the seas, both it and the Continental Shelf Convention in fact contain provisions demonstrating that such freedom is neither absolute nor sacrosanct, thereby leaving the principle open for rational application. This fisheries convention was the last of the four Geneva Conventions to secure enough ratifications to bring it into operation. The United States attached a reservation to its ratification, and the convention need not be considered to be the last word on the subject.

Hugo Grotius, champion of freedom of the seas, was no theoretical dreamer, but a great advocate. The English translation of the title to his thesis is "The Freedom of the Seas or the Right which Belongs to the Dutch to Take Part in the East Indian Trade," that is, freedom of the Dutch to course the Indian Ocean and to break into the Portuguese monopoly of the highly profitable East Indies spice trade. Though not in the same publication, he also extended the application of his thesis to cover freedom of the Dutch to continue their own near monopoly of the herring fishery off the British Coast.

Factually there is as much reason in the 20th century as in the 17th to avoid curtailing trade and communication between nations, and a territorial sea width of not more than three miles is highly desirable as to navigation. But with mechanical power, refrigeration, floating canneries, radar, sonar, power blocks, nylon nets, today's ocean fishing has an efficiency beyond imagination in the Hugo Grotius days when fishing was done from row or sail boats and it was believed that ocean fisheries were inexhaustible.

The American Bar Association in 1964 passed a resolution urging our Government to seek international agreement giving wholly separate consideration to freedom of the seas for navigation, and to the distinct problem of conservation of ocean fisheries.

International law should be kept abreast of the times. If protection of coastal fisheries is essential to their preservation, this should *not be* hampered by the popularity of an attractive phrase.

Mr. MAGNUSON. Mr. President, though we might find some disagreement with Mr. Allen's views as to the future of fish flour, or fish protein concentrate, I see no conflict as to the interests of the United States, for the protection of the Pacific hake off my State's coast may well provide some protection for the salmon.

The National Fishermen and Wives delegation has made a strong case for damage to the salmon resource by the Soviet Union, and I am told that the representatives from the Department of the Interior and the State Department were much impressed by the depth of their evidence. That the Soviet Union is inflicting damage to our coastal salmon resource seems beyond dobut, regardless of whether their fishery is a specific one or if the salmon are taken incidentally to their fishery for hake.

I am regularly receiving affidavits from fishermen attesting to fresh net marks on the troll and sportsmen's salmon taken offshore, and there are no American seines or gillnets out there, for we are banned from such net fishing for salmon on the high seas by conservation law. The ladies brought with them depositions from fishery biologists who believe the marks were not made by Soviet trawls, but by gillnets.

I have just received another of these affidavits on net-marked fish, this one from Otto Fitterer, a 21-year veteran in the coastal fisheries, and a resident of Westport, Wash.

I ask unanimous consent that Mr. Fitterer's notarized statement to appear in the RECORD in full at this point.

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

I, Otto Fitterer, being duly sworn, depose and say that I am owner of the boat "Hardly Able" and that on July 13, 1966 a gill net marked fish was caught on my boat by Mr. Morgan of Yakima in 22 fathoms of water off the North Whistler of Grays Harbor.

The fish weighed between 9 and 10 pounds, and was caught about 12:30 p.m.

The marks on the fish are definitely net burns, and are so deep the flesh was cut. The gill net marks are definitely fresh and recently incurred.

I was born in Hoquiam in 1918 and have been engaged in fishing for 21 years, and have raised two boys in the fishing business. I feel qualified to identify the gill net marks on this fish.

[SIGNED] OTTO FITTERER.

Sworn to and subscribed before me this 13th day of July, 1966. In testimony whereof I have set my hand and seal the day and year aforesaid.

MARTIN R. THURMAN,
Notary Public for Washington.
My Commission Expires: January 2, 1970.

Mr. MAGNUSON. Mr. President, the delegation of National Fishermen and Wives have asked what progress we are making in this problem of foreign fishing. I believe that we are making some headway, but I would hasten to add that it is not enough, not nearly enough, and we are still some distance from solutions to the basic problems.

We have made some progress in some areas:

First. Certainly one of our major marks of recent progress has been the upgrading of the fisheries office in the U.S. Department of State. For too long we have been handicapped by the position of our negotiator in our dealings on international fisheries where across the table we have been faced by men of much higher status. The new ambassador title for this office will be very helpful in our future dealings.

Second. The general surveillance of the Soviet fishing fleet—a matter of great concern and criticism from citizens—has been strengthened and I have been able to announce the appointment of an industry-government committee to study the results and advise improvement.

Third. The long-sought meeting with the Soviet Union is now underway, and our technical team is now in Moscow for the first meeting today. This is an informal meeting—it is only a beginning—but it is progress.

Fourth. I am hopeful for favorable consideration of Senate Joint Resolution 29 which will assist us in getting some needed data on the offshore resources so that we will not again have to make statements that we do not know the conservation requirements of adjacent resources while foreign fleets are in heavy harvest.

Fifth. I am hopeful for favorable consideration by the other House of the fish protein concentrate bill—S. 2720—which will authorize the construction of up to five developmental and demonstration plants, a huge step forward toward establishing some of the necessary markets for substantial production of such species as Pacific hake.

Sixth. I hold equal hope for the passage of S. 2218, to establish a 12-mile fishery zone, which is a useful step toward proper protection of the resources and a move toward establishing the concept for the separation of the fishery zone and the territorial sea.

Seventh. The opening of the fishmeal plant of Pacific Protein, Inc., at Aberdeen, Wash., and the resultant beginning of harvest by American fishermen of the Pacific hake is noteworthy. The effort is a small one alongside the huge Soviet effort concentrated there, but it is a demonstration of our interest, and will be helpful in our talks with the Soviets.

Eighth. The increasing national fishermen's representation as demonstrated in this present visit of delegates of the National Fishermen & Wives, Inc., and the recent delegation from the Congress of American Fishermen who appeared in support of S. 2720 and S. 2218 at the Senate Commerce Committee hearings. It would be extremely helpful if the fishermen of the Nation could speak with a unified national voice, and I would encourage such organizations.

Ninth. The progress toward a World Fisheries Conference is a prime example of recent progress. Though I would have wished it much sooner, the interest of the State Department at present is heartening. We must provide for the conservation of the world ocean resources or we will have violated one of our prime responsibilities to those who are hungry today and those who will be in hunger tomorrow.

These are a few of the general areas of progress, not as many as I would like, but certainly some evidence that our Government is placing a value on its adjacent fishery resources and the fishermen and industry who harvest and process them. I wish that the areas were broadened and the action of greater depth, but the wheels of government turn slowly, as the ladies have discovered in their short visit to the Capital.

Again I would extend welcome to these eight ladies who have journeyed far from the States of Washington and Oregon to personally present their position to the Government. Many of their husbands are even now at sea, performing the tasks of fishery harvest necessary for the support of their families, and in full support of the work of this determined group of women.

These women have made a great personal sacrifice in coming back here at this time, and they appear in defense of their very livelihood and the future welfare of their families. But more than that, their goals stretch far beyond their personal family interest, for the protection and conservation of our great fishery resources is a challenge which will benefit all of the generations to come.

One of the great needs in our country, we are told, is for a better understanding of Government by the citizenry. I think there is an additional need sometimes, for a better understanding of the needs and the thinking of the citizens by the Government, and I know that both purposes have been usefully served by the visit of these eight women to the Capital this past week.

IT DID HAPPEN HERE

Mr. BYRD of West Virginia. Mr. President, in these days of civil rights ferment, riots, and street violence, growing crime rates, and U.S. Supreme Court decisions which straitjacket the police throughout the country, it may be of interest to my colleagues in the Senate and the other body, to call their attention to an incident which recently happened in Huntington, W. Va. The incident is described in the Spotlight, a weekly paper printed in Huntington, and I refer specifically to the July 11 issue.

I ask unanimous consent that this item, titled "It Did Happen Here," be printed in the RECORD.

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

YES, IT DID HAPPEN HERE!

This is a true story of a Huntington policeman—a man willing to submit to a lie-detector test to prove it. It isn't nice reading and we document it for one reason: if it happened to a policeman, it is much more likely to happen to you, that is, unless decent, law-abiding citizens live up to their civic responsibilities! Rule by gangs, mobs,

or fear should not be tolerated in our city—in spite of the U.S. Supreme Court decisions which favor criminals. The police can still maintain law and order, but only if the public demands it!

This is also a story about hoodlums, and the fact that they were Negroes is not important—they could just as easily have been white. We point this out since, in our opinion, the Negroes in Huntington cannot be held liable for their lawless element any more so than all whites should be held responsible for their thugs and hoodlums. If we recognize this fact, it will then become apparent that the leadership in both races must band together and take whatever steps are necessary—regardless of the cost!

Bob Linville, age 29, is a dedicated policeman who once served a hitch in the Navy during the Korean War. Today, he is married to an understanding and courageous wife, has two little sons, and is a patrolman in Huntington's police department.

It was 12:30 a.m. on April 21st of this year when Linville left the 20th Street area on a routine assignment leading him down 8th Avenue. Just before arriving at the 16th Street intersection, a Negro man darted in front of the cruiser and Linville was forced to jam on his brakes to avoid hitting him. Somewhat shaken by the experience, Linville leaned out of the open window and said, "You should be more careful. I could have run over you!"

Looking intently at Linville while slowly approaching the cruiser, the man then stopped and asked, "Are you the s-o-b that manhandled my son in the alley near Fraternal Hall tonight?"[1]

"I don't know what you're talking about," answered Linville. "I don't even cover that zone!"

"You're a lying s-o-b," said the man as he drew closer. "You forcibly took his name!" As the man spoke, Linville's attention was drawn to the approaching crowd of men and youths, all Negroes, as they surrounded the cruiser. A youth who had peered through the windshield suddenly cried out, "That's the man, daddy, that's him!" At this, the man facing Linville moved closer and said, "Get out of that goddamned car and I'll whip your — — —!"

Linville was on the spot and he knew it! As he radioed headquarters for help, a bystander shouted, "He's a chicken—s-o-b and won't get out of the car!" As he left the radio, Linville heard a loud noise on the rear of the cruiser and turned around in time to see three youths climb on the trunk. All three began hammering the roof of the car with their fists, and one screamed, "That's the s-o-b . . . let's get him!" His attention was drawn away from the trio as he felt a hand grab his jacket and yank him towards the open window. Reacting with speed, Linville pulled his revolver, cocked it, turned to face the man accosting him, and said:

"Let go of me! If you don't, I'll blow your head off!"

"He immediately jerked his hand away," Linville went on to say, "but before I knew what was happening, the cruiser started to shake up and down. The man then asked for my name and badge number, and when he did this, they really started rocking the cruiser! I knew they were out to get me; a thousand things crossed my mind; I knew I'd have to shoot my way out of the mess, and rather than do this, I floor-boarded the gas pedal and got the hell out of there!"

[1] This location mentioned in Linville's report is 4½ alley and 12th Street—the scene of more than 30 arrests for fighting, assaults, and hoodlumism. One man was assaulted and sent to the hospital last week. The Women's Job Corps recreational lounge is to be located in this area—so we are told!

Bob Linville and his wife had asked me to interview them at home. All during this time, Bob had been speaking in a quiet, intent voice, as if to make sure that he repeated everything as it actually took place. A number of questions had come to mind and I opened this part of the interview with "What did the crowd say as they attempted to turn over your cruiser?"

"I don't honestly remember," he replied. "I know they were all saying something, but what it was, I can't tell you. I guess I plain forgot."

"I can tell you," Mrs. Linville broke in to say. "When he came home that morning he was so upset and mad—I'd be surprised that he could remember anything at all! I did hear him say that 'They wanted to turn the car over on me . . . they kept saying that I couldn't get any help . . . now was the time to beat the hell out of me . . . all cops ought to be killed', and so on."

"Are you mad at all Negroes for what they did to your husband?"

"At first I was," she replied; "but after thinking it over, I'm sure that a lot of respectable colored people live in that neighborhood. What I can't understand," she added, "is why we don't have two-man cruisers to police the city."

Turning to Linville, I then asked, "When you made your report at headquarters concerning the incident, what did they suggest ought to be done?"

"At first, they said charges should be placed if I could identify the men. But after thinking it over, we knew there wouldn't be any use. What jury would take my word against 25 or 30 witnesses who would testify against me? After all, it would be my word against theirs, and history will prove that a policeman's word will never hold up in court if a bunch of people testify against him!"

"Now, Bob and Mrs. Linville," I said, "knowing that this issue of The Spotlight will receive city-wide distribution, do either of you have any statements which you feel the public should hear about?"

"I'll say one thing," replied Linville, "those people have absolutely no respect for the law, or do they have any for the uniform of the one organization whose job it is to protect the public! If there was any way to do it and make the charges stick, I'd swear out warrants for everyone involved!"

"Mrs. Linville," I asked, "since you are aware that this bunch of hoodlums are out to get your husband, do you think he should resign from the force?"

"No! If he did, both he and I would be more guilty than all of the hoodlums in town put together. If he resigns, we would be on their level. He is determined to stick it out and we can only hope that Chief Kleinknecht and the public will do something to back up the policemen who are trying to protect the city."

"When you said 'back up', what did you mean?"

"I mean two-man cruisers and more policemen to patrol the city! I don't think any policeman's wife should be forced to worry about her husband's life just because the public isn't aware of what's going on all over the city!"

We agree with Mrs. Linville. Perhaps her husband's experience was an isolated one, but we believe it is symbolic of things to come, that is, unless the public is made aware of what is going on all over the city. Only last week another police officer was physically assaulted, this time by a white man. Hardly a week passes without attacks on civilians being reported to the police. Some involve teenagers; adults often are the victims. At times the injuries received do not require hospitalization, but many times they do.

There are now many areas in the city where people will not walk at night, if they do, they can expect danger. Some streets are not safe and there are incidents when people in automobiles have been molested as a result of slowing down for a traffic light.

A recent ruling of the U.S. Supreme Court has effectively reduced the power of the police to look after the public's interest. No suspect can be forced to answer questions at police headquarters unless his attorney is present. All criminals and law-breakers are aware of this, and, as a result, now feel that they can get by with almost anything just as long as no witnesses are present. Why shouldn't they? Who but a fool would open his mouth at headquarters?

The police want to enforce the law, but their most powerful weapon has been legally done away with by the Court's action. They can no longer seize a suspect and question him, even though he has a criminal record and is present at the scene of a crime. They can suspect him; they can almost be certain he is guilty. But they cannot arrest him for questioning; they can only charge him with the crime. If a mistake was made, and he actually was not guilty, a suit for false arrest will follow. Would you take a chance if you were a policeman?

There is an answer to Huntington's crime problem. But what is it? Are more policemen and two-man cruisers the solution, or are we to be confronted with an entirely different answer? Chief of Police Kleinknecht has agreed to give us an exclusive interview in the next issue of The Spotlight. Look for it!

ACTION MUST BE TAKEN TO END INJUSTICE TO HOUSING AND LUMBER INDUSTRIES

Mr. MORSE. Mr. President, as senior Senator from Oregon, I am compelled to call attention of this body to a situation which is causing increased concern in the Pacific Northwest, and may reach critical proportions during the coming months.

An article in the Wall Street Journal reports that mill prices for quarter-inch sanded plywood "plummeted to $62 a thousand square feet from $74" during a recent 2-week period. Lumber prices have also dropped, although a bit less dramatically.

(See exhibit 1.)

LUMBER PRODUCTION IS DOWN

Mr. MORSE. There are also indications that production is being correspondingly reduced. Figures developed by the National Forest Products Association show that lumber output for May of this year was 6.6 percent below April 1966, although it was about 6 percent higher than May of 1965.

Forest-product industry executives have been specific in ascribing these declines to "continued weakness in the housing market."

In turn, experts in Washington, such as John Horne, the Chairman of the Federal Home Loan Bank Board, have traced the cause of the residential housing problem to the decision of the Federal Reserve Board in December 1965. The Board allowed interest rates on certificates of deposit to be increased to 5½ percent, benefiting primarily a few large New York City banks.

(See exhibit 2.)

MORTGAGE MONEY HAS BEEN SHARPLY REDUCED

Mr. MORSE. Chairman Horne recently informed the Washington Post that flows of savings to building and savings

and loan associations have been sharply reduced in recent months and that—

(E)conomists in the Board believe that a continuation of current saving flow trends for the balance of this year could cause a sharp reduction . . . in investment in home mortgages.

This observation has been confirmed by the following report in the Scope, the newsletter of the National Association of Home Builders for July 22, 1966:

Housing starts were down 18% from last June, building permits down 25%. NAHB forecasters in 83 metropolitan areas now see an overall 11% drop in starts for 1966, for lowest total in six years.

(See exhibit 3.)

Mr. MORSE. According to the homebuilders, both the housing start rate and the building permit rate were the lowest since the recession of 1960.

FURTHER STRINGENCY HAS BEEN PREDICTED

The volume of building permits is particularly significant, since it indicates a further contraction in house building in the coming months.

Furthermore, the most recent predictions from the Federal Reserve Board, as reported in the Washington Sunday Star of July 24, 1966, are that:

Interest rates will soon climb higher and the credit squeeze will tighten . . .

(See exhibit 4.)

EVEN IMPACT ON HOUSING INDUSTRY IS UNFAIR

Mr. MORSE. It is common knowledge that this chain of events has already injured buyers and sellers of real estate by requiring postponement of some purchases and renovations, and forcing those who have succeeded in getting mortgage financing to pay markedly higher interest rates and additional premiums.

The injustice of this situation in the money market is highlighted by another recent report in the Wall Street Journal that credit for nonhousing uses such as the purchase of securities remains relatively available. In fact, the article of June 10 reports that stockbrokers have expanded their loans to customers buying securities on margin by 6 percent during the first 4 months of this year, to a total of $5.8 billion.

(See exhibit 5.)

Mr. MORSE. It therefore appears that certain groups in the country are benefiting from the tight money situation, while home buyers, the housing industry, and the lumber industry in the Northwest are suffering increasing and disproportionate economic injury.

COMPETITIVE STRUCTURE OF LUMBER INDUSTRY COULD BE AFFECTED

If this situation continues, there is a real peril that the structure of the lumber industry will be altered by adversely affecting the many small lumber mills which are least able to withstand such economic reverses. To the extent this may happen, the Nation will have to deal with fewer and larger lumbering firms to supply its increasing demands for forest products.

REMEDIAL ACTION MUST BE TAKEN

Mr. President, it is clearly unfair for the lumber and housing industries to bear the brunt of the Nation's financial policies, particularly when others are profiting by them. Action must be taken to restore these industries to their full measure in the growth of the American economy.

I am pleased that the House Banking and Currency Committee will, this week, review proposals relating to monetary policy which affects this situation. I will be doing all that I can to bring about the needed action before further damage is done.

I ask unanimous consent that the articles to which I have referred be included in the RECORD for the information of all concerned.

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

EXHIBIT 1

[From the Wall Street Journal, June 9, 1966]

PRICES OF LUMBER, PLYWOOD DECLINE ON WEST COAST—COMPANIES CITE REACTION TO LAST WEEK'S LABOR PACT, HOUSING MARKET WEAKNESS "LONG TOUGH SECOND HALF" SEEN

PORTLAND, OREG.—Reacting to last week's labor settlement, West Coast lumber and plywood prices have dropped sharply.

Forest-products industry executives also ascribed the drop to continued weakness in the housing market.

In the past two weeks, prices at the mill for quarter-inch, sanded, interior-grade plywood have plummeted to $62 a thousand square feet from $74. This followed a $4 drop the week of May 23. Prices are approaching the year-earlier level of $60.

Lumber prices have also dropped, although less dramatically. Since the week of May 23, prices at the mill for random-length green Douglas 2-by-4s have dropped about $4, to around $70 a thousand board feet in carload lots for shipment East. This price is about the same as a year ago. Both items are considered key indicators.

GENERAL INDIFFERENCE

Industry officials agree that Eastern buyers are generally indifferent to buying both lumber and plywood now that accords on new labor contracts have been reached. Last week, major forest-products companies settled with the two big unions for a 55-cent-an-hour package increase over the next three years, at a total estimated cost of approximately $60 million over the period.

"You can't stir up an order anywhere now that a strike has been averted," asserts one Oregon plywood-company executive. "The mills don't have much of an order file, and the buyers are still living off the inventories they bought during March and April, buying only for spot needs, since the market is sure to go down further."

"It's pretty obvious that many people overbought in March and April," says a lumber-company official. "The rate of buying during those months was about 10 million to 20 million board feet more than a year ago, and we have to wait until these inventories are eaten away."

HOUSING AND TIGHT MONEY

Executives also contend that slumping housing starts and tight money have had a bad effect on the market. Says one plywood-industry man: "I talked to a friend who has a savings-and-loan business just the other day and he hasn't made a loan for three weeks. No wonder the housing market is down."

Commenting on the labor settlement, most lumber-industry executives say they believe it will be felt most by the smaller, marginal mills. "The small mills were a little incensed at the costly settlement, but what could they do? Smaller producers that have to depend on public timber and who are now operating on a marginal basis will tend to be weeded out gradually. There's little doubt the agreement will eventually cut down competition in the industry," says an Oregon wholesaler.

While some small mills may be fighting to survive, the larger ones are sitting down to figure out how to handle the increased costs, lumber-industry men contend.

"This could mean immediate increased costs of about $2 a thousand board feet on lumber products, but since pricing is determined on the open market, most producers will have to look to other means—taking a hard look at efficiency programs and production norms," says one executive.

Whatever the effects of the settlement, most executives predict prices will slide still further until the market finds a floor. "We haven't reached the bottom yet, and with this tight building situation, it looks like a long, tough, second half," warns an Oregon lumberman.

Meanwhile, Government orders for Vietnam have leveled off, and the boxcar squeeze has been eased considerably. But executives warn that when heavy grain movements begin in late summer, the shortage of rolling stock will again become acute.

Orders continue to drop at the mills. Lumber orders are about 75% of present industry capacity, and plywood orders are down to about 67% of capacity, far less than month-earlier levels.

EXHIBIT 2

[From the Washington Post, June 12, 1966]

SEES NEED TO STEM DRAIN ON SAVINGS & LOAN—HORNE WARNS OF HOUSING CRISIS

(Perhaps the most important current economic news story is the story of money and money rates. Intense competition between banks and savings & loans institutions for an adequate supply of the basic commodity both need—cash—has led to a rate "war" and a money "squeeze." Both the Executive Branch and Congress have been seeking ways of reducing the bidding up of interest rates. In the following article, written especially for the Washington Post, Chairman John E. Horne of the Federal Home of the Federal Home Loan Bank Board points out the effect the rate "war" may have on S & Ls and on housing construction. In a subsequent article, the problem as seen from the banks' point of view will be explored.)

(By John E. Horne, Chairman, Federal Home Loan Bank Board)

Tight money and high interest rates are principal topics of discussion among businessmen, economists and investors. The shortage of lendable funds is causing a keen rivalry among financial institutions to attract savings.

In this situation, commercial banks and savings and loan associations understandably are seeking ways to increase the flow of funds into their institutions and to retain the funds they already hold. The tool most readily at hand, of course, is interest rate competition. Banks are offering higher interest rates on some types of savings instruments—certificates of deposit. Savings and loan associations are responding to a degree commensurate with their ability to earn the higher rates.

This competition for savings is often looked upon as a matter of one type of institution vying with another in the market place, with other sectors of the economy little involved in the contest. Such a view of the present situation is an oversimplification of the affects of the current money squeeze.

Commercial banks are general-purpose lending institutions. They lend the funds

they attract mostly for relatively short terms and under conditions which permit them to adjust their interest rate charges to current conditions in the money and capital markets. At present, the bulk of their lendable funds are being loaned out to their industrial, business and consumer credit customers and the high level of economic activity permits them to obtain high yields on these loans.

FUNDS IN HOUSING

Savings and loan associations, on the other hand, are highly specialized lenders. They place nearly all of their funds in the housing market, either in the purchase of home mortgages, in construction loans, or, to a lesser degree in multi-family dwelling mortgages. Their loans are long term with a fixed interest rate charge and they, consequently, cannot adjust their portfolios quickly to rapid rises in money market interest rates.

In recent years, savings and loan associations have grown to become the principal financers of home ownership in the United States. Nearby 45 per cent of outstanding home mortgages are financed by savings and loan associations. And under this system, home ownership in the United States has expanded to the point where nearly 65 percent of homes are owned by their occupants.

The Board is charged by Congress with promoting sound and economical home financing. Maintenance of the trend toward home ownership, therefore, is a primary basis for the Board's concern over current money market conditions and the competition for savings. Of course, as a part of the Federal Government, the Board also is concerned with any matters that relate to general economic well-being.

Money flows to savings and loan associations have been reduced sharply in recent months due to the rate competition from commercial banks and from market instruments. Economists at the Board believe that a continuation of current savings flow trends for the balance of this year could cause a sharp reduction in the amount of funds available for investment in home mortgages. This means that many buyers and sellers will face some stringency in obtaining financing because of the lack of funds to finance mortgages. It means also that those who succeed in obtaining mortgage financing will have to pay appreciably higher interest rates on their borrowings.

Of even greater significance, it means that housing construction will be adversely affected. And a decline in mortgage activity would be reflected in lower production and sales of the many goods and services that go into making a house a home.

INFLATIONARY IMPACT

At present, funds attracted by commercial banks are flowing into inventories, financing accounts receivable, and to a growing extent, financing the expansion of production capacity of industry in the form of loans to build plants and purchase equipment. This latter category of lending has a sharp inflationary effect under current economic conditions.

While President Johnson has called upon industry to exercise restraint in its investments in new plants and equipment, the totals continue to rise, threatening to overheat the economy.

The question that business and financial leaders must ask themselves, and which Government administrators must examine as well, is: "Is the current allocation of capital funds under present tight money market conditions being carried out in a manner that is in the best interest of the national economy and in the best interest of the public?"

The answer is obvious. If current money market forces are causing too much money to flow into industrial and business expansion at the cost of depriving the housing industry of funds needed to meet desirable home-owning demand, the clear responsibility of all concerned is to take steps to ease the sharp change in the direction of savings flows.

Congress has before it a number of proposals designed to harness the principal method by which commercial banks are attracting funds from the public and from other types and financial institutions. The instrument is the so-called "certificate of deposit."

The Federal Home Loan Bank Board and some other Federal agencies concerned with money market matters, have endorsed the principle of placing restraints on the offerings of some types of certificates, which in fact are thinly disguised passbook saving accounts.

The Federal Reserve Board's "Regulation Q" places a ceiling of 4 per cent on the interest which banks may pay on passbook savings, but permits a rate as high as 5½ per cent on certificates of deposit. By offering small certificates with maturities of as little as 30 days, commercial banks can now effectively evade the Regulation Q ceiling on passbook accounts.

That many of them are doing so can be seen almost daily in the advertisements that banks run in various sections of the nation. And, of course, the savings and loan associations in these areas are among the first to experience a drain on their savings, or smaller inflows of savings. This accounts for the stringency in the mortgage market that many people complain about.

EXHIBIT 3

[From the NAHB Washington Scope, July 22, 1966]

STARTS DIP; PERMITS TAKE SHARPER TURN DOWNWARD

Housing starts edged downward in June and building permits plunged sharply, the Commerce Department has reported. Both rates were the lowest since the 1960 recession.

Starts slid 1% from the May 1966 figure; 18% from June a year ago. Building permits dropped 14% from the May rate and 25% from June 1965.

Additionally, said NAHB President Larry Blackmon in a statement to the press, "in view of the tight money situation, it is likely that many of the permits will fail to materialize as starts."

Starts fell to a seasonally adjusted annual rate of 1,288,000 units from May's 1,295,000 and 1,566,000 in June 1965.

Actual starts for the first six months of 1966 were 696,500, down 7½%. The 1% decline in June from the May rate concealed substantial regional differences. The West dropped 16%. The North Central region continued a slight decline, and the South and Northeast gained slightly.

The big plunge in permits was in the multifamily sector, down 29% from May and 33% from June a year ago. Single family permits dipped 4% under May and 18% from June 1965.

EXHIBIT 4

[From the Washington, D.C., Sunday Star, July 24, 1966]

CLIMBING INTEREST RATES AND TIGHTER CREDIT PREDICTED—U.S. OFFICIALS SEE TREND DESPITE CONGRESS' EFFORT

(By Lee M. Cohn)

Interest rates soon will climb higher and the credit squeeze will tighten despite congressional efforts to reverse the trend, authoritative sources in the administration and at the Federal Reserve Board predicted yesterday.

The only practical way to halt the rate rise and ease credit conditions would be to increase taxes, they said, but no tax action is likely until January.

Interest rates generally have risen close to 40-year highs. In a dramatic reflection of the trend, the Treasury on Wednesday probably will offer to borrow money at 5¼ percent—the highest rate paid by the Treasury since 1921.

Supplies of credit have grown, but not enough to meet booming demand. The relative scarcity has squeezed out many borrowers, with especially severe consequences for the housing industry.

ADMIT TO WORRY

Officials admit they are worried about the economic repercussions of credit tightness and jittery about the political backlash.

Nevertheless, "there's no end in sight," a key source said, predicting the squeeze will become more painful.

Some members of Congress are unwilling to accept this judgment. They are pushing legislation aimed at rolling back interest rates and easing credit.

The House Banking and Currency Committee is taking the lead. Chairman WRIGHT PATMAN, Democrat, of Texas, has called a committee meeting for tomorrow to act on legislation to deal with one aspect of rate escalation—the high rates paid on bank deposits.

PATMAN yesterday predicted prompt committee approval of a bill to put a 4½ percent ceiling on "consumer-type" certificates of deposit issued by commercial banks in denominations below $100,000.

AIMED TO AID S&LS

The basic purpose is to help savings and loan associations in their competitive struggle with commercial banks for deposits. The S&Ls concentrate on housing mortgage lending.

Certificates of deposit (CDs) are essentially receipts for money deposited for specified periods.

PATMAN's proposal would apply to the relatively small, nontransferable CDs—often called savings bonds or savings certificates—sold to individuals and unincorporated businesses.

The larger CDs sold to corporations would not be affected. Banks still would be allowed to pay up to 5½ percent on these CDs, which are negotiable.

CEILINGS LOWERED

The 5½ percent ceiling has applied to consumer CDs, too, but the Federal Reserve Board last week lowered the ceiling for some types to 5 percent for those maturing in 90 days or more and to 4 percent for maturities less than 90 days.

PATMAN proposes to get a step farther, imposing a 4½ percent ceiling on all new consumer CDs below $100,000. He said the ceiling would not apply to CDs issued before June 30, which could be renewed at the old rates.

The bill also would give the Federal Home Loan Bank Board discretionary authority to establish rate ceilings on deposits in federally insured S&Ls.

Despite his past opposition PATMAN also proposes to grant the Federal Reserves' request for authority to vary rate ceilings on bank deposits according to amounts or other criteria.

SIMILAR LAWS PROPOSED

The administration has proposed similar, though milder, legislation to hold down interest rates on deposits. Officials said the purpose is to give the lagging housing industry some relief from the effects of tight credit.

One high-ranking official admitted he is worried about how the legislation would work if it were enacted.

Mild measures would achieve little, he said. If the legislation were strong enough to force bank deposit rates down substantially, he said, it could boomerang and cause turmoil in money markets.

Banks might lose huge amounts of deposits, he said, endangering their liquidity. To protect themselves, he said, the banks might be forced to raise money by dumping securities holdings on the market.

They also would have to reduce lending sharply, he said.

The result could be much tighter credit and higher interest rates—exactly the opposite of the legislation's purpose.

BACKFIRE FEARED

Tinkering with rate ceilings will achieve little and may backfire, officials said, because interest rates are only the symptom of the underlying problem of tight credit.

They said there are two ways to alleviate the scarcity of credit and thus hold interest rates down:

1. Shift the Federal Reserve to easier credit policies.

2. Reduce demand for credit by dampening the economic boom.

The first alternative is out, Federal Reserve sources said. They said the Federal Reserve probably will make policy even tighter because inflationary pressures still are dangerously strong.

Federal Reserve officials admitted they are afraid of tightening policy too severely. They said it is risky and probably not very effective to rely so heavily on monetary policy to fight inflation.

Nevertheless, an official said, "we have no alternative and we will not shirk."

He said the only escape from an endless credit squeeze is action by President Johnson and Congress to curb the economic boom by raising taxes—thus curtailing demand for credit, restraining inflation and reducing the burden on Federal Reserve policy.

Johnson obviously is reluctant to propose tax increases, but a high-ranking administration official said the President probably will make the move next January—or possibly sooner if the credit squeeze becomes unbearable.

[From the Wall Street Journal, June 10, 1966]

CREDIT PARADOXES: TIGHT MONEY PINCHES DIFFERENT PEOPLE, FIRMS IN VERY UNEVEN FASHION—BANKS ARE SQUEEZED, BUT STILL PUSH CREDIT CARDS; STOCK SPECULATORS FEEL NO PAIN—PERSONAL LOAN FIRMS UNHURT

(By Lee Silberman)

If you're a would-be home buyer, you may not be able to get a mortgage loan, no matter how good your credit is. But if you're a veteran stock speculator, you shouldn't have much trouble borrowing money to buy more shares on margin—and you might get a relatively favorable interest rate.

If you're a small businessman, you will have little difficulty buying supplies on credit from a big manufacturer. But heaven help you if you're slow paying the bill; your supplier may cut you off from further deliveries.

If you're a consumer, personal finance companies will push loans at you as vigorously as ever, and some banks will urge you to sign up for one of their new credit-card plans so that you can charge anything from a round-the-world trip to the purchase of a screwdriver at the corner hardware store. But if you don't have a credit card, be sure to pay your bills quickly; otherwise your account will be turned over to a collection agency sooner than it would have been a year ago, and the agency will expect a bigger initial payment.

TIGHT AND LESS TIGHT

These are some of the contrasts fostered by the uneven impact of tight money conditions on the economy. Generally, supplies of lendable funds are low, in relation to the demand for them, and interest rates are high throughout the nation. But the pinch is being felt by different individuals and enterprises to extremely varying degrees, and sometimes in seemingly contradictory fashion.

The contradictions all have explanations—some simple, some growing out of an intricate web of financial relationships. Take the current situation of the nation's banks.

Major New York City banks currently are in the grip of their tightest squeeze in recent history. At present 74% of their total deposits are out on loan, up from 69.9% at the end of 1965 and 62% at the end of 1964. While the situation at banks in other cities is not quite that tight, the loans-to-deposits ratio of all large U.S. banks in financial centers is 69.7% now, considerably higher than usual and up from 63.1% at the end of last year.

Banks, of course, cannot loan out all their deposits. They must keep a specified percentage on reserve, and generally they seek to retain more to handle an unexpected rise in loan demand or a surge of withdrawals. Figures released by the New York Federal Reserve bank yesterday showed that the banking system currently is more severely crimped for reserves than in many years.

DOLLARS FROM ABROAD

To get the cash to make new loans the banks have resorted to the painful step of selling off some of their holdings of bonds of Federal, state and local governments—at depressed prices. Some also have been urgently requesting their branches abroad to send home any dollars they can spare for short periods. "I never thought I'd live to see the day when the huge U.S. banking system would be carried in effect by the dollars we're able to bring out of the Old Country," says a New York banker.

The banks' squeeze, moreover, may get worse in the next few days. Some $3.9 billion of the deposits U.S. banks hold consist of money paid by investors, mostly corporations, for "certificates of deposit" that mature this month—$321 million today, and $717 million next Wednesday, an important deadline for instalment payments of Federal taxes on corporate profits. Certificates of deposit, or "CDs," are documents which evidence that a depositor has placed funds in the bank for a specified time.

Most large banks replaced huge batches of CDs maturing in March and April, around previous tax-deadline times, by raising the interest rate they pay on such instruments—on nine-month CDs, to 5½% from about 5¼% earlier, for instance. But they can't raise these rates again to replace the June CDs; the present 5½% is the maximum that Federal authorities permit them to pay. And a CD holder can get 5½%, or more, on various other types of short-term paper.

PUSHING CREDIT CARDS

Yet in the midst of this squeeze, more banks are pushing credit cards at their individual customers. It's all a matter of timing. The sums they pay out to sellers of various goods and services to cover the bills run up by card holders are relatively modest now, at least compared to the bank's business-loan volume. But the banks expect the credit-card business someday to be giant and profitable—and they are convinced they must develop it themselves, rather than let independent credit-card plans get a lock on the business.

Thus, even as the Monthly Economics Letter of New York's First National City Bank warns that U.S. banks may have to curtail loans of all sorts, individuals going into a First National City branch find racks bulging with application forms for Carte Blanche credit cards, and huge placards imploring them to take one. The bank acquired the Carte Blanche business from a Hilton Hotels Corp. subsidiary early this year, and is continuing to operate it pending the outcome of an antitrust action against the acquisition.

California's giant Bank of America announced two weeks ago that it is negotiating with banks in six other states to license the distribution there of its BankAmericard credit cards, which have been in use in California since 1958. First National Bank of Seattle launched a Firstbank Card plan, allowing consumers to charge all sorts of purchases, throughout the state of Washington on June 1. Hartford National Bank and Trust Co. in Connecticut plans to get what it calls the Hartford National Charge Card in operation by August.

Major banks also appear, surprisingly, to be cutting back only slightly on loans to securities dealers, who relend the money to traders buying stock on margin. The banks consider loans to brokers an excellent temporary use for the funds they keep around to meet unexpected loan or deposit-withdrawal demand. Such loans are usually made on a one-day basis (though they are made every day) and they can be called immediately, if stock prices plunge sharply or if the bank needs its money.

With their bank borrowings, plus funds of their own that have been generated by this year's immense stock-trading volume, brokerage-firm members of the New York Stock Exchange between Jan. 1 and April 1, the latest period for which figures are available, expanded their loans to stock buyers nearly 6%, to a total of over $5.8 billion outstanding. In the like period of 1965, broker loans to customers declined, though only a fraction of 1%.

True, some stock buyers are paying fancy interest to make margin transactions (on such a transaction the buyer puts up in cash 70% of the value of the stock he purchases, and borrows the rest). A stock-market tyro borrowing money to buy his first few shares on margin will pay interest at an annual rate of 7% at some brokerage houses. But a veteran speculator borrowing to finance a huge margin trade will pay only 6% interest to some brokers.

If stock-market speculators have been relatively unaffected by tight money, home buyers have been hit harder than anyone else. The main reason: Individuals—including would-be home buyers—are saving much less money than a year ago, putting a pinch on the supply of money available for mortgages. This trend generally has been blamed on increased payroll withholding for Social Security and Federal income taxes, which has bit into workers' take-home pay.

In the first four months of 1966 net savings (new savings minus withdrawals) received by U.S. savings and loan associations plummeted to $740 million, from nearly $1.8 billion in the 1965 period. April saw a large outflow of savings, as withdrawals exceeded new savings.

S&L officials are certain savings they normally would get have been flowing into bank CDs, which are available to individuals as well as corporations, at rates up to 5½% (savings and loan associations aren't permitted to offer such high savings rates without losing their borrowing power at the Federal Home Loan Banks). But in total the drop in savings at banks has been more dramatic even than the drop at S&Ls.

Big commercial banks that report weekly to the Federal Reserve System by May 25 had increased their CDs outstanding by $1.7 billion, or about 10%, from the start of the year. But in the same period they suffered a $2.2 billion drop in their outstanding totals of passbook savings, on which they are permitted to pay only 4% interest tops. So their totals of CDs and passbook savings went down a net $500 million.

The drop in savings has accentuated the squeeze on banks, and with corporate loan demand booming they have cut back on mortgage loans. The reaction at S&Ls, which make many more mortgage loans, has been more drastic. With money flowing out in

April, some have stopped making mortgage loans entirely for the time being.

Nor will the home buyer find any relief at life insurance companies, which normally make many mortgage loans. The insurers' sales of policies have been expanding at a rapid clip. But the lendable funds that the policy sales supply have been snapped up by corporations that have been unable to borrow as much money as they would like at their banks. The corporations are lining up to arrange private sales of bonds to the insurance companies.

An official at Prudential's main office in Newark, N.J., says the company is short of funds for mortgage lending throughout its Eastern region, and that the cash is being conserved mainly to satisfy the demands of builders and developers who regularly do business with Prudential.

Frustrated home buyers might console themselves by buying something else—plush furniture for the old quarters, perhaps. If the increased withholding tax rates leave too little cash in their paychecks for the purchase, personal finance companies will lend them the money gladly.

Personal-loan companies, like some other non-bank lenders and some corporations, raise money by selling "commercial paper" (essentially a form of IOU) to investors. The rates they have had to pay on the paper to attract funds have risen sharply; they now range from 5½% to 5⅞% on 90-day to six months notes. But the small-loan companies have no qualms about paying such rates, since they can lend the money to consumers at interest rates ranging as high as 20% annually.

"NO SLOWDOWN HERE"

Buoyed by high interest rates, the market for commercial paper has been strong. The total outstanding rose 4% just in April, to a record $11.6 billion outstanding; that was 20% greater than a year earlier. So the finance companies have plenty of money to lend.

"There's no tendency for a slowdown in lending by personal loan companies," says DeWitt Paul, chairman of Beneficial Finance Co., one of the largest of these concerns. "We want to get good customers while the stream is flowing, and have been continuing to do all the things we always do to promote our business."

Some non-bank lenders that concentrate on loans to businesses, and also raise their funds by selling commercial paper, take the same line. Example: Factoring concerns, which lend money to companies in return for the right to collect the bills that customers owe to those companies.

The basic factoring loan rate now ranges from 7.2% to 8.4%, up from 6% to 7.2% in late 1965. But the rise has not hurt volume. The factors are getting a heavy demand from businessmen who have been turned away from banks where they had sought loans.

Mill Factors Corp. in New York expects to expand its new-loan volume to $400 million this year, from $390 million in 1965. "We don't have to compete for new accounts today; they come to us," says Walter D. Yankauer, president. Mill Factors, he says, long has concentrated on loans to textile and soft goods manufacturers, but now is making loans to such new customers as steel distributors.

CORPORATION CASH SQUEEZE

An expansion of lending on the modest scale Mill Factors talks of, however, hardly will meet the credit demands of business. As a group, U.S. corporations, like the banks from which they are trying to get loans, are in a tight cash squeeze.

To finance day-to-day operations and expansion plans, corporations ordinarily rely largely on internally generated funds—chiefly retained profits and sums charged off by the company as depreciation but kept in the treasury. During 1965, however, corporations as a group turned nearly none of these funds into cash or Government securities. At the end of the year holdings of cash and Governments by U.S. nonfinancial corporations totaled $64.1 billion—exactly the same as at the end of 1964.

Some apparent reasons: Corporations chose to put much of their internally generated funds to use financing higher inventories. Inventories held by non-financial corporations expanded to $126.6 billion at the end of 1965, from $114.3 billion at the end of 1964, a rise of nearly 11%.

Companies also apparently made many more of their sales on credit. While the cash and Government-security holdings of nonfinancial corporations didn't rise at all during 1965, the National Association of Credit Management figures that by March 31 this year U.S. manufacturers' holdings of accounts receivable—bills owed to them by customers—jumped to a record $54.7 billion, up almost 12% from $49 billion a year earlier.

Whatever the reason, since U.S. corporations' debts grew while their cash holdings didn't, non-financial companies finished 1965 with cash and Government securities equal to only 27% of their current liabilities—a record low ratio. At the end of 1964 the ratio was 30%; as recently as the end of 1962 it was 34%. This ratio is an important measure of corporate "liquidity"—the ability of businesses to meet unforeseen expenses.

With less cash on hand, in relation to their debts, corporations also are less able to meet those well-foreseen expenditures, spending for new plant and equipment. Their need to do so is much greater, though; according to the most recent Government survey, corporations plan capital spending of $60.8 billion this year, up 17% from 1965.

PAY UP QUICK

In 1965, for the first time in the current boom, corporations' capital spending exceeded the funds they got from "cash flow" (profits plus depreciation), notes Eli Shapiro, Harvard University finance professor. The same thing is expected to happen in 1966.

What to do? Besides besieging banks for loans, and trying to sell bonds privately to insurance companies, cash-pinched corporations have been selling many stock and bond issues to the public. Also, while extending credit liberally to customers, they have been demanding that the customers pay up faster.

At the end of March, according to the National Association of Credit Management 85.7% of the bills owed to manufacturers were being paid on time and only 2.5% were over 90 days past due. A year earlier, only 84.3% of manufacturers' accounts receivable were classed as "current" and 2.8 were 90 days or more delinquent.

"We can invest our idle money and get a return of better than 5% nowadays, but when the money is tied up in old unpaid accounts it's dead," says Peter McLaughlin, comptroller of Union Camp Corp., a leading maker of paper products. So, he says, his company has begun a stricter collection program, with some success. The average period of Union Camp's unpaid bill has been cut to 29 days, from 31 days a year earlier, he says.

Some companies have gone even further. In the aluminum industry, which is swamped with defense orders, one major fabricator is simply refusing to sell any more goods to some of its slower-paying customers. Union Camp, too, is becoming more selective about whom it sells to, says Mr. McLaughlin.

DUNNING CONSUMERS

As big companies dun smaller ones to pay their bills faster, smaller companies are similarly dunning consumers. The American Collectors Association says both the number of bills referred to collection agencies and the size of the original bill that becomes delinquent, have risen in the past year.

In the first quarter of 1966, a spokesman says, the number of accounts held by the average collection agency increased to 1,333, up 4% from 1,278 in the 1965 period. The average size of the individual account referred for collection rose to $62.14 from $51.31.

A bright note: If the American consumer is unable or unwilling to save as much as a year ago, and unable to prevent more of his bills from being turned over to collection agencies, he is at least both able and willing to make bigger payments to the collection agencies. The American Collectors Association says the average initial payment to an agency on a bill turned over for collection rose to $17.18 in the first quarter, from $15.97 a year earlier.

PROPOSED WAR CRIME TRIALS FOR U.S. FLIERS

Mr. McGEE. Mr. President, although today's press suggests there might be some second thoughts in North Vietnamese policy circles over the advisability of submitting American fliers to war crime trials, I think some rather interesting observations were made on this subject last Saturday by the senior Senator from Connecticut, Senator THOMAS DODD.

As one who served as executive trial counsel at the Nuremberg trials at the close of World War II, Senator DODD convincingly outlines the inapplicability of the propaganda which has suggested that the Nuremberg trials established legal precedent which could now be invoked to prosecute the captured American fliers.

Mr. President, I ask unanimous consent that a press statement issued by Senator DODD on this subject be printed at this point in the RECORD.

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

[A news release from Senator THOMAS J. DODD, July 23, 1966]

WASHINGTON, D.C.—Senator THOMAS J. DODD (D.-Conn.) today released the following statement on the Nuremberg war crime trials and the proposed prosecution of American airmen in North Vietnam as war criminals:

"President Johnson spoke for the entire American people, including those who have been critical of the war in Vietnam, when he warned the North Vietnamese communist leaders that if they bring the captured American flyers to trial as war criminals, they will harden the resolve of our people, not weaken it, and they will earn themselves the contempt of civilized opinion throughout the world.

"The communist propagandists in Hanoi have been putting out the claim that the Nuremberg War Crimes Trials established a legal precedent which they can now invoke to prosecute the captured American flyers as war criminals.

"As Executive Trial Counsel at the major Nuremberg trial, I want to state categorically that there is not an iota of truth or an iota of logic to this claim.

"I believe it is important to make this point, because there are apparently some people in our own country who mistakenly believe that the Nuremberg trials set a precedent which the communists can now use to their own advantage.

"The Charter of the Nuremberg Tribunal listed three types of crimes as coming within its jurisdiction:

"(1) 'Crimes against peace,' which involved waging or conspiring to wage a war of aggression, in violation of international treaties and agreements;

"(2) 'War Crimes,' which involved the murder, ill-treatment, or deportation of civilian population in occupied territory, the murder or ill-treatment of prisoners of war . . . and the killing of hostages;

"(3) 'Crimes against humanity,' which included 'the extermination, enslavement, deportation and other inhumane acts committed against any civilian population, before or during the war.'

"The Charter made it clear in its opening paragraph that the trials would be limited to major war criminals.

"The Charter also made it clear that simple obedience to orders could not be used to justify participation in a major capacity in any war crimes.

"However, no member of the German armed forces, of any rank, was prosecuted because he had served as a member of those forces or because he had obeyed orders of a clearly military nature that involved none of the crimes against humanity specified by the Nuremberg Charter.

"No Luftwaffe pilot, or Luftwaffe commander, for example was brought to trial because of his participation in the bombing of London, despite the fact that the Luftwaffe bombings were directed primarily at the civilian population and not confined—as we have been seeking to do in Vietnam—to oil storage tanks and bridges and other clearly military targets.

"The war crimes and crimes against humanity specified by the Nuremberg Charter were criminal by standards generally accepted in all civilized countries. They were clear and grave offenses against the spirit of International Law, which was described in the Fourth Hague Convention of 1907 as including the 'laws of humanity and the dictates of public conscience.'

"The Nuremberg trial did set a precedent—but it was a necessary precedent. As Secretary of War H. L. Stimson eloquently put the matter:

"'. . . Now this is a new judicial process, but it is not expost facto law. It is the enforcement of a moral judgement which dates back a generation. It is a growth in the application of law that any student of our common law should recognize as natural and proper, for it is just this manner that the common law grew up.

"'There was somewhere in our distant past, a first case of murder, a first case where the tribe replaced the victim's family as judge of the offender. The tribe had learned that the deliberate and malicious killing of any human being was, and must be treated as, an offense against the whole community. The analogy is exact.

"'All case law grows by new decision, and, where those new decisions match the conscience of the community, they are law as truly as the law of murder . . .'

"This was the meaning and intent of Nuremberg.

"The American airmen in Vietnam are soldiers performing military duties in the strictest sense of the definition. They have been guilty of none of the crimes against humanity condemned by the Nuremberg Charter. Indeed, since the development of military aircraft, I do not think there has been a war in which any Air Force has exercised so much care and placed such rigid restrictions on itself, to avoid bombing civilian targets.

"No amount of twisting or legal skulduggery will enable the communists to use the Nuremberg trials as a precedent justifying the show trials they now propose to stage with the captive American airmen in their hands.

"If the Nuremberg trials have any application at all to what is going on in Vietnam, it is my conviction that they established a precedent which would brand as criminal both the treatment to which the captured American flyers have already been subjected, and the trial and sentencing of these airmen by communist kangaroo courts pretending to operate with the power and authority of an internationally sanctioned tribunal.

"I join the President of the United States and my colleagues who have already spoken on this matter, in warning the leaders of the Hanoi regime of the possible consequences of their projected action."

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of measures on the calendar in sequence, beginning with Calendar No. 1344, H.R. 10104, to and including Calendar No. 1362.

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

GOVERNMENT ORGANIZATION CODE

The Senate proceeded to consider the bill (H.R. 10104) to enact title 5, United States Code, "Government Organization and Employees," codifying the general and permanent laws relating to the organization of the Government of the United States and to its civilian officers and employees which had been reported from the Committee on the Judiciary, with amendments, on page 2, line 1, after item 7, "Judicial Review", insert:

9. Executive Reorganization..... 901

Page 6, at the beginning of line 21, strike out down to and including "1902" and insert in lieu thereof "1884, 1891–1902, and former section 1641(b)(2),".

Page 10, line 32, strike out "hearing examiner" and insert in lieu thereof "employee".

In line 36 after the comma, strike out "a hearing examiner" and insert in lieu thereof "such an employee".

Page 18, line 3, insert a comma after "States".

Page 21, line 9, strike out from "1641" down to and including "1902" in line 27, and insert in lieu thereof "1884, 1891–1902, and former section 1641(b)(2),".

At the top of page 23, insert the following:

CHAPTER 9—EXECUTIVE REORGANIZATION

Sec.
901. Purpose.
902. Definitions.
903. Reorganization plans.
904. Additional contents of reorganization plans.
905. Limitations on powers.
906. Effective date and publication of reorganization plans.
907. Effect on other laws, pending legal proceedings, and unexpended appropriations.
908. Rules of Senate and House of Representatives on reorganization plans.
909. Terms of resolution.
910. Reference of resolution to committee.
911. Discharge of committee considering resolution.
912. Procedure after report or discharge of committee; debate.
913. Decisions without debate on motion to postpone or proceed.

§ 901. Purpose

(a) The President shall from time to time examine the organization of all agencies and shall determine what changes therein are necessary to accomplish the following purposes:

(1) to promote the better execution of the laws, the more effective management of the executive branch and of its agencies and functions, and the expeditious administration of the public business;

(2) to reduce expenditures and promote economy to the fullest extent consistent with the efficient operation of the Government;

(3) to increase the efficiency of the operations of the Government to the fullest extent practicable;

(4) to group, coordinate, and consolidate agencies and functions of the Government, as nearly as may be, according to major purposes;

(5) to reduce the number of agencies by consolidating those having similar functions under a single head, and to abolish such agencies or functions thereof as may not be necessary for the efficient conduct of the Government; and

(6) to eliminate overlapping and duplication of effort.

(b) Congress declares that the public interest demands the carrying out of the purposes of subsection (a) of this section and that the purposes may be accomplished in great measure by proceeding under this chapter, and can be accomplished more speedily thereby than by the enactment of specific legislation.

§ 902. Definitions

For the purpose of this chapter—

(1) "agency" means—

(A) an Executive agency or part thereof;

(B) an office or officer in the civil service or uniformed services in or under an Executive agency; and

(C) the government of the District of Columbia or part thereof, except the courts;

but does not include the General Accounting Office or the Comptroller General of the United States; and

(2) "reorganization" means a transfer, consolidation, coordination, authorization, or abolition, referred to in section 903 of this title.

§ 903. Reorganization plans

(a) When the President, after investigation, finds that—

(1) the transfer of the whole or a part of an agency, or of the whole or a part of the functions thereof, to the jurisdiction and control of another agency;

(2) the abolition of all or a part of the functions of an agency;

(3) the consolidation or coordination of the whole or a part of an agency, or of the whole or a part of the functions thereof, with the whole or a part of another agency or the functions thereof;

(4) the consolidation or coordination of a part of an agency or the functions thereof with another part of the same agency or the functions thereof;

(5) the authorization of an officer in the civil service or uniformed services to delegate any of his functions; or

(6) the abolition of the whole or a part of an agency which agency or part does not have, or on the taking effect of the reorganization plan will not have, any functions;

is necessary to accomplish one or more of the purposes of section 901(a) of this title, he shall prepare a reorganization plan for the making of the reorganizations as to which he has made findings and which he includes in the plan, and transmit the plan (bearing an identification number) to Congress, to-

gether with a declaration that, with respect to each reorganization included in the plan, he has found that the reorganization is necessary to accomplish one or more of the purposes of section 901(a) of this title.

(b) The President shall have a reorganization plan delivered to both Houses on the same day and to each House while it is in session. In his message transmitting a reorganization plan, the President shall specify with respect to each abolition of a function included in the plan the statutory authority for the exercise of the function and the reduction of expenditures (itemized so far as practicable) that it is probable will be brought about by the taking effect of the reorganizations included in the plan.

§ 904. Additional contents of reorganization plans

A reorganization plan transmitted by the President under section 903 of this title—

(1) may change, in such cases as the President considers necessary, the name of an agency affected by a reorganization and the title of its head; and shall designate the name of an agency resulting from a reorganization and the title of its head;

(2) may provide for the appointment and pay of the head and one or more officers of an agency (including an agency resulting from a consolidation or other type of reorganization) if the President finds, and in his message transmitting the plan declares, that by reason of a reorganization made by the plan the provisions are necessary. The head so provided may be an individual or may be a commission or board with more than one member. In case of such an appointment, the term of office may not be fixed at more than 4 years, the pay may not be at a rate in excess of that found by the President to be applicable to comparable officers in the executive branch, and, if the appointment is not to a position in the competitive service, it shall be by the President, by and with the advice and consent of the Senate, except that in the case of an officer of the government of the District of Columbia, it may be by the Board of Commissioners or other body or officer of that government designated in the plan;

(3) shall provide for the transfer or other disposition of the records, property, and personnel affected by a reorganization;

(4) shall provide for the transfer of such unexpended balances of appropriations, and of other funds, available for use in connection with a function or agency affected by a reorganization, as the President considers necessary by reason of the reorganization for use in connection with the functions affected by the reorganization, or for the use of the agency which shall have the functions after the reorganization plan is effective. However, the unexpended balances so transferred may be used only for the purposes for which the appropriation was originally made; and

(5) shall provide for terminating the affairs of an agency abolished.

§ 905. Limitations on powers

(a) A reorganization plan may not provide for, and a reorganization under this chapter may not have the effect of—

(1) creating a new Executive department, abolishing or transferring an Executive department or all the functions thereof, or consolidating two or more Executive departments or all the functions thereof;

(2) continuing an agency beyond the period authorized by law for its existence or beyond the time when it would have terminated if the reorganization had not been made;

(3) continuing a function beyond the period authorized by law for its exercise or beyond the time when it would have terminated if the reorganization had not been made;

(4) authorizing an agency to exercise a function which is not expressly authorized by law at the time the plan is transmitted to Congress;

(5) increasing the term of an office beyond that provided by law for the office; or

(6) transferring to or consolidating with another agency the government of the District of Columbia or all the functions thereof which are subject to this chapter, or abolishing that government or all those functions.

(b) A provision contained in a reorganization plan may take effect only if the plan is transmitted to Congress before December 31, 1968.

§ 906. Effective date and publication of reorganization plans

(a) Except as otherwise provided under subsection (c) of this section, a reorganization plan is effective at the end of the first period of 60 calendar days of continuous session of Congress after the date on which the plan is transmitted to it unless, between the date of transmittal and the end of the 60-day period, either House passes a resolution stating in substance that that House does not favor the reorganization plan.

(b) For the purpose of subsection (a) of this section—

(1) continuity of session is broken only by an adjournment of Congress sine die; and

(2) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the 60-day period.

(c) Under provisions contained in a reorganization plan, a provision of the plan may be effective at a time later than the date on which the plan otherwise is effective.

(d) A reorganization plan which is effective shall be printed (1) in the Statutes at Large in the same volume as the public laws and (2) in the Federal Register.

§ 907. Effect on other laws, pending legal proceedings, and unexpended appropriations

(a) A statute enacted, and a regulation or other action made, prescribed, issued, granted, or performed in respect of or by an agency or function affected by a reorganization under this chapter, before the effective date of the reorganization, has, except to the extent rescinded, modified, superseded, or made inapplicable by or under authority of law or by the abolition of a function, the same effect as if the reorganization had not been made. However, if the statute, regulation, or other action has vested the functions in the agency from which it is removed under the reorganization plan, the function, insofar as it is to be exercised after the plan becomes effective, shall be deemed as vested in the agency under which the function is placed by the plan.

(b) For the purpose of subsection (a) of this section, "regulation or other action" means a regulation, rule, order, policy, determination, directive, authorization, permit, privilege, requirement, designation, or other action.

(c) A suit, action, or other proceeding lawfully commenced by or against the head of an agency or other officer of the United States, in his official capacity or in relation to the discharge of his official duties, does not abate by reason of the taking effect of a reorganization plan under this chapter. On motion or supplemental petition filed at any time within 12 months after the reorganization plan takes effect, showing a necessity for survival of the suit, action, or other proceeding to obtain a settlement of the questions involved, the court may allow the suit, action or other proceeding to be maintained by or against the successor of the head or officer under the reorganization effected by the plan or, if there is no successor, against such agency or officer as the President designates.

(d) The appropriations or portions of appropriations unexpended by reason of the operation of this chapter may not be used for any purpose, but shall revert to the Treasury.

§ 908. Rules of Senate and House of Representatives on reorganization plans

Sections 909–913 of this title are enacted by Congress—

(1) as an exercise of the rule-making power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described by section 909 of this title; and they supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

§ 909. Terms of resolution

For the purpose of sections 908–913 of this title, "resolution" means only a resolution of either House of Congress, the matter after the resolving clause of which is as follows: "That the ——— does not favor the reorganization plan numbered —— transmitted to Congress by the President on ————, 19—.", the first blank space therein being filled with the name of the resolving House and the other blank spaces therein being appropriately filled; but does not include a resolution which specifies more than one reorganization plan.

§ 910. Reference of resolution to committee

A resolution with respect to a reorganization plan shall be referred to a committee (and all resolutions with respect to the same plan shall be referred to the same committee) by the President of the Senate or the Speaker of the House of Representatives, as the case may be.

§ 911. Discharge of committee considering resolution

(a) If the committee to which a resolution with respect to a reorganization plan has been referred has not reported it at the end of 10 calendar days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution with respect to the reorganization plan which has been referred to the committee.

(b) A motion to discharge may be made only by an individual favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same reorganization plan), and debate thereon shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(c) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same reorganization plan.

§ 912. Procedure after report or discharge of committee; debate

(a) When the committee has reported, or has been discharged from further consideration of, a resolution with respect to a reorganization plan, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged

and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(b) Debate on the resolution shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order, and it is not in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

§ 913. Decisions without debate on motion to postpone or proceed

(a) Motions to postpone, made with respect to the discharge from committee, or the consideration of, a resolution with respect to a reorganization plan, and motions to proceed to the consideration of other business shall be decided without debate.

(b) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution with respect to a reorganization plan shall be decided without debate.

Page 30, line 15, strike out the comma after "predecessor".

Page 31, line 37, strike out "the budget estimates" and insert in lieu thereof "requests for appropriations".

Page 32, line 29, strike out "revision and submission of budget estimates" and insert in lieu thereof "submission of requests for appropriations".

Page 43, line 1, strike out "mean" and insert in lieu thereof "means".

Page 44, line 15, strike out "or".

Page 44, line 16, after the semicolon insert "or", and insert the following new clause after clause (D):

(E) the head of a Government controlled corporation:

Page 47, line 12, commencing with the comma strike out through "therefor".

Page 47, line 37, after "agency", insert ", or the Secretary of a military department with respect to an employee of his department,".

Page 48, line 24, after "agency", insert ", the Secretary of a military department with respect to an employee of his department,".

Page 50, line 20, in item "3101" commencing with the semicolon strike out through "authorized".

Page 50, line 21, commencing with the semicolon strike out through "authorized".

Page 50, line 23, strike out "(a)".

Page 50, strike out lines 27 through line 16, page 51.

Page 60, line 33, strike out "A" and insert in lieu thereof "On request of an appointing authority, a".

Page 60, line 34, commencing with the first comma strike out through the second comma.

Page 62, strike out lines 22 through 31 and insert in lieu thereof:

(a) An individual who reaches the retirement age prescribed for automatic separation applicable to him may not be continued in the civil service or in the government of the District of Columbia. An individual separated on account of age under a statute or regulation providing for retirement on account of age is not eligible for appointment in the civil service or in the government of the District of Columbia,

Page 63, line 4, strike out "An" and insert in lieu thereof "Notwithstanding other statutes, an".

Page 63, line 10, strike out "A" and insert in lieu thereof "Notwithstanding subsection (a) of this section, a".

Page 63, line 16, strike out "The" and insert in lieu thereof "Notwithstanding subsection (a) of this section, the".

Page 66, strike out lines 32 through 39 and insert in lieu thereof:

(1) "agency," "employee," and "international organization" have the meanings given them by section 3581 of this title; and

Page 67, line 2, strike out "(4)" and insert in lieu thereof "(2)".

Page 68, line 22, strike out the comma after "title".

Page 73, line 14, strike out "and" and insert the following new clause after clause (A):

(B) a military department; and

Page 73, line 16, strike out "(B)" and insert in lieu thereof "(C)".

Page 78, line 7, commencing with the comma strike out through "State" and insert in lieu thereof "of the United States".

Page 82, line 28, commencing with the second comma strike out through "11012," in line 29.

Page 87, line 22, commencing with the comma strike out through "State" and insert in lieu thereof "of the United States".

Page 88, line 32, strike out "and" and insert in lieu thereof "or".

Page 94, line 7, commencing with the first comma strike out through "State," and insert in lieu thereof "of the United States".

Page 94, line 18, strike out the comma after "Columbia".

Page 94, line 27, strike out the comma after "Guard".

Page 107, line 30, strike out "402" and insert in lieu thereof "407".

Page 114, line 9, after "5335", insert "(a)".

Page 119, after line 29, insert the following:

(72) Chairman, Equal Employment Opportunity Commission.

(73) Chief of Protocol, Department of State.

(74) Director, Bureau of Intelligence and Research, Department of State.

(75) Director, Community Relations Service.

(76) United States Attorney for the District of Columbia.

(77) United States Attorney for the Southern District of New York.

Page 124, after line 2, insert the following:

(100) Administrator, Wage and Hour and Public Contracts Division, Department of Labor.

(101) Assistant Director (Program Planning, Analysis and Research), Office of Economic Opportunity.

(102) Assistant General Managers, Atomic Energy Commission (2).

(103) Associate Director (Policy and Plans), United States Information Agency.

(104) Chief Benefits Director, Veterans' Administration.

(105) Commissioner of Labor Statistics, Department of Labor.

(106) Deputy Director, National Security Agency.

(107) Director, Bureau of Land Management, Department of the Interior.

(108) Director, National Park Service, Department of the Interior.

(109) Director of International Scientific Affairs, Department of State.

(110) General Counsel of the Veterans' Administration.

(111) Members, Equal Employment Opportunity Commission (4).

(112) National Export Expansion Coordinator, Department of Commerce.

(113) Special Assistant to the Secretary of Defense.

(114) Staff Director, Commission on Civil Rights.

(115) United States Attorney for the Northern District of Illinois.

(116) United States Attorney for the Southern District of California.

Page 132, line 5, insert a comma after "Quarters".

Page 133, line 22, strike out "employees" and insert in lieu thereof "Employees".

Page 137, line 8, strike out "the executive branch" and insert in lieu thereof "an Executive agency".

Page 139, line 12, after the first "or", insert "resigns, or".

Page 139, line 13, insert a comma after "ends".

Page 139, line 23, strike out "sections" and insert in lieu thereof "section".

Page 140, line 6, insert after "Code.":

For the purpose of this subsection, "employee" has the meaning given it by section 1551c(z) of title 47, District of Columbia Code.

Page 147, line 5, strike out "prescribed" and insert in lieu thereof "prescribe."

Page 151, line 18, strike out "wage boards" and insert in lieu thereof "a wage board".

Page 154, line 2, strike out "the executive branch" and insert in lieu thereof "an Executive agency".

Page 155, line 26, strike out "5" and insert in lieu thereof "(5)".

Page 162, line 33, after the comma, strike out through "1940," in line 34.

Page 163, line 22, strike out "or".

Page 163, line 23, after the semicolon insert "or", and insert the following new clause after clause (iii):

(iv) the Senate within the purview of section 36a of title 2;

Page 168, line 7, strike out "a House of Congress" and insert in lieu thereof "either House of Congress or of the two Houses".

Page 168, line 14, strike out "including actual expenses".

Page 168, line 30, strike out "An" and insert in lieu thereof "Under regulations prescribed under section 5707 of this title, an".

Page 168, line 34, commencing with the comma at the end of the line, strike out through "title" in line 24.

Page 169, line 8, strike out "covered" and insert in lieu thereof "except to the extent provided".

Page 169, line 21, after "expenses" insert "under this subchapter".

Page 169, line 22, strike out "subchapter" and insert in lieu thereof "section".

Page 171, line 6, insert after "regulations.":

This section does not apply to the fixing or payment of a per diem allowance under section 5703(c) of this title.

Page 173, line 4, commencing with the comma, strike out through "State" and insert in lieu thereof "of the United States".

Page 173, line 15, strike out the semicolon and insert in lieu thereof "to the extent authorized by section 5724 of this title;".

Page 173, line 24, commencing with "in" strike out through "5724(f)" and insert in lieu thereof "to the extent authorized by section 5724(f) of this title".

Page 175, line 20, commencing with the comma at the end of the line, strike out through "State" in line 21, and insert in lieu thereof "of the United States".

Page 176, line 17, strike out "under section 5722" and insert in lieu thereof "and a student trainee to the extent authorized by sections 5722 and 5723".

Page 176, line 39, strike out "under section 5722" and insert in lieu thereof "and a student trainee to the extent authorized by sections 5722 and 5723".

Page 177, line 28, commencing with the comma, strike out through "State" and insert in lieu thereof "of the United States".

Page 177, line 36, strike out "the" preceding "round-".

Page 178, line 2, strike out "agreement" and insert in lieu thereof "agreed".

Page 178, line 8, strike out "the" preceding "round-".

Page 178, line 15, preceding "2" insert "each".

Page 178, line 19, commencing with the comma, strike out through "State" and insert in lieu thereof "of the United States".

Page 178, line 25, strike out "to pay".

Page 179, line 5, commencing with the comma, strike out through "State" and insert in lieu thereof "of the United States".

Page 180, line 20, after "and", insert ", except as otherwise provided by law, may pay".

Page 180, line 22, commencing with "engaged", strike out through line 28 and insert in lieu thereof "engaged—".

Page 184, line 36, strike out "other".

Page 191, line 21, commencing with "the", strike out through "branch" in line 28 and insert in lieu thereof "an Executive agency".

Page 191, line 26, strike out "wage boards" and insert in lieu thereof "a wage board".

Page 192, line 15, strike out "section" and insert in lieu thereof "subsection".

Page 193, line 14, in item "6305", strike out "foreign-service leave" and insert in lieu thereof "leave for Chiefs of Missions".

Page 194, line 10, strike out "the Senate or House of Representatives" and insert in lieu thereof "either House of Congress or of the two Houses".

Page 198, line 12, strike out "foreign-service leave" and insert in lieu thereof "leave for Chiefs of Missions".

Page 212, line 17, after "program" insert "under section 941(b)(1) of title 33".

Page 212, line 19, commencing with the comma strike out through "section" in line 21.

Page 230, line 5, strike out the comma after "compensation".

Page 230, line 29, after "is" insert "a".

Page 237, line 14, strike out "interests" and insert in lieu thereof "interest".

Page 237, line 16, strike out "is" after "compensation" and insert in lieu thereof "shall be".

Page 237, line 21, strike out "is" and insert in lieu thereof "shall be".

Page 239, line 25, strike out "is" and insert in lieu thereof "shall be".

Page 239, line 27, strike out the sentence beginning in this line through line 29.

Page 240, line 17, strike out "member" and insert in lieu thereof "or deceased individual".

Page 243, line 27, strike out the comma after "42".

Page 244, line 3, strike out "the" before "Alaska" and insert in lieu thereof "The".

Page 258, line 12, strike out "reapportionment" and insert in lieu thereof "reappointment".

Page 261, line 1, strike out "section" and insert in lieu thereof "sections".

Page 269, line 25, strike out "separted" and insert in lieu thereof "separated".

Page 288, line 11, strike out the comma and insert in lieu thereof "or".

Page 288, line 13, strike out through the comma in line 14.

Page 288, line 20, strike out "foreign service" and insert in lieu thereof "Foreign Service".

Page 289, line 32, strike out "statute" and insert in lieu thereof "law".

Page 289, line 35, strike out "and".

Page 289, line 37, strike out the period and insert in lieu thereof "; and", and insert the following new clause after clause (6):

(7) "United States", when used in a geographical sense, means the States.

Page 290, lines 4, 14, 17, 25, 27, 30, 34 and 39, strike out "statute" wherever it appears and insert in lieu thereof "law".

Page 291, lines 11, 13, 16, 31, 33, and 36 strike out "statute" wherever it appears and insert in lieu thereof "law".

Page 292, line 3, strike out "statute" and insert in lieu thereof "law".

Page 294, line 14, strike out the comma and insert in lieu thereof "and each".

Page 294, line 15, commencing with the comma after "States" strike out through "cooperatives" in line 16.

Page 294, line 37, strike out "statute" and insert in lieu thereof "law".

Page 297, strike out lines 32 and 33.

Page 297, line 34, strike out "(2)" and insert in lieu thereof "(1)".

Page 297, line 36, strike out "(3)" and insert in lieu thereof "(2)".

Page 297, strike out lines 38 and 39 and 1 through 12 on page 298.

Page 298, line 25, strike out "commissioner" and insert in lieu thereof "Commissioner".

Page 309, line 13, strike out "commissioner" and insert in lieu thereof "Commissioner".

Page 321, after line 2, strike out:

"1916. Accepting voluntary service.

Page 321, after line 2, renumber items "1917" through "1924" as "1916" through "1923", respectively.

Page 321, after line 2, in item "1920", strike out "Service" and insert in lieu thereof "service".

Page 321, strike out lines 5 through 12.

Page 321, line 13, strike out "1917" and insert in lieu thereof "1916".

Page 321, line 26, strike out "1918" and insert in lieu thereof "1917".

Page 322, line 15, strike out "1919" and insert in lieu thereof "1918".

Page 322, line 34, strike out "1920" and insert in lieu thereof "1919".

Page 232, line 3, strike out "1921" and insert in lieu thereof "1920".

Page 322, line 10, strike out "1922" and insert in lieu thereof "1921".

Page 323, line 18, strike out "1923" and insert in lieu thereof "1922".

Page 323, line 31, strike out "1924" and insert in lieu thereof "1923".

Page 326, line 5, after "appoint" insert "in the Department of Justice".

Page 326, line 6, strike out "in the Department of Justice" and insert in lieu thereof ", learned in the law,".

Page 331, line 18, in item "537", strike out "Membership in International Criminal Police Organization; expenses" and insert in lieu thereof "Expenses".

Page 333, strike out lines 10 through 22 and insert in lieu thereof:

§ 537. Expenses of unforeseen emergencies of a confidential character

Appropriations for the Federal Bureau of Investigation are available for expenses of unforeseen emergencies of a confidential character, when so specified in the appropriation concerned, to be spent under the direction of the Attorney General. The Attorney General shall certify the amount spent that he considers advisable not to specify, and his certification is a sufficient voucher for the amount therein expressed to have been spent.

Page 335, line 15, strike out "section 5317" and insert in lieu thereof "sections 5315–5317".

Page 340, line 2, strike out "217(a)" and insert in lieu thereof "217a".

Page 343, line 15, strike out "2101(e)" and insert in lieu thereof "2101(f)".

Page 351, line 22, after the comma, strike out through "1940," in line 23.

Page 351, line 36, strike out "extent" and insert in lieu thereof "extend".

Page 353, fifth column from the left, strike out "3679(b), (i) (as applicable to subsection (b)) [added]".

Page 354, under "Statutes at Large", after the first "Do" under the year "1874", insert the following:

Do	344	2–5	18	127

Page 354, under "Statutes at Large", strike out the last item under the year "1874".

Page 364, under the year "1917", strike out the item commencing "May 12".

Page 369, under the year "1930", strike out "June 4" and insert in lieu thereof "June 6".

Page 376, under the year "1949", between "June 10" and "June 24", insert:

June 20 226---- ---------- 63 203

Page 377, under the year "1950" and the date "Sept. 6", strike out the eighth "Do" item.

Page 378, under the year "1953", between "Feb. 7" and "Apr. 4", insert:

Feb. 11 3---- ---------- 67 4

Page 379, under the year "1955", between "Mar. 2" and "Mar. 28", insert:

Mar. 25 16---- ---------- 69 14

Page 379, under the year "1956", strike out the item commencing "June 27", and on the next line strike out "Do" and insert in lieu thereof "June 27".

Page 380, under the year "1957", between "Aug. 29" and "Sept. 9", insert:

Sept. 4 85-286---- ---------- 71 611

Page 382, under the year "1960", in the Section column of the third "Do" under "Sept. 13", commencing with the comma after "(f)", strike out through "Act)." in the next line.

Page 382, under the year "1960", in the Section column of the fifth "Do" under "Sept. 13", after "542" insert "(b)-(d)".

Page 382, under the year "1961", and before the item commencing "Aug. 14", insert:

Apr. 7 87-18---- ---------- 75 41

Page 383, under the year "1964", between "Mar. 26" and "July 2", insert:

July 2 88-351---- ---------- 78 240

Page 383, under the year "1964", strike out "July 2" and insert in lieu thereof "Do".

Page 383, under the year "1965", and before the item commencing "June 24", insert:

June 18 89-43---- ---------- 78 135

The amendments were agreed to.

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

The bill was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1380), explaining the purposes of the bill.

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

STATEMENT

H.R. 10104 was referred to the Subcommittee on Revision and Codification of the Committee on the Judiciary of the U.S. Senate. On September 30, 1965, a notice of the pendency of H.R. 10104 was inserted in the CONGRESSIONAL RECORD. Briefly, the purpose of this notice was to advise any and all interested parties of the consideration of this legislation by the subcommittee and to request that those interested inform the subcommittee of their interest therein, together with such suggestions or modifications that would from their point of view be reasonable and desirable. In addition thereto, agencies, departments, and committees of the Senate, were advised by writing of the pendency of this legislation and were requested to submit their comments thereon. As the result of such notice and letters many communications were received by the committee. Some of the received reports expressed approval of the legislation while others recommended amendments and modifications to the bill. All of these communications were studied and as a result of the suggestions, numbers of the proposed amendments or modifications were accepted while others were rejected. In many instances where there were rejections, such acts were based upon the fact that the committee deemed that they were unnecessary or constituted a substantive change in existing law which is not within the concept of a codification.

Purpose.—The purpose of this bill is to restate in comprehensive form, without substantive change, the statutes in effect before July 1, 1965, that relate to Government employees, the organization and powers of Federal agencies generally, and administrative procedure, and to enact title 5 of the United States Code. Queries have been raised as to the effect of this bill on laws passed subsequent to July 1, 1965. This bill will in no way affect them. Only those laws existing prior to July 1, 1965, are the subject matter of this bill. The amendatory effect of laws effective on or after July 1, 1965, which will be covered by a supplemental codification bill, is preserved by section 7(a) of the bill. The bill, like any codification, does not constitute a current legislative endorsement of the substantive provisions of statutes in effect before July 1, 1965, some of which are being currently studied by Congress for possible substantive amendment. As stated in the House report (No. 901) on H.R. 10104, in the revised title 5, simple language has been substituted for awkward and obsolete terms, and superseded, executed, and obsolete statutes have been eliminated. This bill is a part of the program of the Committee on the Judiciary of the House of Representatives to enact into law all 50 titles of the United States Code.

History.—The statutes that relate to Government personnel begin with the first statute enacted by Congress (1 Stat. 23). With the growth of the United States and the accompanying growth in the size of the Government's work force and the complexity of their duties, the personnel statutes grew in number and in complexity. Attempts were made periodically to consolidate personnel statutes, but these attempts had only partial success and grew obsolete through the enactment of subsequent statutes. The Commission on Organization of the Executive Branch of the Government (Hoover Commission), in its report on personnel and civil service, February 1955, recommended that the Civil Service Commission prepare and that Congress enact a statute to codify the personnel statutes of the United States (Recommendation 17, pp. 82-83). The need for codification of the statutes relating to personnel has also been recognized by the Committees on Post Office and Civil Service of both Houses, the Bureau of the Budget, and the Civil Service Commission.

In June of 1956, the Civil Service Commission directed its General Counsel, L. V. Meloy, to undertake the recodification of title 5. The recodification effort resulted in two earlier bills, H.R. 8748, 86th Congress, 1st session, which was introduced on August 20, 1959, and H.R. 4158, 88th Congress, 1st session, which was introduced on February 25, 1963. Both bills were circulated among the departments and agencies of the Government and, after receipt, consideration, and adoption of the constructive comments submitted, and incorporation of subsequent legislation, the bill was revised into the form in which it was received by the Senate upon its passage by the House of Representatives.

Inclusion and exclusion of statutes.—Title 5 as revised does not include all the personnel statutes of the United States. Statutes that relate to the employees of only one agency, if not previously in title 5, have not been brought into the title. Statutes relating to civilian employees which apply to more than one agency are included in title 5 regardless of where they may have appeared previously. Some of these statutes also apply to members of the uniformed service.

Statutes that are temporary in nature are omitted from title 5. A citation to each of these statutes which was in effect before July 1, 1965, is provided in table III. It is expected that the texts of these statutes will appear in the United States Code either in an appendix to title 5 or at appropriate points as footnotes.

In this connection it will be noted that the committee as amendment No. 7, has included the Reorganization Act of 1949, as amended. It is understood that when the code is published, that the reorganization plans in existence by virtue of the Reorganization Act will be set forth in an appendix to title 5 of the United States Code.

Revision of language.—In order to restate the statutes relating to personnel in one comprehensive title, it is necessary to make changes in language. Some of the changes are necessary to attain uniformity within the title. Others are necessary to effect consolidation of related statutes and to conform to common contemporary usage. In making changes in the language, precautions have been taken against making substantive changes in any statute.

Revision notes.—A revision note has been prepared for each section of the revised title 5 and for each section of titles 4, 18, 28, 37, and 39 amended by this bill. The revision note shows the statutory basis or source of the section, and explains significant changes in and omissions of language.

Standard changes.—Certain standard changes are made uniformly throughout title 5 as revised. Some of these are explained in chapter 1, "Organization," and chapter 21, "Definitions". The most significant of the other standard changes are explained in the following paragraphs.

As far as possible, the statute is stated in the present tense and in the active voice. Where there is a choice of two or more words, otherwise of equal legal effect, the more commonly understood word is used.

The word "shall" is used in the mandatory and imperative sense. The word "may" is used is the permissive sense, as "is permitted to" and "is authorized to". The words "may not" are used in a prohibitory sense, as "is not authorized to" and "is not permitted to". The words "no individual may" mean that no individual is required, authorized, or permitted to do the act.

The word "includes" means includes but is not limited to. The word "considered" denotes the exercise of judgment. The word "deemed is used where a legal fiction, or what may in some cases be a legal fiction, is intended. The word "is" is used for statements of fact.

The word "pay" includes all terms heretofore in use representing salary, wages, pay, compensation, emoluments, and remuneration for services. The word "compensation" refers to Federal employees' compensation benefits and unemployment compensation benefits.

When a right is conferred, the words "is entitled" or their equivalent are used.

The words "under section—" are used instead of "pursuant to section—" and "in accordance with section—".

The word "such" is not used as a demonstrative adjective. The use of the word "each", "any", "every", or "all" is confined to instances in which it is feared that doubt would arise if the word were not used.

Provisos are not used. An exception or limitation is introduced by the words "except that" or "but" or by placing the excepting or limiting provision in a separate sentence.

The phrase "territories and possessions" is substituted for "Territory", "Territories", "Territories and possessions" and "possessions" as there are now no "Territories" and

to preserve the intended coverage and acquire consistency in language. In some instances the phrase "including the Commonwealth of Puerto Rico" is added to the phrase "territories and possessions" to continue an emphasis contained in the statute.

Substantive change not intended.—Like other recent codifications which have been previously enacted into law and which will eventually result in the enactment of all 50 titles of the United States Code, there are no substantive changes made by this bill enacting title 5 into law. It is sometimes feared or assumed that mere changes in terminology and style will result in changes in substance or impair the precedent value of earlier judicial decisions and other interpretations. This fear might have some weight if this were the usual kind of amendatory legislation from which it can be inferred that a change of language is intended to change substance. The committee wishes to express that in a codification statute, however, the courts uphold the contrary presumption: the statute is intended to remain substantively unchanged. The House in its report on this legislation listed the following cases to substantiate this principle:

Stewart v. *Kahn* (11 Wall. 493, 502 (1871)).

Smythe v. *Fiske* (23 Wall, 374, 382, (1874)).

McDonald v. *Hovey* (110 U.S. 619, 628 (1884)).

United States v. *Ryder* (110 U.S. 729, 740, (1884)).

United States v. *Sischo* (262 U.S. 165, 168 (1923)).

Fourco Glass Co. v. *Transmirra Products Corp.* (353 U.S. 222, 227 (1957)).

Walsh v. *Commonwealth* (224 Mass. 239, 112 N.E. 486, 487 (1916)).

State ex rel. Rankin v. *Wilbaux County Bank* (85 Mont. 532, 281 Pac. 341, 344 (1929)).

In re Sullivan's Estate (38 Ariz. 387, 300 Pac. 193, 195 (1931)).

Sigal v. *Wise* (114 Conn. 297, 158 Atl. 891, 894 (1932)).

Martin v. *Dyer-Kane Co.* (113 N.J. Eq. 88, 166 Atl. 227, 229 (1933)).

Norfolk & Portsmouth Bar Ass'n. v. *Drewry* (161 Va. 833, 172 S.E. 282, 285 (1934)).

Sutherland, *Statutory Construction* (3d ed., Horack, 1943), secs. 3709, 3710.

JACK L. PHILIPPOT

The bill (H.R. 11718) for the relief of Jack L. Philippot was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1381), explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of the bill is to consider residence abroad by Jack L. Philippot, a citizen of the United States, while in the employ of the U.S. Government to have been physically present within the United States, thus enabling him to transmit U.S. citizenship to his 3 minor children.

GUISEPPE BOSSIO

The bill (H.R. 7508) for the relief of Guiseppe Bossio was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1382), explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of the bill is to waive the excluding provision of existing law relating to one who has obtained a visa by fraud in behalf of Guiseppe Bossio.

MRS. ANNA MICHALSKA HOLOWECKYJ

The bill (H.R. 4584) for the relief of Mrs. Anna Michalska Holoweckyj (formerly Mrs. Anna Zalewski) was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1383), explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of the bill is to provide for the filing of an immediate relative visa petition in behalf of Mrs. Anna Michalska Holoweckyj (formerly Mrs. Anna Zalewski) by her U.S. citizen husband.

MICHEL FAHIM DANIEL

The bill (H.R. 4458) for the relief of Michel Fahim Daniel was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1384), explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of the bill is to classify the adopted son of citizens of the United States as a child under the provisions of the Immigration and Nationality Act.

BRYAN GEORGE SIMPSON

The bill (H.R. 4437) for the relief of Bryan George Simpson was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1385), explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of the bill is to grant the status of permanent residence in the United States to Bryan George Simpson. The bill provides for the payment of the required visa fee. No quota charge is provided for in the bill, inasmuch as the beneficiary is a nonquota immigrant.

LEONARDO TUSA

The bill (H.R. 4083) for the relief of Mr. Leonardo Tusa was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1386), explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of the bill is to waive the excluding provision of existing law relating to one who has attempted to obtain fraudulent documentation in behalf of Leonardo Tusa.

STATEMENT OF FACTS

The beneficiary of the bill is a 56-year-old native and citizen of Italy, who presently resides in that country with his wife and 2 children. He immigrated to the United States with his parents at age 5, and returned to Italy when he was 12. In 1932, the beneficiary attempted to return to the United States with a false American passport. He was convicted by Italian authorities and sentenced to 5 months in jail and a fine, which was conditionally suspended. The beneficiary was denied a visa in 1961, based on his former attempt to enter the United States fraudulently. The beneficiary has a sister and a brother who are U.S. citizens and he is the beneficiary of a visa petition approved January 7, 1954.

JACOBO TEMEL

The bill (H.R. 1414) for the relief of Jacobo Temel was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1387), explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of the bill is to waive the excluding provision of existing law relating to one who has been convicted of dealing illegally with narcotic drugs in behalf of Jacobo Temel.

STATEMENT OF FACTS

The beneficiary of the bill is a 63-year-old native of Poland and citizen of Colombia. He has resided in Bogotá since 1933, and operates one of the city's leading restaurants. It is stated that the beneficiary has been very helpful to representatives of the United States in arranging dinners and official receptions. The beneficiary was admitted to the United States in 1919, and in 1929 was convicted of dealing illegally in narcotic drugs. He was deported on December 23, 1931. The beneficiary's wife is a permanent resident of the United States and four of their children are citizens of this country. The beneficiary is financially independent and it is stated that he has led an exemplary life since his conviction.

LEONARDO RUSSO

The bill (H.R. 1407) for the relief of Leonardo Russo was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1388), explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of the bill is to waive the excluding provision of existing law relating to one who has been convicted of a crime involving moral turpitude in behalf of Leonardo Russo.

STATEMENT OF FACTS

The beneficiary of the bill is a 30-year-old native and citizen of Italy, who presently resides in that country where he is employed as a laborer. The beneficiary's father was lawfully admitted for permanent residence in 1955, and his mother in 1958. Two sisters and a brother are also lawful permanent residents of this country. The beneficiary has been unable to qualify for a visa because of his conviction on June 24, 1954, of theft and housebreaking. His prison sentence was suspended and he paid a fine. The beneficiary's brother will file a fifth preference visa petition as soon as he is a naturalized U.S. citizen.

FUN WAT HOY

The bill (S. 2010) for the relief of Fun Wat Hoy was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 2010

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Fun Wat Hoy shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1389), explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of the bill is to grant the status of permanent residence in the United States to Fun Wat Hoy. The bill provides for an appropriate quota deduction and for the payment of the required visa fee.

ARMINDA PADUA VISEU

The bill (S. 849) for the relief of Arminda Padua Viseu was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 849

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Arminda P. Viseu shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1390), explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of the bill is to grant the status of permanent residence in the United States to Arminda Padua Viseu. The bill provides for an appropriate quota deduction and for the payment of the required visa fee.

ABDUL WOHABE

The Senate proceeded to consider the bill (H.R. 10220) for the relief of Abdul Wohabe, which had been reported from the Committee on the Judiciary, with an amendment, to strike out all after the enacting clause and insert:

That, for the purposes of the Immigration and Nationality Act, Abdul Wohabe shall be held and considered to have been lawfully admitted to the United States for permanent residence as of May 8, 1963.

The amendment was agreed to.

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

The bill was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1391), explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of the bill, as amended, is to grant the status of permanent residence in the United States to Abdul Wohabe as of May 8, 1963. The bill has been amended in accordance with established precedents.

DR. JACOBO ALBO

The Senate proceeded to consider the bill (S. 3272) for the relief of Dr. Jacobo Albo, which had been reported from the Committee on the Judiciary, with amendments, in line 4, after the word "act", to strike out "Doctor Jacobo Albo" and insert "Doctor Jacobo Albo Maya", and, in line 7, after "1961", to strike out "upon payment of the required visa fee"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Doctor Jacobo Albo Maya shall be held and considered to have been lawfully admitted to the United States for permanent residence as of June 19, 1961.

The amendments were agreed to.

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

The title was amended, so as to read: "A bill for the relief of Doctor Jacobo Albo Maya."

Mr. MANSFIELD. Mr. President, I ask unanimous consent, to have printed in the RECORD an excerpt from the report (No. 1392), explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of the bill, as amended, is to enable the beneficiary to file a petition for naturalization. The bill has been amended in accordance with the suggestion of the Commissioner of Immigration to reflect the beneficiary's correct name. The bill has been amended further to delete reference to the payment of the required visa fee, since it was paid when the beneficiary was admitted for permanent residence.

RONALD POIRIER, A MINOR

The bill (H.R. 8865) for the relief of Ronald Poirier, a minor was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1393), explaining the purposes of the bill.

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

PURPOSE

The purpose of the proposed legislation is to pay $542.10 to the legal guardian of Ronald Poirier, a minor, in full settlement of the claims of Ronald Poirier against the United States and A1c. Roger Blatchford based upon personal injuries growing out of an accident on May 31, 1957, in Springfield, Mass., involving an Air Force vehicle. The payment provided in the bill would be in full and final satisfaction of the judgment and costs entered in the U.S. District Court for the District of Massachusetts in favor of Ronald Poirier against the Air Force member based upon the same accident.

STATEMENT

The House report on H.R. 8865 relates the facts and justification for the bill, as follows:

"The Department of the Air Force in its report to the committee on the bill indicated that it would have no objection to favorable consideration of the bill.

"The events which gave rise to the claim embodied in the bill date back to May 31, 1957. On that date, Ronald Poirier, then 5 years of age, ran between two parked automobiles in the city of Springfield, Mass., into the path of an Air Force vehicle operated by A1c. Roger Blatchford on official Air Force business. The child was struck by the rear right side of the Air Force vehicle.

"In April of 1958, an administrative claim was filed with the Air Force in behalf of Ronald Poirier claiming damages in the amount of $2,000 for the personal injuries suffered in the accident. This claim was filed under the provisions of section 2672 of title 28, United States Code, which provides for the administrative settlement of tort claims. At that time, the limit provided in the section was $1,000. Accordingly, the claim for $2,000 could not be considered. The Air Force advised Mr. Parish, who filed the claim for Ronald Poirier, to file a lawsuit in behalf of his client under the codified provisions of the Federal Tort Claims Act. The attorney failed to file suit within the period of the statute of limitations provided in section 2401(b) of title 28. Instead of bringing a suit against the United States under the Federal Tort Claims Act, Mr. Parish brought

an action on June 7, 1958, in a State court in Springfield, Mass., against the airman in his individual capacity. On motion of the United States, the action was removed to the U.S. District Court for the District of Massachusetts. In that court, the attorney attempted to join the United States as a party defendant; however, this motion was denied because by that time the 2-year statute of limitations applicable to tort claims actions against the United States had expired. On January 3, 1963, the Federal court entered judgment against Airman Blatchford. The judgment and costs amounted to $542.10, which is the amount stated in this bill.

"The committee feels it is pertinent to note that on September 21, 1961, Public Law 87-258 amended the tort claims provisions of title 28 to provide that in cases of this type, the remedy of the injured party would be to proceed against the United States and not against the individual agent or employee of the Government. Had this law applied at the time of the accident involved in this case, the airman would not have been subjected to individual liability. It is also pertinent to note that the provisions concerning administrative settlement were likewise amended following the date of the accident. On September 8, 1959, Public Law 86-238 increased the administrative settlement authority to $2,500. Thus the original administrative claim might have been settled without exposing the individual airman to personal liability. In the light of these developments and the policies expressed in them, the committee feels that relief should be extended as provided in this bill. Accordingly, it is recommended that the bill, as amended, be considered favorably.

"The bill carries a 20-percent limitation upon attorney's fees. Section 2678 of title 28 provides that limitation for amounts recovered under section 1346(b) of title 28. Section 1346(b) is the section providing for jurisdiction in the Federal courts of tort claims actions against the United States. Relief in this instance based on the tort claims provisions of that title and, in effect, the bill merely makes it possible to provide for payment in a manner similar to that which would have obtained had the action been brought against the United States in the first instance. Under these circumstances, it has been concluded that the 20-percent limit is appropriate."

The committee, after study of all of the foregoing, concurs in the action of the House of Representatives, and recommends that the bill, H.R. 8865, be considered favorably.

MAJ. DONALD W. OTTAWAY, USAF

The bill (H.R. 4602) for the relief of Maj. Donald W. Ottaway, U.S. Air Force was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1394), explaining the purposes of the bill.

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

PURPOSE

The purpose of the proposed legislation is to relieve Maj. Donald W. Ottaway, U.S. Air Force, of liability in the amount of $2,522.46 for overpayments of compensation paid him by reason of credit for service as a Reserve midshipman in the Naval Reserve Officers' Training Corps.

STATEMENT

The Department of the Air Force, in its report on this legislation, stated that it has no objection to the favorable consideration of the bill.

The facts and justification for this legislation, as recited in the House report on H.R. 4602, are as follows:

"Major Ottaway first entered the service as an enlisted man in the Regular Navy on July 27, 1946. He was discharged on August 22, 1947, and on September 16 of that year, he was appointed a midshipman in the U.S. Naval Reserve Officers' Training Corps. Under this appointment, he entered the University of Kansas at Lawrence, Kans., as a regular student. He continued as a Naval Reserve midshipman until his discharge on April 8, 1949. Major Ottaway accepted an appointment as a second lieutenant in the Air Force Reserve on May 31, 1951, and entered on extended duty on October 13, 1951. In establishing his pay date, the Air Force fixed the date as September 20, 1948. This pay date correctly credited him with his prior service in the U.S. Navy, but erroneously included his service as a midshipman in the U.S. Naval Reserve. This error was brought to light in 1963, when personnel at the Lowry Air Force Base noted a discrepancy between the pay date listed in the Air Force register and the erroneous pay date on which his pay was based. A review of documents establishing the serviceman's prior service resulted in a determination that service as midshipman in the Naval Reserve was not creditable service for pay. The result was a determination that from the time he entered active duty on October 13, 1951, through June 30, 1963, his pay date had been erroneous. The overpayments of flight pay and basic pay in this period amounted to $2,522.46. This is the amount of indebtedness which would be relieved by this bill.

"These overpayments continued for almost 12 years. The Air Force report states that there is no evidence of lack of good faith on this officer's part. Further, that report indicates that the Air Force investigation establishes that repayment of this considerable sum could impose a financial hardship on this officer.

"In order to document the nature of the hardship on the individual affected, the committee requested and received supporting information concerning the circumstances of this serviceman. Major Ottaway is married and is supporting two teenage children and a child of 6 years of age. The imposition of this additional burden does impose a hardship upon this officer and resulted in a curtailment of money available for the family's needs. In the light of the circumstances of the overpayment, the fact that similar relief has been extended in other cases considered by the committee, and the indication by the Department that it would have no objection to relief, the committee recommends that the bill, as amended, be considered favorably."

The committee, after reviewing all of the foregoing and the attachments hereto, concurs in the action of the House of Representatives and recommends that the bill, H.R. 4602, be considered favorably.

TRANSFER OF FIVE COUNTIES FROM THE EASTERN DISTRICT TO THE WESTERN DISTRICT OF OKLAHOMA

The bill (H.R. 8317) to amend section 116 of title 28, United States Code, relating to the U.S. District Court for the Eastern and Western District of Oklahoma, was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1395), explaining the purposes of the bill.

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

PURPOSE

The purpose of the proposed legislation is to transfer from the eastern district to the western district of Oklahoma, five counties namely, Garvin, Grady, Jefferson, McClain, and Stephens. Accordingly, it amends section 116 of title 28, United States Code.

STATEMENT

The basic purpose of this transfer is for the convenience of the litigants and their attorneys in the five counties in question. Currently, all the filing is done in Muskogee and involves substantial travel and expense, but those items will be lessened if those people are permitted to file at Oklahoma City.

As stated before, the bill provides that the counties of Garvin, Grady, Jefferson, McClain, and Stephens, which are presently in the eastern district of Oklahoma, shall be transferred to the western district of Oklahoma. It also provides that Chickasha and Pauls Valley, which are now places of holding court for the eastern district of Oklahoma, shall be places of holding court for the western district of Oklahoma.

This legislation has the approval of the Federal district judges in Oklahoma, as well as lawyers and residents of these affected counties. In addition, it has the approval of the Judicial Council of the Tenth Circuit. The Department of Justice defers to the Judicial Conference of the United States concerning this proposal. The Judicial Conference has approved the legislation.

CONTROL USE OF THE DESIGN OF THE GREAT SEAL OF THE UNITED STATES AND THE SEAL OF THE PRESIDENT OF THE UNITED STATES

The bill (S. 2770) to control the use of the design of the great seal of the United States and of the seal of the President of the United States was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 33 of title 18 of the United States Code is amended by adding at the end thereof a new section as follows:

"§ 713. Great seal of the United States and seal of the President

"Whoever, except as authorized under regulations made pursuant to law, knowingly and willfully uses the design of the great seal of the United States, whether the obverse or the reverse, or both, in whole or in part, or any simulation thereof, or the design of the seal of the President of the United States, in whole or in part, or any simulation thereof, shall be fined not more than $250 or imprisoned not more than six months, or both.

"The President shall have authority to prescribe rules and regulations governing the use and reproduction of the design of the great seal of the United States and of the seal of the President of the United States.

"A violation of this section may be enjoined at the suit of the Attorney General upon complaint by any duly authorized representative of any department or agency of the United States."

SEC. 2. The analysis of chapter 33 immediately preceding section 701 of title 18 of

the United States Code is amended by adding at the end thereof:

"713. Great seal of the United States and seal of the President."

SEC. 3. The amendments made by this Act shall not make unlawful the preexisting use of the design of the great seal of the United States or of the seal of the President of the United States that was lawful on the date of approval of this Act, until two years after that date.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1396), explaining the purposes of the bill.

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

PURPOSE

The purpose of the bill is to make it a crime knowingly and willfully to use the design, or a simulation thereof, of the great seal of the United States or the seal of the President of the United States, except as authorized under regulations made pursuant to law.

STATEMENT

The Department of Justice has reported to the committee that it has no objection to the bill.

In its report on the proposed legislation the Department of Justice said:

"S. 2770 would amend title 18, United States Code, to add a new section 713, making it a crime knowingly and willfully to use the design, or a simulation thereof, of the great seal of the United States or the seal of the President of the United States, except as authorized under regulations made pursuant to law. The bill would give the President the authority to make such regulations and a violation of its proscriptions would be punishable by a fine of not more than $250 or imprisonment for not more than 6 months, or both. Violations could be enjoined by suit of the Attorney General upon the complaint of a representative of a Government agency or department. A savings clause would permit preexisting uses of both seals to continue for 2 years after the bill's enactment.

"The uses of the seals of the United States and the President are not now governed by law. S. 2770 would appear to fill this void and afford adequate protection to these insignia. The Department of Justice has no objection to its enactment.

"The Bureau of the Budget has advised that there is no objection to the submission of this report from the standpoint of the administration's program."

The committee believes that the bill is meritorious and recommends it favorably.

SHIRLEY SHAPIRO

The Senate proceeded to consider the bill (H.R. 2681) for the relief of Shirley Shapiro, which had been reported from the Committee on the Judiciary, with amendments, on page 1, line 5, after the word "of", to strike out "$150,000" and insert "$120,000", and, in the same line, after the word "to", to insert "Sidney S. Shapiro and".

The amendments were agreed to.

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

The bill was read the third time and passed.

The title was amended, so as to read: "An Act for the relief of Sidney S. Shapiro and Shirley Shapiro."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1397), explaining the purposes of the bill.

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

PURPOSE OF AMENDMENTS

The purpose of the amendments, is to reduce the amount of the award to that recommended by the Department of Justice, and to amend the bill to include any claim of Mrs. Shapiro's husband.

PURPOSE

The purpose of the bill, as amended, is to pay to Sidney S. Shapiro and his wife, Shirley Shapiro, the amount of $120,000, in full settlement of all claims against the United States based upon multiple injuries, expenses, disabilities, and other losses or damages suffered as the result of Mrs. Shapiro being struck in Naples, Italy, by a U.S. naval mailtruck driven by an intoxicated member of the Navy.

STATEMENT

In a favorable report on the bill, dated July 5, 1966, the Department of Justice has said:

"The facts in this case, as recounted in House Report No. 90 and as reflected in the Department of Justice files, indicate that in the early morning of July 6, 1962, a U.S. Navy mailtruck, negligently driven by an intoxicated sailor, went out of control and struck a parked car in which Mrs. Shapiro was sitting. It also struck a number of other parked cars injurying six other civilians who were Italian nationals and who have been compensated under the Foreign Claims Act (10 U.S.C. 2734), whose benefits are limited to inhabitants of foreign countries. The House report also reflects that the Navy driver began his drinking while on an official mail run. After picking up the mail and returning to the fleet landing too late to catch the boat to his ship, he sat in the vehicle and continued drinking until he became intoxicated and appropriated the vehicle to his own use.

"Since the Federal Tort Claims Act, under which Mrs. Shapiro would ordinarily seek redress, is inapplicable to claims arising in a foreign country, she has had no legal remedy available to her. Furthermore, the Navy Department determination that the driver was not acting within the scope of his employment or official duties at the time of the accident, if sustained, would have precluded recovery even if the accident had occurred in the United States.

"Six pages of the House report consist of a Navy statement of the extremely serious injuries suffered by Mrs. Shapiro. As of February 24, 1965, the date of the report, Mrs. Shapiro was still unable to walk despite having undergone seven operations.

"In arriving at the $150,000 award figure, the House Judiciary Committee reviewed receipted bills and canceled checks for expenses attributed to the accident totaling $26,051.95. It also took into account an estimate of $13,000 for additional surgery and treatment estimated to be required in the future. Finally, the committee estimated that because of her confinement to a wheelchair Mrs. Shapiro would need a full-time housekeeper which "at the present wage of $50 per week for 30.91 years, Mrs. Shapiro's life expectancy, will amount to $80,366. The present discounted value of such an expenditure is approximately $49,000." Thus, the actual and anticipated out-of-pocket expenses in this case will approximate, at a minimum, $88,051.95. Of this, approximately $12,000 has been paid to Mr. Shapiro under a policy of insurance issued by the Metropolitan Life Insurance Co. The Shapiro attorney has undertaken to provide a waiver by the company of any claim for reimbursement out of the proceeds of this legislation.

"In the judgment of the Department of Justice, a fair and reasonable estimate of the value of the claims of Mr. and Mrs. Shapiro is $120,000. This figure includes the special damages set out above, plus compensation for Mrs. Shapiro's pain, suffering, and disfiguration, as well as such compensation as her husband is entitled to for loss of consortium. These are items of damages incapable of precise valuation but recognized as compensable under well established principles of tort law. In reference to Mr. Shapiro's loss of consortium claims and in order that this matter may be forever closed, we would suggest that the bill be amended to apply to the claims of Mrs. Shapiro's husband, Mr. Sidney S. Shapiro. To accomplish this amendment, the title of the bill should be amended to refer to "Sidney S. and Shirley Shapiro", and the words "Sidney S. Shapiro and" should be inserted following the word "to" on line 5, page 1 of the bill.

"If the Congress is disposed to compensate the Shapiros, the bill amended as suggested would constitute a fair and equitable private relief bill to the enactment of which the Department of Justice has no objection.

"The Bureau of the Budget advises that, while there is no objection to the presentation of this report to the committee from the standpoint of the administration's program, the Bureau is concerned about the amount of the award proposed in this case, as compared with the generally smaller awards heretofore provided in personal injury cases by private legislation when there is no legal obligation on the part of the United States."

In its favorable report on the bill the Committee on the Judiciary of the House of Representatives said:

"The incident upon which Mrs. Shapiro's claim is based occurred at approximately 12:15 a.m. on July 6, 1962, in Naples, Italy. A Navy enlisted man was assigned to pick up and deliver mail for a Navy vessel. While on the official mail run he and an accompanying friend began drinking. After picking up the mail and returning to the fleet landing they found they had missed the boat to their ship. The two Navy men sat in the vehicle for some time continuing their drinking, and shortly after 11:30 p.m. on the evening July 5, 1962, while intoxicated and without authority, appropriated the Navy vehicle to their own use and drove it into Naples. A few minutes after midnight, the vehicle collided with several parked motorcars, damaging 11 of them, and injuring 7 civilians. The injured persons included six Italian nationals, of whom the four who reported for treatment suffered relatively minor injuries, and Mrs. Shapiro, a citizen of the United States visiting in Naples, who suffered very severe multiple injuries.

"Mrs. Shapiro was rushed to the Ospedali dei Pellagrini Hospital in Naples where it was found that she had suffered fractures of both arms and legs, collarbone, pelvis, five ribs, and several vertebrae. Initially it was thought that a leg amputation would be necessary but it has been avoided to date, although Mrs. Shapiro is still unable to walk after seven operations. Additional treatment and operative procedures, as well as plastic surgery, will be required before it can be finally determined if the repaired pelvis and left leg will ever be sufficiently strong to permit walking.

"Meanwhile throughout her return to the United States, hospitalization, and home treatment, Mrs. Shapiro has been confined to a wheelchair. Her incapacity has necessitated the employment of a full-time housekeeper to attend to the household duties and care of the two Shapiro children.

"The Shapiro family has reported that the Navy Department cooperated fully within

the limits of its ability to assist in the period following the unfortunate accident, but is without statutory authority to give favorable consideration to a claim for the injuries suffered. In November 1962, the Italian authorities waived jurisdiction over any criminal charges, and in January 1963 the Navy driver was tried by general court-martial and convicted of several offenses, including that of drunken driving resulting in personal injuries.

"The Navy advised Mrs. Shapiro, through counsel, that the Federal Tort Claims Act (28 U.S.C. 2672) is not applicable because it specifically excludes any claim arising in a foreign country. The Foreign Claims Act (10 U.S.C. 2734) is also not available since its benefits are limited to inhabitants of foreign countries. The Navy further advised that in view of the determination that the Navy member involved was not acting within the scope of his employment or official duties at the time of the accident, it appeared almost certain that the Italian Government would not give favorable consideration to a claim under the Status of Forces Agreement in Italy. A suit against the driver of the Government vehicle would in all probability result in a profitless judgment in the light of the driver's known resources (or lack of them). It was in view of these unusual circumstances that the Navy Department departed from its general rule in commenting on private relief legislation measures and offered no objection to an earlier proposed bill for the relief of Mrs. Shapiro.

"On June 24, 1964, the subcommittee to which the bill was assigned held a hearing attended by Mr. and Mrs. Shapiro, their counsel, and representatives of the Navy. In view of the undisputed facts in the case, the subcommittee had no difficulty in concluding that sufficient grounds exist to justify equitable relief; accordingly it focused its attention chiefly on the question of the proper measure of damages.

"Review of the Navy's own report of physical examination of Mrs. Shapiro, drafted February 4, 1964, after an all-day examination by six Navy specialists, and of the Italian hospital report of initial injuries and treatment, both of which are incorporated herein as attachments to the Navy report of May 25, 1964, on H.R. 6099 (an earlier bill), make obvious the extreme seriousness of the injuries and the uncertain prognosis as to the degree and extent of eventual recovery. The committee has reviewed receipted bills and canceled checks for expenses incurred to date which total $26,051.95. While some compensation has been received under hospitalization insurance, a reimbursement clause in the policy will require return to the insurance company to the extent of the recovery of such payments.

"No exact estimate can be provided for the additional surgery and treatment required in the future since the extent thereof cannot be predicted with any degree of accuracy at this time. Mrs. Shapiro's attorney estimates that the expense involved will amount to at least $13,000. The added expense for a full-time housekeeper at the present wage of $50 per week for 30.91 years, Mrs. Shapiro's life expectancy, will amount to $80,366. The present discounted value of such an expenditure is approximately $49,000. Thus, it is contended, the actual and anticipated out-of-pocket expenses for treatment of Mrs. Shapiro's injuries will approximate, at a minimum, $88,051.95.

"Mrs. Shapiro's attorney contends that proper consideration of the special damages, of the pain and suffering, loss of earning capacity, disfigurement, psychological effects, and other consequential results of the accident justify an award of at least $300,000. The committee is impressed with the grave grave nature of the injuries suffered and sympathetic to the undoubted permanent effects upon Mrs. Shapiro and her family. In view of the uncertainty as to the additional expenses to be incurred, and after a careful examination of the evaluation provided by the Navy medical authorities, the committee concludes that an award of $150,000 appears just and equitable. Accordingly it is recommended that the bill, as so amended, be considered favorably.

"Since the information before the committee indicates that an attorney has rendered services in connection with this matter, the bill carries the customary language limiting the amount of attorney's fees."

The committee believes that the bill, as amended in accordance with the recommendations of the Department of Justice, is meritorious and recommends it favorably.

COMPACT BETWEEN MISSOURI AND KANSAS

The Senate proceeded to consider the bill (S. 3051) granting the consent of Congress to the compact between Missouri and Kansas creating the Kansas City Area Transportation District and the Kansas City Area Transportation Authority which had been reported from the Committee on the Judiciary with an amendment on page 10, after line 12, to insert a new section, as follows:

SEC. 3. The consent of the Congress to this compact is granted subject to the express condition that the Kansas City Area Transportation District and the Kansas City Area Transportaion Authority shall not acquire, construct, maintain, operate, or lease to others for maintenance and operation, any interstate toll bridge or interstate toll tunnel without prior approval of the Secretary of Commerce.

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, subject to the provisions of section 2 of this Act, the Congress consents to the compact between the States of Missouri and Kansas which reads as follows:

"COMPACT BETWEEN MISSOURI AND KANSAS CREATING THE KANSAS CITY AREA TRANSPORTATION DISTRICT AND THE KANSAS CITY AREA TRANSPORTATION AUTHORITY.

"The States of Missouri and Kansas solemnly agree:

"ARTICLE I.

"They agree to and pledge, each to the other, faithful cooperation in the future planning and development of the Kansas City Area Transportation District, holding in high trust for the benefit of its people and of the Nation, the special blessings and natural advantages thereof.

"ARTICLE II.

"To that end, the two States create a district to be known as the Kansas City Area Transportation District (hereinafter referred to as "The District"), which shall embrace the following territory: The Counties of Case, Clay, Jackson and Platte in Missouri, and the Counties of Johnson, Leavenworth and Wyandotte in Kansas.

"ARTICLE III.

"There is created the Kansas City Area Transportation Authority of the Kansas City Area Transportation District (hereinafter referred to as the ('Authority'), which shall be a body corporate and politic and a political subdivision of the States of Missouri and Kansas.

"The Authority shall have the following powers:

"(1) To acquire by gift, purchase or lease and to plan, construct, operate and maintain, or to lease to others for operation and maintenance, passenger transportation systems and facilities, either upon, above or below the ground.

"(2) To charge and collect fees and rents for use of the facilities owned or operated by it.

"(3) To contract and to be contracted with, and to sue and to be sued.

"(4) To receive for its lawful activities any contributions or moneys appropriated by municipalities, counties, or by the Federal Government or any agency or officer thereof or from any other source.

"(5) To disburse funds for its lawful activities and fix salaries and wages of its officers and employees.

"(6) To borrow money for the acquisition, planning, construction, equipping, operation, maintenance, repair, extension, and improvement of any facility which it has the power to own or to operate or to own and to operate, and to issue the negotiable notes, bonds or other instruments in writing of the Authority in evidence of the sum or sums to be borrowed.

"(7) To issue negotiable refunding notes, bonds or other instruments in writing for the purpose of refunding, extending or unifying the whole or any part of its valid indebtedness from time to time outstanding, whether evidenced by notes, bonds, or other instruments in writing, which refunding notes, bonds or other instruments in writing shall not exceed in amount the principal of the outstanding indebtedness to be refunded and the accrued interest thereon to the date of such refunding.

"(8) To provide that all negotiable notes, bonds and other instruments in writing issued either pursuant to subdivision (6) or pursuant to subdivision (7) hereof shall be payable, both as to principal and interest, out of the revenues collected for the use of any facility or combination of facilities owned or operated or owned and operated by the Authority, or out of any other resources of the Authority, and may be further secured by a mortgage or deed of trust upon any property owned by the Authority. All notes, bonds or other instruments in writing issued by the Authority as herein provided shall mature in not to exceed thirty years from the date thereof, shall bear interest at a rate not exceeding six percent per annum, and shall be sold for not less than ninety-five percent of the par value thereof. The Authority shall have the power to prescribe the details of such notes, bonds or other instruments in writing, and of the issuance and sale thereof, and shall have the power to enter into covenants with the holders of such notes, bonds or other instruments in writing, not inconsistent with the powers herein granted to the Authority, without further legislative authority.

"(9) To condemn any and all rights or property, of any kind or character, necessary for the purposes of the Authority, subject, however, to the provisions of this compact: *Provided, however,* That no property now or hereafter vested in or held by either State or by any county, city, village, township or other political subdivision, shall be taken by the Authority without the authority or consent of such State, county, city, village, township or other political subdivision. If the property to be condemned be situated in the State of Kansas, the said Authority shall follow the procedure of the Act of the State of Kansas providing for the exercise of the right of eminent domain, and if the property to be condemned be situated in the State of Missouri, the said Authority shall follow the procedure provided by the laws of the State of Missouri for the appropriation of land or

other property taken for telegraph, telephone or railroad right of ways.

"(10) To petition any interstate commerce commission (or like body), public service commission, public utilities commission (or like body), or any other Federal, municipal, state or local authority, administrative, judicial or legislative, having jurisdiction in the premises, for the adoption of plans for and execution of any physical improvements, change in methods, rate of transportation, which, in the opinion of the Authority, may be designed to improve or better the handling of commerce in and through the District, or improve terminal and transportation facilities therein. It may intervene in any proceeding affecting the commerce of the District.

"(11) To perform all other necessary and incidental functions; and to exercise such additional powers as shall be conferred on it by the Legislature of either State concurred in by the Legislature of the other and by Act of Congress.

"ARTICLE IV.

"Nothing contained in this compact shall impair the powers of any county, municipality or other political subdivilson to acquire, own, operate, develop or improve any facility which the Authority is given the right and power to own, operate, develop or improve.

"Nothing herein shall impair or invalidate in any way bonded indebtedness of either State or of any county, city, village, township or other political subdivision, nor impair the provisions of law regulating the payment into sinking funds of revenues derived from municipal property or dedicating the revenues derived from any municipal property to a specific purpose.

"Unless and until otherwise provided, the Authority shall make an annual report to the Governor of each State, setting forth in detail the operations and transactions conducted by it pursuant to this compact and any legislation thereunder.

"ARTICLE V.

"The Authority shall consist of ten Commissioners, five of whom shall be resident voters of the State of Missouri and five of whom shall be resident voters of the State of Kansas. All Commissioners shall reside within the District, the Missouri members to be chosen by the State of Missouri and the Kansas members by the State of Kansas, in the manner and for the terms fixed by the Legislature of each State except as herein provided.

"ARTICLE VI.

"The Authority shall elect from its number a chairman, a vice-chairman, and may appoint such officers and employees as it may require for the performance of its duties, and shall fix and determine their qualifications and duties.

"Until otherwise determined by the Legislature of the two States, no action of the Authority shall be binding unless taken at a meeting at which at least three members from each State are present, and unless a majority of the members from each State, present at such meeting, shall vote in favor thereof.

"The two States shall provide penalties for violations of any order, rule or regulation of the Authority, and for the manner of enforcing same.

"ARTICLE VII.

"The Authority is authorized and directed to proceed to carry out its duties, functions and powers in accordance with the articles of this compact as rapidly as may be economically practicable and is vested with all necessary and appropriate powers not inconsistent with the Constitution or the Laws of the United States or of either State, to effectuate the same, except the power to levy taxes or assessments.

"IN WITNESS THEREOF, we have hereunder set our hands and seals under authority vested in us by law this twenty-eighth day of December, 1965.

"(Signed).

"In the Presence of:

"(Signed)."

SEC. 2. (a) Any obligations issued and outstanding including the income derived therefrom, under the terms of the compact consented to in this Act, and any amendments thereto, shall be subject to the tax laws of the United States.

(b) Nothing in such compact shall be construed to affect, impair, or diminish any right, power, or jurisdiction of the United States or of any court, department, board, bureau, officer or official of the United States, in, over, or in regard to the territory which is embraced in the Kansas City Area Transportation District, as defined in such compact, or any navigable waters, or any commerce between the State or with foreign countries, or any bridge, railroad, highway, pier, wharf, or other facility or improvement, or any other person, matter, or thing, forming the subject matter of such compact, or otherwise affected by the terms thereof, with the exception that the Kansas City Area Transportation Authority, as established in such compact, its affiliates and the transportation rendered by either, within such Kansas City Area Transportation District shall be exempt from the applicability of the provisions of the Interstate Commerce Act, as amended, and the rules, regulations, and orders promulgated thereunder, but such exception shall not affect the power or authority of the Interstate Commerce Commission to regulate and apply the provisions of the Interstate Commerce Act, as amended, to other persons engaged in the transportation of passengers or property in interstate or foreign commerce within such Kansas City Area Transportation District or the transportation rendered by such other persons.

(c) No additional power or powers shall be exercised by such Kansas City Area Transportation Authority under part (11) of article III of such compact unless and until such power or powers are conferred upon such Authority by the legislature of one of the States participating in the compact, agreed to by the legislature of the other participating State, and consented to by the Congress of the United States.

(d) The right to alter, amend, or repeal this Act is hereby expressly reserved.

SEC. 3. The consent of the Congress to this compact is granted subject to the express condition that the Kansas City Area Transportation District and the Kansas City Area Transportation Authority shall not acquire, construct, maintain, operate, or lease to others for maintenance and operation, any interstate toll bridge or interstate toll tunnel without prior approval of the Secretary of Commerce.

The amendment was agreed to.

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1398), explaining the purposes of the bill.

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

PURPOSE OF AMENDMENT

The purpose of the amendment is to insure that the intent of Congress in consenting to this compact is clearly stated in regard to the provisions of section 129, title 23, United States Code, which relate to the construction of any toll bridge or toll tunnel.

PURPOSE

The purpose of the proposed legislation as amended is to grant congressional consent to a compact between the States of Missouri and Kansas which creates the Kansas City Area Transportation Authority. The authority would have the power to acquire by gift, purchase or lease, and to plan, construct, operate and maintain, or to lease to others for operation and maintenance, passenger transportation systems and facilities, either upon, above, or below the ground, and to charge and collect fees and rents for use of these facilities.

STATEMENT

The Department of Justice, in its report to the committee, has no objection to the enactment of the pending consent legislation. The Interstate Commerce Commission has no objection to Congress granting the consent to the proposed compact; and the Department of Commerce, in its report, has no objection to the consent to this compact, provided such consent is amended in accordance with the suggestions of the Department of Commerce. Such amendment has been incorporated in the legislation. Information received by the committee indicates the following:

In the past 20 years, the public transit situation of the Kansas City area has paralleled that of most metropolitan areas in the Nation—increasing competition from private motor cars, construction of freeways making the use of the private automobile more attractive; attendant increase in fares and continuing deterioration in service; financial inability of the private operator to expand service into the growing suburban areas. The old established sections of the community which were originally the centers of dense population generally have convenient transportation facilities. However, the expansion to the suburban areas has, to some extent, decreased the population density of the core areas, thereby decreasing the potential receipts from service in that area. The suburban areas, being scattered as they are from the central city to all points of the compass, are difficult to serve with public transportation in view of the costs involved, related to potential farebox receipts.

The public transit needs of the Kansas City area are primarily fulfilled by one private operator—Kansas City Transit, Inc. A review of the operating statistics of this company over the past 6 years is illustrative of the deteriorating service condition in the area:

	Miles operated annually
1961	11,957,290
1962	11,792,262
1963	11,477,746
1964	11,096,027
1965	10,380,307

The present fare structure, one of the highest in the Nation, was approved by the Missouri Public Service Commission in October 1963. The basic adult fare is 30 cents or four tokens for $1.10 with a transfer charge of 2 cents. There is now pending before the Missouri Public Service Commission an application to eliminate the sale of tokens at the reduced rate and to increase the transfer charge from 2 to 5 cents.

Since October 1964, there have been three service reduction cases tried before the Missouri commission. In these cases, orders were entered by the commission in January 1965, June 1965, and November 1965, resulting in permitted reduction in annual miles operated of 454,900 miles, 188,968 miles, and 537,524 miles, respectively.

In addition to this, in 1964, the Missouri Public Service Commission instituted an investigation into the capital structure of this company. This was occasioned by the payment of liquidating dividends to the

shareholders of the company from its unearned surplus account. Shortly prior to this investigation, the company acquired the use of 40 new buses on a lease basis. The reason given the commission for the lease arrangement instead of purchase was the lack of funds with which to make the required downpayment on the buses.

All of these matters, of course, have had widespread coverage in the local press. This has resulted in a continuing decline of patronage because of lack of confidence of the public in the local transit operation, high fares, and decreased service which in turn results in decreased revenue for the company and the effort to recoup this through further increasing fares and decreasing service—an endless cycle.

The transit situation in Kansas City is further complicated by the fact that, in addition to Kansas City Transit, Inc., there are 8 other local bus companies, operating from 1 to 16 buses, coming into the downtown Kansas City, Mo., area. There is no coordination between any of these operations. It would be reasonble to say that on some streets in downtown Kansas City there are some five or six different companies operating.

Faced with this situation, and realizing that mass public transit is one of the basic and fundamental necessities of the community, and that a prosperous and progressive urban area needs a balanced transportation system which can serve all districts within the area, the leaders of the various communities commenced exploring ways in which a solution could be sought. Because of certain tax advantages, the Congress passing the Urban Mass Transportation Act of 1964, and seeking to reinstill the confidence of the general public and the public officials in the transit operation, it was concluded that public ownership and operation of the system would be the first step in such a solution. Public ownership in this area is complicated by the fact that the metropolitan area is split by a State line and spreads into parts of seven counties in the two States, encompassing a large number of cities and towns from the small in population to the very large. After exploring various plans and organizations, it was decided that the only practical solution would be legislation by both Missouri and Kansas authorizing an interstate compact creating a transportation district and a transportation authority with the powers to work toward a solution of this problem.

The necessary legislation was drafted and presented to the Kansas Legislature and Missouri General Assembly in January 1965. Faced with no significant opposition, these bills were passed by the legislatures of both States and approved by the Governors. On December 28, 1965, the compact was executed and the Kansas City Area Transportation Authority came into being.

It is significant to note that while other attempts at bistate cooperation through legislation have been made, this is the first cooperative effort by the States of Kansas and Missouri through legislation to attempt the solution of an area problem in the Kansas City area.

While the commissioners of the authority and public officials in the area realize there are a great number of problems ahead for the authority, there is a feeling of optimism within the area that the two States, cooperating together, can attempt to solve problems facing the two States. In its budget session which just ended, the Missouri General Assembly expressed its confidence in the authority and underwrote its program by appropriating $50,000 to the authority for organization and initial operating expenses. Also, the administrations of the two major cities within the district (Kansas City, Kans., and Kansas City, Mo.) have indicated a willingness to appropriate funds to the authority to aid in meeting these initial expenses.

S. 3051, consenting to the Kansas-Missouri compact creating the Kansas City Area Transportation Authority exempts the authority and the transportation service rendered by it from the Interstate Commerce Act and from regulation by the Interstate Commerce Commission.

Traditionally local transit operations, even between two States, have been exempt from the Interstate Commerce Act. Title 49 U.S.C.A., section 303(b)(8), specifically excepts from the act the interstate transportation of passengers wholly within a municipality, contiguous municipalities, or within the commercial zone of a municipality. The operations of Kansas City Transit, Inc., are not now subject to regulation by the Interstate Commerce Commission because of this exception.

Initially, if the operations of Kansas City Transit are assumed by the authority, the authority's operations would also be exempt from regulation by the ICC. However, it should be pointed out that the boundaries of the transportation district created in the compact extend beyond the commercial zone. The suburban portion of the metropolitan area also extends beyond the commercial zone. Therefore, if the authority eventually provides service to certain of the suburban areas within the district, its operations will go beyond the limits of the commercial zone. At that time, all the authority's operations will become subject to regulation by the ICC. This will even include those lines of Kansas City Transit, over which the ICC does not now have jurisdiction.

The problem which is hereby created is obvious. It was never the intent of Congress to extend regulation by the ICC to local transit operations as evidenced by section 303(b)(8). This exemption is tied to the commercial zone. However, the legislatures of Kansas and Missouri have found that the metropolitan transit needs of the district encompass an area greater than the commercial zone and that the suburban areas, in some cases, lie beyond the commercial zone. The solution to this problem lies in the exemption provided for by S. 3501.

This proposed exemption relieves the Interstate Commerce Commission of the continuing burden of regulation of a purely local transit system, which squares with the intent of Congress as set forth above. Furthermore, it relieves the authority of the burden and expense connected with such regulation; e.g., the preparation and filing of various reports and statements with the Commissions, an expense which the present private transit operator does not bear.

In July 1965 the Congress enacted Public Law 89-86 (title 49 U.S.C.A., sec. 20(a) and 214). This bill granted exemption to all publicly owned transportation systems from the requirement of securing ICC approval of issuance of securities. The reports of the congressional committees (H. Rept. 331, May 10, 1965, and S. Rept. 430, July 9, 1965) in connection with this bill indicate an intent of Congress that there is less need for ICC regulation of public transportation agencies than of private ones.

This problem arises in Kansas City because it is one of the few metropolitan areas which lies in two different States. Other publicly owned transit operations in a metropolitan area lying in only one State are not subject to the Interstate Commerce Act. Examples of this latter situation include the Allegheny County Port Authority in Pittsburgh, the Bay Area Rapid Transit District in San Francisco, and the Transit Authority in Los Angeles.

Both the States of Missouri and Kansas have enacted legislation creating the compact between the two States. Copies of these enactments are contained in the files of the Judiciary Committee.

A review of the foregoing leads the committee to the conclusion that the compact is meritorious and the committee, therefore, recommends that the bill, S. 3051, as amended, be considered favorably.

EXECUTIVE SESSION

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

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

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

NATIONAL SCIENCE FOUNDATION

The legislative clerk proceeded to read sundry nominations in the National Science Foundation.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

Mr. MORSE. Mr. President, in connection with the nominations for the National Science Foundation, which include Dr. Richard A. Sullivan, president of Reed College, Portland, Oreg., I wish to say I am delighted with this nomination, as I am with all the others to the National Science Foundation.

Dr. Sullivan not only is a great educator of our State and of our Nation, but also one of the outstanding scientists in our country, and I highly commend the President for this very deserved nomination.

Dr. Sullivan, in my judgment, will perform a great dedicated service to our country in the position to which he has been appointed.

DEPARTMENT OF JUSTICE

The legislative clerk read the nomination of Joseph T. Ploszaj, of Connecticut, to be U.S. marshal for the district of Connecticut for a term of 4 years.

The PRESIDING OFFICER. Without objection, the nomination is confirmed

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

NOMINATIONS PLACED ON THE SECRETARY'S DESK—PUBLIC HEALTH SERVICE

The legislative clerk proceeded to read sundry nominations in the Public Health Service which had been placed on the Secretary's desk.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

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

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

LEGISLATIVE SESSION

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

NAACP APPROVAL REQUIRED FOR VIRGINA HOSPITALS

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent to have printed in the body of the RECORD following my remarks a letter I have received from Dr. J. M. Emmett, an outstanding physician and surgeon. He has spent a lifetime rendering distinguished service in two hospitals operated by the Chesapeake & Ohio Railway Employes' Hospital Association; one located in Clifton Forge, Va., and the other one located in Huntington, W. Va.

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

CHESAPEAKE & OHIO RAILWAY
EMPLOYES' HOSPITAL ASSOCIATION,
Clifton Forge, Va., July 16, 1966.

Hon. HARRY F. BYRD, JR.,
U.S. Senator,
Washington, D.C.

DEAR SENATOR BYRD: The Chesapeake and Ohio Railway Employes' Hospital Association operates two hospitals, one located in Clifton Forge, Va., and the other in Huntington, W. Va. It has been our effort to qualify both of these hospitals for participation in the Medicare Program. We did receive appropriate certification for our Clifton Forge Hospital; however, under date of June 30, 1966, which letter was received on July 2, 1966, Mr. Robert M. Nash, Chief, Office of Equal Health Opportunity, Department of Health, Education and Welfare, Public Health Service, Washington, D.C., notified Dr. John F. Otto, Jr., Medical Director of our Huntington Hospital, that this hospital could not be certified at that time due to inadequate compliance with Title VI. (His file No. 07848). Dr. Otto subsequently responded to Mr. Nash outlining policies with regard to this matter in our Huntington Hospital, a copy of which is attached. Dr. Otto was subsequently advised through the Office of Equal Health Opportunity Regional Coordinator at Charlottesville that it would be necessary to obtain approval from the local NAACP organization in Huntington as to our satisfactory compliance before that office would be in position to issue certification. Dr. Otto subsequently met with Mr. Henderson of this group on July 7, 1966, following which Mr. Wrenn of the Charlottesville office notified Dr. Otto of the verbal approval of our Huntington Hospital, stating that official certification would follow within a few days.

As of July 14 no certification had been received and Dr. Otto again contacted Mr. Wrenn, as well as Mr. Green in the Health Insurance Office at Charlottesville, and he was advised that our certification could not be confirmed until a complete review had been made by the Social Security Administration in Washington. It was brought out in the conversation that a hospital in Atlanta, Georgia, had received certification through dishonesty and as a result all verbal certifications issued between July 7 and 13 were subject to re-review by the Social Security Administration in Washington and that we had been caught up in that directive. It was also inferred that retroactive approval might not be granted.

I am sure you can appreciate the position in which we are placed, due to the fact that we had patients already in the hospital on July 1 and were expecting to receive our certification momentarily. Actually notice of failure to approve our hospital was not received until July 2. Subsequently, following the verbal release on July 7, we have admitted patients to the hospital in good faith with the understanding that they were covered by Medicare. We feel that the handling given this matter is a gross injustice to the Medicare patients who have been in the hospital as well as to the hospital itself.

Will you make some inquiries into this matter in an effort to have the verbal certification of our Huntington Hospital confirmed in writing so that we may be furnished a code number for filing our claims? I hate to start you out with an assignment of this sort but you are the only person I know of that will give adequate attention to it.

Faithfully yours,
J. M. EMMETT, M.D.

Mr. BYRD of Virginia. Many problems and objections have arisen over the so-called new guidelines fixed by the Department of Health, Education, and Welfare to apply to hospitals admitting patients under the medicare program. It has been, and is now, my view that these guidelines far exceed any intention of the Congress with respect to the applicable legislation.

Like other Senators, I have been receiving complaints from many hospitals and have asked the Secretary of Health, Education, and Welfare to modify his requirements to allow a reasonable and practical solution to these problems.

The letter from Dr. Emmett indicates that HEW is completely unreasonable; and Dr. Emmett says he has been advised that his hospitals must be approved by the NAACP in Huntington, W. Va. This is reprehensible to a free society. It would be just as reprehensible if approval were required by the manufacturers' association, the American Legion, or any other private organization. Why should approval from any private organization be required before certification is given by the Government?

I am protesting again today to Secretary Gardner, and I wanted this unusual requirement, the approval of the NAACP, to be brought to the attention of other Members of the Senate.

RECESS UNTIL 10 O'CLOCK A.M. TOMORROW

Mr. MANSFIELD. Mr. President, if there is no further business to come before the Senate, I move that the Senate stand in recess, in accordance with the previous order, until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 6 o'clock and 49 minutes p.m.) the Senate took a recess until Tuesday, July 26, 1966, at 10 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate July 25 (legislative day of July 22), 1966:

IN THE ARMY

The following-named officers for temporary appointment in the Army of the United States to the grade indicated under the provisions of title 10, United States Code, sections 3442 and 3447:

To be major generals

Brig. Gen. John MacNair Wright, Jr., O23057, Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert Runyan Linvill, O40305, Army of the United States (colonel, U.S. Army).

Brig. Gen. Ellis Warner Williamson, O34484, Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Paul Francis Smith, O33169, Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert Riis Ploger, 021760, Army of the United States (colonel, U.S. Army).

Brig. Gen. William McGregor Lynn, Jr., O21120, Army of the United States (colonel, U.S. Army).

Brig. Gen. George Lafayette Mabry, Jr., 034047, Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Frank Milton Izenour, O21263, Army of the United States (colonel, U.S. Army).

Brig. Gen. Edward Paul Smith, O22063, Army of the United States (colonel, U.S. Army).

Brig. Gen. Joseph Alexander McChristian, O21966, Army of the United States (colonel, U.S. Army).

Brig. Gen. Richard Joe Seitz, O33979, Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Robert Ray Williams, O22962, Army of the United States (colonel U.S. Army).

Brig. Gen. Willard Pearson, O44466, Army of the United States (colonel, U.S. Army).

Brig. Gen. Olinto Mark Barsanti, O34037, Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Melvin Zais, O33471, Army of the United States (colonel, U.S. Army).

Brig. Gen. Richard Henry Free, O22926, Army of the United States (colonel, U.S. Army).

Brig. Gen. Frank Dickson Miller, O21270, Army of the United States (colonel, U.S. Army).

Brig. Gen. Frank George White, O21378, U.S. Army).

Brig. Gen. Howard Wilson Penney, O22917, Army of the United States (colonel, U.S. Army).

Brig. Gen. George Gray O'Connor, O21088, Army of the United States (colonel, U.S. Army).

Brig. Gen. Clarence Joseph Lang, O40705, Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Richard Thomas Knowles, O35418, Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. John Joseph Hayes, O32309, Army of the United States (colonel, U.S. Army).

Brig. Gen. George Philip Seneff, Jr., O23738, Army of the United States (colonel, U.S. Army).

Brig. Gen. Walter Evans Brinker, O21776, Army of the United States (colonel, U.S. Army).

Brig. Gen. Elias Carter Townsend, O31680, U.S. Army.

Brig. Gen. Joseph Miller Heiser, Jr., O43773, Army of the United States (colonel, U.S. Army).

Brig. Gen. Elmer Hugo Almquist, Jr., O24228, Army of the United States (colonel, U.S. Army).

Brig. Gen. Shelton E. Lollis, O32575, Army of the United States (colonel, U.S. Army).

Brig. Gen. Hal Dale McCown, O23532, Army of the United States (colonel, U.S. Army).

Brig. Gen. Charles Carroll Case, O43824, Army of the United States (colonel, U.S. Army).

Brig. Gen. Lloyd Hilary Gomes, O21353, Army of the United States (colonel, U.S. Army).

Brig. Gen. Thomas Henderson Scott, Jr., O23030, Army of the United States (colonel, U.S. Army).

Brig. Gen. Leonard Copeland Shea, O20231, U.S. Army.

Brig. Gen. Kelley Benjamin Lemmon, Jr., O20816, U.S. Army.

Brig. Gen. Raymond Leroy Shoemaker, Jr., O22978, Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert Edmondston Coffin, O25234, Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. John Keith Boles, Jr., O22025, Army of the United States (colonel, U.S. Army).

Brig. Gen. Stephen Wheeler Downey, Jr., O22649, Army of the United States (colonel, U.S. Army).

Brig. Gen. Kenneth Wilson Collins, O22169, Army of the United States (colonel, U.S. Army).

Brig. Gen. Osmund Alfred Leahy, O23106, Army of the United States (colonel, U.S. Army).

Brig. Gen. Wilson Maxwell Hawkins, O22737, Army of the United States (colonel, U.S. Army).

Brig. Gen. David Stuart Parker, O22907, Army of the United States (colonel, U.S. Army).

Brig. Gen. Horace Greeley Davisson, O20650, Army of the United States (colonel, U.S. Army).

Brig. Gen. Francis Johnstone Murdoch, Jr., O19853, U.S. Army.

Brig. Gen. Ward Sanford Ryan, O21339, Army of the United States (colonel, U.S. Army).

Brig. Gen. Wesley Charles Franklin, O45565, Army of the United States (lieutenant colonel, U.S. Army).

The following-named officers for appointment in the Regular Army of the United States to the grade indicated, under the provisions of title 10, United States Code, sections 3284 and 3306:

To be brigadier generals

Brig. Gen. Horace Greeley Davisson, O20650, Army of the United States (colonel, U.S. Army).

Brig Gen. George Gray O'Connor, O21088, Army of the United States (colonel, U.S. Army).

Brig. Gen. William McGregor Lynn, Jr., O21120, Army of the United States (colonel, U.S. Army).

Brig. Gen. Jefferson Johnson Irvin, O21217, Army of the United States (colonel, U.S. Army).

Brig. Gen. Frank Milton Izenour, O21263, Army of the United States (colonel, U.S. Army).

Brig. Gen. Frank Dickson Miller, O21270, Army of the United States (colonel, U.S. Army).

Brig. Gen. Ward Sanford Ryan, O21339, Army of the United States (colonel, U.S. Army).

Brig. Gen. Lloyd Hilary Gomes, O21353, Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert Runyan Linvill, O40305, Army of the United States (colonel, U.S. Army).

Brig. Gen. Joseph Miller Heiser, Jr., O43773, Army of the United States (colonel, U.S. Army).

Brig. Gen. Charles Carroll Case, O43824, Army of the United States (colonel, U.S. Army).

Brig. Gen. John Joseph Hayes, 032309, Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert Riis Ploger, O21760, Army of the United States (colonel, U.S. Army).

Brig. Gen. Walter Evans Brinker, O21776, Army of the United States (colonel, U.S. Army).

Brig. Gen John William Dotson, O21851, Army of the United States (colonel, U.S. Army).

Brig. Gen. Livingston Nelson Taylor, O21853, Army of the United States (colonel, U.S. Army).

Brig. Gen. Roger Merrill Lilly, O21924, Army of the United States (colonel, U.S. Army).

Brig. Gen. Joseph Alexander McChristian, O21966, Army of the United States (colonel), U.S. Army).

Brig. Gen. Phillip Buford Davidson, Jr., O21969, Army of the United States (colonel, U.S. Army).

Brig. Gen. Walter Martin Higgins, Jr., O21987, Army of the United States (colonel, U.S. Army).

Brig. Gen. John Keith Boles, Jr., O22025, Army of the United States (colonel, U.S. Army).

Brig. Gen. Edward Paul Smith, O22063, Army of the United States (colonel, U.S. Army).

Brig. Gen. Kenneth Wilson Collins, O22169, Army of the United States (colonel, U.S. Army).

Brig. Gen. William Merle Fondren, O32481, Army of the United States (colonel, U.S. Army).

Brig. Gen. Stephen Wheeler Downey, Jr., O22649, Army of the United States (colonel, U.S. Army).

Brig. Gen. Shelton E. Lollis, O32575, Army of the United States (colonel, U.S. Army).

Brig. Gen. Wilson Maxwell Hawkins, O22737, Army of the United States (colonel, U.S. Army).

Maj. Gen. Patrick Francis Cassidy, O32809, Army of the United States (colonel, U.S. Army).

Brig. Gen. Howard Wilson Penney, O22917, Army of the United States (colonel, U.S. Army).

Brig. Gen. Richard Henry Free, O22926, Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert Ray Williams, O22962, Army of the United States (colonel, U.S. Army).

Maj. Gen. Henry Augustine Miley, Jr., O22993) Army of the United States (colonel, U.S. Army).

Maj. Gen. Donald Vivian Bennett, O23001, Army of the United States (colonel, U.S. Army).

Brig. Gen. John MacNair Wright, Jr., O23057, Army of the United States (colonel, U.S. Army).

Brig. Gen. Roderick Wetherill, O23158, Army of the United States (colonel, U.S. Army).

Maj. Gen. Leland George Cagwin, O23200, Army of the United States (colonel, U.S. Army).

Brig. Gen. Richard Thomas Cassidy, O23213, Army of the United States (colonel, U.S. Army).

Maj. Gen. John Milton Hightower, O23531, Army of the United States (colonel, U.S. Army).

Brig. Gen. Hal Dale McCown, O23532, Army of the United States (colonel, U.S. Army).

Maj. Gen. Charles Pershing Brown, O23544, Army of the United States (colonel, U.S. Army).

Brig. Gen. Kenneth Howard Bayer, O23551, Army of the United States (colonel, U.S. Army).

Maj. Gen. William Bradford Rosson, O23556, Army of the United States (colonel, U.S. Army).

Maj. Gen. Charles Vincent Wilson, O23564, Army of the United States (colonel, U.S. Army).

Brig Gen. Willard Pearson, O44466, Army of the United States (colonel, U.S. Army).

IN THE MARINE CORPS

The following named (Army Reserve Officer Training Corps) for permanent appointment to the grade of second lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

Richard J. Tipton

The following named (staff noncommissioned officers) for temporary appointment to the grade of second lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

Abbs, William Edward
Acker, Bruce John
Akers, Ervin Earl
Ailstock, Jack Warren
Alberts, Alfred Bunion
Albizo, David Garcia
Alexander, Arthur Iredell
Alexander, Frank Anthony
Alexander, James Franklin
Allen, Homer Leon
Allen, Robert Leon
Allen, Roosevelt
Alnutt, Ronald Harper
Amos, Robert Douglas
Anaya, John Joseph
Anderson, Robert Jackson
Anderson, William Erskin
Andes, James Andrew
Andrews, George Earl
Andrus, Donald Francis
Anthony, Clarence Thurston
Arnold, Charles Leroy
Asselin, Raymond Fernand
Atherton, Robert Owen
Ayotte, James Andrew
Baca, Francisco Placencio
Badey, James Robert
Bajkowski, Walter Frank
Baldwin, Donald Glen
Baldwin, Grant Harland
Balignasay, Ernest Nicholas
Baltes, John Frederick
Bare, Curtis Jack
Barfield, Jimmy Cullen
Barineau, Richard Leroy
Barker, Charles Phillip
Barker, Robert Lester
Barotti, James "W"
Barrientes, Hector
Barrier, Wade Howard
Bass, William Earl
Battista, Salvatore Anthony
Beardsley, Frank "C"
Beck, Arthur Roy
Belflower, Herman Edward
Bender, Lawrence Joseph
Bishop, Richard James
Bickel, Raymond Randolph
Biesinger, Fredrick Steven
Bigness, David Douglas
Bines, Walter Gillespie, Jr.
Bird, Theodore Allen
Blankenship, Dennis Ray
Blass, Kenneth Louis
Bock, Robert Allen
Boggess, Gary Marion
Boggs, William Ralph
Bogniard, Robert Alexander
Boley, Jackson Dunn Trumble
Bornemann, Michael Joseph

Boston, Leslie Wilbur
Bowen, James Richard
Bower, John Henry
Bowers, Daniel Clinton
Boyle, Joseph Anthony
Bozelli, Richard
Branch, Billy Thompson
Brewster, Jerry Ray
Briggs, Jerry Joe
Bromley, Austin William
Brooks, "J" "B"
Brooks, John Virgil
Brown, George Robert
Brown, Thomas Edward
Broyer, Fred Dale
Brozena, Thomas James
Bruce, Gale Eugene
Buchholz, James Herbert
Buell, Edwin Lee
Bullock, Delbert Adam
Bunner, Robert Dale
Burcham, Richard Gilmer
Burford, George Ivan
Burlingame, Victor Robert
Burnett, Robert Denny
Burrell, Jack Hugh
Buser, Harry Ellsworth
Byrd, Thomas Argyle
Cameron, Marion Guy
Candlen, Thomas Philip
Capers, James
Carlson, Floyd Arthur
Carswell, Robert Wayne
Carter, Tommy Allen
Casey, Jackie Verlon
Cass, Bert
Caudill, Robert Edward
Cawthorn, Harvey Wayne
Chandler, Herbert
Chase, Daniel Douglas
Chase, Jerry David
Chastang, Percy Lee
Clark, Curtis Robert
Clark, Leonard Thomas
Clelland, John Paul
Cline, Rollin William
Cobb, Oliver Perry
Cofty, Huey Charles
Cohan, Arthur Bryant
Collins, Charles Butler
Collins, Charles G. T.
Collins, Donald Carlos
Conti, Frank John
Cooper, David Hutchinson
Cotterell, Anthony Joseph
Cotton, David George
Craig, Larry Eugene
Creech, Keith Duane
Crews, Billy Derrell
Crowe, Joseph T.
Crull, Williard O.
Curry, Carl Randolph
Cutlip, Homer Scott
Cuttaia, Angelo Joseph
Dale, Wayne Ray
Daniel, Johnny Lee
Darity, Martin Hilton
Daskam, Walter Cash
Davis, Lawrence
Davis, Robert Dale
Davis, Rooney Ferdnand
Dawdy, Lester Leo
Deaver, Richard
Degennaro, Anthony Albert
Detrich, Homer Dean
Dey, Charles J.
Dixon, Isaac George
Dial, Herman Wayne
Dickerson, Donald Lee
Dieter, John Harrison
Dillard, Curtis Jr.
Dirks, David Charles
Dobbins, Jerry Lee
Dollison, Dan Parker
Domke, Walter
Dotson, Weldon L.
Doughty, William David
Doyle, Thomas John
Driggs, John F.
Duchaine, Lonnie Floyd
Duncan, Gerald Schroeder
Dunham, William Ernest
Dunning, Richard Leon
Duran, Roy Gilbert
Duree, Charles Dick
Durham, Jerry Wayne
Eaton, Max "B"
Econom, Samuel Nick
Egan, Brian Paul
Eichholz, William Adolph
Ellis, Roger John
Ervin, Sherman Richard
Eshleman, Allen Henry
Eure, James Louis
Everett, John Rhynear
Falcon, Alfredo
Farrand, Robert Clarence
Farrington, Donald Ray
Ferg, Charles Joseph
Fey, Marvin Henry
Fisher, Norman
Fitzgerald, Victor Kieth
Fields, Bobby Jene
Flores, Arturo
Forbell, Ronald James
Ford, Edwin Charles
Foss, Donald Leroy
Fowler, Glen Virgil
Fraser, John Howard
Frech, Roland Alfred
Galvin, Donald Hartwill
Gaskill, Robert
Gates, Lauren William
Gaul, Ray Hemling
Gearhart, Van Franklin
Georges, Robert Joseph
Giles, Horace Millard
Gilmore, Clayton Stanley
Gingras, Ronald F.
Glass Johnny Mack
Goddard, Neil Warren
Gorman, William Mitchell
Gorton, Glen Lee
Gortz, William Mathew
Gorzynski, Joseph Anthony
Goshey, Frank
Graham, Terry Prentiss
Greathouse, Earl Lee
Greco, Philip
Green, Frank Nolan
Gretton, Robert Kenneth
Grimsley, Richard Arthur
Grizzle, Arthur Wayne
Grzanich, Philip Anthony
Gualandri, Francis Leroy
Guidry, Harold John
Hagan, Stephen Hill
Haithcock, Sam Jay
Hamlin, Edwin Alton
Hano, Kenneth Ray
Hansen, Charles Thomas
Hansen, Richard Clark
Harris, Russell Gilbert
Harlow, Roger Hayden
Harrison, Wilbur Howard
Hart, John Thomas
Hart, Robert Stephen
Hartman, Donald Nelson
Hastey, Robert Lee
Hastings, Sidney Thornsber
Hawkins, Dale Donald
Hawkins, Dicky Elroy
Hawkins, Emerson Wayne
Hayek, Thomas Joseph
Hayes, Gary Paul
Headrick, Harold Dee
Heald, Richard Dor
Heaton, Billy Lester
Helm, Joel Keith
Helmick, James Edward
Henninger, Cecil Duane
Hepner, Stephen Thomas
Hitte, Robert Clement
Hodges, John Andrew
Hogan, Richard John
Holley, Aubrey Ray
Holman, Arthur Franklin
Holt, George Arthur
Hornak, John Joseph
Horne, David Lee
Horsfall, William Donald
Hostrander, Howard Larue
Houle, George Albert
Hudson, Jimmy R
Hughes, Richard Olympia
Hunt, Larry Leroy
Hutchens, Howard Dewey
Iacovacci, Michael Anthony
Innis, Donald Arthur
Isa, Ronald Yoshinori
Ivey, James Walter
Ivy, James Edward
Jackson, Charles Henry
Jackson, James Willis
Janssen, Richard Carl
Jernigan, Charles Rutherford
Jewett, Joseph Merrill
Johnson, Martin Barry
Johnston, Bobbie Joe
Joiner, George Lewis
Jones, Jimmy Charles
Jones, John Anthony
Jones, Linza Joseph
Jones Lynn Frederick
Judy, John Luther
Julian, John Earhart
Kane, Robert Francis
Kane, Robert James
Kasparian, John Pierre
Kearney, Brantley Earl
Keating, Joseph Robert
Keiter, Eugene Lloyd
Keller, Clinton Odis
Keller, William Howard
Kelly, Daniel William
Kelly, Joseph James
Kemp, Bruce Allen
Kendall, Peter Charles
Kerch, Richard James
Kidd, Arthur James
Kilbourn, Frank Dee
Kiley, John James
Kilpatrick, John Francis
Kimberl, John Derryl
Klein, Charles
Klein, Harold Dean
Knagge, Joseph George
Knox, Earl Lewis
Kociolek, John Stanley
Kolb, Theodore Ronald
Kolek, David Lee
Koran, John Gordon
Korn, Ambrose Eugene
Kozma, Joseph Michael
Krabbe, Fredrick, Tyler
Krawiec, Edward Phillip
Krell, Frederick William
Kuykendall, Paul Glenn
Labash, Robert Douglas
Lada, Samuel George
Laferte, Robert Wilfred
Lainhart, Michael Steven
Lambdin, Robert Blair
Lane, Gerald Stanley
Larnay, Henry Joseph
Larrabee, Allen Winfield
Larson, John Henry
Latour, Leonard Wayne
Lavelle, Gerald Aloysius
Leahy, Kenneth John
Leblanc, Carl Joseph
Ledger, Ralph
Lee, Thomas Weldon
Leininger, Jack Lee
Leisher, William Richard
Lephart, Larry Gene
Lewis, Ralph
Little, Foster
Litzmann, Werner James
Lidyard, John Alfred
Lightsey, Regenald Frank
Lile, Brian Kay
Lincoln, John Charles
Linn, Robert Frank
Lonetti, Frank Joseph
Loucks, Donald Charles
Lovelace, William Jackson
Lovette, Joseph Earl
Lucus, Jack

Luna, Albert
Lyons, Joseph Earl
MacNamara, Robert James
Madden, Jimmie Eugene
Maloy, Raymond Lester
Manning, John Edward
Mannion, James Patrick
Marr, Joseph Leonard
Martin, Kenneth Wayne
Martin, William Everett
Marvin, Earl Audrey
Matherly, Junior Lee
Matics, Anton Joseph
Matthews, Richard David
Mayfield, Herman Pierce
Mays, Arthur
McCall, Alonzo Brooks
McCall, Jimmy Edward
McConnell, George Joseph
McDonough, Francis Michael
McGlumphy, Mack Leroy
McGrory, Patrick Arthur
McGuire, Robert Neil
McKee, Jack
McClellan, James Walter
McReynolds, Jack Leroy
McWhorter, Donald George
Mears, Donald Earl
Meier, Bobby Lee
Melson, David Henry
Meston, Ward Beryl
Misemer, Frank George
Miskin, Edward Thomas
Mitchell, John Alan
Micucci, Charles Patrick
Mielnicki, Walter Michael
Miller, August Otto
Miller, Sherwood Maner
Minch, Harry Elias
Moen, Dale Alan
Montoya, Cecilio
Moody, Rex Bernarr
Morgan, Jimmy Burlin
Morris, Allan Raymond
Morrison, Irwin Donald
Morrisette, Joseph Robert
Morrow, Melvyn Thompson
Morton, Bobby Jack
Moss, John Clinton
Mossor, William Albert
Mott, Robert James
Mouton, Joseph
Murphy, James Oliver
Nauth, Paul George
Nelson, David Ernest
Newman, Billy Ronald
Newton, John Hayden
Norris, Gerald Edward
O'Brien, James Erall
Odom, James Edward
Ogg, Robert Carl
Oquendo, Juan Santiago
Orem, Wilbert Edward
Osborne, Bobby Lee
Overcash, W. P.
Overton, Harold Boyd
Owens, Dallas Whit
Page Fredrick Henry
Painter, William Roeby
Paris, Robert Taylor
Parsons, Charles Allen
Pate, Eugene Leslie
Patterson, James Hall
Patterson, Robert Edward
Patterson, Wilbert Lee
Payton, John Lewis
Peabody, Charles Perley
Pearson, Ronald Keown
Peter, Arthur Robert
Peters, William Jennings
Peterson, Carl Edward
Peterson, Clark Allen
Petruna, Michael Nicholas
Pfeiffer, Frank Leon
Pfrimmer, Francis Lee
Philipp, James Leon
Phillips, Lloyd George
Pisacreta, Sam
Pierson, Abel Dexter
Pigeon, Troy John
Pineda, Ralph Anthony
Plaskett, Alrio Edward
Poe, Willard Denyer
Poling, Lawrence Dale
Pomichter, Stanley Darwin
Pouliot, Armand Roger
Price, Ronnie Keth
Pyne, Horatio Eugene
Quaglia, Joseph John
Quebodeaux, Anthony Paul
Ream, Edward Paul
Rebscher, Robert Ronald
Rector, James Samuel
Register, Charlton Lavelle
Reichler, James Richard
Renau, Thomas Tolson
Reynolds, Trace Joseph
Rhine, John Robert
Riser, Jerome Edward
Ritenour, Donald Ford
Rice, Arnold Albert
Richards, Edward Theodore
Richardson, Kilburn Earl
Richey, Ollen Ray
Rijfkogel, Herman
Rine, John Harold
Roberts, Harry Franklin
Robertson, Robert William
Roche, James Joseph
Rohleder, William Primm
Roquemore, Elwyn Lowell
Rothrock, Richard Lee
Rowe, Orville Glenn
Rudd, Claude Thomas
Russell, Vincent Bradley
Ruth, John Rodney
Saldivar, John Gonzales
Samples, John Bourke
Sandmeyer, Robert Francis
Schenck, Kenneth Wayne
Scherer, Melvin Allen
Scheurich, John Andrew
Schlott, Robert Lee
Schmidt, Gary McDonald
Schmidt, Ralph Clemens
Scott, James Harold
Scott, John William
Sellers, Walter Spencer
Shahan, Billy Joe
Shandor, Joseph Patrick
Shine, Thomas Richard
Shirley, Carley Deane
Silen, Tony
Simmons, Clyde Burkett
Slater, Robert Malcolm
Smith, Arthur Garfield
Smith, Frank Eugene
Smith, Harry Rufus
Smith, Lidge Wilford
Smith, Phillip Richard
Snodgrass, Russell August
Sobotor, Francis Elmer
Southerland, William Elber
Spencer, Charles William
Spring, James "A"
Stagnaro, Charles James
Stambaugh, Harold William
Stant, James Edward
Stanton, Lloyd Edward
St. Charles, Ray Bernard
St. Denis, Harold Joseph
Steed, Billy Charles
Stewart, Robert Emmet
Stilson, Frederick Carl
Stitcher, Frederick M.
Stock, Frederick John
Stockdale, James Alan
Stoltzfus, David Stoltzfus
Strenko, Robert Joseph
Strickland, Ralph
Strohschein, Raymond Rudolph
Sullivan, Jeremiah Joseph
Sutton, Terry Dean
Swancutt, Bruce Spencer
Swindell, Thomas Edward
Swinea, Larry Cecil
Sylvester, Gerald Wayne
Sylvia, Joseph Richard
Szymanski, John Stephen
Tackitt, Loyce Merle
Talley, Lee "D"
Tanzey, Theodore Edward
Taylor, Thomas William
Thobois, Paul
Thomas, Dewey Allen
Thomas, Paul Roger
Thomas, William Edwin
Thompson, Dallas Eugene
Thompson, Don Creon
Thompson, Jerry Clyde
Thornton, William Albert
Thrasher, David Ray
Tickle, Randall King
Tidwell, John
Toland, Owen John
Toma, Masao
Tonack, Leland Burton
Tracy, Brandon Lee
Tracy, Normand Cyrile
Trama, Richard
Treon, William Wesley
Trippleton, Eugene Morris
Troutman, Victor William
Tyndall, William Francis
Tyynismaa, Robert Raymond
Uritescu, Jerry
Valent, Stephen
Vandergeeten, Howard Jose
Vaughn, James Otis
Verceles, Federico Trinida
Visnick, Donald Duane
Vigil, Leroy
Volack, Robert George
Wahlers, Larry Fred
Waldorf, James Henry
Walker, Marvin Dennis
Walker, Robert Matthew
Walkup, William Danford
Walsh, Charles Edward
Ward, Anthony Lee
Wasson, Jesse Ray
Webber, Ralph Leland
Weda, Tony
Welch, Stanley Robert
Wells, Thomas Traylor
Whipple, William Lee
White, Herman
Wisdom, Hershel Elmer
Wiggins, William Clinton
Wiktorek, William Adam
Wilding, James Lawrence
Williams, Albert
Williams, Marvin Lee
Wilson, Eugene Seward
Wolverton, Charles "F"
Wood, Lloyd Cecil
Wood, Millard Wilmot
Wood, Myron Clark
Woodward, Robert Long
Worley, Philip Earl
Yadon, Thomas Lewis
Yost, Jere William
Young, Donald Clay
Young, Jessie Bertie
Young, Kenneth Wayne
Young, Louis Leroy
Youngblood, Theodore Ansle
Zeitvogel, Joseph Andrew
Zerbe, Edward Monroe
Ziegler, Earl Kay

IN THE NAVY

Peter J. Leniart, midshipman (Naval Academy) to be a permanent ensign in the Supply Corps of the Navy, in lieu of permanent ensign in the line of the Navy as previously nominated and confirmed, subject to the qualifications therefor as provided by law.

Donald L. Darnell (Navy enlisted scientific education program) to be a permanent ensign in the line of the Navy, subject to the qualifications therefor as provided by law.

Norvelle Curry (Naval Reserve officer) to be a permanent lieutenant and a temporary lieutenant commander in the Medical Corps of the Navy, subject to the qualifications therefor as provided by law.

The following-named (Naval Reserve officers) to be permanent lieutenants in the

Medical Corps of the Navy, subject to the qualifications therefor as provided by law:

Hal D. Bishop
John E. Downing

The following-named (Naval Reserve officers) to be permanent lieutenants (junior grade) and temporary lieutenants in the Medical Corps of the Navy, subject to the qualifications therefor as provided by law:

Larry H. Adams
Thomas L. Angros
Steven A. Balch
William P. Berliner
James D. Blanding
James H. Boring
Edward A. Bracht
Richard P. Buedingen
Howard D. Cantwell
John M. Casey
Nicholas B. Cirillo
George D. Crislip
Francis L. Depenbusch
Robert G. Ellis
Donald E. Farmer
John J. Finn, Jr.
Leon P. Georges
Harvey A. Gilbert
Lester S. Goldstein
Ralph B. Hanahan, Jr.
Carl L. Highgenboten
Robert D. Hodgell
Hugh H. Hoke, Jr.
Howard H. Kaminsky
Carl G. Kardinal
Gary P. Kearney
Gordon F. Kellogg
Robert D. Knudson
Arthur P. Lingousky
Robert F. McCauley
Paul W. Madonia
Lewis Mantel
James D. Mellema
Thomas E. Motley
John W. Nesson
Cyril Newman
Ewell C. Noel, Jr.
Walter J. Paschall
George H. Penn II
Andre K. Perron
Thomas A. Queen
Marques E. Rhoades
Harold W. Sanford, Jr.
Donald E. Schaffer
Paul E. Schroder
James V. Scutero
Jerrold M. Sherman
Carl W. Slocum
James L. Steffens
Robert E. Stetson, Jr.
Rex A. Stout
Donald L. Sturtz
Paulino E. Tocchet
Walter V. R. Vieweg, Jr.
Philip J. W. Vogt
Gene A. Wallin
James R. Warden
Jerry G. Warren
Richard T. Welham
Marshall W. White, Jr.
Billy H. Wilson
John J. Witowski

The following named (Naval Reserve officers) to be permanent lieutenants (junior grade) and temporary lieutenants in the Dental Corps of the Navy, subject to the qualifications therefor as provided by law:

Dennis M. Bertsch
Thomas W. Mansfield
Robert J. Stolcis
Charles D. Young

James R. Moore (U.S. Navy retired officer) to be a chief warrant officer, W-2 in the Navy, for temporary service, subject to the qualifications therefor as provided by law.

Lt. (jg.) Lloyd A. Huck, Supply Corps, U.S. Navy, for temporary promotion to the grade of lieutenant in the Supply Corps, subject to qualification therefor as provided by law.

CWO, W-4 Charles W. Bickel, U.S. Navy, for permanent promotion to the grade of chief warrant officer, W-4, subject to qualification therefor as provided by law.

Joseph L. Renzetti, U.S. Navy, for transfer to and appointment in the Civil Engineer Corps of the Navy in the permanent grade of lieutenant (junior grade).

The following named (meritorious noncommissioned officer) for permanent appointment to the grade of second lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

Rodney A. Arena
Robert E. Baurle
John L. Bilodeau
Robert E. Chiesa
Charles A. Collins
Robert C. Dopher, Jr.
Douglas D. Frisbie
Harold D. Hockaday
Russell H. Johnson
Ronald P. Johnson
Frank J. Kaiser
Jack H. Kemeny, Jr.
Larry J. McLain
Charles E. Moore
Michael K. Morrison
George M. Pfeiffer
Lloyd O. Phelps
Charles N. Riley
James E. Scott
George L. Townsend
Burnice N. Willis

The following-named (Army Reserve Officer Training Corps) for permanent appointment to the grade of second lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

Michael L. Layson

CONFIRMATIONS

Executive nominations confirmed by the Senate July 25 (legislative day of July 22), 1966:

NATIONAL SCIENCE FOUNDATION

Dr. Robert S. Morison, of New York, to be a member of the National Science Board, National Science Foundation, for a term expiring May 10, 1972.

Dr. Emanuel R. Piore, of New York, to be a member of the National Science Board, National Science Foundation, for a term expiring May 10, 1972.

Dr. Clifford M. Hardin, of Nebraska, to be a member of the National Science Board, National Science Foundation, for a term expiring May 10, 1972.

Dr. Charles F. Jones, of Texas, to be a member of the National Science Board, National Science Foundation, for a term expiring May 10, 1972.

Dr. Thomas F. Jones, Jr., of South Carolina, to be a member of the National Science Board, National Science Foundation, for a term expiring May 10, 1972.

Dr. Joseph M. Reynolds, of Louisiana, to be a member of the National Science Board, National Science Foundation, for a term expiring May 10, 1972.

Dr. Athelstan F. Spilhaus, of Minnesota, to be a member of the National Science Board, National Science Foundation, for a term expiring May 10, 1972.

Dr. Richard H. Sullivan, of Oregon, to be a member of the National Science Board, National Science Foundation, for a term expiring May 10, 1972.

DEPARTMENT OF JUSTICE

Joseph T. Ploszaj, of Connecticut. U.S. marshal for the district of Connecticut for the term of 4 years.

POSTMASTERS

ALABAMA

Joe D. Laney, Ariton.
Hugh E. Gwin, Fairfield.
Lucile B. Florey, Vincent.

ALASKA

Nine A. Lie, Kotzebue.
Sophia S. Hapoff, Unalaska.

ARIZONA

Rhoda C. Diskin, Mayer.

ARKANSAS

L. Earl Jackson, Lonoke.

CALIFORNIA

Daniel Phillips, Brea.
Howard F. O'Neil, Canoga Park.
Herbert C. Brown, El Centro.
Jessie K. Ray, Forest Knolls.
Gerald V. Trimeloni, Nice.
Elizabeth Mazzotti, Occidental.
Glenn F. McColley, Sunnymead.
Donald F. Huneriach, Vina.

COLORADO

Faye W. Von Loh, Wiggins.

CONNECTICUT

Sigurd Peterson, Monroe.

FLORIDA

William R. Lathinghouse, Jr., De Funiak Springs.
Doris M. Medders, Highland City.
Jack R. Herndon, Lake City.

GEORGIA

Eual C. Anderson, Register.
Charles L. Thweatt, Rockmart.
Eloise W. Blackwell, Roswell.
Nell K. Guntharp, Sea Island.

ILLINOIS

H. Fred Hollaway, Benton.
Byron L. Vance, Bluford.
Sterling A. Mayfield, Caseyville.
William G. Caraker, Cobden.
Edward M. Neumann, Delavan.
Raymond Mooney, Dix.
Chester A. Haffner, Jr., Harvard.
Carl E. Cassidy, Smithshire.
William F. Dhom, South Beloit.
Henry E. Ragus, Wood River.

INDIANA

Jack E. Sprague, Angola.
Ruth M. Sutton, Hemlock.
John E. Lansinger, Knightstown.
Donald H. Owens, Mexico.
Harold D. Bowman, Roann.
Charles H. Martindale, Solsberry.

IOWA

Verna M. Smith, Bridgewater.
Jessie E. Sroufe, Harris.
Donald L. Roberts, Havelock.
Mary E. Phillips, Montrose.
Harold J. Williams, Union.

KANSAS

Dwayne K. Stephenson, Ford.
Timothy E. Gilliam, Greenleaf.
Donald A. Peterson, Lakin.

KENTUCKY

Thomas C. Young, Caneyville.
Roy H. Matlick, Middletown.
Anna B. Hawkins, Shepherdsville.

LOUISIANA

Virgil L. Brown, Gonzales.

MARYLAND

Marion E. Tyndall, Sharptown.

MASSACHUSETTS

A. Myrtle Teller, Edgartown.
Thaddeus A. Gumula, Ware.
Louisa C. Waner, Wilkinsonville.

MINNESOTA

Val J. Lawler, Annandale.
Heye Kray, Blue Earth.
David H. Campbell, Byron.
Bertha H. Jones, Elmore.
Herman M. Lemmerman, Fulda.
Ardell J. Facile, Jasper.
Lloyd F. Peterson, Kennedy.
Warren O. Glad, Lancaster.
Clement T. Groh, Le Center.
Harold B. Johnson, Oslo.

MISSOURI

Sharma J. Daugherty, Elvins.
Gaylord R. Vickers, Harwood.
Angelo D. Mouhalis, Jr., Hayti.
John C. Crites, Jackson.
Roy J. Richardson, Lewistown.
Arthur E. Short, Stover.

MONTANA

Reasy T. Rea, Scobey.

NEBRASKA

Spencer D. Morgan, Albion.
Wendell G. Hovie, Comstock.
Maurice A. Eckholt, Whiteclay.
Victor C. Schafer, Wymore.

NEW HAMPSHIRE

Richard A. Stearns, Tamworth.

NEW JERSEY

Otto W. Bahrle, Forked River.
Walter H. Shillito, Hammonton.
Edna M. Coursen, Oak Ridge.
Daniel J. Jordan, Rosenhayn.
Floyd T. Pastuszak, Sewaren.
Gerald L. Halpin, Vineland.
James F. McMahon, West New York.

NEW MEXICO

Francis K. Boyce, Hagerman.
William E. Parchman, Loving.
Florence B. Lookadoo, Mesilla Park.
John H. Phillips, Truth or Consequences.

NEW YORK

L. Howard Jacox, Alfred.
Rita E. Burns, Andover.
Stephen J. Clary, Caledonia.
George H. Matteson, Chenango Bridge.
Marion J. Sullivan, Cleverdale.

Arsa W. Weiman, Constableville.
Roger A. Callahan, Dover Plains.
Beatrice F. McCormack, Eddyville.
Grace D. Witbeck, Feura Bush.
Charles R. Tarbox, Gowanda.
Joseph O. Kline, Great Neck.
Roger P. Hastings, Groton.
James R. Hicks, Lowman.
Barbara O. Bush, Marion.
Edward J. McGlade, Otisville.
John W. J. McCaughin, Ticonderoga.
Joseph B. Scott, Whitehall.

NORTH CAROLINA

Andrew J. Garner III, Ashville.
Weston H. Willis, Jacksonville.
Paul P. Hinkle, Salisbury.
Cannon G. Ward, Sugar Grove.
Charles L. McKaig, Tryon.

NORTH DAKOTA

Stanley M. Lund, Bowdon.
Francis J. Slag, Hebron.
Curtis A. Talley, Lansford.

OHIO

Angela L. Richardson, Custar.
Paul C. Barrett, Mineral Ridge.
James M. Soulsby, Pomeroy.
Fred C. Carey, Robertsville.

OKLAHOMA

James A. Pulliam, Dewar.
O. P. Marshall, Miami.
Melvin L. Turner, Rose.
Betty F. Carder, Tryon.

OREGON

Russell L. Keil, Bend.
John H. Brader, Chemult.
Esma G. Hoover, Kinzua.
Merle T. Beck, Mapleton.
Donald E. Tomlin, Mount Hood.
Robert M. Dort, Riddle.
Iona A. Barclay, Troutdale.
Robert A. Green, West Linn.

PENNSYLVANIA

Nicholas Lalich, Duquesne.
George W. Shuman, Elizebethtown.
Richard E. Sweigart, Ephrata.
Joseph E. Travascio, Essington.
Ralph Gill, Fayette City.
Joseph J. Drake, Hawley.
Marguerite C. Puskar, Imperial.
Michael A. Elias, Irwin.
W. Elliot Jones, Kelton.
Jack Montanile, Leetsdale.
Joseph P. Foley, Mahoney City.
George W. Glattacker, Maytown.
Ellsworth J. Conway, Mill Hall.
Paul C. Brasch, North Wales.
Donald J. Kelchner, Jr., Orangeville.
Irving E. Rath, Pillow.
Elizabeth P. Durinzi, Republic.
E. Louise Goldsboro, Smithfield.
Paul V. Gibson, Southampton.
Marshall W. Beightol, Winburne.

RHODE ISLAND

Vincent Fasano, Bristol.
Henry A. Correia, Portsmouth.
Norman C. Salvatore, Warren.

SOUTH CAROLINA

Clara P. Riley, Piedmont.
Eula C. Dunn, Warrenville.

SOUTH DAKOTA

Duane B. McMahon, Colton.
Signe K. Loseth, Roslyn.

TENNESSEE

Charles H. Haney, Jr., Minor Hill.

TEXAS

William M. Johnson, Jr., Alta Loma.
Olin O. Elliott, Grandview.
John R. Maddox, Mingus.
Billie M. Wight, Somerville.

UTAH

Marjorie A. Predovich, Dragerton.
Donna M. McKinnon, Hiawatha.
Harold J. Dawson, Layton.
Warren L. Marble, Monroe.
Robert A. Cornaby, Pleasant Grove.

VERMONT

Helen B. Horne, Jeffersonville.
Hadley A. McPhetres, Randolph Center.

VIRGINIA

Daniel E. Crisman, Sandston.

WASHINGTON

Arthur K. Lowe, Ashford.
Gerald O. Rhea, Bellingham.
Jack H. Hardin, Lynden.

WEST VIRGINIA

Louis F. Williams, Cameron.
Daniel R. Mace, Elizabeth.

WISCONSIN

Richard D. Huttner, Dresser.
John A. Oberto, Iron Belt.
Elaine S. Chwala, Johnson Creek.
Patricia F. Tessmer, Junction City.
Sylvan H. Erickson, Luck.
Kathleen M. Bink, Malone.
Joseph P. Wergin, McFarland.
Joseph C. Forgie, Oconto.
William P. Roth, Prairie du Sac.
Jerome G. Kosterman, Richfield.
Frederick L. Stich, Stitzer.
Kenneth Felker, Tomah.

WYOMING

Edmond D. Storrs, Alcova.
Gene R. Stapleton, Guernsey.

IN THE PUBLIC HEALTH SERVICE

The nominations beginning J. Robert Lindsay, to be senior surgeon, and ending Ronald L. Jacobson, to be assistant health services officer, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on June 21, 1966.

EXTENSIONS OF REMARKS

A Tribute to the Remarkable Taggart Family

EXTENSION OF REMARKS

OF

HON. TENO RONCALIO

OF WYOMING

IN THE HOUSE OF REPRESENTATIVES

Monday, July 25, 1966

Mr. RONCALIO. Mr. Speaker, it is a remarkable thing these days when the family unit of our society can be recognized as a powerful force for good in its own right, as is being done in Wyoming this week, when the entire State pays tribute to one of its outstanding clans, the Taggart family of the Big Horn Basin in Wyoming.

In 75 years of statehood, Wyoming has only had a Democratic Member of this body for 6 years—only two of my predecessors have been of my political party; one of these was Paul R. Greever of Cody, Wyo., whose son, William H. Greever, is married to one of the nine children of the "Capo de famiglia" Lloyd Taggart. Lloyd and his wife, Louise, are today celebrating their 50th wedding anniversary in Cody, Wyo.

THE 1920 CELEBRATION

In 1920 the parents of Lloyd Taggart, in Cowley, Wyo., celebrated their 50th wedding anniversary. In the earlier family there were 16 children born, and at their 50th wedding anniversary the 15 living children of that family each performed a musical rendition.

As reported by the Lovell, Wyo., Chronicle in those days, after an hour of dancing there was a musical program by the Taggart family. The nine stalwart sons and six beautiful daughters rendered a series of old songs learned in childhood. The Chronicle had this to say:

> The presentation of such a musical program, displaying professional talent on the part of the soloists, to say nothing of the wonderful harmony produced by the chorus, was the more remarkable from a single family. To those privileged to hear it, it was perhaps the only occasion of the kind in a lifetime. More remarkable was the picture the group presented on the stage. Fifteen grown men and women, brothers and sisters—physically perfect, keen mentality, and talented far beyond the average who commercialize their talents. And the father and mother of this group appearing in equally good form with the children.

OUTSTANDING PIONEER FAMILY

This is one of the outstanding pioneer families of Wyoming. Lloyd is one of the surviving 4 of the original 16 and I want to pay special tribute today to the 9 children of Lloyd and Louise, with 4 of whom I was privileged to be a classmate at the University of Wyoming, and particularly to the one member of the family, Mary Louise, who keeps alive the two-party tradition in the family. The children are:

Ruth, now Mrs. Quentin Blair of Cody.

Lloyd Welch, the president of Taggart Construction Co., Cody.

Jesse McNiven, the vice president of Taggart Construction Co., Cody.

Mary Louise, now Mrs. William H. Greever, the wife of a Cody engineer.

Harriet, now Mrs. Joe Brytus, the wife of a retired officer of the U.S. Air Force, living in Sheridan, Wyo.

Becky Barbara, Mrs. Jay Watkins, wife of the president of W.M.K. Transit Mix, Las Vegas, Nev.

Scott Hinckley, a Boeing aircraft engineer, Paris, France.

Raye Rita, Mrs. Scott Graham, the wife of an investment consultant in New London, Conn.

Charles Welch, a real estate investment broker, Salt Lake City, Utah.

AN INSPIRATION TO YOUNG PEOPLE

One of Mr. Taggart's greatest attributes is that he has always been helpful to the young people of Wyoming, regardless of their ethnic or economic or social status. He was always helping young people at the university while I was there. I am proud that he is a citizen of Wyoming and I consider him an outstanding friend and mentor.