By Mr. REINECKE:

H.J. Res. 1241. Joint resolution to authorize the President to proclaim the month of November of each year as "Water Conservation Month"; to the Committee on the Judiciary.

By Mr. PICKLE:

H. Con. Res. 913. Concurrent resolution expressing the sense of the Congress with respect to a study of the current need for helicopter air transportation service between certain airports in or near the District of Columbia; to the Committee on Interstate and Foreign Commerce.

By Mr. DANIELS:

H. Con. Res. 914. Concurrent resolution expressing the sense of the Congress regarding the treatment of prisoners of war held captive by the Communist regime of North Vietnam; to the Committee on Foreign Affairs.

By Mr. GURNEY:

H. Con. Res. 915. Concurrent resolution to express the sense of the House of Representatives that the President of the United States should use the powers of his office to effect a settlement in the labor dispute involving certain carriers by air; to the Committee on Interstate and Foreign Commerce.

By Mr. ANDREWS of North Dakota:

H. Con. Res. 916. Concurrent resolution relating to U.S. military personnel held captive in Vietnam; to the Committee on Foreign Affairs.

By Mr. BROYHILL of Virginia:

H. Con. Res. 917. Concurrent resolution relating to U.S. military personnel held captive in Vietnam; to the Committee on Foreign Affairs.

By Mr. CURTIS:

H. Con. Res. 918. Concurrent resolution relating to U.S. military personnel held captive in Vietnam; to the Committee on Foreign Affairs.

By Mr. DUNCAN of Tennessee:

H. Con. Res. 919. Concurrent resolution relating to U.S. military personnel held captive in Vietnam; to the Committee on Foreign Affairs.

By Mrs. DWYER:

H. Con. Res. 920. Concurrent resolution relating to U.S. military personnel held captive in Vietnam; to the Committee on Foreign Affairs.

By Mr. MURPHY of Illinois:

H. Con. Res. 921. Concurrent resolution relating to U.S. military personnel held captive in Vietnam; to the Committee on Foreign Affairs.

By Mr. ST. ONGE:

H.Con. Res. 922. Concurrent resolution relating to U.S. military personnel held captive in Vietnam; to the Committee on Foreign Affairs.

By Mr. STEPHENS:

H. Con. Res. 923. Concurrent resolution relating to U.S. military personnel held captive in Vietnam; to the Committee on Foreign Affairs.

By Mr. BURTON of Utah:

H. Con. Res. 924. Concurrent resolution expressing the sense of the Congress with respect to certain proposed regulations of the Food and Drug Administration relating to the labeling and content of diet foods and diet supplements; to the Committee on Interstate and Foreign Commerce.

By Mr. GALLAGHER:

H. Res. 934. Resolution expressing concern for prisoners of war in Vietnam; to the Committee on Foreign Affairs.

By Mr. MINISH:

H. Res. 937. Resolution relating to military personnel held captive in Vietnam; to the Committee on Foreign Affairs.

By Mr. HOWARD:

H. Res. 938. Resolution expressing concern for military personnel held captive in Vietnam; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. McEWEN:

H.R. 16607. A bill for the relief of M. Shawky A. A. Hammam; to the Committee on the Judiciary.

By Mr. McMILLAN:

H.R. 16608. A bill to amend the charter of Southeastern University of the District of Columbia; to the Committee on the District of Columbia.

By Mr. MEEDS:

H.R. 16609. A bill for the relief of Capt. Robert C. Crisp, U.S. Air Force; to the Committee on the Judiciary.

By Mr. MINSHALL:

H.R. 16610. A bill for the relief of Dr. Antonio Rondon Delgado; to the Committee on the Judiciary.

By Mr. NIX:

H.R. 16611. A bill for the relief of Man-Pan Hui; to the Committee on the Judiciary.

By Mr. POWELL:

H.R. 16612. A bill for the relief of Antonino Ferrante; to the Committee on the Judiciary.

By Mr. FARBSTEIN:

H.R. 16613. A bill to authorize the transfer of a vessel to the Lower Manhattan Antipoverty Board, Inc., for educational purposes; to the Committee on Merchant Marine and Fisheries.

SENATE

WEDNESDAY, JULY 27, 1966

The Senate met at 11 o'clock a.m., and was called to order by Hon. HARRY F. BYRD, JR., a Senator from the State of Virginia.

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

O Thou in whose presence our souls find rest and peace, we thank Thee for a new day. In the study of history, a new day with new concepts, opinions, and understanding changed the course of history. Today, we need that kind of change.

We are told in Holy Writ, "This is the day that the Lord hath made; we will be glad and rejoice in it." Give these, Thy servants—and all servants of the people—new vigor, hope, and anticipation for development of the opportunities of this day.

Be with the men on the battlefields of Vietnam. Give, here in these Halls of Government as well as elsewhere, wisdom to end this war. Touch those who suffer. Help us to find peace for all men. We pray in the Master's name. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., July 27, 1966.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. HARRY F. BYRD, JR., a Senator from the State of Virginia, to perform the duties of the Chair during my absence.

CARL HAYDEN,
President pro tempore.

Mr. BYRD of Virginia thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, July 26, 1966, was dispensed with.

ENROLLED BILLS SIGNED

The ACTING PRESIDENT pro tempore announced that on July 26, 1966, the Vice President signed the following enrolled bills, which had previously been signed by the Speaker of the House of Representatives:

S. 2822. An act to amend various provisions of the laws administered by the Farm Credit Administration to improve operations thereunder, and for other purposes;

H.R. 139. An act to provide for the striking of medals to commemorate the 1,000th anniversary of the founding of Poland; and

H.R. 14324. An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and administrative operations, and for other purposes.

The ACTING PRESIDENT pro tempore announced that on today, July 27, 1966, the Vice President signed the following enrolled bills, which had previously been signed by the Speaker of the House of Representatives:

H.R. 1407. An act for the relief of Leonardo Russo;

H.R. 1414. An act for the relief of Jacobo Temel;

H.R. 4083. An act for the relief of Mr. Leonardo Tusa;

H.R. 4437. An act for the relief of Bryan George Simpson;

H.R. 4458. An act for the relief of Michel Fahim Daniel;

H.R. 4584. An act for the relief of Mrs. Anna Michalska Holoweckyj (formerly Mrs. Anna Zalewski);

H.R. 4602. An act for the relief of Maj. Donald W. Ottaway, U.S. Air Force;

H.R. 7508. An act for the relief of Guiseppe Bossio;

H.R. 8317. An act to amend section 116 of title 28, United States Code, relating to the U.S. district court for the eastern and western districts of Oklahoma;

H.R. 8865. An act for the relief of Ronald Poirier, a minor; and

H.R. 11718. An act for the relief of Jack L. Philippot.

EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

PLANS FOR WORKS OF IMPROVEMENT IN VARIOUS STATES

A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, transmitting, pursuant to law, plans for works of improvement on Crow Creek, Ala., and Tenn., Caney Bayou, Ark., North Fork of Ozan Creek, Ark., White River backwater, Arkansas, Norwalk River, Conn., Fort Pierce Farms Drainage District, Florida,

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Palatlakaha River, Fla., Kona watershed, Hawaii, Seven Mile Creek, Ill., Prides Creek, Ind., Dane Ridge watershed, Iowa, Deer Creek, Iowa, Gant Creek, Iowa, Irish Creek, Kans., Mission Creek, Kans., and Nebr., North Black Vermillion watershed, Kansas, Fox Creek, Ky., Cocodrie-Grand Louis watershed, Louisiana, Duralde Des Cannes watershed, Louisiana, Dry Creek, Miss., Holliday Creek, Miss., Home Cypress Bayou, Miss., Durgens Creek, Mo., Willow Creek, Mo., Spring Creek, Nebr., Dead River, N.H., Batavia Kill watershed, New York, Chicod Creek, N.C., Dutchman Creek, N.C., Little Contentnea Creek, N.C., Little Yadkin River, N.C., Otter Creek, Okla., Lower Amazon and Flat Creek, Oreg., Lewis-Hunsacker Creek, Tenn., East Side Green River, Wash., West Side Green River, Wash., and Upper Buffalo Creek, W. Va. (with accompanying papers); to the Committee on Agriculture and Forestry.

REPORT ON APPROVAL OF LOAN TO THE ASSOCIATED ELECTRIC COOPERATIVE, SPRINGFIELD, MO.

A letter from the Administrator, Rural Electrification Administration, Department of Agriculture, reporting, pursuant to law, on the approval of a loan to the Associated Electric Cooperative, of Springfield, Mo. in the amount of $37,490,000 (with accompanying papers); to the Committee on Appropriations.

REPORT ON FEDERAL WATER RESOURCES PROGRAM

A letter from the Chairman, Federal Council for Science and Technology, Executive Office Building, Washington, D.C., transmitting, pursuant to law, a report on the Federal water resources research program, for the fiscal year 1967 (with an accompanying report); to the Committee on Interior and Insular Affairs.

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. JORDAN, from the Committee on Rules and Administration, without amendment:

S. Res. 276. Resolution authorizing the appointment of a Senate delegation to attend a meeting of the Commonwealth Parliamentary Association (Rept. No. 1411);

S. Res. 281. Resolution to print as a Senate document a study on operation and effectiveness of Government boards of contract appeals (Rept. No. 1412);

S. Res. 285. Resolution to authorize the printing of report on automotive air pollution (Rept. No. 1413); and

S. Res. 286. Resolution to provide additional funds for the Committee on Finance.

MARGUERITE A. RICUCCI—REPORT OF A COMMITTEE

Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, reported the following original resolution (S. Res. 289), which was placed on the calendar:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Marguerite A. Ricucci, widow of G. Joseph Ricucci, an employee of the Senate at the time of his death, a sum equal to ten months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

BILLS INTRODUCED

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

By Mr. MAGNUSON (for himself, Mrs. NEUBERGER, and Mr. KENNEDY of New York):

S. 3654. A bill to strengthen the Federal Cigarette Labeling and Advertising Act; to the Committee on Commerce.

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

By Mr. NELSON:

S. 3655. A bill to establish the Channel Islands National Park, in the State of California, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. SCOTT:

S. 3656. A bill for the relief of Rigoberto Salazar; to the Committee on the Judiciary.

By Mr. YARBOROUGH:

S. 3657. A bill to amend section 201 of the Agricultural Adjustment Act of 1938, as amended, in order to require the Secretary of Agriculture in certain cases to make complaint to the Interstate Commerce Commission with respect to rates, charges, tariffs, and practices relating to the transportation of farm products; to the Committee on Agriculture and Forestry.

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

By Mr. JACKSON:

S. 3658. A bill for the relief of a certain civilian employee of the U.S. Naval Torpedo Station, Keyport, Wash.; to the Committee on the Judiciary.

By Mr. LONG of Louisiana:

S. 3659. A bill to authorize a study of a seaway across coastal Louisiana; to the Committee on Public Works.

By Mr. MORSE:

S. 3660. A bill for the relief of Fred Devine, doing business as Fred Devine Diving Co.; to the Committee on the Judiciary.

RESOLUTIONS

TELEVISION COVERAGE OF SENATE DEBATE ON MAJOR ISSUES

Mr. GRIFFIN submitted a resolution (S. Res. 288) to permit television coverage of Senate debate on major issues, which was referred to the Committee on Rules and Administration.

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

MARGUERITE A. RICUCCI

Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, reported an original resolution (S. Res. 289) to pay a gratuity to Marguerite A. Ricucci, which was placed on the calendar.

(See the above resolution printed in full when reported by Mr. JORDAN of North Carolina, which appears under the heading "Reports of Committees".)

TO PRINT ADDITIONAL COPIES OF FINAL REPORT OF THE JOINT COMMITTEE ON THE ORGANIZATION OF THE CONGRESS

Mr. MONRONEY submitted a resolution (S. Res. 290) authorizing the printing of additional copies of the final report of the Joint Committee on the Organization of the Congress, which was considered and agreed to.

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

LIMITATION ON STATEMENTS DURING TRANSACTION OF MORNING BUSINESS

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

STRENGTHENING THE CIGARETTE LABELING ACT

Mr. MAGNUSON. Mr. President, I introduce on behalf of myself, Mrs. NEUBERGER, and Mr. KENNEDY of New York, for appropriate reference, a bill to require that all cigarette packages and advertisements disclose tar and nicotine yields measured by a standard test. In addition, as chairman of the Senate Commerce Committee, I have today requested that the Federal Trade Commission report quarterly to the Senate, through the Senate Commerce Committee, the tar and nicotine ratings of all major cigarette brands.

On June 1, of this year, 14 of the Nation's leading scientific investigators met at the National Library of Medicine, at the invitation of the Surgeon General of the Public Health Service, to review the state of medical knowledge on the significance of the tar and nicotine contents of cigarettes. The group included two members of the Surgeon General's Advisory Committee on Smoking and Health, Drs. Seevers and Schuman, and representatives of major research institutions and agencies, including the Federal Trade Commission and the Department of Agriculture.

At the close of the meeting, the following statements were adopted unanimously by the group, and addressed to the Surgeon General:

1. The preponderance of scientific evidence strongly suggests that the lower the "tar" and nicotine content of cigarette smoke, the less harmful are the effects.
2. We recommend to the Surgeon General that actions be encouraged which will result in the progressive reduction of the "tar" and nicotine content of cigarette smoke.

In my opinion, the judgment of these scientists is of profound significance to America's public health forces.

Today marks a full year since the signing of the Federal Cigarette Labeling and Advertising Act. Since January 1, of this year, by the terms of that act, all cigarettes manufactured to be sold in the United States have borne the warning: "Caution: Cigarette smoking may be hazardous to your health."

Upon the heels of that enactment, public health agencies, at all levels of government, and the voluntary health agencies have mounted an unprecedented campaign to discourage Americans,

particularly our young people, from taking up the smoking habit. The American Cancer Society, alone, has distributed tens of thousands of posters displaying the statutory warning and the sober legend: "Congress has acted. The next step is yours." As a direct result of these efforts, many smokers have quit and many teenagers have undoubtedly been motivated to resist the strong social temptation to take up smoking.

But there is little doubt that the overwhelming majority of those who were smokers prior to the act continue to be smokers. And, tragically, there are vast numbers of youngsters who have not been deterred from taking up the habit.

The Surgeon General of the Public Health Service has told us that our efforts have brought home to most Americans the knowledge that smoking is a significant health hazard. The Public Health Service is embarked on a major campaign to find ways in which this knowledge can be translated into a significant decrease in the numbers of people smoking, as well as in the numbers of cigarettes which the remaining smokers consume.

The Senate Commerce Committee will want to scrutinize with great care the reports required under the act next year from the Federal Trade Commission and from the Secretary of HEW, to determine whether it is necessary to go beyond the labeling of cigarettes.

But even such measures will not affect the fact of tens of millions of confirmed smokers who recognize the harmful effects of smoking but remain unwilling—or unable—to quit.

For those who, in the face of the evidence, show no inclination either to cut down or to find a safer cigarette, we can do little but pray. But the great majority of smokers plainly seek ways of reducing their risk, short of giving up cigarettes altogether. Thus, while the total cigarette sales have remained relatively stable since the publication of the first studies incriminating smoking in lung cancer and other disease, there has been a radical change in the cigarettes people smoke—the change from the so-called regular to the filter cigarette. From a novelty item a little more than a decade ago, the filter cigarette has attracted an increasing share of the market until, today, near 75 percent of all cigarettes sold in the United States are filter cigarettes.

Why? Consciously or unconsciously, the average smoker has turned to the filter cigarette in the hope that filtration will provide some measure of protection against the hazards of smoking.

If that hope is justified—if in fact filtered cigarettes provide even limited protection—the "change to filters" would surely warrant the wholehearted encouragement of the Nation's public health forces. But if filters in fact furnish the semblance but not the substance of protection, then the rise of filter cigarettes represents a hoax and fraud on the American people.

Last year, in hearings before the Senate Commerce Committee, the Surgeon General testified that the medical advantages of lowering the tar and nicotine content of cigarettes through filtration had not yet been clearly established. For this reason, the Senate Commerce Committee rejected the provision, which I proposed be included in the labeling bill, to require that all cigarettes list the average tar and nicotine yields per cigarette.

What has been the result? With one or two minor exceptions, the cigarettes now on the market do not list their tar and nicotine contents. In the absence of this information, the average smoker assumes that one filter cigarette furnishes as much protection as any other. Since he has no basis for comparing filter cigarettes on the basis of their relative tar and nicotine yields, he chooses his cigarettes—as he always has done—on the basis of taste and flavor.

But the cigarette that tastes best is invariably the cigarette that filters least. Tar and nicotine are virtually synonymous with flavor. The more tar and nicotine that slip by the filter, the more satisfying the taste of the cigarette. Thus, so long as all filters serve equally as symbols of safety to the consumer, the only commercial reward for high filtration is low flavor—and consequently low sales.

This explains why several new filter cigarettes reportedly yield tar and nicotine levels higher than, or at least as high as, their nonfilter counterparts.

At the time Congress passed the cigarette labeling law, it was our profound hope and expectation that the cigarette industry would strenuously compete in the development and promotion of less hazardous cigarettes. It now appears that these hopes were unfounded.

I have therefore concluded that Congress must act to require the disclosure of tar and nicotine contents on all cigarette packages and in all advertisements.

I am also asking the Federal Trade Commission, which is now in the process of establishing a cigarette testing laboratory, to furnish a quarterly report to the Senate Commerce Committee, through me, containing comparative tar and nicotine ratings of all major cigarettes.

Only by requiring that the cigarette manufacturers lay their cards on the table—that they disclose the tar and nicotine contents of all their brands—not just selected ones—will we insure open and effective competition in, progressively lower tar and nicotine bearing cigarettes.

As I said last year, when introducing the Cigarette Labeling Act:

> I believe that an adult has the right to choose his own poison. But I also believe that he has the right to know just what kind of a risk he is taking.

To those who fear that the appearance of such listings would tend to lull smokers into the belief that relatively low tar and nicotine cigarettes are absolutely safe, the answer is that the statement of tar and nicotine content would be carried on a package of cigarettes which must also bear a warning of the health hazards of smoking.

To those who object that no one has yet established "safe" levels of tar and nicotine, and that numbers of milligrams of tar and nicotine are not meaningful to anyone but a research chemist, at least the average consumer will be able to select a cigarette with a relatively lower tar and nicotine yield, if he so desires. And truthful advertising should aid him to make an informed choice. Of course, the Federal Trade Commission will be expected to continue to insure that all advertisements are strictly correct and truthful in their claims, and do not negate the mandatory hazard warning.

Tar and nicotine are relatively crude measurements of the ingredients of cigarette smoke. We can certainly look forward to a time when the scientists will be able to identify with greater particularity the specific agents in the smoke which contribute to the hazards of smoking. At such time as the Secretary of HEW is able to single out such "incriminated agents," the bill would authorize him to designate such agents, in lieu of tar and nicotine, to be listed on the package and in advertisements.

In all probability, we will have to wait until next year to pursue this legislation through to final decision. I would hope, however, that the introduction of the legislation today will serve as inducement to the industry to consider the voluntary listing of tar and nicotine contents, without waiting for a congressional mandate.

I believe the Senate should recognize and commend the strong efforts of Chairman Paul Rand Dixon, of the Federal Trade Commission, to stimulate within the limits of the Commission's authority, responsible and constructive cigarette advertising and, in particular, to encourage tar and nicotine disclosure in cigarette advertising. I ask unanimous consent that the text of the bill be printed at the close of my remarks, together with the correspondence relating to tar and nicotine which I have had with Chairman Dixon and Secretary of Health, Education, and Welfare Gardiner.

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

The bill (S. 3654) to strengthen the Federal Cigarette Labeling and Advertising Act, introduced by Mr. MAGNUSON (for himself, Mrs. NEUBERGER, and Mr. KENNEDY of New York), was received, read twice by its title, referred to the Committee on Commerce, and ordered to be printed in the RECORD, as follows:

S. 3654

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 3 of the Federal Cigarette Labeling and Advertising Act (15 U.S.C. 1331 et seq.) is amended by adding at the end thereof the following new items:

"(7) The term 'mainstream smoke' means the smoke which would enter the smoker's mouth while smoking a cigarette.

"(8) The term 'incriminated agent' means any substance found in cigarette smoke which, as determined by the Federal Trade Commission, tends to contribute to the hazard of smoking to human health."

(b) The first sentence of section 4 of such Act is amended by striking out all after the word "following" through the end of such sentence and by inserting in lieu thereof a colon and the following:

"(1) the statement: 'Caution: Cigarette Smoking May Be Hazardous to Your Health'; and

"(2) a clear statement of—

"(A) the tar content and nicotine content of the mainstream smoke per cigarette of the brand or kind of cigarettes contained in such package, as determined in accordance with regulations prescribed by the Federal Trade Commission under section 6; and

"(B) the identity and quantity of the content of each incriminated agent contained in the smoke of each cigarette of the brand or kind of cigarettes contained in such package, as determined in accordance with regulations prescribed by the Federal Trade Commission under section 6."

(c) The Federal Cigarette Labeling and Advertising Act is further amended by (1) redesignating sections 5, 6, 7, 8, 9, and 11 thereof as sections 9, 10, 11, 12, 13, and 14, respectively, and (2) inserting therein, immediately after section 4 thereof, the following new sections:

"ADVERTISEMENTS

"SEC. 5. It shall be unlawful for any person engaged in the manufacturing or importing of cigarettes for sale or distribution in commerce within the United States or for any person (other than a common carrier for hire, a contract carrier for hire, or a freight forwarder for hire) engaged in the distibution of cigarettes in commerce within the United States, to disseminate or cause to be disseminated in commerce any advertisement for the sale of cigarettes unless such advertisement contains a clear statement of—

"(1) the tar content and the nicotine content of the mainstream smoke per cigarette of the brand or kind of cigarettes named or described in such advertisement, as determined in accordance with regulations prescribed by the Federal Trade Commission under section 6; and

"(2) the identity and quantity of the content of each incriminated agent contained in the smoke of each cigarette of the brand or kind of cigarettes named or described in such advertisement, as determined in accordance with regulations prescribed by the Federal Trade Commission under section 6.

"REGULATIONS AUTHORIZED

"SEC. 6. (a) The Federal Trade Commission shall prescribe and publish in the Federal Register regulations which shall specify a uniform test for the measurement of the tar content and the nicotine content of the mainstream smoke per cigarette and the form of the statement required by paragraph (2)(A) of section 4, and paragraph (2) of section 5.

"(b) The Federal Trade Commission, after consultation with the Surgeon General of the Public Health Service, shall prescribe and publish in the Federal Register regulations which shall (1) identify each incriminated agent, found commonly in the smoke of cigarettes, (2) prescribe a uniform test for the quantitative measurement of such agents, (3) prescribe of the quantity of each such agent in terms meaningful to the average consumer, and (4) prescribe the form of the statement required by paragraph (2)(B) of section 4 and paragraph (2) of section 5.

"(c) The regulations prescribed pursuant to this section, and any amendments to such regulations, shall become effective no sooner than six months from the date on which such regulations or amendments are published.

"PROCEDURE FOR PRESCRIBING REGULATIONS

"SEC. 7. Regulations prescribed by the Commission under section 6 of this Act shall be prescribed, and shall be subject to judicial review, by proceedings taken in conformity with the provisions of subsections (e), (f), and (g) of section 701 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 371 (e), (f), and (g)) in the same manner, and with the same effect, as if such proceedings were taken by the Secretary pursuant to such sections. Hearings authorized or required for the promulgation of any such regulations by the Commission shall be conducted by the Commission or by such officer or employee of the Commission as the Commission may designate for that purpose.

"ENFORCEMENT OF ADVERTISING REQUIREMENTS

"SEC. 8. Any violation of any provisions of section 5 of this Act or the regulations relating to advertising prescribed pursuant to section 6 of this Act, with respect to the advertisement of cigarettes shall constitute an unlawful advertisement of drugs for the purpose of sections 12, 13, 14 and 15 of the Federal Trade Commission Act (15 U.S.C. 52, 53, 54 and 55), and such provisions and regulations shall be subject to enforcement under such sections."

(d) Section 9 of such Act, as redesignated in subsection (c) of this section, is amended by (1) striking out "statement" the last time it appears in subsection (a) and inserting in lieu thereof "statements"; (2) inserting immediately after "required" in subsection (b) thereof the following: "by any State or political subdivision thereof"; (3) inserting immediately after "cigarettes" in subsection (b) thereof the following: "which are advertised and"; and (4) striking out "subsections (a) and (b)" in subsection (c) and inserting in lieu thereof "subsection (a)".

(e) Section 10 of such Act, as redesignated in subsection (c) of this section, is amended by inserting "section 4 of" immediately before "this Act".

(f) Section 11 of such Act, as redesignated in subsection (c) of this section, is amended by inserting "section 4 of" immediately before "this Act".

(g) Section 10 of such Act is hereby repealed.

SEC. 2. The amendments made by this Act shall take effect on January 1, 1967.

The correspondence, presented by Mr. MAGNUSON, is as follows:

[News Release, Federal Trade Commission, Mar. 25, 1966]

The Federal Trade Commission today announced that it has sent identical letters to each of the nation's major cigarette manufacturers and to Mr. Robert B. Meyner, Administrator of The Cigarette Advertising Code, Inc., in regard to factual statements of tar and nicotine content on labels and in advertising of cigarettes.

The text of the letter is as follows:

"GENTLEMEN: The Cigarette Advertising Guides promulgated by the Commission in September 1955 provided that no representation should be made that 'any brand of cigarette or the smoke therefrom is low in nicotine or tars * * * when it has not been established by competent scientific proof applicable at the time of dissemination that the claim is true, and if true, that such difference or differences are significant.' On the basis of the facts now available to it, the Commission has determined that a factual statement of the tar and nicotine content (expressed in milligrams) of the mainstream smoke from a cigarette would not be in violation of such Guides, or of any of the provisions of law administered by the Commission, so long as (1) no collateral representations (other than factual statements of tar and nicotine contents of cigarettes offered for sale to the public) are made, expressly or by implication, as to reduction or elimination of health hazards, and (2) the statement of tar and nicotine content is supported by adequate records of tests conducted in accordance with the Cambridge Filter Method, as described in an article entitled "Determination of Particulate Matter and Alkaloids (as Nicotine) in Cigarette Smoke," by C. L. Ogg, which appeared in the Journal of the Association of Official Agricultural Chemists, Vol. 47, No. 2, 1964. It is the Commission's position that it is in the public interest to promote the dissemination of truthful information concerning cigarettes which may be material and desired by the consuming public.

"By direction of the Commission.

"JOSEPH W. SHEA,
"Secretary."

APRIL 7, 1966.

Hon. PAUL RAND DIXON,
Chairman, Federal Trade Commission,
Washington, D.C.

DEAR MR. CHAIRMAN: This is to confirm my oral request to you for a report on the background and consideration of your letter of March 24 to Robert P. Meyner, revising your cigarette advertising guides with respect to tar and nicotine representations.

Kindest regards.

Sincerely yours,

WARREN G. MAGNUSON,
Chairman.

FEDERAL TRADE COMMISSION,
Washington, D.C., April 11, 1966.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request that you be informed as to the background and basis for the Commission's announcement of March 25 respecting disclosure of the tar and nicotine content of cigarettes.

The question of permitting, or even requiring, a disclosure of the tar and nicotine content of cigarettes has been a matter of deep and continuing concern to the Commission for the past several years. When it promulgated guides for the use of its staff in evaluating cigarette advertising in 1955, the Commission indicated that no claim should be made that:

"2. Represents that any brand of cigarette or the smoke therefrom is low in nicotine or tars, or other substances, by virtue of its ingredients, method of manufacture, length, added filter, or for any other reason or without any assigned reason, than any other brand or brands of cigarettes when it has not been established scientific proof applicable at the time of dissemination that the claim is true, and if true, that such difference or differences are significant.

"NOTE: Words, including those relating to filtration, which imply lesser substances in the smoke, through filter comparisons or otherwise, are considered subject to this guide."

In 1960, in the light of evidence then available and the then state of both cigarette advertising and consumer understanding, the Commission informally requested the advertisers of cigarettes to avoid making references to tar and nicotine and the several companies uniformly agreed to do so.

These actions constituted, in effect, informal advice and guidance to industry with respect to the regulatory posture which the Commission had reason to believe would be established as a basis for issuance of complaints, and subsequent proceedings under Section 5(b) of the Federal Trade Commission Act. They were based upon reports from the staff detailing the testimony which might be expected from the leading experts knowl-

edgeable on the subject, as had been developed during the course of conversations and correspondence with those experts.

In 1964, however, the proceedings leading up to promulgation of the Trade Regulation Rule for the Prevention of Unfair or Deceptive Advertising and Labeling of Cigarettes in Relation to the Health Hazards of Smoking established a formal record, included evidence available to support the proposal and an expression of views by all interested parties desiring to do so, summarized in a statement of the basis and purpose of the rule. There the Commission developed an evidentiary foundation to support a Rule requiring a positive statement in labeling and advertising, as opposed to advice that the Commission believed that evidence could be developed to support a complaint.

In 1960, then, the Commission was informing the industry that in its opinion the evidence then available would support a complaint against any marketer who made any reference to tar or nicotine content, charging that such a reference was false and misleading. The Commission has maintained a continuous review of evidence pertinent to this question and of its attitude thus expressed publicly.

The Report of the Advisory Committee to the Surgeon General of the Public Health Service included the statement that "In general, the greater the number of cigarettes smoked daily, the higher the death rate. For men who smoke fewer than 10 cigarettes a day, according to the seven prospective studies, the death rate from all causes is about 40 percent higher than for non-smokers. For those who smoke from 10 to 19 cigarettes a day, it is about 70 percent higher than for non-smokers; for those who smoke 20 to 39 a day, 90 percent higher; and for those who smoke 40 or more, it is 120 percent higher." The report, however, made no direct findings with respect to the desirability of disclosing tar and nicotine.

In order to re-examine the evidence then apparently available to determine whether it would support the previously expressed opinion that tar and nicotine statements were deceptive and therefore in violation of the Federal Trade Commission Act, when the Commission announced the initiation of a Trade Regulation Rule Proceeding governing the advertising and labeling of cigarettes, on January 18, 1964, one of the proposals was as follows:

"Rule 3. No cigarette advertisement shall contain any statement as to the quantity of any cigarette-smoke ingredient (e.g., tars and nicotine) which has not been verified in accordance with a uniform and reliable testing procedure approved by the Federal Trade Commission.

"Comments on Rule 3: This Rule concerns a specific aspect of the problem dealt with in Rule 2. A quantitative disclosure of cigarette-smoke ingredients is a claim concerning the health consequences of smoking the advertised brand. It is essential, therefore, that such disclosure be meaningful to the consuming public, and not a source of confusion. Confusion can be obviated, and the ability of consumers to make an intelligent choice among competing brands protected, only if the measurement of cigarette-smoke ingredients accords with a uniform, fully reliable and approved testing procedure. (The Commission is considering approval under this Rule of the so-called 'Cambridge Filter Method', presented at the 77th Annual Meeting of the Association of Official Agricultural Chemists, October 16, 1963, at Washington, D.C.)"

The record of that proceeding contains the views then expressed of numerous authorities. While there was substantial support for the proposition that an accurate statement of tar and nicotine content would be in the public interest, the Commission concluded that a Trade Regulation Rule on the subject would be inappropriate at that time. The affected industry offered no substantive comment, as an interested party, to any of the proposed rules in response to the opportunity thus provided. It is believed that the views expressed during the proceeding represented those of interested parties concerned with the question, with the exception of the cigarette industry itself which, as indicated, appears to have elected to withhold substantive comment.

At the conclusion of the Trade Regulation Rule proceeding it was the opinion of the Commission that the evidence thus developed was not adequate to provide a basis for a Rule on the subject of tar and nicotine disclosures.

Since enactment of the Federal Cigarette Labeling and Advertising Act, and especially since January 1, 1966, when it became effective, the Commission has continued to study advertising and labeling of cigarettes and available evidence pertinent thereto. Such intensified attention is deemed warranted by the conclusion of the Advisory Committee that "Cigarette smoking is a health hazard of sufficient importance in the United States to warrant appropriate remedial action," by the apparent intent of the Congress that, as stated by Chairman Harris, "we did not intend in any way to restrict the Federal Trade Commission in carrying out its duties and responsibilities under the Federal Trade Commission Act" (except as to a requirement for a health statement), and by direction of the Statute that the Commission "transmit a report to the Congress not later than eighteen months after the effective date of this Act, and annually thereafter, concerning (A) the effectiveness of cigarette labeling, (B) current practices and methods of cigarette advertising and promotion, and (C) such recommendations for legislation as it may deem appropriate."

In this connection the Commission is particularly mindful of the injunction that it be especially watchful for violations of the FTC Act growing out of "any advertising which tends to negate the warning which must be placed on the package in accordance with" the Labeling Act. (Sen. Rep. p. 6; see also H.R. Rep. p. 5)

The Commission is now, with the required statement appearing on the package at this time, of the opinion that the evidence presently available would not support a charge that a truthful statement of the tar and nicotine content of cigarettes would *per se* tend to negate that warning or be otherwise violative of the Federal Trade Commission Act. This opinion is based upon recent conversations with experts whose testimony would be necessary to support such a charge.

On March 17, 1966, three Commissioners including myself, attended a meeting with members of the National Interagency Council on Smoking and Health. If the Commission were to issue a complaint today charging that a reference to tar and nicotine is false and misleading, such a charge would require the support in the form of expert testimony from precisely such agencies and organizations as are represented on that Council, and I cite the following:

American Association for Health, Physical Education & Recreation.

American Association of School Administrators.

American Cancer Society, Inc.

American College Health Association.

American Dental Association.

American Heart Association.

American Pharmaceutical Association.

American Public Health Association.

American School Health Association.

Association of State and Territorial Health Officers.

Department of Classroom Teachers of the NEA.

National Congress of Parents and Teachers.

National Tuberculosis Association.

U.S. Children's Bureau.

U.S. Office of Education.

U.S. Public Health Service.

In this instance, as in some others, we, as Commissioners impressed with the importance of the question presented, did not rely solely upon staff reports but had personal discussions with persons we deem authoritative. The Commission attaches great weight to the information secured at the meeting, largely in response to questioning by the Commissioners. Some of the agencies and organizations represented have since confirmed their views in writing. Excerpts from such letters are recited hereinafter so that your Committee may have a direct and specific understanding of the nature of the current evidence referred to throughout this report.

From the National Interagency Council on Smoking and Health:

"The following is a verbatim excerpt from the minutes of the Board of Directors of the National Interagency Council on Smoking and Health, held in Washington on January 13, 1966:

" 'Objectives for 1966–67: Dr. Diehl suggested several additional program objectives for 1966–67. The objectives were discussed and adopted by the Board as follows:

* * * * *

" '3. Add tar and nicotine content to the label on cigarette packages.'

"The National Interagency Council on Smoking and Health hopes that you will take the steps necessary to make it permissible for cigarette manufacturers to list tar and nicotine content on the labels of cigarette packages."

On March 21, 1966, the American Cancer Society, Inc., by its Senior Vice President for Research and Medical Affairs and Deputy Executive Vice President, expressed its views as follows:

"I am writing to express the conviction of the American Cancer Society that the Federal Trade Commission can render a major service to the health of the public by rescinding its restriction relative to the mention of the tar and nicotine content of cigarette smoke in cigarette advertising and on the packages of the various brands of cigarettes.

"All studies of cigarette smoking show that its harmful effects are related to the number of cigarettes smoked, to the length of time that one has smoked and to the degree of inhalation; in other words, to dosage. There is clear evidence also that the tars in cigarette smoke contain chemicals which produce cancer when applied to the skin of animals and to the bronchial mucosa of dogs, and it has long been recognized that nicotine is one of the most powerful poisons known.

"We are convinced, therefore, that it would be in the public interest to let people know how much tar and nicotine they are taking into their bodies when they smoke cigarettes. The customer is given this information concerning the drugs which he takes, the food which he eats, the beverages which he drinks. Why not concerning the cigarette smoke he inhales? Certainly, there is no reason to think that it would be against the public interest to provide this information.

"President Kennedy in a special message to the House of Representatives in 1962 concerning Strengthening Programs for Protection of Consumer Interests, emphasized that among the basic rights of the consumer are:

"1. The right to safety—to be protected against the marketing of goods which are hazardous to health and life;

"2. The right to be informed—to be protected against fraudulent, deceitful or grossly misleading advertising, labeling or other

practices and to be given the facts he needs to make an informed decision.

"The American Cancer Society believes that the public has the right to the same protection against the health hazards of cigarette smoking as against the potential hazards in our foods and drugs. And, obviously, the consumer must have information as to the tar and nicotine content of cigarettes in order to make an intelligent decision as to which brands to smoke.

"The American Cancer Society, therefore, respectfully requests the Federal Trade Commission to remove its restrictions relative to providing information concerning the tar and nicotine content of cigarette smoke on cigarette packages and in cigarette advertising; or better still to require that this information be provided."

From W. T. Robbins, M.D., as representative for the American College Health Association on the National Interagency Council on Smoking and Health we received a letter on March 23, 1966, in which he stated that he would ". . . urge that your office take all possible steps toward negation of the . . . agreement to withhold printing of tar and nicotine content on cigarette packages."

From George E. Moore, M.D., Ph. D., Director of Roswell Park Memorial Institute (New York State cancer research hospital), in a letter of March 24, 1966:

"The basic issue considered here is: Should the public be provided with continuing, updated information on the tar and nicotine content of cigarettes?

"There are commanding reasons why the public is entitled to—and should be given—this information. These are:

"(1) There is incontestable evidence (both from laboratory experiments and from human experience) that the tars which are condensed from cigarette smoke constitute one of the principal public health hazards of our era.

"(2) Government policies should therefore aim at reducing exposure of the population to cigarette tars. All effective measures to achieve this end should be vigorously implemented.

"(3) It would be desirable to eliminate further exposure entirely by having smokers withdraw from the habit and by protecting youngsters from acquiring the habit. Progress along these lines is bound to be slow. Consequently it is important to develop effective interim measures to reduce exposure to cigarette tar.

"(4) Whatever means, legislative or otherwise, are employed to promote a reduction in tar levels, the process will necessarily be a rather gradual, evolutionary one. To drive such a process, two things are necessary. The manufacturers need a strong incentive to produce cigarettes with low levels of tar and nicotine. Second, the public needs to be informed concerning tar and nicotine levels and encouraged to use products with reduced levels.

"Three principal objections have been raised to any publicity concerning tar and nicotine content of cigarettes. The first is the possibility that the manufacturers will publish misleading figures in order to secure competitive advantage. This has happened, for instance, with a brand of cigarettes which was introduced at about the time of the Surgeon General's report. The tar contents reported on the label substantially underestimated the tar content as measured using more conventional assay methods. There may also be times when minor fractional differences might be exploited as 'major improvements'. To meet these objections we would recommend that the products be tested by a central laboratory which would be responsible for the chemical, biological, and statistical accuracy of the reports.

"Second objection that has been often raised is that the advertising of reduction in tar content would create the false impression that the health hazard had been eliminated when the tar content was merely reduced. This objection has less force now that there is a warning of hazard on the package. The warning would continue to appear even though there had been some reduction in tar content. This would help to avoid any erroneous impression that the hazard had been eliminated.

"The third objection is somewhat more technical. It is conceivable that a reduction in tar content would be primarily a reduction in a fraction of the tar that was relatively unimportant as a health hazard. This objection can not be entirely eliminated at this time. However, all cigarette tars thus far which have been adequately tested and reported are carcinogenic in the laboratory. It is therefore a reasonable and prudent procedure to use the amount of crude tar as an index of hazard. If subsequent scientific finding makes it possible to improve this index, then a change can be made at that time.

"It is neither good policy nor good science to delay any reporting program until an ideal index comes along.

"When possible disadvantages of informing the public of the current amounts of tar and nicotine are weighed against the advantages of such a policy, it is clearly in the public interest to provide this information. *For this reason we strongly urge* that the FTC exert every effort to favor such a policy."

The Commission determined that if any marketer of cigarettes were to make factual statement of the tar and nicotine content (expressed in milligrams) of the mainstream smoke from a cigarette, . . . "so long as (1) no collateral representations (other than factual statements of tar and nicotine contents of cigarettes offered for sale to the public) are made, expressly or by implication, as to reduction or elimination of health hazards, and (2) the statement of tar and nicotine content is supported by adequate records of tests conducted in accordance with the Cambridge Filter Method. . . ." the Commission could not "have reason to believe that any such (marketer) has been or is using any unfair method of competition or unfair or deceptive act or practice in commerce, and . . . that a proceeding by it in respect thereof would be in the interest of the public . . ." (FTC Act Sec. 5(b)) so as to justify issuance of a complaint.

In other words, the Commission is of the opinion that testimony and other pertinent evidence available today, with the caution presently appearing on the packages, would not support the contention that a truthful disclosure of tars and nicotine present in the mainstream smoke of cigarettes, is *per se* false and misleading.

Having reached this conclusion, it appeared that in fairness to the marketers of cigarettes they should be informed of the change in the state of the evidence available and the effect thereof on its regulatory position in enforcement of the Federal Trade Commission Act.

The question of disclosing tar and nicotine content was discussed on March 9, 1966 by four of the Commissioners with Robert B. Meyner, Administrator, Cigarette Advertising Code, Inc., and members of his staff.

It is hoped that the foregoing will make clear that in determining whether the Commission should recede from its regulatory posture the interested parties are in fact those whose testimony must be relied upon to support that position in an adversary proceeding against a cigarette company.

I trust the foregoing will indicate the basis for the recent announcement by the Commission. I trust, too, that you will understand that the Commission is continuing to exercise its best efforts to obey the mandates of the Congress in affording protection from unfair and deceptive practices to the consumer, and promoting fair and free competition, within its statutory authority.

In the event you have additional questions I, of course, stand ready to discuss these matters further and shall be pleased to appear at any time which suits your convenience.

By direction of the Commission.

PAUL RAND DIXON,
Chairman.

MAY 25, 1966.

Hon. JOHN W. GARDNER,
Secretary of Health, Education, and Welfare, Department of Health, Education, and Welfare, Washington, D.C.
Washington, D.C.

DEAR MR. SECRETARY: I believe that the time has come for a comprehensive review of the medical evidence relating to tar and nicotine contents of cigarette smoke.

As you may recall, I proposed in the Cigarette Labeling Bill, which I introduced last year (S. 559), that all cigarette packages list the average tar and nicotine yields per cigarette, by the Cambridge filter method. However, the Commerce Committee, relying primarily upon testimony from the Surgeon General and from the Chairman of the Federal Trade Commission, determined that not enough was then known about the effects of variations in tar and nicotine content upon human health to warrant compulsory disclosure.

Subsequently, the Federal Trade Commission, after consultation with leading medical groups, including the U.S. Public Health Service, substantially altered its position on tar and nicotine labeling and published its determination that the nondeceptive disclosure of tar and nicotine content by the Cambridge method was not *per se* false and misleading.

I have also become increasingly disturbed by recent reports that several of the new filter cigarettes actually deliver tar and nicotine yields higher than, or at least as high as, their nonfilter counterparts. If this were true, it would mean that those smokers who turn to filter cigarettes in the hope of finding some measure of protection are being deceived.

Therefore, I request that your Department bring together and evaluate present research and medical opinion relating to tar and nicotine and that you test, perhaps in conjunction with the Federal Trade Commission, the major cigarette brands presently on the market for tar and nicotine content. Finally, I would like you to report to the Committee your judgment as to the desirability at this time of legislation requiring tar and nicotine statements on all cigarette packages.

I am enclosing a copy of the report made to me by Chairman Dixon in response to my request for the background and basis for the Commission's change of position on tar and nicotine advertising.

I am also enclosing a copy of a brief letter from Dr. Ernest L. Wynder, a distinguished cancer research physician of the Sloan-Kettering Institute, in which he indicates that tests conducted by him show that recently introduced filter cigarettes do not reduce tar and nicotine levels below the level of their nonfilter counterparts.

Sincerely yours,

WARREN G. MAGNUSON,
Chairman.

SLOAN-KETTERING INSTITUTE FOR CANCER RESEARCH,
New York, N.Y., April 27, 1966.

Senator WARREN G. MAGNUSON,
Chairman, Committee on Commerce, U.S. Senate,
Washington, D.C.

DEAR SENATOR MAGNUSON: In reply to your recent letter on questions relating to "tar" and nicotine content of American cigarettes, we do not routinely test cigarettes for "tar" and nicotine content. We cannot, therefore,

make a definitive statement regarding an increase of these values in American cigarettes in recent years. Our tests have shown, however, that the smoke of certain new filter brands introduced during the past year has almost identical "tar" and nicotine contents as their non-filter namesakes.

Appreciating your efforts in this general area of public interest, I am,

Sincerely yours,

ERNEST L. WYNDER, M.D.,
Associate Member.

SLOAN-KETTERING INSTITUTE FOR CANCER RESEARCH,
New York, N.Y., June 6, 1966.

Senator WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MAGNUSON: I have read your statement in the May 30 issue of Advertising Age in respect to filter cigarettes. I did state in my recent letter to you that certain new filter brands seem to have as high "tar"/nicotine content as their namesakes. This does not mean, however, that high "tar"/nicotine levels apply to all filter cigarettes.

In several filter brands the smoke content is significantly lower than in non-filter cigarettes. In the past, the consumer has had no choice between brands of cigarettes in respect to their "tar" and nicotine levels. As significant differences do exist, I feel that the public is entitled to be informed.

Sincerely yours,

ERNEST L. WYNDER, M.D.

FEDERAL TRADE COMMISSION,
June 8, 1966.

Re file No. 662 3108.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Receipt is acknowledged of a copy of your letter of May 25, 1966, addressed to the Secretary, Department of Health, Education, and Welfare, expressing the need for a comprehensive review of the medical evidence relating to tar and nicotine contents of cigarette smoke.

As the result of conversations with Mr. Mike Pertschuk, of your staff, a report is being prepared to inform you of action being taken in preparing for the reports to Congress required by the "Federal Cigarette Labeling and Advertising Act."

I can report at this time that the Commission has directed that a laboratory be established for the purpose of making regular and continuing tests of the tar and nicotine level in the mainstream smoke of cigarettes. It is anticipated that the laboratory will be established and commence testing in approximately 60 days. It will be located in the 1101 Building, sometimes referred to as the old Star Building, 11th and Pennsylvania Avenue, N.W.

The Commission's staff is working closely with that of the Department of Health, Education, and Welfare, exchanging information such as the results expected from the testing referred to above, in preparing for the reports to Congress directed by the "Federal Cigarette Labeling and Advertising Act."

With best personal regards, I am,

Sincerely yours,

PAUL RAND DIXON,
Chairman.

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE,
Washington, July 8, 1966.

Hon. WARREN G. MAGNUSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MAGNUSON: Thank you for your letter of May 25 concerning the tar and nicotine content of cigarette smoke and the newly established policy of the Federal Trade Commission regarding the disclosure of the tar and nicotine content of cigarettes.

The Public Health Service has already begun a review of the medical evidence on this subject similar to the review suggested in your letter. At the invitation of the Surgeon General, a panel of highly informed people met on June 1, with the results summarized in the attached memorandum from Daniel Horn, Ph. D., to Dr. Stewart. (It should be emphasized that this meeting was an informal one, with participants speaking in their individual capacities as scientists.)

This group of eminent investigators and other scientists concluded that the evidence more than justifies the action of the Federal Trade Commission in finding that the disclosure of tar and nicotine content is not per se false and misleading.

The Public Health Service expects to complete its review in 30–60 days, and I shall be pleased to make it available to you. If the conclusions point to the need for new legislation, we shall take steps leading to the submission to the Congress of a legislative proposal at the earliest possible date.

You also requested that our Department test cigarette brands for their tar and nicotine yields. As you know, the Federal Trade Commission is establishing a laboratory for this purpose, and it will be operating in approximately 60 days. The PHS is cooperating with the FTC in the entire smoking field and will not need to duplicate this function.

Please let us know if we can help you further.

Sincerely,

JOHN W. GARDNER,
Secretary.

[U.S. Government, Public Health Service-BSS, Memorandum]

JUNE 3, 1966.

To: The Surgeon General Through: Acting Deputy Chief, BSS Acting Chief, DCD.

From: Director, National Clearinghouse for Smoking and Health Division of Chronic Diseases.

Subject: Meeting of June 1, 1966 on Tar-Nicotine Content of Cigarettes.

Fourteen persons met at your invitation at the National Library of Medicine on June 1, 1966 to review information on the tar-nicotine content of cigarettes and its significance. The group included two members of the Surgeon General's Advisory Committee on Smoking and Health, Dr. Seevers and Dr. Schuman, plus representatives of various other research institutions and agencies, including the Federal Trade Commission and the Department of Agriculture.

The agenda of the meeting and the list of participants is attached. Guests at the meeting not named in the agenda were Dr. Guthrie and Dr. Marion Parker, the latter the Deputy Administrator of the Agricultural Research Service.

The following statements were unanimously adopted by this group and are addressed to you:

1. The preponderance of scientific evidence strongly suggests that the lower the "tar" and nicotine content of cigarette smoke, the less harmful are the effects.

2. We recommend to the Surgeon General that actions be encouraged which will result in the progressive reduction of the "tar" and nicotine content of cigarette smoke.

The group also recommended that a Public Health Service study group be established to consider a wide range of subjects connected with smoking and health, including the subjects of tobacco carcinogenesis and improved bio-assay techniques.

The day-long discussion carried on by this group marked agreements and new understandings among scientists and administrators from different fields, some of whom had never before met. Of particular interest was an explanation of the Department of Agriculture research programs, given by Dr. Parker, and his offer of controlled materials for the use of the American Cancer Society, the Sloan-Kettering Institute and Roswell Park Memorial Institute.

In the lengthy discussion of the formal statements given above, it was apparent that among the action which the group believed should be encouraged was the printing of tar and nicotine content on cigarette packages, in advertising and promotion, and support for the Federal Trade Commission's recent action.

A more detailed report of the meeting and its discussions is being prepared.

DANIEL HORN, Ph. D.

JULY 26, 1966.

Hon. PAUL RAND DIXON,
Chairman, Federal Trade Commission,
Washington, D.C.

DEAR MR. CHAIRMAN: I want to commend you for your decision to establish a cigarette testing laboratory. As you know, I share your belief that the tar and nicotine content of cigarettes is of sufficient significance to the public to justify the establishment and operation of such a laboratory.

In order that the general public may have the benefit of your testing, may I request that you report to Congress quarterly, through the Senate Commerce Committee, on the comparative tar and nicotine ratings of the major cigarette brands.

Kindest regards.

Sincerely yours,

WARREN G. MAGNUSON,
Chairman.

Mr. KENNEDY of New York. Mr. President, I am glad to cosponsor the bill which the Senator from Washington has introduced. The scientific evidence shows that the "tar" and nicotine content on cigarette smoke is related to the harmful effects of smoking. Hopefully, a requirement that the tar and nicotine content be disclosed to the public in all advertising for cigarettes will cause a competitive reduction by manufacturers in the use of those agents in cigarettes.

This is but one of the efforts that we must make in our continuing effort to advise the public—and particularly the 4,500 to 5,000 young people who begin smoking every day—that 250,000 premature deaths occur every year among cigarette smokers, that lung cancer is 10 times greater among smokers than nonsmokers, that emphysema is 13 times more prevalent among cigarette smokers than nonsmokers, and that there is a substantial association between cigarette smoking and heart disease.

Mr. President, the Surgeon General of the United States, Dr. William Stewart, recently made a speech in Buffalo, N.Y., under the auspices of the Roswell Park Memorial Institute, which has been one of the outstanding research institutes in the world on the question of smoking and health. In that address, Dr. Stewart summarized once again the medical evidence on smoking and health, and pointed out that hundreds of studies completed since the release of the celebrated Surgeon General's report just 2 years ago have added to the indictment. I believe this speech deserves the attention of the Senate, and I therefore ask unanimous consent that it be

printed in the RECORD at the close of my remarks.

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

ADDRESS BY WILLIAM H. STEWART, M.D., SURGEON GENERAL, PUBLIC HEALTH SERVICE, U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE [1]

Earlier this year there was a story in an upstate newspaper that had, I thought, a rather striking lead. It said, "There are some angry middle-aged men at the Roswell Park Memorial Institute, and the source of their chagrin is that 250,000 premature deaths occur each year among cigarette smokers."

It is a privilege tonight to be here with all of you—middle-aged or otherwise—who feel deeply about the problem of cigarette smoking and health.

I can appreciate the intensity of your feeling on this issue. I am speaking here tonight about smoking and health, in salute to one of the world's outstanding research institutions—an institution which, under the dynamic leadership of its Director, Dr. George E. Moore, may have contributed more to our understanding of this problem than any other.

The eminence of Roswell Park Memorial can be gauged by the research programs undertaken over the past years in cooperation with the Public Health Service, the American Cancer Society, and other groups. The research grants announced here today are among the many which over the years have come to Buffalo and to Roswell Park, in recognition of the ability of its researchers and the integrity of its leadership.

I want to talk to you tonight about the implications this problem has for the future. But first, let us look back—look back in anger if you will.

Two and one half years ago this week the Surgeon General's Advisory Committee on Smoking and Health issued its Report indicting cigarettes as a health hazard. You know the history of that Report and how the panel of 10 impartial scientists arrived at its judgment. You need no briefing on the evidence.

Not so generally known, however, is that before the Report appeared the Public Health Service developed a long-range plan for action, not to prejudge the Committee's findings but to be prepared in the event that the evidence on the harmful effects of smoking would be compelling enough to warrant initiating control measures in the immediate future. The plan provides an instructive background against which to measure progress.

Our goal, as we saw it then, was to reduce mortality associated with cigarette smoking in three ways: (1) by reduction of cigarette consumption, (2) by changes in the characteristics of the cigarette itself and (3) by changes in the techniques or form of smoking, or by a combination of these approaches.

We recognized, of course, that outright prohibition would not be feasible. Progress would have to be achieved through education and persuasion. Our plan was to work with two basic groups—the general public, and professional health personnel—especially physicians because of their personal influence with their patients.

This was, as you can see, a formidable New Year's resolution in January, 1964. Specifically, here is what we felt needed to be done:

First, get a clearer understanding of smoking of habits, attitudes, and beliefs of the public on smoking and study factors that cause people to change.

Second, help people who want to give up their smoking habits.

Third, reduce smoking among teenagers.

Fourth, stimulate communication between national and local forces working on control activities.

Fifth, help physicians to be of greater influence in helping people to change their smoking behavior.

Sixth, call together representatives from non-medical areas to discuss the implications of smoking control in their fields.

These were our broad guidelines for action. Now, 2½ years later, we can point to progress along each of these six avenues of approach—progress accomplished not by the Public Health Service alone but by a partnership of voluntary health agencies, professional and educational organizations, and other groups and institutions vitally concerned with the smoking health problem. Conspicuous among these, of course, is Roswell Park.

As we read the plan and the action taken, here is what we find:

We know a great deal more about smoking habits. A national survey, begun in November 1964, has given us much valuable information on smoking behavior. More such information is to come from a new survey begun only a few weeks ago.

Action on helping smokers was undertaken two weeks after the Report was issued, when the Public Health Service and the American Cancer Society cooperated to conduct a course for 166 men and women in Washington. A few months later a similar program was offered for Public Health Service employees. The Service has since sponsored and is sponsoring withdrawal clinics in other states. It is doubtful, however, that any state or agency can match Roswell Park's experience with 24 withdrawal clinics since your Cigarette Cancer Committee launched the first one in August, 1963, with volunteers from the Institute staff.

On teenage smoking, several important studies have been made on smoking habits and educational approaches. A number of youth conferences and seminars have been held in various parts of the country. A great deal of educational material is being directed to young people, their teachers and parents, with more in the pipeline, under many sponsorships.

As for stimulating communication between national and local anti-smoking forces, representatives of 35 state and 50 local interagency councils on smoking and health met at the University of Maryland last month to exchange views and discuss more effective action at the community level. This is the start of a grassroots movement that may hold great promise for the future.

On the long range proposal to influence physicians to influence patients, events have shown that the doctor's best influence is his own example. In the early 1950's, more than 60 percent of the nation's physicans smoked cigarettes; today less than 30 percent are smokers.

Finally, we are exploring the implications of the smoking problem in non-medical areas. Last Fall the Service brought together experts in advertising, agriculture, business and taxation to discuss what the impact would be in their fields if cigarette smoking were to be substantially reduced. The answer—if I may scoop the full report which will appear in an APHA Journal supplement—is that it would create some economic problems, but nothing catastrophic. Certainly, in my view, nothing as devastating as the death and disability caused by the present pattern.

There is, of course, more to the picture than this rundown of action in response to the specific proposals. Congress has approved a law requiring health warnings on cigarette packages. Two national agencies solely dedicated to the problem of reducing the health hazards of smoking have been established—the Public Health Service's National Clearinghouse for Smoking and Health, and the Interagency Council on Smoking and Health, a voluntary association of national organizations. We have also seen the rise of State and local interagency councils on smoking and health and the steady growth of school programs. Basic research has been stepped up on tobacco itself and on its effect on the human body.

Surveys indicate there is greater public awareness of the health hazards of smoking now than ever before, and that a majority of Americans want something done about it. But we cannot assume that the momentum of action now underway will carry us to an early solution.

There is a wide gap between public awareness of the health hazards of smoking and the individual decision to do something about it. Dr. Moore knows this as well as anyone. The frustrating part of getting people to quit, according to those who have studied the dynamics of the change process, is that most smokers are competent to quit by themselves, without any help at all. But they must have the will to do it.

The fact is cigarette smoking is a habit too deeply ingrained to be broken easily. And the task is made no easier by the continuing pressure of cigarette advertising and by skeptics who seek to discredit the medical evidence or confuse the relationship between cigarettes and disease and disability.

The medical evidence against cigarettes has become even more overwhelming. Hundreds of studies—completed since the release of the Advisory Committee Report—keep adding to the indictment. At the risk of carrying coals to Newcastle, let me review briefly for this knowledgeable audience the evidence related to two of the diseases clearly associated with smoking—lung cancer, and emphysema.

Fifty years ago, lung cancer was a rare disease. Today, among American men, it is the most common cause of death from cancer, and it is increasing at epidemic proportions. In 1930, deaths from lung cancer in the United States totalled 2500. This year an estimated 50,000 men and women will die of the disease.

Cigarette smokers run a risk of death from lung cancer ten times greater than the nonsmoker. The Advisory Committee Report stated flatly that cigarette smoking is causally related to lung cancer in men and that the risk of developing the disease increases with the duration of smoking and the number of cigarettes smoked per day.

The problem is compounded by the inability of present medical techniques to cope with the disease effectively. The science of diagnosing pre-malignant lung conditions is inexact and ineffective. Diagnosis by biopsy involves the surgical removal of tissue and is not without some risk.

Lung cancer has a tendency to spread rapidly, often while it is still a relatively small tumor. Even when it is discovered early, using the diagnostic tools we have, it is often found that the cancer has already metastasized. The percentage of lung cancers discovered while localized is a discouragingly low 20 percent, and has not changed over time.

The prognosis for lung cancer patients is poor. Even though important advances in therapy have taken place, the one-year survival rate is still only 25 percent, the five-year survival rate is five percent and 10-year survival rate, three percent.

Assuming that the adult population in the U.S. could have a cancer detection examination on a periodic basis, how much

[1] Presented at a meeting sponsored by the Roswell Park Memorial Institute, Statler-Hilton Hotel, Buffalo, New York, June 14, 1966 at 8:15 p.m.

could be achieved in terms of preventive cancer deaths? In the case of cancer of the cervix, which can be almost 100 percent preventable, some 10,000 lives a year could be saved. In breast cancer, which could be 50 percent curable, over 12,000 lives a year could be saved. But lung cancer is only ten percent curable. This means that fewer than 4,000 lives could be saved by early diagnosis.

Clearly our efforts must be centered on primary prevention, preventing the disease from occurring. It seems so simple. If people stop smoking or if we develop a safer cigarette for them to smoke, or if we find safer ways of smoking—or if we do all three things at once—we shall have lung cancer under control. We can, in a fairly short time, reduce deaths from this disease, free our surgeons, nurses and health workers for other tasks, and free our research workers for other studies.

I cannot believe that cigarette smoking, a habit which is not much more than 60 years old, can continue the damage it is now causing. I cannot think we will not be able to bring it under control.

Are there additional control methods that we can apply while we continue these fundamental efforts? What can we do through secondary prevention to prevent premature death and disability?

In terms of lung cancer, the cold fact is that education and persuasion are at present our only thoroughly valid weapons. We must, and we shall, redouble these efforts.

In addition, so as to leave no stone unturned, we should explore other avenues in the hope that they may bring benefit to some.

We need better epidemiological information. We know that the greatest incidence of lung cancer is in the male population—among men 40 or 45 years old or older, who are heavy smokers. It would be very valuable if we could narrow this population group even more. Not all middle-aged men who are heavy smokers contract lung cancer. Are there other characteristics which we should look for?

We must find better ways also to find premalignant and early cancerous conditions. Perhaps further development of better techniques in the microscopic examination of sputum for the presence of abnormal cells may prove valuable in saving some individuals. Refining existing diagnostic tools and developing new ones are important targets for research.

Given effective tools and more precise epidemiological knowledge, we can then look toward productive results from screening operations for the high risk population. Clearly, any improvement in present survival rates is worth striving for. We need to try every approach that offers some hope of success.

But in doing so we must never lose sight of the fact that—both now and in the foreseeable future—education is the only method that promises a major victory against lung cancer. By education I mean making people so keenly aware of the hazards that those who smoke cigarettes will stop, and those who do not smoke will never start.

Let me turn now to emphysema which, like lung cancer, is relatively new as a major medical phenomenon. In 1955, emphysema caused 4,000 deaths. Eight years later the number of deaths rose to more than 15,000.

But emphysema's greatest damage is done as a crippler of men. It disables approximately one out of every 14 wage earners over 45 years old. It is second only to heart disease in the cost for disability allowances. Yearly social security pensions paid to emphysema sufferers total more than $80,000,000.

Adequate statistics on the prevalence of emphysema are lacking, but estimates of the number of sufferers range from one to ten million. Many are afflicted to a slight degree, but large numbers are seriously disabled. Each year some 14,000 emphysema patients become totally disabled, according to the Social Security Administration.

Although the exact cause of the disease is still unknown, cigarette smoking, according to the Advisory Committee Report, increases the risk of dying from it. Studies have shown emphysema to be 13 times more prevalent among cigarette smokers than among non-smokers.

And it is an insidious disease, creeping up on its victims. Many patients are unaware anything is seriously wrong until much of their lung function is impaired. As the disease advances, coughing becomes more frequent and breathing becomes a major effort. At this point it is often too late to do more than slow down the harmful effects.

In the case of emphysema, early diagnosis is among the best therapies. If, through X-rays and pulmonary function tests, we can detect the presence of this disability early enough, we can often convince the patient that he should do something to help arrest the progress of the disease. This "something", of course, is to stop smoking. If he does, he will in all likelihood feel better and live longer.

This is certainly a strange kind of medicine. It would be much easier to control emphysema by giving up smoking before the condition develops, or by developing safer cigarettes or safer smoking habits. But if these simple steps are not totally successful, then we must take the more difficult one.

How strong is our motivation to redouble the educational attack?

Let us try to estimate the enormity of the medical problem ten years from now if death and disability rates were permitted to mount as alarmingly as they are doing now.

Of the 50,000 estimated lung cancer deaths this year, about 40,000 will die primarily because of cigarette smoking. In 1976, the number would be doubled.

The number of deaths from emphysema and bronchitis doubles every five years. In 1963 they were the cause of death for over 20,000 men and women. Ten years from now—if this geometric progression should continue—the number could reach over 80,000.

The Advisory Committee Report indicates there is a substantial association between cigarette smoking and mortality and morbidity from coronary heart disease. Heart attacks now prematurely kill about 100,000 cigarette smoking men and women each year. Ten years from now the death toll would be over 122,000 for both sexes.

And in addition to these deaths, we must also take into account disability which would affect literally millions of our people.

These figures suggest how dearly we are paying now for the cigarette habit, and how dearly a few years hence if no effort were mounted—not only in terms of lives prematurely lost but also in terms of human suffering, medical bills, and the nation's economy. Perhaps when the figures for days lost from work are available we will be able to estimate the annual cost to the nation in lost services and earnings of men and women killed and disabled prematurely by cigarettes. It will undoubtedly run into huge sums of money.

Last year at hearings on the labeling legislation in Washington, Dr. Morton Levin, Chief of Roswell Park's Department of Epidemiology, said, "The most important practical aspect of the health hazards of cigarette smoking is in its preventive possibilities."

I heartily concur. The Public Health Service intends to intensify its effort in preventive aspects of smoking, and in research and public education and information as well.

I am pleased to announce that the Public Health Service, in cooperation with the National Tuberculosis Association, is sponsoring a task force of the nation's leading experts on bronchitis and emphysema to study these diseases as a national problem and to recommend action to deal with it. They will meet at Princeton in October.

We must also make more effective use of research in the behavioral sciences in order to learn how to deal with the complex psychological factors associated with smoking.

Earlier we looked back in anger. In another respect we look back in sorrow. On January 12, 1964, the day after the Advisory Committee Report appeared, there was a New York Times story headlined. "These Networks Will Review Policy on Use of Advertising." It is not clear that present advertising policy is concerned with cigarette commercials being aired on TV programs whose entertainment portion is appealing to children. The ads still come through loud and clear for millions of children. And the fact remains that half of the nation's teenagers are regular smokers by the age of 18.

We must expand our efforts in health education generally. Unless health is important to the individual he can hardly be expected to exert much energy in overcoming the smoking habit or denying himself the pleasure he gets from it. What can we do that we are not doing to help make health important to the individual? If this is basic to our educational programs in smoking and health, we must reconsider our educational approaches to the problem. And this we are doing.

Thus education remains the strongest weapon of all, a weapon we must wield with greater vigor and effectiveness.

We must see to it that each individual has access to the facts, in a context that communicates understanding of what these facts imply. Our challenge is to help people to act intelligently to protect themselves against one of the great health hazards of the 20th century. Working together, I am confident we will prevail. After looking back in anger, let us look ahead in hope and determination.

AGRICULTURAL ADJUSTMENT ACT OF 1938 AMENDMENTS

Mr. YARBOROUGH. Mr. President, section 201(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1291(a)) gives the Secretary of Agriculture authority to make complaints to the Interstate Commerce Commission with respect to rates, charges, tariffs, and practices relating to the transportation of farm products, and to prosecute such complaints before the Commission.

One of the most valuable potential merits of this authority is the protection of small farmers and other small agricultural producers who are being damaged as a result of discriminatory freight rates. It costs a lot of money to prosecute a case before the ICC and small agricultural producers who are being hurt by discriminatory freight rates frequently cannot afford the expense. They are caught on the horns of a dilemma: if nothing is done to ease the discriminatory burden, they will be forced out of business; yet they cannot afford the great expense involved in a case before the ICC, the appeals in the courts, etc.

Therefore, Congress gave the Secretary of Agriculture the authority to help out these little people who do not themselves have the resources to carry on a legal battle against the great railroads and other carriers with their vast economic resources.

But what has happened in the 28 years since the passage of this act? The answer, amazingly enough, is that the authority has only once been used. It has been used, only once, and that was a case back in the 1950's.

In the meantime there have been cases in which it should have been used. The very nature of the system makes it inevitable that there will be cases of discrimination. We have a vast country, which is broken up historically, geographically, and economically into regions which frequently compete with one another economically. This is fine and good; competition is at the heart of the American ideal. But it should be fair competition, which should proceed according to rules of fairplay.

The second element of the system is the existence of millions of small farmers and a few giant railroads. The disparity between the power of a little farmer or even a group of little farmers and a giant railroad is such that a railroad can afford to disregard the demands of the small farmer, because one group of small farmers is not very important to the railroad. Moreover, if the farmer were to go himself before the ICC and request relief he could not match the economic resources of the railroad. Most farmers could not afford to file suit in the first place.

One thing which can happen is that, for one reason or another, freight rates in one region of the country are lowered. This gives producers in that region an economic advantage over its competitors. If producers in the other regions cannot compel their railroads to grant competitive rate reductions, they must labor under a great handicap.

It seems that it would be in the economic interest of the railroads to match the rates of their competitors. But this is not necessarily so. Rate structures are so complicated that there are a whole host of reasons why a railroad might not voluntarily meet another's rate reduction. But such a situation is inimical to the health of the region, and in the context of our national economy, to the health of the country. It is in the interest of the whole country that a region should not die.

From the point of view of the railroad, which serves more than one small region, and which has many other interests to protect, the importance of saving a region from dying may not be a high priority item, at least not high enough to cause it to lower its rates.

Thus public action is necessary. Wise public policy demands that the Government intervene. Thus the Secretary of Agriculture was given this authority, to be used for the public good, to assist people who were economically too weak to go by themselves up against the giant railroads. But in 28 years the authority has been used only once.

It is obvious that Congress needs to spell out the Secretary's responsibility to act because the Department of Agriculture during the past 28 years has apparently felt no responsibility. Its power has lain dormant.

Therefore, I am today introducing legislation which will more explicitly define the intent of Congress that this congressionally granted power shall be used and not merely be an ornament to gather dust in the back pages of the Agriculture Department Library.

My bill reads as follows:

Upon the written request of twenty or more persons who certify that they are being damaged by discriminatory rates, charges, tariffs, or practices relating to the transportation of farm products, the Secretary shall, as soon as practicable, make complaint to the Interstate Commerce Commission with respect thereto and shall prosecute the same before the Commission, unless he finds that the request of such persons is unreasonable or frivolous.

I hope that the Senate Agriculture Committee will give early consideration to this proposal.

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

The bill (S. 3657) to amend section 201 of the Agricultural Adjustment Act of 1938, as amended, in order to require the Secretary of Agriculture in certain cases to make complaint to the Interstate Commerce Commission with respect to rates, charges, tariffs, and practices relating to the transportation of farm products, introduced by Mr. YARBOROUGH, was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

TELEVISION COVERAGE OF SENATE DEBATE ON MAJOR ISSUES

Mr. GRIFFIN. Mr. President, I submit, for appropriate reference, a resolution calling for television coverage of major debates on the Senate floor.

Only a handful of people in this great Nation today are given the opportunity to watch Senate debates on the most important national issues which vitally affect the everyday lives of our citizens.

Television has covered the major United Nations debates, and our people have profited by their firsthand contact with U.N. proceedings. In the past few years, TV cameras have been trained on legislative proceedings in many States, among them Arizona, Kansas, Idaho, Oklahoma, and Massachusetts. And senatorial committees open their hearings to television coverage.

Last week, the Joint Committee on the Organization of the Congress, of which I am a member, recommended that House committee hearings be opened to radio and TV. But I do not think this goes far enough.

My resolution would permit the Senate Rules Committee to determine if a particular debate was of sufficient national interest to warrant TV coverage. I think we should try it on a limited scale at first, then expand it if it proves successful which, I am convinced, it will be.

Thinking people are trying, in many ways, to stimulate the interest of our people in government. I believe that television has proved itself a valuable tool in this respect. It would be even more valuable if it brought to the American people the give-and-take of Senate debate on major issues.

The ACTING PRESIDENT pro tempore. The resolution will be received, printed, and appropriately referred; and, under the rule, the resolution will be printed in the RECORD.

The resolution (S. Res. 288) was referred to the Committee on Rules and Administration, as follows:

S. RES. 288

Resolved, That (a) the second paragraph of rule XXXIV of the Standing Rules of the Senate is amended by inserting therein, immediately after the first sentence thereof, the following new sentence: "Such regulations shall make appropriate provision for the reporting of proceedings of the Senate by radio or television at such times and under such conditions as may be specified in such regulations or by resolution of the committee from time to time."

(b) The second sentence of the second paragraph of rule XXXIV of the Standing Rules of the Senate is amended by inserting therein, immediately after the words "radio, wire, wireless," the term "television,".

PROPOSED SETTLEMENT OF LABOR DISPUTE BETWEEN CERTAIN AIR CARRIERS AND THEIR EMPLOYEES—AMENDMENT

AMENDMENT NO. 712

Mr. MORSE submitted an amendment, intended to be proposed by him, to 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, which was referred to the Committee on Labor and Public Welfare and ordered to be printed.

(See reference to the above amendment when submitted by Mr. MORSE, which appears under a separate heading.)

AMENDMENT NO. 713

Mr. JAVITS (for himself and Mr. MORSE) submitted amendments, intended to be proposed by them, jointly, to Senate Joint Resolution 181, supra, which were referred to the Committee on Labor and Public Welfare and ordered to be printed.

(See reference to the above amendment when submitted by Mr. JAVITS, which appears under a separate heading.)

ADDITIONAL COSPONSORS OF BILLS

Mr. WILLIAMS of New Jersey. Mr. President, I ask unanimous consent that, at its next printing, the name of the Senator from Alaska [Mr. GRUENING] be added as a cosponsor of the bill (S. 2951) to amend title V of the Social Security Act to provide a grant-in-aid program to assist the States in furnishing aid and services with respect to children under foster care.

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

Mr. MUSKIE. Mr. President, I ask unanimous consent that the name of the Senator from Pennsylvania [Mr. CLARK] be added as a cosponsor of S. 3521, a bill to foster high standards of architectural excellence in the design and decoration of Federal public buildings outside the District of Columbia, and to provide a program for the acquisition and preservation of works of art for such buildings, and for other purposes, at the next printing of this bill.

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

NOTICE OF HEARING ON S. 2672, INTERSTATE LAND SALES FULL DISCLOSURE ACT

Mr. WILLIAMS of New Jersey. Mr. President, I would like to announce that the Subcommittee on Securities of the Banking and Currency Committee will hold a 1-day hearing on Thursday, August 4 on S. 2672, the Interstate Land Sales Full Disclosure Act. The hearing will commence at 10 a.m. in room 5302. Persons desiring to testify or to submit written statements should contact Mr. Matthew Hale, Chief of Staff of the Banking and Currency Committee, Room 3200, New Senate Office Building.

NOTICE OF HEARINGS

Mr. MUSKIE. Mr. President, I announce for the information of the Senate and other interested persons that the Senate Subcommittee on Intergovernmental Relations has scheduled hearings on S. 3408, a bill to strengthen intergovernmental cooperation and the administration of grant-in-aid programs, to extend State merit systems to additional programs financed by Federal funds, to provide grants for improvement of State and local personnel administration, to authorize Federal assistance in training State and local employees, to provide grants to State and local governments for training of their employees, to authorize interstate compacts for personnel and training activities, and for other purposes.

The hearings will be held on August 16 and 17 in room 3302, New Senate Office Building, starting at 10 a.m.

Any Senator or other person wishing to testify should notify the subcommittee, room 357, Senate Office Building, extension 4718, in order that he might be scheduled as a witness.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when I complete the call of the calendar and make a few unanimous-consent requests, the senior Senator from Oregon may be recognized for 20 minutes.

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

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 Commerce.

The Committee on Rules and Administration.

The Committee on Interior and Insular Affairs.

The Committee on Post Office and Civil Service.

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of measures on the calendar, beginning with Calendar No. 1363 and the succeeding measures, in sequence.

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

AMENDMENT OF SECTION 15D OF THE TENNESSEE VALLEY AUTHORITY ACT OF 1933

The bill (H.R. 15225) to amend section 15d of the Tennessee Valley Authority Act of 1933 to increase the amount of bonds which may be issued by the Tennessee Valley Authority was announced as next in order.

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

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

Mr. RANDOLPH. Mr. President, the Tennessee Valley Bond Financing Amendments Act of 1959, Public Law 137 of the 86th Congress, imposed a limitation of $750 million on the amount of bonds that could be issued by the Tennessee Valley Authority to finance its power program.

The legislation now reported by the Committee on Public Works, H.R. 15225, raises this ceiling to $1,750 million, or an increase of $1 billion dollars.

The bonding authority granted by the Congress in 1959 is virtually exhausted. TVA has issued, and has outstanding, bonds totaling $345 million. An additional $155 million will be issued in the near future to cover existing construction contracts. The balance of available authorization, totaling $250 million, will be obligated prior to the end of fiscal year 1967 to cover the cost of power facilities presently planned by TVA for completion by 1970.

It is understood that the additional bonding authority provided is this legislation will be sufficient to cover the issuance of bonds by the Tennessee Valley Authority for power construction purposes for at least another 7-year period, through 1973.

The committee was unanimous in reporting the need for increasing the bond financing authority for TVA at this time.

The committee also gave consideration to other matters directly related to the conduct of the Tennessee Valley Authority program.

One of those matters was a request of the Jackson Purchase Rural Electric Cooperative, with headquarters at Paducah, Ky., that the bill be amended to allow TVA to serve that area. The committee, while sympathetic to the request of Jackson Purchase, considered it unwise to expand the territorial limits of TVA imposed by the 1959 act.

As the Members of this body know, the Congress, after long and careful deliberation, established a territorial limitation in the act of 1959 on the service area of the Tennessee Valley Authority. The area thus established was defined as that for which TVA was the primary source of power on July 1, 1959, plus certain exceptions as set forth in the act.

The expansion of TVA beyond its present service area is of great concern to the investor-owned utilities. Since the establishment of the territorial boundary in 1959, these companies have been free to develop their existing facilities and service area needs without fear of losing their customers through further expansion of TVA beyond those 1959 boundary delineations.

If Congress were to permit the expansion of TVA at this time to provide service to Jackson Purchase, it would open a Pandora's box. We would be besieged by requests from others on the periphery of the service area for similar treatment. This would only serve to disrupt and destroy the amiable relations between the Government-owned Tennessee Valley Authority and the private power companies that have existed since establishment of the territorial limitation in 1959.

Another matter of concern to the committee is the use of nuclear powerplants in lieu of coal-fired plants for the generation of electrical energy by the Tennessee Valley Authority.

Speaking as an individual, and as a Senator from a major coal-producing State, I am concerned with any proposal which would affect the economy of the region.

In addition, I feel that it is unwise to use our uranium reserves, which are in short supply, to develop electrical energy in areas where an abundance of fossil fuel is available.

We hope that the Tennessee Valley Authority will take these matters into consideration in future planning for the development of additional power installations in the area served by the Corporation.

Mr. President, the committee urges that the Senate pass H.R. 15225 as reported by the Committee on Public Works.

Mr. COOPER. Mr. President, I support the bill H.R. 15225 which is before us today. This bill amends section 15(d) of the Tennessee Valley Authority Act of 1933, authorizing TVA to issue an additional $1 billion of its obligations for its future needs for plant and equipment.

I supported in 1959 the original grant of authority to the TVA by the Congress. In 1954, when it became apparent that Congress would not continue to appropriate money for additional generating facilities of the TVA, I spoke on the floor

of the Senate and made the proposal that TVA be authorized to issue revenue bonds to finance additional generating capacity. I did so because I thought it was apparent that Congress would not provide sufficient appropriations for additional generating capacity and also because I thought it better for TVA, and a saving to the Federal Treasury that Congress should not authorize these appropriations. I had the honor to make this recommendation to President Eisenhower, and later President Eisenhower recommended to the Congress a bill authorizing TVA to issue its own bonds to provide generating and transmission facilities to meet the growing needs of the people who lived in that area.

I introduced a bill to authorize TVA to finance its needs, and served on the Senate Public Works Committee in 1957, 1958, and 1959 when the Senate version of the vill was developed, and I voted for the bill. President Eisenhower, who had made the recommendation, signed the bill when it was passed by the Congress in 1959.

When the Public Works Subcommittee met in executive session this year on H.R. 15225, I offered an amendment to the bill to add to the TVA service area a specific area of western Kentucky now served by the Jackson Purchase Cooperative. Because of the importance of this amendment to residents of western Kentucky, I would like to take this opportunity to outline to the Senate the historical background and my reasons for offering such an amendment.

As I have noted, I was a member of the Public Works Committee in 1959 when the 86th Congress enacted H.R. 3460 authorizing the TVA for the first time to finance needed additions to its power system by the issuance of its own revenue bonds in a maximum amount of $750 million. In granting TVA this new authority, Congress at the same time wrote into the bill provisions establishing geographical limitations on any further extension of the TVA service area as it existed on July 1, 1957—unless authorized by the Congress. The geographical limitations established by H.R. 3460 are contained in the first two paragraphs of section 15(d)(a) of the present act and read as follows:

Unless otherwise specifically authorized by Act of Congress the Corporation shall make no contracts for the sale or delivery of power which would have the effect of making the Corporation or its distributors, directly or indirectly a source of power supply outside the area for which the Corporation or its distributors were the primary source of power supply on July 1, 1957, and such additional area extending not more than five miles around the periphery of such area as may be necessary to care for the growth of the Corporation and its distributors within said area: *Provided, however,* That such additional area shall not in any event increase by more than 2½ per centum (or two thousand square miles, whichever is the lesser) the area for which the Corporation and its distributors were the primary source of power supply on July 1, 1957; *And provided further,* That no part of such additional area may be in a State not now served by the Corporation or its distributors or in a municipality receiving electric service from another source on or after July 1, 1957, and no more than five hundred square miles of such additional area may be in any one State now served by the Corporation or its distributors.

Nothing in this subsection shall prevent the Corporation or its distributors from supplying electric power to any customer within any area in which the Corporation or its distributors had generally established electric service on July 1, 1957, and to which electric service was not being supplied from any other source on the effective date of this Act.

To ease the hardship on particular communities bordering on the TVA service area, which had already entered into negotiations for TVA power, and to provide for some flexibility in local adjustments to the new geographical boundaries, both the House and Senate authorized in H.R. 3460 certain specified exceptions which are set forth in paragraph 3 of section 15(d)(a) and excepted the six Kentucky communities of Paducah, Princeton, Glasgow, Fulton, Monticello, and Hickman; the two Georgia communities of Chickamauga and Ringgold; and the four Tennessee communities of Oak Ridge, South Fulton, Dyersburg, and Covington. Certain other exceptions, to provide for defense and military needs, were also included. The complete text of the third paragraph of section 15(d)(a) reads as follows:

Nothing in this subsection shall prevent the Corporation, when economically feasible, from making exchange power arrangements with other power-generating organizations with which the Corporation had such arrangements on July 1, 1957, nor prevent the Corporation from continuing to supply power to Dyersburg, Tennessee, and Covington, Tennessee, or from entering into contracts to supply or from supplying power to the cities of Paducah, Kentucky; Princeton, Kentucky; Glasgow, Kentucky; Fulton Kentucky; Monticello, Kentucky; Hickman, Kentucky; Chickamauga, Georgia; Ringgold, Georgia; Oak Ridge, Tennessee; and South Fulton, Tennessee; or agencies thereof; or from entering into contracts to supply or from supplying power for the Naval Auxiliary Air Station in Lauderdale and Kemper Counties, Mississippi, through the facilities of the East Mississippi Electric Power Association: *Provided further,* That nothing herein contained shall prevent the transmission of TVA power to the Atomic Energy Commission or the Department of Defense or any agency thereof, on certification by the President of the United States that an emergency defense need for such power exists. Nothing in this Act shall affect the present rights of the parties in any existing lawsuits involving efforts of towns in the same general area where TVA power is supplied to obtain TVA power.

The actions taken by the House and the Senate with respect to these exceptions should be noted. The House Public Works Committee and the House excepted the Kentucky communities of Paducah, Princeton, and Glasgow; the Senate Public Works Committee accepted my amendments adding Fulton and Monticello; Hickman was added on the Senate floor by an amendment I offered. The House committee excepted the two Georgia towns of Chickamauga and Ringgold and no additional Georgia towns were added by the Senate. The House committee excepted the three Tennessee towns of South Fulton, Dyersburg, and Covington, and the Senate committee added Oak Ridge. I might point out that, as of this date, all of the above Kentucky towns are now receiving TVA power except Princeton; and Princeton will begin receiving TVA power in a few months.

It may be helpful to review briefly the basis upon which the House and Senate committees granted the exceptions and thus provided TVA power for these communities.

The House committee held hearings on March 10 and 11, 1959. Representatives of several Tennessee, Georgia, and Kentucky communities, including the Kentucky communities of Paducah, Princeton, and Glasgow, filed statements requesting exemption from the proposed territorial limitations of the Vinson amendment. In exempting several of these communities, the House committee, in its report of April 14, 1959, pointed out:

The committee added language making clear that it is not intended to prevent TVA from continuing service to two communities which it began serving after July 1, 1957. The committee also provided expressly that the provision should not prevent TVA from supplying power to six communities which advised the committee directly, or through their representatives, that they had already taken steps to qualify themselves to receive power from TVA. A further amendatory provision permits TVA to transmit power to the Department of Defense or any agency thereof on certification by the President that an emergency need for such power exists.

The Senate Public Works Subcommittee on which I served held hearings on H.R. 3460 on June 9 and 10. During the course of these hearings, representatives of the Kentucky communities of Paducah, Princeton and Glasgow appeared and testified before the committee urging that the Senate committee retain their exemptions as authorized by the House. In addition, representatives from Monticello and Fulton, Ky., appeared before the committee and offered evidence to support their contention that the Senate should grant exemptions to these communities, which exemptions the House failed to provide. This committee, later in executive session, adopted an amendment I offered and added these two towns to the list of exceptions.

In filing its report of July 2, 1959, this committee stressed the basis upon which the exemptions were granted:

The committee recognizes the problems inherent in an attempt to establish a rigid boundary for limitation of power service. The House evidently encountered these problems also and included several exemptions in H.R. 3460. Specific problems of individual communities were brought to the attention of the committee and several additional exemptions were included. Passage of the bill would not require these communities to complete their efforts to receive power from TVA. The exemptions save to those communities the right and opportunity they have under existing law and which they were believed to be in the process of exercising.

At this point I would like to note that on the closing day of the Senate hearing, I received a telegram from the president of the Jackson Purchase Cooperative requesting to be included among those

areas authorized to receive TVA power. However, no request was made either to me or to the chairman by the cooperative to have representatives testify before this committee. It was the view of the committee that because of a lack of information, it was unable to give consideration to this request.

After the hearings had been completed and after the bill had been enacted, the attorney and representatives of the co-op visited me and Senator MORTON, and Representative STUBBLEFIELD and talked about this matter.

I consulted at that time with Senator Kerr. Both Senator Kerr and I advised them that the appropriate course would be to make their request at such time as TVA returned to the Congress for additional self-financing authority.

Jackson Purchase had not been able to successfully urge its application to be included in the TVA service area during World War II because of the inability to secure facilities and the materials needed should TVA enter into a power supply contract.

After the war, the cooperative renewed its negotiations. The reason stated by representatives of the cooperative for not testifying before this committee in 1959 was that as a result of conversations with some TVA officials they had been advised to await the outcome of the action of the Congress on the TVA self-financing bill. Early in 1959, just prior to passage of H.R. 3460 by the House, Jackson Purchase was actively seeking a wholesale power contract with TVA. Negotiations were suspended at the suggestion of TVA during the congressional debate on the bill. Jackson Purchase has felt that the inequity of their situation would have been recognized by the committee at that time in 1959 had they appeared and presented their testimony.

When the chairman, the distinguished Senator from West Virginia, scheduled hearings before the Public Works Committee on H.R. 15225, I made arrangements for officers of Jackson Purchase, the Paducah Chamber of Commerce, and other community leaders to appear and testify before the committee concerning their efforts to secure TVA power and the unique circumstances of their situation. Those individuals who testified were the following: Mr. Howard V. Reid, chairman, board of directors, Jackson Purchase Rural Electric Cooperative; Mr. Hobart Adams, general manager, accompanied by Mr. Julian Carroll, general counsel; Congressman FRANK A. STUBBLEFIELD; Mr. Fred Paxton, president, Paducah Chamber of Commerce; Mr. W. C. Young, secretary, Western Kentucky AFL-CIO Area Council. In addition, members of the board of directors of Jackson Purchase were also in attendance: Mr. C. H. Arnett, Mr. R. L. Bailey, Mr. Louis Bradley, Mr. Willard Carneal, Mr. Stanley Jones, Mr. O. W. Stagner, Mr. Harvey Sanders, Mr. J. E. Wilkins.

Jackson Purchase is an REA distribution cooperative with some 10,000 members serving a rural area in western Kentucky which includes the following counties: Marshall, Ballard, Carlisle, and parts of McCracken, Livingston, and Graves Counties. Jackson Purchase is the only power distributor not receiving TVA power in an area for which TVA is the primary source of electricity, including the principal urban center of Paducah, served by TVA. It is the only power distributor with a service area in which all the large industrial loads are receiving TVA power and the area's rural consumers are not. Finally, the Jackson Purchase Cooperative is the only power distributor not receiving TVA power in this area which has TVA dams, hydroelectric plants, a giant steamplant, substations, transmission lines, and other facilities permeating the immediate and adjacent areas to that served by the cooperative.

In the course of discussion among the committee members I pointed out that my amendment would not modify or extend the geographical limitations contained in paragraphs 1 and 2 of section 15(d)(a) of the present act so as to authorize a general expansion of the TVA service area beyond its present boundaries. I have opposed and would oppose any such general extension. On the contrary, my amendment was limited to correcting an inequity and hardship situation that should have been resolved in 1959—an inequity that involves unique circumstances based on the local conditions of a particular area.

I also brought to the attention of the committee members that my amendment was more restrictive as to area than the House bill—H.R. 14833—which received favorable comment from the TVA and the Secretary of the Department of Agriculture—which loans money to the cooperative through the REA.

I regret that when a vote was taken on my amendment it failed to carry by a vote of 7 to 6. I appreciate the very thoughtful consideration and recognition given by the committee to the equities presented so well by the representatives of the Jackson Purchase Cooperative—which I supported.

Mr. President, I ask unanimous consent that the pertinent excerpts of the Public Works hearing record of June 28 relating to this subject be included in the RECORD at this point.

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

Senator COOPER. I wish to make a statement which might be of some help to the committee in its consideration of the testimony of the next witness. I am familiar with the subject. As you know, I was a member of this committee in 1959 when the TVA Self-Financing Act was enacted. I would like to submit for the record my prepared statement.

* * * * *

Senator COOPER. The committee knows that section 15d(a) of the Self-Financing Act placed a limitation upon the area which TVA could serve.

* * * * *

Senator COOPER. Notwithstanding this general limitation the House of Representatives exempted from this section three communities in Kentucky—Paducah, Princeton, and Glasgow. Paducah is a large city. Princeton and Glasgow are, I would think, cities of 5,000 to 12,000. When the bill came to the Senate, upon my amendments, three additional communities were included: Fulton, Ky., which is on the border between Kentucky and Tennessee; Hickman, the county seat for that county; and Monticello. Monticello owned its own generating plant and, as I remember, had a contract with Kentucky Utilities, terminable at will. It had engaged in negotiations with TVA for some time for TVA Service.

At that time representatives of these cities, with the exception of Hickman, came before the committee and gave testimony to support their position that they should be included in TVA's service area.

The Jackson Purchase Cooperative, which is here today and is seeking to be included in the TVA service area, sent to me and to Senator MORTON the day before the hearings were to be concluded a telegram, asking that we take steps to include the Jackson Purchase area in the bill. However, no testimony was presented at the time nor was any request made to me or to the committee chairman by their officers for an opportunity to appear and to testify.

It was the view of the committee that they would not give consideration to this request as the hearings were over.

After the hearings had been completed and after the bill had been enacted, the attorney and representatives of this co-op visited me, and Senator MORTON, and Representative STUBBLEFIELD in the House and talked about this matter.

We consulted at that time with Senator Kerr. Both Senator Kerr and I advised them the the course they should follow would be to present their position when the TVA returned to the Congress for additional self-financing authority. Their statement at the time was that they had been negotiating with TVA and, in fact, had been negotiating with TVA for a number of years so as to be included in the TVA service area. Jackson Purchase had not been able to be included at the time during the war because of their inability to secure facilities and the materials in war time.

After the war, they renewed their negotiations with TVA. I was told that the reason the cooperative did not appear before this committee in 1959 was that as a result of conservations with some TVA officials thought they had been advised to await the action of the Congress on the TVA self-financing bill.

Jackson Purchase, in its talks with me and in its proposals, has felt that the inequity of their situation would have been recognized by the committee at that time in 1959 had they presented their testimony.

The inequity of their present situation is shown by these factors: First, under the original TVA Act a portion of the area served by the Jackson Purchase Cooperative is in the watershed of the Tennessee River.

Second, the areas which surround the Jackson Purchase area are served by TVA and the cooperative finds itself in an enclave bounded by areas on the south and east which are served by TVA, and on the west by the Ohio and Mississippi Rivers. In this area are located many of the important facilities of TVA, including the AEC plant and the TVA generating plant. For these reasons and others they have wanted to submit and will submit to the committee the basis for their request to be included in the TVA service area.

I make this preliminary statement, because, having been familiar with this subject for several years, I thought it might be helpful to the committee in its deliberations.

STATEMENT OF HOWARD V. REID, CHAIRMAN, BOARD OF DIRECTORS, JACKSON PURCHASE RURAL ELECTRIC COOPERATIVE CORP.; ACCOMPANIED BY HOBART ADAMS, GENERAL MANAGER

Mr. REID. Mr. Chairman and members of the committee, my name is Howard Reid, and I am president of the Jackson Purchase Rural Electric Cooperative with headquarters at Paducah, Ky. We are most appreciative of the opportunity to appear before you today.

I am accompanied by all of my fellow board members, C. H. Arnett, R. L. Bailey, Louis Bradley, Willard Carneal, Stanley Jones, O. W. Stagner, Harvey Sanders, J. E. Wilkins, our general counsel, Julian Carroll, and Joe Swidler, who has been acquainted with our problem for about as many years as we have been working on it, and by Hobart Adams, the cooperative's general manager. I should like to introduce Mr. Adams at this time to present our testimony to the committee. Mr. Adams.

Senator COOPER. Mr. Adams, I would like very much if the members of the board of this cooperative, and counsel, will stand, so that their presence can be more clearly noted.

The CHAIRMAN. I think that is appropriate, Senator COOPER, that you identify those who are here today as well as the witnesses who will give the presentation.

If you will, proceed.

STATEMENT OF HOBART ADAMS, GENERAL MANAGER, JACKSON PURCHASE RURAL ELECTRIC COOPERATIVE CORP.

Mr. ADAMS. Mr. Chairman and members of the committee, the Jackson Purchase Rural Electric Cooperative deeply appreciates this opportunity to appear before you. We have been waiting a long time for this privilege. This appearance is the culmination of years of efforts to obtain TVA power for some 40,000 people in our area. The purpose of our testimony is to explain why we believe an amendment should be added to H.R. 15225 to clarify the right of TVA to serve Jackson Purchase and thus eliminate a gross injustice to these 40,000 rural people that we serve.

Jackson Purchase is a distribution cooperative bringing electricity to member-families in six counties in western Kentucky. The Tennessee River flows through the heart of the Jackson Purchase service area and TVA powerplants and TVA power customers are located throughout our service area. The power supply needs of our cooperative members are relatively small, amounting to less than one-tenth of 1 percent of TVA's generation. In fact, TVA generates and sells over 100 times as much electricity to industries right in our service area as would be needed to supply our rural consumers with TVA power.

I believe each member of the committee has before you a brochure which describes the Jackson Purchase RECC and summarizes our efforts to obtain TVA power. I call your attention to the map opposite page 8 of the brochure which shows the Jackson Purchase service area. Inspection of this map reveals that Jackson Purchase serves an area that is already TVA territory. Making TVA power available to Jackson Purchase would not constitute an expansion of TVA's service area but would merely make TVA power available to the rural cooperative members, the only group in the area now being deprived of its benefits.

As this committee is well aware, when Congress authorized TVA to finance its future investment in power facilities with revenue bonds in 1959, it placed a service area limitation on TVA. With certain exceptions, TVA power was limited to the area where TVA and its distributors "were the primary source of power supply on July 1, 1957."

Mr. Chairman, in 1957 TVA was without question the primary source of power supply in the geographical area served by Jackson Purchase. TVA was supplying over a million kilowatts of power to the Atomic Energy Commission at its gaseous diffusion plant near Paducah from TVA's Shawnee steam plant, both of which were located right in the middle of our service area. TVA was also supplying power to the Calvert City industrial complex which is one of this country's largest electrochemical and electrometallurgical centers.

Any one of these industries consumes more electricity than would all the 11,000 rural members of Jackson Purchase. At the eastern end of our service area near the mouth of the Tennessee River was located Kentucky Dam and hydroelectric plant, TVA's largest hydro project and the key to its navigation and flood control program on the Tennessee River. TVA transmission lines connecting these TVA facilities crisscrossed the Jackson Purchase area in 1957.

Since the enactment of the territorial limitation in 1959, TVA power has been made available to the city of Paducah which is in the center of our service area. Paducah's distribution facilities interweave and dovetail with those of Jackson Purchase so that a TVA transmission line and a TVA customer may be located on one side of the street and Jackson Purchase customers are located across the street and in many instances even next door to each other. Other industrial customers have since located in our service area and are receiving their power supply directly from TVA, even though we supplied the power at the site during the construction of the plant.

The fact of the matter, Mr. Chairman, is that TVA power is available to just about everyone in our service area except the customers of Jackson Purchase made up predominantly of some 11,000 rural families who are supposed to be the primary beneficiaries of the TVA power program. We feel very strongly that Congress did not intend that TVA should make its low-cost power supply available to the large industries in our service area while denying its benefits to the rural inhabitants of the area. Congress made this point very clear by stating in section 11 of the original TVA Act that: "The projects herein provided for shall be considered primarily as for the benefit of the people of the section as a whole and particularly the domestic and rural consumers to whom the power can economically be made available, and accordingly that sale to and use by industry shall be a secondary purpose, to be utilized principally to secure a sufficiently high load factor and revenue returns which will permit domestic and rural use at the lowest possible rates and in such manner as to encourage increased domestic and rural use of electricity."

Our inability to obtain TVA power is almost impossible to explain to our members, many of whom can see TVA customers right next door, TVA transmission lines across the street and a TVA steam plant and TVA hydroelectric plant on the horizon. These circumstances are pictured in the brochure before you. A goodly number of our members have moved into the Jackson Purchase area as a result of TVA acquiring their land and homesites in order to build Kentucky Dam and the Shawnee steamplant. Many more of our members work at TVA installations which generate millions of kilowatts of electricity and yet somehow we have been unable to persuade TVA that the law permits them to bring TVA electricity to these people's homes.

This injustice is costing the consumers we serve upward of $200,000 a year in their electric power bills. If TVA rates were available, a Jackson Purchase rural consumer who now pays a monthly bill of $14.15 for 800 kilowatt-hours of electricity could buy double that amount, 1,600 kilowatt-hours for almost the same price, $14.60. Under existing rates if a Jackson Purchase consumer used 1,600 kilowatt-hours a month it would cost him $25.55. Needless to say, few of them purchase that amount because they simply cannot afford it. The consumers served by Jackson Purchase are therefore buying only about one-half as much electricity as those served by TVA distributors. I need not tell this committee of the benefits which an abundant supply of low-cost electricity can bring to a farmer.

The absence of TVA power is causing people who are working in our service area to buy homes outside the Jackson Purchase area where they can obtain TVA power. This is causing uneconomic and distorted development of the area. Our service area is thus becoming an underdeveloped island. Instead of serving as a unifying development force in the five-county area where TVA and Jackson Purchase facilities exist side by side, TVA and its power program is a distorting factor which is the cause of hardship and discrimination.

TVA is the dominant economic force in the Jackson Purchase area, all of which is within a few miles of major TVA installations or existing points of service. In this respect Jackson Purchase is unique among cooperatives which have been cut off from TVA power by the terms of the 1959 bond amendment as interpreted by TVA. We cannot believe that Congress intended that the rural consumers of Jackson Purchase should constitute an island of high-cost electricity while TVA power customers and TVA powerplants virtually stare them in the face.

Mr. Chairman, we are not Johnny-come-latelies in our efforts to obtain TVA power. TVA power was not available anywhere in our area in 1938 when we undertook the task of bringing electricity to the rural inhabitants of our area. TVA first expanded into our area of western Kentucky during World War II to supply power for a defense plant. As soon as the wartime restrictions on materials were lifted in 1946, we initiated talks with TVA seeking to obtain TVA power. I shall not recite all of the details of the history of our efforts, but for one reason or another we were still trying to obtain TVA power in 1959, just prior to the time the TVA self-financing bill was passed. Negotiations were suspended until Congress completed action on the then pending revenue financing bill. The delay has proved a costly one to Jackson Purchase because 7 years have gone by and we are still without TVA power.

Mr. Chairman, I would like to offer at this time two exhibits reciting some of the history of our efforts of our cooperative to obtain TVA power.

The first document is the 1961 annual report of the board of directors to the members. I invite your attention to the summary report of the president beginning on page 3.

The second document contains two excerpts from our board minutes. We would like to offer these two exhibits for the committee's consideration.

Senator COOPER (presiding). What was the second document?

Mr. ADAMS. It contains two excerpts from our board minutes.

Senator COOPER. The minutes of the board?

Mr. ADAMS. Yes, sir.

Senator COOPER. Without objection, the summary report and the excerpts from the minutes will be received and incorporated in the record.

(The exhibits referred to follow:)

"HISTORICAL INFORMATION JACKSON PURCHASE RURAL ELECTRIC COOPERATIVE CORPORATION

"Your Board of Directors feels that a report should be made to you concerning the question of TVA power for the Cooperative, to

review what has transpired over the years, and what the present situation is.

"First, let us say that we can readily understand the desire of every member to get electricity as cheaply as possible, and each of us shares that desire with you for your board is made up of your fellow members.

"This Cooperative was organized in 1937 and the first wires were energized on April 16, 1938. At that time, TVA power was not available in this area and Kentucky Utilities was the only available source.

"It was not until late in World War II that TVA extended its service into our area. It was done then to supply the shell loading plant at Viola in Graves County in 1943. In order to do this, TVA purchased the facilities of the Kentucky Tennessee Light and Power Company, and TVA, of course, had a wartime priority for materials and supplies necessary to permit it to supply Viola.

"Meanwhile, late in 1941, our Cooperative was, for all practical purposes, deprived of any material for further expansion, and this continued until 1946, when wartime restrictions were lifted and we were again able to buy wire, transformers, etc.

"In 1946 and 1947, we initiated talks with TVA relative to obtaining TVA power. This culminated in TVA offering power at two principal sources, one in Livingston County and another near Massac to serve everything west of the Tennessee River. This proposal by TVA was not accepted for two reasons. One was that the REA in Washington did not think the plan was feasible for the Cooperative and would not lend us the money with which to build the transmission lines that would be required. The other reason, a very important one, was the fact that TVA could not give us the service until 1950, some three years later.

"Because we could not get material during World War II, we came out of that war with an accumulated backlog of some 7000 applications for service. We are sure that those of you who were here then can well remember this situation, and how great was the desire of the people to get electricity. At that time no one would have advised that these applicants be denied power while we waited on TVA. To supply it the alternative was further integration with the Kentucky Utilities system of transmission lines. The directors pursued that course and we now have nine substations receiving power from Kentucky Utilities. The use of numerous substations can appreciably reduce the cost of electricity, for shorter distribution lines can be built more cheaply and they reduce line loss. Our line loss (that is electricity which we buy from Kentucky Utilities and lose in getting it to your meter) averages about 12%, whereas the average line loss for cooperatives is about 18%.

"By 1950, we had nearly caught up with the backlog of applications for service, and this meant that we had averaged the cutting over of three new customers per day, seven days per week and 52 weeks per year in 1946, 1947, 1948 and 1949.

"In 1950 the Korean War brought severe curtailment of materials again which lasted until 1953. If we could have changed to TVA it would have been necessary to largely revamp our distribution system, both because of the increased consumption that would be expected and because of any changes that might be required by changing from Kentucky Utilities delivery points to TVA delivery points. This would have been most difficult if not impossible under wartime restrictions.

"TVA has been confronted with a power shortage practically since AEC plants and industrial installations such as the plants at Calvert City have contributed its inception to this shortage. After President Eisenhower was inaugurated in 1952, TVA was granted no further appropriations for adding to its generating capacity. In 1952 and 1953 appropriations were made for completing work already in progress, but that was all. In 1954 TVA requested appropriations for more than 800,000 KVA of generating capacity which it said would be necessary by 1957. Not one dollar of these appropriations has even been granted. As a result it was about 1955 that TVA lost the city of Memphis, which it had previously served. This was because it did not have sufficient generating capacity to serve Memphis any longer.

"A cordial relationship has always existed between JPRECC and TVA. During the fifties it had been understood that TVA would advise JPRECC when they would be in a position to serve us.

"In 1959, we requested a meeting with TVA because we had information that we could probably get a contract. Correspondence concerning this meeting is attached hereto as Exhibits 3, 4 and 5. Prior to April 2, 1959, TVA requested that the meeting be postponed until after Congress acted on TVA's request to sell revenue bonds. There was nothing that we could do except to agree to the postponement. When Congress did act it permitted the sale of the bonds, but at the same time said, in effect, that TVA cannot serve us.

"Except for the action by Congress in prohibiting TVA from serving us, which was not anticipated by us, the Cooperative was in excellent condition to make the change from Kentucky Utilities as its power source to TVA, and when the meeting was arranged in 1959, we had no thought but that the meeting would accomplish this end.

"Except for four (4) cooperatives that are supplied by TVA, we have had the lowest rates of any cooperative in Kentucky since 1947. We have made a larger reduction in the debt owed to REA than has been made by any other Kentucky cooperative. This will be a wonderful help if we do get TVA and thereby incur the additional expense it will involve, for we would start out with our status of indebtedness to REA in excellent condition. We intend to give you a more detailed report of our progress over the years, but because of the length of this report, we will make it under a separate letter.

"We are advised and believe that we cannot obtain TVA power unless we can get the Congress which meets in January to enact a bill permitting it. This effort will be made, but we know that it will not be an easy task. When the time comes, we will need the help of every one of our members. We will keep you posted on how you can help.

"We apologize for the length of this letter, but we hope that it will prove informative to you.

"Sincerely yours,

"HORACE HARTING,

"President, Board of Directors, Jackson Purchase Rural Electric Cooperative Corporation."

"EXCERPTS FROM MINUTES, BOARD OF DIRECTORS MEETING, JACKSON PURCHASE RECC, PADUCAH, KENTUCKY

"March 7, 1959

"The regular monthly meeting of the board of directors of Jackson Purchase Rural Electric Cooperative Corporation was held March 7, 1959 at the office of the Cooperative, 124 North Fourth Street, Paducah, Kentucky.

"'* * * Mr. Harting then reported to the board that on *February 9th, 1959 he wrote a letter to Mr. Arthur P. Brazelton, Tennessee Valley Authority*, Jackson Tennessee, for the purpose of discussing the possibility of supplying power to the Cooperative and then on *February 16, 1959, he had a reply from Mr. Brazelton* stating that as soon as he had an opportunity to discuss this with other TVA personnel, he would give us a more definite date. On March 4th Mr. Brazelton called Mr. Harting by long distance and asked that he advise the board that he had discussed the matter with TVA personnel and they were ready for a meeting at our earliest convenience at their office in Jackson or Chattanooga, Tennessee. After a general discussion the motion was made by Mr. Wood and seconded by Mr. Foster that Mr. Odea Evans, Field Engineer for Rural Electrification Administration of this district, Mr. Andrew Connors, CPA Auditor, for the cooperative, T. W. Threlkeld, Attorney, C. D. Harris, Project Manager and as many directors attend this meeting as possible. The directors proposed the meeting held the week of March 29th at any day most convenient to everyone.'

"April 4, 1959

"The regular monthly meeting of the board of directors of Jackson Purchase Rural Electric Cooperative Corporation was held April 4, 1959 at the office of the Cooperative, 124 North Fourth Street, Paducah, Kentucky.

"'* * * Mr. Harting then read a letter to the board *dated March 17, 1959 from Tennessee Valley Authority*, Jackson, Tennessee, advising that they would be pleased to meet with the officers and directors of the Cooperative on Thursday, April 2, 1959 at 1:00 p.m. in Mr. A. P. Brazelton's Office in Jackson, Tennessee. However, prior to that date TVA phoned us suggesting the meeting be postponed until more was known about the action Congress would take affecting TVA.'"

Mr. ADAMS. Mr. Chairman, while we believe that Jackson Purchase comes within the TVA service area under the existing law, we are aware that a question may exist as to our status. We do not blame anyone but ourselves for being omitted from the list of those TVA was specifically authorized to serve in the 1959 bond financing legislation, but we have been trying ever since to overcome our failure and clear up any doubt as to our right to TVA power.

I have been manager of the Jackson Purchase Cooperative since 1961, and I can assure this committee that obtaining TVA power has been my No. 1 task during that entire period. TVA agrees with us that Jackson Purchase is equitably entitled to receive TVA power. They say that it is only the question of interpretation of the 1959 law that stands in the way. TVA service would require no appreciable expenditure of funds since TVA power and transmission lines already interlace the area. Jackson Purchase is the only distributor in TVA territory which was actively seeking TVA power at the time the 1959 amendment was passed and which is being denied it by TVA. It is also the only applicant, so far as we know, whose territory is totally dominated by TVA power service to other distributors and to industries.

We think the law should now be clarified. We are, therefore, proposing an amendment to clarify what we are sure Congress intended—namely, that the rural consumers served by Jackson Purchase be treated the same as the industries and citizens of Paducah in the same area. All that is needed is to add Jackson Purchase to the list of those which TVA is specifically authorized to serve in the third paragraph of subsection (a) of section 15d of the TVA Act. This amendment would leave intact the limitations on the TVA service area now in the law but would make clear that Jackson Purchase is within that area and is entitled to TVA power.

Mr. Chairman, we have come before this committee because it is the appropriate body to give us relief. We believe our requested amendment is germane to the bill before you because the area limitation, which we

believe needs clarification, was imposed by Congress as an integral part of the original TVA financing measure. Any necessary clarification of the area which TVA is entitled to serve, therefore, seems to us to be appropriately a part of this measure to increase the TVA financing authority. We know of no other practical way to bring this matter to the attention of Congress.

The amendment we propose to eliminate the discrimination against the rural consumers of Jackson Purchase would not create any new area of friction. Most of the Jackson Purchase service area boundaries are fixed by nature. On the north and west it is bounded by the Mississippi and Ohio Rivers which are also State line boundaries. On the south no problems would be created because it is bounded by the Hickman-Fulton RECC, West Kentucky RECC, and Pennyrile RECC, all of which are existing TVA power distributors. On the east about half of its boundary is the broad Cumberland River and for a few miles in the northeast corner its service area is contiguous with the territory of Henderson-Union RECC, a cooperative that obtains its power from a G. & T. cooperative. The operating zones in this northeast corner are well established.

Jackson Purchase at no place in its service area has a land boundary with the service area of any private power company. We are surrounded by water and the service areas of cooperatives that are supplied by TVA or other cooperatives. Jackson Purchase presently obtains its wholesale power supply from Kentucky Utilities Co. Kentucky Utilities sales to us represent only about 1 percent of their revenues, which are growing at six or seven times that amount each year. Service by TVA to Jackson Purchase would therefore have no disruptive effect.

In conclusion, I want to emphasize that our amendment will leave intact the territorial limitations which Congress imposed on TVA in 1959. We are merely seeking clarification of the law which will eliminate any doubts as to TVA's right to eliminate a pocket of discrimination in the TVA area. Jackson Purchase is so located as to be uniquely entitled to become a TVA power distributor and is willing to take on all the responsibilities that go with the TVA program of bringing electricity to the consumers of the area at the lowest possible price.

We respectfully urge the committee to adopt the amendment to H.R. 15225 which we propose. It would merely add Jackson Purchase to the list of power distributors which TVA is specifically authorized to serve in the third paragraph of subsection (a) of section 15d of the TVA Act.

Mr. Chairman, thank you for this opportunity.

Senator COOPER. Mr. Adams, when was the Jackson Purchase Cooperative formed?

Mr. ADAMS. In 1938, sir.

Senator COOPER. Since that time has it been securing its power from the Kentucky Utilities Co.?

Mr. ADAMS. Yes, sir.

Senator COOPER. Do you have a contract at present to secure power from the Kentucky Utilities Co.?

Mr. ADAMS. We have a contract that has run out. We are operating on a 6-month agreement at present.

Senator COOPER. I note from your map that the Jackson Purchase Cooperative area embraces several counties and parts of several counties. Is Livingston County served by Jackson Purchase Cooperative?

Mr. ADAMS. Yes, sir.

Senator COOPER. Is any part of that county served by TVA?

Mr. ADAMS. Yes, sir. Between the lakes, Lake City and Grand River—no, we serve that.

Senator COOPER. Is part of McCracken County served by Jackson Purchase?

Mr. ADAMS. Yes, sir.

Senator COOPER. Is any part of McCracken County served by the TVA?

Mr. ADAMS. They serve the city of Paducah and they in turn serve in the county, itself.

Senator COOPER. Is Ballard County served by Jackson Purchase?

Mr. ADAMS. Yes, sir.

Senator COOPER. Is any portion of Ballard served by TVA?

Mr. ADAMS. They have no service area in Ballard County, sir.

Senator COOPER. Is Carlisle County, served by Jackson Purchase?

Mr. ADAMS. We serve in Carlisle County.

Senator COOPER. Is any part of that county served by TVA?

Mr. ADAMS. TVA distributor, Hickman-Fulton RECC, and West Kentucky.

Senator COOPER. Is any part of Graves County served by Jackson Purchase?

Mr. ADAMS. Yes, sir.

Senator COOPER. Is any part of Graves County served by TVA?

Mr. ADAMS. Yes, sir, West Kentucky RECC.

Senator COOPER. Is part of Marshall County served by Jackson Purchase?

Mr. ADAMS. Yes, sir.

Senator COOPER. Is any part of Marshall County served by TVA?

Mr. ADAMS. Yes, sir, West Kentucky RECC and direct by TVA to the chemical complex.

Senator COOPER. When you say that parts are served by other cooperatives, are you also saying that those cooperatives receive their power from TVA?

Mr. ADAMS. Yes, sir.

Senator COOPER. Calvert City is located in Marshall County, is it not?

Mr. ADAMS. Yes, sir.

Senator COOPER. Is the entire Calvert County served by TVA?

Mr. ADAMS. Calvert City was purchased by Jackson Purchase, at a cost of over a hundred thousand dollars. We serve about two-thirds of it. The TVA cooperative has now moved in and picked up about a third of it because of the rate differential.

Senator COOPER. There are a number of large industries to which you have referred as being located in the Calvert City area. Can you identify these industries?

Mr. ADAMS. They are electrochemical and electrometallurgical plants, Goodrich, Pittsburgh Metallurgical, Pennsalt, and General Analine.

Senator COOPER. Are they served by TVA?

Mr. ADAMS. Yes, sir; direct.

Senator COOPER. Has any of these industries been added to the TVA service area since the enactment of the 1959 act?

Mr. ADAMS. Yes, sir. The New York Mining & Manufacturing Co., was added in about 1961.

Senator COOPER. Now where is the AEC plant located?

Mr. ADAMS. It is located west of Paducah on the Ohio River, in McCracken County.

Senator COOPER. Do you know who furnishes the power for this AEC plant?

Mr. ADAMS. TVA furnishes it from the Shawnee steamplant.

Senator COOPER. Is there a TVA steamplant located in—McCracken County?

Mr. ADAMS. It is in McCracken County on the Ohio River west of Paducah.

Senator COOPER. Downstream from Paducah?

Mr. ADAMS. Yes, sir.

Senator COOPER. How is its power furnished or from what source?

Mr. ADAMS. It is coal operated.

Senator COOPER. Is there any other TVA facility which you have not mentioned which is located in what I would say this general area near the area served by Jackson Purchase?

Mr. ADAMS. We have large transmission lines criss-crossing our service area. We also have a large Kentucky Dam, hydroelectric TVA plant. We serve on both sides of this. We serve the little town right under the dam, Gilbertsville. We serve Lake City on the other side of the river just above the dam and also Grand River on up the lake above the dam.

Senator COOPER. How many customers does your cooperative serve?

Mr. ADAMS. Approximately 11,000 at the present time.

Senator COOPER. Are you able to tell the committee the volume of electrical energy that was consumed the last year by your patrons?

Mr. ADAMS. 77 million kilowatt-hours was consumed by the members last year. However, our average consumer rate is about 420 each month. You heard Mr. Wagner testify that the average is over 11,000 a year, which is double our rate.

Senator COOPER. You were not manager of the Jackson Cooperative prior to or at the time the TVA Self-Financing Act was enacted by the Congress?

Mr. ADAMS. I was not the manager.

Senator COOPER. Do you have control of the records of the cooperative?

Mr. ADAMS. Yes, sir.

Senator COOPER. Have you examined the records made prior to the enactment of the act for the purpose of ascertaining whether or not the Jackson Purchase Cooperative had been discussing with the TVA the proposition of TVA supplying Jackson Cooperative?

Mr. ADAMS. Very thoroughly, sir.

Senator COOPER. I believe you have introduced in the record copies of minutes of the cooperative and also a statement of the cooperative indicating the various steps that Jackson Purchase had taken to pursue this matter with TVA.

Mr. ADAMS. Yes, sir. We have all the records that there are of this. Also, if time would permit it, we could bring in a thousand members here who would testify that they had expected TVA power for the last 20 years.

Senator COOPER. I might say that Congressman STUBBLEFIELD who has been here all morning may have to leave. I assume he has to go over to the House. I think it will be proper to hear him now. Then we can resume and hear the other witnesses. So I will ask Congressman STUBBLEFIELD to come forward.

Did you plan to testify?

STATEMENT OF HON. FRANK A. STUBBLEFIELD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KENTUCKY

Representative STUBBLEFIELD. I did not plan to testify, Mr. Chairman. However, I would like to say that the purpose of these gentlemen appearing here before you today on behalf of Jackson Purchase Cooperative is to correct an inequity and an intolerable situation that exists within these six counties whereby you have, as the TVA Chairman mentioned a few moments ago, Calvert City where part of the city is in the TVA area, part of it is out. This dictates where the development takes place, where a house will be built, where any business will be established, in order to come within the TVA rate structure.

This differential in rates has affected the whole economy of these six counties. In other words, the situation in one community is something like this: on one corner a fellow has a grocery store, and across the street is a blacksmith shop. They exist on two different rates.

The intolerable situation, which is the subject of our discussion, I think, was anticipated by the Senator from West Virginia in 1959 when he stated it was not the intention of Congress to leave these little islands de-

prived of TVA power as a result of that 1959 act.

Certainly, Jackson Purchase Cooperative is a victim of being precluded from obtaining TVA power inasmuch as they are within the Tennessee Valley, in fact the town of Gilbertsville just mentioned here is within sight of the largest dam in the TVA chain and yet they are deprived from receiving the benefits of TVA power.

Thank you, Mr. Chairman.

Senator COOPER. Thank you, Congressman.

* * * * *

Senator COOPER. Mr. Adams, do you know whether any part of the area served by Jackson Cooperative lies within the watershed of the Tennessee River or its tributaries?

STATEMENT OF HOBART ADAMS—RESUMED

Mr. ADAMS. Yes, sir; a great deal of the area lies in the Tennessee River watershed. We have members who live on both sides of the Tennessee River from the Kentucky Dam to Paducah. We have them up the hollows and streams and branches that go out. In fact, this is our concentration of our membership, as you might well know, that they are building near the lake and around the lake and between the lakes where we serve.

We serve around the large Cumberland River Dam now right to the canal that connects both these lakes. We serve around the area of the Shawnee steamplant. We serve around this where our members had to withdraw and give up their homes and go out into the area and still cannot receive TVA power.

Senator COOPER. Mr. Royce is here, who is counsel for the committee. I think we can say he represents Senator RANDOLPH, although he also represents all of us.

Do you have any questions you would like to ask?

Mr. ROYCE. Yes, Senator COOPER.

Mr. Adams, you referred to 11,000 customers of Jackson purchase Co-op.

Mr. ADAMS. Yes.

Mr. ROYCE. Last year a total annual consumption of approximately 77 million kilowatt-hours?

Mr. ADAMS. That is correct.

Mr. ROYCE. That would come out to approximately an average of 7,000 kilowatt-hours per customer.

Mr. ADAMS. This is counting all of the small industrials that we use also. I was merely stating the rural members average.

Mr. ROYCE. What is the average domestic consumption of your rural customers?

Mr. ADAMS. 420.

Mr. ROYCE. 420?

Mr. ADAMS. Yes, sir.

Senator COOPER. Do you have any other statement, Mr. Adams, that you have not covered in your prepared statement?

Mr. ADAMS. I would like to further say that by act of Congress, Jackson Purchase Rural Electric Cooperative is a preferred customer for TVA power. I don't feel we have any obligation to Kentucky Utilities. We see no reason why we should not have freedom to select the best possible wholesale power supply. We see no reason why we cannot leave Kentucky Utilities as the other 19 cooperatives have done that were once served by Kentucky Utilities.

Lastly, we see no reason why our people in the heart of the Tennessee River country and for generations to come should be forced to receive the high cost of KU power with low-cost TVA power all over us.

Thank you again.

Senator COOPER. Thank you, Mr. Adams.

The next witness is Mr. Fred Paxton, president of Paducah Chamber of Commerce.

Mr. Paxton, will you proceed.

STATEMENT OF FRED PAXTON, PRESIDENT, PADUCAH CHAMBER OF COMMERCE

Mr. PAXTON. Mr. Chairman and members of the committee, my name is Fred Paxton. I am here representing the Greater Paducah Chamber of Commerce of which I am the president. We appear today in support of the efforts of Jackson Purchase Rural Electric Cooperative Corp. to secure clear authority to purchase power from TVA.

While we have supported these efforts of Jackson Purchase for some years as individuals, at a recent meeting of our board I was authorized and instructed to appear here today before this honorable body and express the strong support of our chamber for the amendment which Jackson Purchase is seeking to H.R. 15225.

I am the vice president of Paducah Newspaper, Inc., which owns and operates the Paducah Sun-Democrat and WPSD-TV at Paducah. As the associate editor of the Paducah Sun-Democrat and in recent years as managing director of WPSD-TV, I have closely observed the plight of the people in our area and their efforts to rectify the situation which has denied them TVA power. I have been in position to observe the great damage to the growth and development of our area due to the inability of Jackson Purchase to obtain TVA power.

Our chamber not only represents the business community in the city of Paducah, we also represent the businesses in the Greater Paducah area. As a matter of fact, many of our members outside Paducah are being served by TVA, and some are served by Jackson Purchase. Our chamber is deeply interested in working toward an orderly development of the entire area.

I am sure Mr. Adams has adequately covered the many severe problems we have encountered due to having TVA power all around us and now in Paducah and yet being unable to obtain it in our basic rural area.

Mr. Chairman, our problem is that many of the people in the Greater Paducah area have TVA power, yet many do not and are thus at a great disadvantage because their community is not experiencing the same growth. The sad fact is that those who are not receiving TVA power are perhaps the people who could benefit the most from its availability. I refer to the rural inhabitants of our community served by Jackson Purchase.

Since Paducah is the hub of our economy in western Kentucky, we are obviously concerned with an orderly development from this hub into our outlying community. Presently we are faced with a crazy quilt pattern of development keyed primarily to who supplies the particular area—a TVA distributor or Jackson Purchase. Instead of TVA and its power program serving as a unifying developmental factor in the five-county area in which TVA and Jackson Purchase facilities are intertwined, it is a divisive factor.

We believe that Congress never intended that the Jackson Purchase Cooperative should be excluded from purchasing power from TVA. We respectfully urge this committee to add clarifying language to the measure before it that will rectify this injustice that is creating serious economic problems not only for the Paducah area but for the outlying areas as well.

Mr. Chairman, I thank you.

Senator COOPER. Mr. Paxton, what is the population of Paducah?

Mr. PAXTON. It is approximately 35,000 people.

Senator COOPER. It is the largest community——

Mr. PAXTON. That is correct, there are 56,000 to 58,000 people in the county.

Senator COOPER. How many in the county?

Mr. PAXTON. 56,000 to 58,000 people.

Senator COOPER. It is the largest community in the First Congressional District?

Mr. PAXTON. Yes, sir.

Senator COOPER. Paducah now receives its power from TVA?

Mr. PAXTON. Yes, sir.

Senator COOPER. Prior to that it received its power from Kentucky Utilities?

Senator COOPER. Were you connected with the TV station prior to the enactment of the Self-Financing Act?

Mr. PAXTON. No, sir.

Senator COOPER. In your capacity as the vice president of the Paducah Sun-Democrat prior to the time of the enactment of the act did you in that capacity have any information about negotiations?

Mr. PAXTON. Yes, the information available at that time that Jackson Purchase was attempting to secure TVA power.

Senator COOPER. Was it a matter of public knowledge?

Mr. PAXTON. Yes, sir; it was general knowledge.

Senator COOPER. Do you know of any articles in your paper during that period which discussed these negotiations?

Mr. PAXTON. That would be testing my memory rather severely.

Senator COOPER. Thank you very much, Mr. Paxton.

Now, the next witness is Mr. W. C. Young, secretary of Western Kentucky AFL-CIO Area Council.

STATEMENT OF W. C. YOUNG, SECRETARY, WESTERN KENTUCKY AFL-CIO AREA COUNCIL

Mr. YOUNG. Mr. Chairman and members of the committee, my name is W. C. Young. I am here today as the representative of the Western Kentucky AFL-CIO Area Council with offices at Paducah, Ky. My position with the council is executive secretary. I am also a member of the State board of the AFL-CIO. Our council represents all of western Kentucky and has some 10,000 actual dues-paying members.

Our council has long supported the efforts of Jackson Purchase to secure TVA power. My appearance here today is to emphasize that this is a matter of concern to the workers in the area.

We understand that Congress has imposed limits on the territory TVA can serve but we cannot believe that Congress meant to leave Jackson Purchase out of the TVA area. TVA is all around us. TVA powerplants, dams and transmission lines are all over our area and TVA power customers are the biggest industries in our area. It just does not make sense to deprive the household consumer of TVA power when just about everyone else has it available.

Our working people simply cannot understand why after moving from their homes to make way for TVA powerplants and dams, seeing TVA transmission lines built on their land, and seeing TVA power generated in their community that they cannot obtain TVA power in their homes. This is even harder to explain when their neighbors next door or across the street are TVA customers.

Many of our members work at TVA's Kentucky Dam and Shawnee steam plant located right in the Jackson Purchase service area where they help TVA generate electricity and it's awfully hard for them to understand why they cannot buy TVA power in their homes within walking distance of these plants.

We know that the inability of the Jackson Purchase Cooperative to receive TVA power is costing the working people of western Kentucky hundreds of thousands of dollars a year and this is depriving them of the convenience and advantages which are available to power consumers all around us.

We plead with the members of this committee to correct this injustice and accept the amendment suggested by Jackson Purchase to the measure presently pending before you.

Thank you, Mr. Chairman.

Senator COOPER. Mr. Young, in your capacity as secretary of the Western Kentucky AFL-CIO Area Council can you state whether

or not the workers in that area or some workers in that area are employed at various TVA installations in the area?

Mr. YOUNG. Yes, sir.

Senator COOPER. And some of these live in the Jackson Purchase area?

Mr. YOUNG. Yes, sir. In fact, some of them had to move from their community to other communities within this particular area in order to make way for TVA installations. These same people are being denied the use of TVA power now. We have members in the same local unions, some working in TVA installations, living in the same community, looking across the street and seeing their neighbors being supplied power by TVA.

Senator COOPER. Thank you very much, Mr. Young.

Mr. ROYCE. Mr. Adams, your period of contract with Kentucky Utilities is for how long, that is the basis on which you are served by Kentucky Utilities?

Mr. ADAMS. We are operating on a 6-month agreement now.

Mr. ROYCE. On a 6-month agreement?

Mr. ADAMS. Yes. It was a 2-year contract when we originally signed. When we sign a new substation we will have a new contract for that. All our substations but one have run out.

Mr. ROYCE. That 6-month period is at your election, that is you could have a longer term contract.

Mr. ADAMS. Yes.

Mr. ROYCE. But you have chosen not to?

Mr. ADAMS. Yes, we have chosen not to take a long-term contract because we have been expecting to get TVA over the years. We did not want to be hooked with a long-term contract.

Mr. ROYCE. Are the rates the same for long-term as for short-term; that is, for 6 months.

Mr. ADAMS. The rates would be lower. We are still operating under the original contract.

Mr. ROYCE. I have no other questions.

Mr. ADAMS. But it would be a 5-year contract.

Senator COOPER. May I ask Mr. Wagner a question?

Mr. Wagner, you were not the Chairman of the Board of Directors of the Tennessee Valley Authority in 1959 or prior to that time?

Mr. WAGNER. That is right.

Senator COOPER. When did you become Chairman?

Mr. WAGNER. In 1962, Senator.

Senator COOPER. You were with the TVA though prior to 1959?

Mr. WAGNER. Yes, I was.

Senator COOPER. What was your position in the Tennessee Valley Authority during the period to which we have been referring?

Mr. WAGNER. From 1954 until 1961 I was TVA's General Manager. For 3 years prior to that I was Assistant General Manager.

Senator COOPER. You heard Mr. Adams testify that certain TVA facilities are located in this general area. Is that correct?

Mr. WAGNER. That is correct.

Senator COOPER. Has he named all of them?

Mr. WAGNER. I believe he has, yes, sir.

Senator COOPER. He testified, and I am not saying this to question Mr. Adams, but simply to complete the record, that co-ops which surround or partly surround the area served by Jackson Cooperative receive their power from TVA. It that correct?

Mr. WAGNER. That is correct, yes, sir.

Senator COOPER. Do you know how long those co-ops have been securing power from TVA?

Mr. WAGNER. I don't know the exact time but it has been for some time.

Senator COOPER. Was it prior to 1959?

Mr. WAGNER. Yes, sir.

Senator COOPER. Is it correct that at some time during World War II TVA began to supply a shell-loading plant in the general Jackson Purchase area?

Mr. WAGNER. I am not familiar with the exact loads, Senator.

Senator COOPER. Were you there during the war?

Mr. WAGNER. Yes, sir.

Senator COOPER. Was TVA limited——

Mr. WAGNER. Senator, I understand we did serve a shell-loading plant in the Viola area during the war.

Senator COOPER. During the war period did the shortage of materials prohibit TVA from attempting to supply areas additional to that which it had?

Mr. WAGNER. Yes, that is true; both the shortage of materials and equipment and the urgent need to devote our generating capacity to the supply of defense loads limited our capacity to take on additional loads.

Senator COOPER. After the war did a power shortage or an anticipated power shortage develop in the area served by TVA which made it impossible or at least impracticable to attempt to serve additional areas?

Mr. WAGNER. After the war there were years when we were pressed for power production, yes; particularly when the atomic energy loads developed and there was a time when power was short.

Senator COOPER. In fact, that was the reason which directed Congress to consider the TVA Self-Financing Act to provide for TVA power needs in the service area. There was a shortage in the area you were serving.

Mr. WAGNER. The areas we were serving had expanding loads. Our revenues were not sufficient to take care of all the additional generating capacity needed and appropriations were not forthcoming. The revenue bond financing legislation was enacted consequently.

Senator COOPER. Did the factors that I have mentioned have any weight in any consideration you gave to the possibility of furnishing power to Jackson Purchase?

Mr. WAGNER. Yes; I think that is correct, sir. I did not take part in those negotiations.

Senator COOPER. Do you know from your knowledge of the operations of TVA over a period of time prior to 1959 whether the representatives of the TVA and representatives of Jackson Purchase discussed the possibility of TVA supplying power to Jackson Purchase?

Mr. WAGNER. Yes, sir; there were intermittent discussions over a period of several years.

Senator COOPER. Thank you very much.

Mr. ROYCE. Mr. Wagner, has the position of the TVA in not servicing Jackson Cooperative been based on the interpretation that the Congress has limited the service area by statute and that it is not a matter of administrative discretion for TVA?

Mr. WAGNER. We interpret the territorial limitation of the 1959 amendment to the TVA Act as prohibiting our serving Jackson Purchase; yes, sir.

Senator COOPER. To make the record complete I think it is only fair to say that for some time the parties have been in litigation. I am not familiar in detail with this litigation. I have heard about it and I have read the petition. There has been litigation initiated by Jackson Purchase against the TVA and in which the Kentucky Utilities intervened. I am not familiar with the nature of the suit but I understand it is to secure an interpretation of the meaning of the limitation as to whether or not TVA was the principal supplier of power. I thought this litigation should be noted for the record.

Does the Jackson Purchase Cooperative have any other evidence it would like to present?

Mr. ADAMS. You raised the question about being in court. We believe that the Congress is the proper forum to clarify the act of Congress. TVA claims that the courts must accept the findings of the TVA Board and that we are not entitled to a full hearing in court.

Senator COOPER. I understand. I raised this question so that the record from my viewpoint at least would be complete. I think also it is quite evident that no matter what litigation is pending in the courts, Congress could act if it so desired.

Is there any other evidence that Jackson Purchase would like to offer?

Mr. ADAMS. That is it.

Senator COOPER. We thank you for your presentation.

Mr. REID. Thank you, Senator COOPER.

(Subsequently, Mr. Reid transmitted the following communication:)

JACKSON PURCHASE RURAL
ELECTRIC COOPERATIVE CORP.,
Paducah, Ky., June 29, 1966.

Hon. JENNINGS W. RANDOLPH,
U.S. Senate,
Washington, D.C.

DEAR SENATOR RANDOLPH: Several matters concerning Jackson Purchase Rural Electric Cooperative Corporation were raised at the June 28 Senate Public Works Committee hearing on H.R. 15225 and companion bills on which we believe the record should be clarified.

Mr. Duncan of Kentucky Utilities Company in his testimony placed great emphasis on the fact that Jackson Purchase could have saved $335,065 in its power bill from Kentucky Utilities if Jackson Purchase had signed a long-term contract. Mr. Duncan stated that this lower rate and long-term contract was offered to Jackson Purchase in 1957 but was refused by the Co-op. Mr. Duncan was thus documenting the fact that Jackson Purchase had paid $335,000 in excess profits to Kentucky Utilities from 1957 to 1965 in order to be free to take TVA power if its efforts were successful. Mr. Duncan's testimony is the clearest proof of the fact that Jackson Purchase was seeking to obtain TVA power in 1957 before the territorial limitations were imposed in 1959 and has been paying large sums of money to KU each year just in order to be free to become a TVA distributor. It is also ample proof that Kentucky Utilities has already been generously rewarded for whatever investment it has made in service to Jackson Purchase.

Mr. Duncan suggested to the Committee that Jackson Purchase was no different than many other power systems not presently receiving TVA power located on the periphery of the TVA service area. The fact of the matter, however, is that Jackson Purchase is unique.

1. Jackson Purchase is the only power distributor actively negotiating with TVA for power supply prior to 1959 which is being denied power by TVA.

2. Jackson Purchase is the only power distributor not receiving TVA power which has a service area in which TVA is the primary source of electricity.

3. Jackson Purchase is the only power distributor cut off from TVA power which has its principal urban center (Paducah) already served by TVA.

4. Jackson Purchase is the only power distributor with a service area in which all the large industrial loads are receiving TVA power, and only the rural consumers are excluded.

5. Jackson purchase is the only cooperative in Kentucky which does not either receive TVA power or generate power for its own needs.

6. Jackson Purchase is the only power distributor cut off from TVA power which has TVA dams, hydroelectric plants, a giant steam

plant, substations, transmission lines and other facilities permeating its entire area.

We believe that the facts in the record show that Jackson Purchase is truly unique. It is also significant that no other power distributor is suggesting to the Committee that it is in any way comparable to Jackson Purchase. Indeed, no other candidate for an exemption has appeared. The claim that for the Congress to eliminate an injustice to Jackson Purchase would start a stampede is without support. We cannot believe that the Congress will permit this argument to foreclose it from appraising the merits of Jackson Purchase's position.

The fact that every cooperative in Kentucky not served by TVA has abandoned service from Kentucky Utilities Company in favor of self-generation suggests that if Congress should deny Jackson Purchase's plea the result would not necessarily be to preserve Jackson Purchase as a KU customer. The result might equally be to force Jackson Purchase to self-generation, which would be preferable to buying from KU, but would be wasteful and uneconomic as compared with TVA service, and which would continue the present discrimination.

We are informed that in its report on the Stubblefield bill, H.R. 14833, which would permit service to Jackson Purchase, TVA stated that Jackson Purchase has a meritorious case.

During the course of the hearing it was suggested that it was not sufficient to simply add Jackson Purchase to the list of communities expressly entitled to TVA power in the third paragraph of Section 15d(a), but rather that certain language of the first paragraph of Section 15d(a) must also be amended. This suggestion is not well founded because the third paragraph would make clear Jackson Purchase's right to be served by TVA notwithstanding any language which may appear elsewhere in the Act.

Sincerely,

HOWARD V. REID,
Chairman, Board of Directors,
Jackson Purchase RECC.

Senator COOPER. Now, the next witness is Mr. W. A. Duncan, President of the Kentucky Utilities Co.

Mr. Duncan, would you identify those who accompany you.

STATEMENT OF W. A. DUNCAN, PRESIDENT, KENTUCKY UTILITIES CO.; ACCOMPANIED BY HARRY M. BLANTON, VICE PRESIDENT, AND JAMES WELCH, COUNSEL

Mr. DUNCAN. Yes, sir, I will be glad to, Senator.

I have with me Mr. Harry Blanton, vice president of Kentucky Utilities Co., and our counsel, Mr. James Welch of the firm of Ogden, Robertson & Marshall, Louisville, Ky.

Senator COOPER. You may proceed as you please and take as much time as you desire.

May I say that although there are other members who could not be held, they will certainly see all the evidence which has been introduced.

You are president of Kentucky Utilities Co.?

Mr. DUNCAN. That is correct.

Senator COOPER. You may proceed.

Mr. DUNCAN. First, if the Senator would indulge me I would like to comment that there are a number of representatives from other power companies present in the room. May I identify them?

Senator COOPER. Yes.

Mr. DUNCAN. Mr. Ralph Foreman, American Electric Power Service Corp.; Mr. Jack Riley, Carolina Power & Light Co.; Mr. L. D. Gray, Louisville Gas & Electric Co.; Mr. Richard Rhein, Cincinnati Gas & Electric Co.; Mr. Charles O. Shaw, Central Illinois Public Service Co.; Mr. Charles Beverage, Virginia Electric Power Co.

First I want to thank the Senator for his personal indulgence in continuing this hearing and giving us an opportunity to be heard today.

I prepared a statement that with your permission I would like to incorporate in the record, and in the interest of time I will attempt to hurry through it.

Senator COOPER. May I say that we have spent a good deal of time on this but you can take all the time you desire, reading the full statement and making such comment as you desire.

Mr. DUNCAN. Thank you, sir.

I am William A. Duncan, president of Kentucky Utilities Co., an investor-owned electric utility that supplies electric energy to 230,000 consumers in 75 of the 120 counties in Kentucky. My company has 24,400 stockholders, one-third of whom are Kentucky people.

Senator COOPER. Where is the home office?

Mr. DUNCAN. Our headquarters is in Lexington, Ky. I appreciate the opportunity of appearing before you in connection with H.R. 15225, which would increase the borrowing authority of the Tennessee Valley Authority from $750 million to $1,750 million.

At the outset, I hope you will understand that I am not appearing for the purpose of opposing the legislation as passed by the House of Representatives on June 13. My sole reason for being here is to oppose any amendment to this bill which would authorize the expansion of the TVA service area, as defined in the 1959 TVA Act, to include an area now being served at retail by Jackson Purchase Rural Electric Cooperative Corp., which corporation is a wholesale customer of our company. Such an amendment (H.R. 14833) has been introduced in the House of Representatives and, we are advised, will be proposed to this committee, and I believe the amendment to which Mr. Adams has referred is essentially accidental. We are unalterably opposed to this amendment or to any amendment which would expand the service area of TVA and its distributors.

Jackson Purchase RECC was organized in 1937 and energized its first line in April 1938. Ever since that date it has purchased its entire power requirements from Kentucky Utilities Co. It currently operates over an area of approximately 1,000 square miles in the six Kentucky counties of Ballard, Carlisle, Graves, Livingston, McCracken, and Marshall, and on December 31, 1964, served 10,572 customers.

Throughout much of this same area Kentucky Utilities Co. presently serves about 2,500 customers, including the incorporated communities of Wickliffe, Barlow, LaCenter, Kevil, and Salem.

During this period the company has adequately and dependably supplied the entire power requirements of this cooperative and we stand ready to continue this service as required. During 1965 Jackson Purchase RECC purchased from Kentucky Utilities Co. more than 77,500,000 kilowatt-hours, for which service Kentucky Utilities Co. received about $626,000.

In authorizing TVA under the 1959 act to raise capital by the issuance of bonds to the public, Congress recognized the expanding needs of TVA for capital and was willing to surrender some of the control it previously exercised over TVA operations through the annual appropriations process. At the same time Congress recognized that it was not in the national interest to permit the unlimited expansion of the geographic area in which TVA electric service could be supplied and thereby inflict ruinous competition on investor-owned utilities operating in the areas adjacent to the existing TVA area.

The language of the 1959 TVA Act was arrived at after extensive hearings and debate in both Houses of Congress, which extended over a period of several years. In the course of those hearings, Jackson Purchase expressly requested, in a telegram to Senator COOPER appearing in the record of this committee's hearing, that the TVA service area not be limited in such a manner as to exclude this co-op from the area which could be served by TVA. Congress did not see fit to make any exception in the case of Jackson Purchase RECC.

No condition exists today which should cause Congress to modify the act and now authorize expansion of the TVA service area so as to include in the TVA area more than 1,000 square miles now being adequately supplied by Kentucky Utilities Co.

Jackson Purchase was in 1959, and is today, in the same position as any other distributor of electricity on the periphery of the TVA area. If, at this late date, an exception were to be made in the case of Jackson Purchase, it would certainly result in a host of similar requests from existing distributors and even municipalities not now engaged in supplying electric service, not only around the TVA periphery but elsewhere.

The problem of geographic expansion of TVA and the resulting competition with investor-owned power companies was resolved in 1959. In doing so, Congress recognized TVA as a utility in position to provide for the needs of its consumers at rates which do not include Federal and State income taxes and other cost components which investor-owned utilities necessarily must provide for in establishing their rates. The resulting rate differential between TVA and the organizations operating around the periphery of TVA's service area was, and always will be, most substantial. This rate differential cannot be eliminated so long as investor-owned utilities are obliged to pay Federal and State income taxes and are not afforded the other concessions available to TVA in its operation. Therefore, there will always be pressure on the part of municipalities, cooperatives, and large power users located adjacent to the TVA service area for expansion of this area to permit their securing TVA's subsidized electric service.

It is evident that the proposal of Jackson Purchase stems largely from its desire to obtain a reduction in its power cost through the expansion of the TVA service area to including its service area. It is obvious that many existing organizations similarly situated, and others not now in existence, but which could be readily organized for the purpose, can and will make the same claims for special consideration should there be any change in the presently prescribed TVA service area.

Jackson Purchase seeks to differentiate its position from that of other distributors on the TVA periphery on the basis that this co-op's service area is intertwined with that of TVA to such an extent that next door neighbors are on different systems, and pay different rates. Similar situations exist all around the periphery of TVA and, in fact, at the interface between any two utilities regardless of locations. Expanding the TVA service area would merely create more problems in a new and larger area.

It has been claimed that continued exclusion of Jackson Purchase from the TVA area "strikes at its ability to survive." This cooperative's rate of growth certainly belies this contention. During the period 1958 through 1965, this co-op has increased its annual purchase of energy from my company from some 45 million to 77,500,000 kilowatt-hours—an increase of 70 percent in 7 years.

In addition, an analysis for 1964 of the financial status of all distribution cooperatives in the State of Kentucky discloses that Jackson Purchase has greater financial strength, by a wide margin, than any other,

including the four presently within the service area of TVA and purchasing power from TVA. For example, the ratio of long-term debt to net utility plant for Jackson Purchase at December 31, 1964, was 35.5 percent and the 1964 operations from a financial standpoint shows that net income (operating plus nonoperating margin) was sufficient to cover interest on debt for the year by 9.3 times. No other cooperative in Kentucky even approached these ratios. These ratios for TVA-supplied, Kentucky co-ops are listed below:

Distribution cooperative	Served by—	Percent long term debt to net utility plant	Percent interest coverage
Pennyrile	TVA	87.0	2.8
Warren	TVA	90.3	2.3
Hickman-Fulton	TVA	99.6	1.1
West Kentucky	TVA	62.7	3.7
Jackson Purchase	Kentucky Utilities.	35.5	9.3

As you see, the range from 62.7 to 99.6 in terms of percentage of long-term debt to net utility plant as compared to Jackson Purchase's 35.5. The TVA-supplied co-ops range from a minimum of 1.1 times up to 3.7 times its annual interest coverage as compared to Jackson Purchase's 9.3 percent. Certainly this comparison definitely indicates that the exclusion of Jackson Purchase from the TVA does not strike at its ability to survive, since its economic position today is stronger than any Kentucky co-op now within the TVA area.

One further comment should be made with respect to the rates at which Jackson Purchase Rural Electric Cooperative Corp purchases power from our company as compared to the rates at which it could purchase power from TVA. While it is true, as noted above, that neither our company nor any other investor-owned electric utility could reasonably expect to sell power at rates equivalent to those of TVA it should be noted that Jackson Purchase could, if it so desired, purchase power from our company at a lower rate than it presently does. Since it was organized, this cooperative has purchased its power requirements from our company on rate NPR, which rate first became effective in 1937 and has subsequently been reduced from time to time. In 1950 our company offered a lower rate to co-ops in Kentucky, including Jackson Purchase. This offer was accepted by the other two cooperative customers of our company but, although the offer remains open to this day, it has not been accepted by Jackson Purchase. This lower rate is identified as rate 61 and is based on a 5-year initial contract, cancelable on a year-to-year basis thereafter. If Jackson Purchase had accepted this offer, during the 8 years through 1965, it could have saved the sum of $335,065, or some 8.2 percent of the amount it actually paid us for service. During the year 1964 these savings amounted to more than $51,000, or $4.85 per customer, based on the average of 10,524 customers served by the co-op during that year.

It is also claimed that natural boundaries (rivers) of Jackson Purchase's service area should preclude any demands for expansion of TVA sales to even wider areas. The fact that rivers do not constitute natural boundaries between utility service areas is, perhaps, most clearly evidenced by the fact that the service of Jackson Purchase itself extends across two major rivers; namely, the Cumberland and Tennessee Rivers. Any such claim also completely disregards the fact that, throughout a large part of the six county area of this co-op's operation, on both sides of the rivers mentioned, Kentucky Utilities Co. presently supplies some 2,500 consumers, other than Jackson Purchase, both at retail and wholesale.

Both Senator COOPER and Senator GORE have commented on the necessity for any utility to borrow money to finance its expansion and its operations. Many holders of our securities and others with responsibility for advising the investing public applauded the 1959 act limiting the service area of TVA. They continue to evidence interest in the permanency of this limitation. A firm stand by this committee on this issue will reassure them on this point. In the final analysis, increased cost of service to our customers must necessarily result from an expansion of TVA's service area to include the area in question here, or in any other area, since any such expansion will most adversely affect our ability, and the ability of other companies similarly situated, to raise necessary capital at reasonable cost.

Mr. Chairman, I respectfully request this committee to adopt H.R. 15225 without amendment.

I certainly appreciate the opportunity of presenting my views to the committee.

Senator COOPER. Mr. Duncan, when did you become president of Kentucky Utilities?

Mr. DUNCAN. 1964.

Senator COOPER. You succeeded Mr. Watt?

Mr. DUNCAN. Yes, sir; Mr. R. M. Watt.

Senator COOPER. You have been associated with Kentucky Utilities prior to that time?

Mr. DUNCAN. Yes, sir; since 1935.

Senator COOPER. During the time that you have been associated with Kentucky Utilities were you aware from any discussions that you had with the managers of Jackson Purchase or with TVA that there had been discussions between TVA and Jackson Purchase relative to the supply of power to Jackson Purchase by TVA?

Mr. DUNCAN. I first became aware of any such discussions with TVA about the time the 1959 TVA Act was being hammered out. Contrary to what has been indicated here before, I did have reports from our representatives in the area extending over quite a number of years prior to 1959 that the then present manager of Jackson Purchase was very well satisfied with the service and rate he was receiving from our company. I believe he subsequently was replaced perhaps some time after the enactment of this act. My impression is, and this is an impression, that his attitude on that particular point may have had some bearing on the termination of his services as manager and Mr. Adams' election to this position.

The point I am trying to make here is that it is my information that this attempt on the part of Jackson Purchase to secure TVA power certainly did not extend very many years, if at all, prior to the enactment—well, prior to 1959.

Senator COOPER. Mr. Adams placed in the record minutes of the director meeting which would indicate that for a period of years they had discussions and negotiations had been taking place. I think Mr. Adams also generally testified to that point. On pages 4 and 5 of your prepared statement you call attention to the very favorable ratios of debt to utility plant which Jackson Purchase enjoys. Do you know whether or not that is true because of the rapid repayment to the Federal Government of loans which had been made to Jackson Purchase?

Mr. DUNCAN. I don't know the facts but I would assume there are a combination of factors. That might well be one. Another might be the generally favorable economic situation in which Jackson Purchase has found itself down through the years.

Senator COOPER. Is it correct, as has been testified to by representatives of Jackson Purchase that in certain areas which they serve and you serve that there is an unusual intertwining of the areas?

Mr. DUNCAN. Between my company and Jackson Purchase?

Senator COOPER. No, between TVA and Jackson Purchase.

Mr. DUNCAN. I don't have the facts on that. It is logical to assume that there is a boundary between Jackson Purchase consumers and TVA-supplied consumers at any point where the two systems come together, yes, sir.

Senator COOPER. Does Kentucky Utilities purchase power from TVA on an exchange basis?

Mr. DUNCAN. We have an interchange arrangement with TVA under which a number of services are ordinarily provided. The continuing year-to-year portion of that arrangement is what we class as an interchange transaction under which we supply certain TVA load centers located within and immediately adjacent to our transmission lines and in return the TVA supplies some load centers located near their lines. Every year since the inception of that arrangement there have been these interchange transactions in which each party supplies to the other certain load centers located nearest its facilities and returns the energy so supplied to the supplying party at other points of interconnection. In addition, this contract we have with TVA provides for other types of service. During the year 1965 the only purchases of energy by Kentucky Utilities from TVA were classed as emergency deliveries. The only transactions of this sort were emergency transactions between us in which Kentucky Utilities supplied TVA substantially more energy than TVA supplied us on that basis.

Senator COOPER. Does Kentucky Utilities buy power to serve directly its own customers or is this simply a purchase of power to use when there are shortages of power?

Mr. DUNCAN. Here again you are talking about our arrangements with TVA?

Senator COOPER. Yes.

Mr. DUNCAN. Ordinarily when there is an emergency on the system of either party, if Kentucky Utilities had an emergency loss of a generator on our system, TVA among others stands ready to supply energy to make up for the emergency loss of that generator until we can make other arrangements. Similarly if an emergency exists on TVA's system, Kentucky Utilities stands ready to similarly supply that service to TVA. As I indicated, during the past year the net energy flow was some million three hundred thousand kilowatt hours to TVA under that arrangement.

Senator COOPER. When you purchase power from TVA do you purchase it at rates which they ordinarily supply power to their chief customers and when you return power to TVA do you supply it at the rates at which you ordinarily supply it to your own customers?

Mr. DUNCAN. No, sir. This type of transaction that I have described ordinarily is on a split-the-savings arrangement if any money at all changes hands. In most instances there is no money actually changing hands between the parties at all.

In the situation where Kentucky Utilities supplies TVA emergency energy it is classed as energy TVA owes us and is returned under similar circumstances at another time. So, so far as these emergency transactions between us, very seldom if ever is a cash sum involved.

Now, so far as purchase of capacity and energy to supply the needs of our consumers, our arrangements with TVA do not include any such purchase at the present time.

Senator COOPER. Can you state whether or not there is a relative balance maintained in this exchange of power or is TVA required to

call on Kentucky Utilities more than Kentucky Utilities is required to call on TVA?

Mr. DUNCAN. There is no substantial difference. In the long run I would assume the emergency transactions would pretty well balance out. The reason for that is that if at the present time, or at any time, the net balance in the emergency account indicates that Kentucky Utilities owes TVA some energy, TVA will be inclined to call on Kentucky Utilities rather than on some other adjacent company to assist in meeting a particular emergency with the result that over a period of time this emergency arrangement will pretty well balance out.

Senator COOPER. I believe Mr. Wagner testified that the power demands of TVA, doubled every 8 years.

Mr. WAGNER. We expect them to double every 10 years, it is about 7 or 8 percent a year.

Senator COOPER. Is that about the rate that the demand for Kentucky Utilities power increases? Is that the normal situation for any utility, whatever type it is.

Mr. DUNCAN. That is pretty close to the national average. If you look at a particular time variations will be noted, particularly in our case where we have undergone some trying times at the hands of public power in recent years and our growth has not been as great as it otherwise would have been. Generally speaking the national average increase of utility loads is somewhere in the vicinity of 8 percent per year; yes, sir.

Senator COOPER. Mr. Royce, do you have any questions?

Mr. ROYCE. Yes, Mr. Chairman, I do. Thank you.

Mr. Duncan, what is the rate you offer to Jackson Purchase as referred to on page 5 as rate "NPT"?

Mr. DUNCAN. That was a rate which was made available to all cooperatives in 1937 pursuant to an order of the Kentucky Public Service Commission in which, it is my understanding, the Kentucky Commission recognized that rural cooperatives were entitled to rates that produce something less than normal profit for the supplier. What I am saying is that this was a somewhat lower level of rates than was available to other consumers, wholesale consumers of KU at the time.

Mr. ROYCE. You state on page 5 and on page 6 of your prepared statement following that: "This offer was accepted"—an offer to reduce rates—"by the other two cooperative customers of our company." When was this offer accepted by the other two co-ops mentioned on page 6?

Mr. DUNCAN. I don't have the precise dates. I will be glad to supply them. Generally my recollection was that it was accepted immediately upon being offered in 1950.

Mr. ROYCE. If you would supply that for the record, please.

Mr. DUNCAN. Yes.

(Subsequently the following information was supplied:)

"Both Henderson Union RECC and Green River RECC accepted this rate 61 under contracts dated February 3, 1950."

Mr. ROYCE. What are the names of those other cooperatives mentioned?

Mr. DUNCAN. There are two cooperatives, Henderson Union Rural Electric Cooperative Corp. and Green River Rural Electric Cooperative Corp., both of whom have since terminated their service from our company.

Mr. ROYCE. Are their service areas contiguous to the TVA area?

Mr. DUNCAN. In part, yes, sir. TVA generally supplies service to cooperatives extending along the southern boundaries of these two co-ops that I have mentioned.

Mr. ROYCE. These two co-ops are now served by TVA?

Mr. DUNCAN. No, sir. They are now supplied by their own generating and transmission cooperative, Big Rivers Rural Electric Cooperative Corp. It began its initial operation the latter part of 1965.

Mr. ROYCE. Could you supply for the record the percentage of their long-term debt in relation to their net utility plant as you have supplied for the other cooperatives and also the relation of their net income to the interest on their debt, that is, comparable figures for those two cooperatives, as have been supplied for the other five cooperatives.

Mr. DUNCAN. Yes, sir, I may have that before me. Henderson Union, percent long-term debt to net plant in 1964 was 95.7 percent. Its interest coverage was 2.7 times.

Mr. ROYCE. Then they are in roughly a comparable position to the Warren and the Hickman-Fulton Co-ops with respect to the relation between income and long-term debt.

Mr. DUNCAN. Green River RECC in 1964 the long-term debt to net plant was 85 percent and interest coverage was 3.1 times.

Mr. ROYCE. Thank you, Mr. Duncan.

Now, do you know who operates in the area bounded on the west by the Jackson Purchase, on the east by the Tradewater River, and on the south by the TVA service area in this brochure presented by the Jackson Purchase people?

Mr. DUNCAN. Will you describe it again?

Mr. ROYCE. That little triangular area east of the Jackson Purchase on page 7.

Mr. DUNCAN. Kentucky Utilities Co. operates throughout that area, as does Henderson Union RECC.

Mr. ROYCE. There is another rural co-op operating in that area?

Mr. DUNCAN. Yes, sir.

Mr. ROYCE. And they are served by Kentucky Utilities?

Mr. DUNCAN. They were until the end of 1965. They began receiving service from the G. & T. Co-op around the first of the year.

Mr. ROYCE. Then, relevant to the proposed amendment, that area would be on pretty much the same grounds as the Jackson Purchase area, would it not?

Mr. DUNCAN. Yes, sir.

Mr. ROYCE. To your knowledge, is this interweaving of TVA and Jackson Purchase transmission lines a unique situation, or is this pattern in existence elsewhere and possibly in the area to which we have just referred?

Mr. DUNCAN. Frankly, I don't know the extent to which interweaving exists in the area to which Jackson Purchase has referred. But I am confident that with some 98 percent of the farms in Kentucky already supplied by some supplier, that irrespective of any new limits established for TVA service, there are bound to be numerous instances in which the facilities of a TVA supplier intersect or approach very close to the facilities of a non-TVA-supplied distributor.

Mr. ROYCE. Now, referring back to your previous interchange with Senator COOPER regarding the relations of Kentucky Utilities with TVA, these are just on an emergency power exchange basis; that is you do not purchase for resale from TVA except in relation to an emergency situation?

Mr. DUNCAN. That is rather generally the case. As I understand it, there is a real good reason for that. Ordinarily, any utility desiring to purchase a block of capacity of energy from another source does so on the basis that provided it has an opportunity to take advantage of that sort of arrangement over an extended period of years. At the present time it is my understanding that TVA is not in a position to supply a wholesale service to another utility on a basis that does not give TVA authority to regulate rates of that utility. So, from a practical standpoint there are few if any opportunities, for us at least, to purchase power from TVA over an extended period of time—the type of power that we could generate in our own plants or purchase from other investor-owned utilities.

Now, as I have indicated the interchange arrangement that we have with TVA does have a continuing component in which we each supply the other load centers and that takes place every day of the year and it has for a number of years. For energy we supply to TVA at a particular load center, TVA supplies us a corresponding energy at another location. Basically we do not have the type of purchase power arrangements with TVA that we have entered into with others.

Mr. ROYCE. One more question, Mr. Duncan, would you describe the role of Kentucky Utilities as intervenor in the pending litigation to which Senator COOPER made earlier reference between Jackson Purchase and TVA?

Mr. DUNCAN. I would like for Mr. Welch to respond to that. He is counsel in that case.

Mr. WELCH. This action was filed in July of 1962 I believe by Jackson Purchase in the State court, the McCracken circuit court in Paducah, Ky. Jackson Purchase filed a suit against TVA requesting a declaratory judgment that TVA could serve it power as I recall. Shortly after that Kentucky Utilities asked permission of the court to intervene as an additional defendant in the action. Since Jackson Purchase was Kentucky Utilities' customer, an adverse decision perhaps would have resulted in our losing that customer. We felt we had standing to intervene and we did intervene. I believe somewhat prior to the time we intervened, but it may have been afterward, the case was removed to the Federal court, the U.S. District Court for the Western District of Kentucky where it is now pending.

Mr. ROYCE. It is now pending in the Federal court?

Mr. WELCH. Yes.

Mr. ROYCE. Thank you, Mr. Chairman.

No further questions.

Senator COOPER. Do you have any other evidence you would like to present, Mr. Duncan, other than what you have presented?

Mr. DUNCAN. No; I would like to again express my thanks to the committee and to you personally for the opportunity to appear here today.

(Subsequently Mr. Duncan transmitted the following communication:)

KENTUCKY UTILITIES CO.,
Lexington, Ky., June 30, 1966.

Hon. JENNINGS RANDOLPH,
Chairman, Senate Public Works Committee,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR RANDOLPH: During the June 28 hearing of the Senate Public Works Committee on H.R. 15225, I was requested to supply the dates on which Henderson-Union Rural Electric Cooperative Corporation and Green River Rural Electric Cooperative Corporation first accepted Kentucky Utilities Company's Rate 61.

I am particularly happy to supply this information since it gives me an opportunity to correct an error appearing on pages 5 and 6 of my prepared statement presented to your Committee on June 28. Our rate 61 first became effective with its filing with the Kentucky Public Service Commission on January 20, 1950 instead of late in 1957. Both Henderson Union RECC and Green River RECC accepted this Rate 61 under contracts dated February 3, 1950.

Since this rate was initially offered to the Cooperatives in 1950 instead of 1957, the

savings which could have accrued to Jackson Purchase RECC by its early acceptance thereof would have substantially exceeded the $335,065 to which I testified before your Committee on June 28.

Since the hearing on June 28, I have had an opportunity to examine certain documents filed with the testimony of Mr. Hobart Adams, Manager of Jackson Purchase Rural Electric Cooperative Corporation, and respectfully request your Committee's consideration of the following comments relative to these documents.

On pages 23 and 24 of the booklet introduced by Mr. Adams, Jackson Purchase attempts to state, on page 23, and depict graphically, on page 24, "Direct Kilowatt Hour Sales of TVA in the Service Area of Jackson Purchase Rural Electric Cooperatives Corporation." Jackson Purchase has incorrectly included in this data sales by TVA to industries, including most substantial sales to the Atomic Energy Commission, which I respectfully insist do not constitute sales "in the service area" of Jackson Purchase. Jackson Purchase has also included substantial sales by TVA to its distributors in Carlisle, Graves, Marshall and Lyon Counties. Similarly, these sales by TVA distributors are not properly classified as "sales of TVA in the service area of Jackson Purchase."

Even on the patently incorrect theory that TVA sales to certain industries might constitute sales in the service area of Jackson Purchase, we further suggest that this tabulation and graph are misleading.

Jackson Purchase RECC expressly includes sales of TVA to the Atomic Energy Commission but do not include 6.5 billion annual kilowatt hour sales by Electric Energy, Inc. to the Atomic Energy Commission project at Paducah, which is jointly supplied by TVA and Electric Energy Inc. Kentucky Utilities Company is one of four Sponsors of, and owns a 20% interest in, Electric Energy, Inc.

Mr. Adams presented certain exhibits in connection with his testimony at the June 28 hearing. Among these is the document he referred to as "the 1961 Annual Report of the Board of Directors to the Members." Examination of this report, as well as the excerpts from certain minutes of the Jackson Purchase Board of Directors meeting clearly indicates that the first serious negotiation for TVA to supply Jackson Purchase took place early in 1959. The only negotiation prior to 1959 took place in 1946 and 1947 and was not consummated at that time; first, because "REA in Washington did not think the plan was feasible—and would not lend us (Jackson Purchase) the money to build the transmission lines that would be required." The report further notes that TVA could not supply Jackson Purchase with service until 1950. This being the case, it is evident that, as I indicated at the hearing in response to Sen. COOPER's questions, Jackson Purchase was, prior to 1959, quite satisfied with its arrangement with Kentucky Utilities Company and did not, in fact, press any negotiation for service from TVA during a period of approximately twelve years prior to 1959.

On page 2 of his prepared statement, Mr. Adams says that making power available to Jackson Purchase would merely make TVA power available to the Rural Cooperative Members, the *only group* in the area now being deprived of that service. In addition, on page 3 of his statement, Mr. Adams states as a fact that TVA power is available to just about everyone in his service area except the customers of Jackson Purchase. Since Kentucky Utilities Company now serves approximately 2,500 consumers in this same area, Mr. Adams' statements are incorrect.

On Page 9 of his prepared statement, Mr. Adams claims that at no place in his service area does Jackson Purchase have a land boundary with the service area of any private power company. The presence of 2,500 consumers of Kentucky Utilities Company located throughout the area served by Jackson Purchase certainly constitutes a land boundary between his service area and that of Kentucky Utilities Company.

On page 9 of his statement, Mr. Adams indicates that he is "merely seeking a *clarification* of" the 1959 Amendment to the TVA Act. It is evident that the amendment he has proposed cannot be properly classified as a "clarification" of the law but instead constitutes a fundamental change in the TVA service area boundaries, which were so carefully worked out in the 1959 legislation, and would authorize TVA's expansion into an additional one thousand square mile area.

I respectfully request the Senate Public Works Committee's consideration on my additional comments set out in the foregoing.

Very truly yours,

W. A. DUNCAN,
President.

Senator COOPER. May I make an announcement?

Chairman RANDOLPH stated that the record would be opened through July 1. Anyone who wants to file any statement on this subject of course is authorized to do so. Also, if you wish to file a statement which goes to the testimony that has been given on either side, in answer or rebuttal or explanation, you are at liberty to do so. I do recommend that if you intend to file any material that you do it promptly so that the record will be available when the committee considers this matter.

I want to thank all of you for bearing with us. I thought it would be better to continue and complete the hearings rather than come back later this afternoon.

We will recess until Chairman RANDOLPH orders us to convene again.

(Subsequently the following statements were ordered printed:)

NATIONAL RURAL ELECTRIC
COOPERATIVE ASSOCIATION,
Washington, D.C., June 24, 1966.

Hon. JENNINGS RANDOLPH,
Chairman, Senate Public Works Committee,
U.S. Senate,
Washington, D.C.

DEAR CHAIRMAN RANDOLPH: At the 1966 annual meeting of the National Rural Electric Cooperative Association, delegates representing our 980 member rural electric systems in 46 states unanimously passed a resolution in support of legislation to grant to the Tennessee Valley Authority additional revenue bond-financing authority; to remove the existing prohibition against interconnections with and exchange of power between TVA and other power systems; and to permit wholesale power service by TVA to those additional rural electric cooperatives within economic transmission distance who desire such service. Similar resolutions have been passed by the NRECA membership in previous years.

Your committee is currently considering bills which would assure the continued effective operation of the TVA power system by increasing the total amount of bonds which may be issued by TVA to finance necessary expansion of its facilities. We wholeheartedly support this proposal, but we strongly urge that it be amended to permit the Jackson Purchase Rural Electric Cooperative Corporation of Paducah, Kentucky, to purchase TVA power.

Such an amendment would rectify the present glaring inequity which exists in this area. The Jackson Purchase Cooperative has repeatedly requested wholesale power service from TVA, only to be refused because of an alleged prohibition in the TVA Act. The plight of this rural electric cooperative, whose service area is crisscrossed with TVA transmission lines and dotted with TVA facilities, represents to us a complete frustration of the intent of the TVA Act and the entire Federal power program. Many of Jackson Purchase's consumer-members have had to relocate to make way for TVA facilities; others have TVA lines running past their homes and businesses.

There is no logical reason for the exclusion of Jackson Purchase from TVA service. Jackson Purchase is certainly within the TVA region, and the outer limit of the system is marked by the Ohio River—a convenient geographical boundary.

Further, in view of the interchange of power agreements entered into by TVA with investor-owned utility systems in surrounding states, which will move TVA power as far south as the Gulf Coast, it would appear to be reasonable to request that this rural electric cooperative system located within the TVA service area be permitted to obtain TVA power.

We respectfully urge you to end the present serious inequity which prevents Jackson Purchase from being served by TVA by appropriately amending the TVA financing bill which is now being considered by your Committee.

Sincerely yours,

CLYDE T. ELLIS,
General Manager.

"STATEMENT OF KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION TO THE SENATE PUBLIC WORKS COMMITTEE IN SUPPORT OF AMENDING THE TVA SELF-FINANCING ACT TO INCLUDE JACKSON PURCHASE RURAL ELECTRIC COOPERATIVE CORPORATION AS A CONSUMER OF WHOLESALE POWER PROVIDED BY TVA

"Mr. Chairman and members of the committee, the Kentucky Rural Electric Cooperative Corporation is the State Association of Rural Electrics, representing the rural electric cooperatives in Kentucky which serve approximately 265,000 users. In this statement, we are particularly interested in the welfare of Jackson Purchase Rural Electric Cooperative Corporation and its 11,000 member-owners.

"We are grateful for this opportunity to provide a statement in support of the position taken by Jackson Purchase Rural Electric Cooperative Corporation (Jackson Purchase RECC) that the rural electric system should be included among those which receive their wholesale power supply from the Tennessee Valley Authority. We wish to go on record as urging this Committee to amend the TVA Self-Financing Act to include Jackson Purchase RECC as a consumer of TVA wholesale power.

"Jackson Purchase RECC is a rural electric cooperative in the Tennessee Valley with offices at Paducah, Kentucky. The Cooperative serves some 11,000 member-families, which include approximately 40,000 persons, residing in six Western Kentucky counties.

"Jackson Purchase RECC includes an area located entirely within the geographical service area of TVA. It is surrounded by the TVA service area and at several points, TVA transmission lines cross the Jackson Purchase RECC service area. A TVA dam, a TVA steam plant, a large city that receives TVA power, and many TVA consumers are located within the Cooperative area.

"It is difficult for the Jackson Purchase RECC members to understand why after so many years of effort they are still denied TVA power when they can stand at their homes and see so many TVA installations nearby. They fish and swim in TVA lakes * * * TVA dams and steam plants are within easy view of their homes * * * TVA

transmission lines traverse the Jackson Purchase RECC area in every direction * * * TVA lines reach into the Jackson Purchase RECC area to serve consumers * * * their friends in Paducah, a city located entirely within the Jackson Purchase RECC service area, enjoy TVA service * * * and yet in spite of years of continuous effort, they have ben unable to obtain their wholesale power supply from TVA.

"There are many instances in which the Jackson Purchase RECC member is denied TVA power and his neighbor who lives just across the street enjoys lower power rates because he is served by TVA. TVA transmission lines may cross his property and in some cases he has had to move away from his home to make room for a TVA installation, yet he cannot enjoy the benefits of TVA power.

"This is a difficult situation to explain to the general membership of Jackson Purchase RECC. It is inconceivable to them that with TVA power surrounding them and with TVA lines crossing through their service area, and often through property they own, why they should not enjoy equal benefits as others who live near them.

"We believe that the request being made by Jackson Purchase RECC and its members is a reasonable one. The Cooperative and its members are victims of circumstances which have imposed unfair and unreasonable conditions upon them. We believe these conditions can only be cleared up by Congressional action.

"To the members of Jackson Purchase RECC and to us, it is only reasonable that with the Jackson Purchase RECC service area located entirely within the TVA area—a small island, completely surrounded—the Cooperative should have the TVA power.

"With the exception of Jackson Purchase RECC, all rural electric cooperatives in Kentucky have met and solved their problem of an adequate wholesale power supply. Eighteen of the rural electrics receive their wholesale power from East Kentucky RECC, a generation and transmission cooperative with headquarters in Winchester, Kentucky; three receive wholesale power from Big Rivers RECC, a generation and transmission cooperative with headquarters in Henderson, Kentucky, and four receive wholesale power from TVA. A Tennessee rural electric, Tri-County REC, that serves more than 10,000 members in Kentucky, also receives TVA wholesale power. This leaves only Jackson Purchase RECC with the problem of unsatisfactory wholesale power supply.

"All this has worked an undue and unjust hardship on Jackson Purchase RECC and its member-owners.

"We believe that the amending of the TVA Self-Financing Act to permit Jackson Purchase RECC to purchase TVA power would eliminate an unreasonable situation that threatens the future growth and development of the Cooperative and the economic well being of its members. We strongly urge the members of this Committee to include this amendment in the TVA Self-Financing Act.

"In support of this position, we are attaching a resolution which was passed at a regular meeting of the Board of Directors of Kentucky Rural Electric Cooperative Corporation which represents the viewpoints of the Rural Electric Cooperatives of Kentucky in regard to securing wholesale power for Jackson Purchase RECC from TVA.

"We shall appreciate your consideration of this important problem.

"J. K. SMITH,
"General Manager, Kentucky Rural Electric Cooperative Corp."

"Excerpts from minutes of the Board of Directors meeting of Kentucky Rural Electric Cooperative Corporation (State Association of Rural Electric Cooperatives). In official meeting held Tuesday, June 16, 1964, the following resolution was adopted:

" 'Whereas the Tennessee Valley Authority has refused to provide power to Jackson Purchase Rural Electric Cooperative and their approximately 10,000 members because of their interpretation of the TVA Act, as relates to service areas, as amended by Congress in 1959, thus developing a disagreement between the Cooperative and TVA, and

" 'Whereas Jackson Purchase Rural Electric Cooperative and its members desires clarification of the Act by Congress and that this can be accomplished through the adoption of an appropriate resolution by the U.S. Senate.

" 'Be it therefore resolved that we, the Rural Electric Cooperative of Kentucky, acting through our State Association of Rural Electric Cooperatives, do hereby pledge our support to the Jackson Purchase Rural Electric Cooperative in this effort and request the support of our Senators, Senator JOHN SHERMAN COOPER and Senator THRUSTON B. MORTON in aiding the Jackson Purchase RECC to secure passage of the needed resolution.'

"W. E. GEVEDON,
"President.

"THOMAS BARKER, Jr.,
"Secretary."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1399), 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 H.R. 15225 is to raise the limitation on the amount of revenue bonds that may be issued and sold by the Tennessee Valley Authority, from $750 million to $1,750 million, an increase of $1 billion.

PUBLIC HEARING

The Subcommittee on Flood Control-Rivers and Harbors held a hearing on June 28, 1966, on H.R. 15225, S. 3419 and S. 2827, bills to increase the bond financing authority of the Tennessee Valley Authority. Testimony was received from interested Members of Congress, and officials of the Tennessee Valley Authority. In addition, the committee heard testimony from representatives of the Jackson Purchase Rural Electric Cooperative Corp., and the Kentucky Utilities Co., regarding expansion of the TVA service area to include an area in western Kentucky.

GENERAL STATEMENT

Congress, in the Revenue Bond Financing Act of 1959 (Public Law 86-137), authorized the Tennessee Valley Authority to issue and sell revenue bonds in an aggregate amount not to exceed $750 million outstanding at any one time, to assist in financing needed additions to its power system. Proceeds of the bonds are used for construction, acquisition, enlargement, improvement, or replacement of any plant or other facility used for the generation or transmission of electric power or in connection with lease-purchase transactions for supplying power within a specified area. The bonds are not guaranteed by the Government nor are they tax exempt.

NEED FOR LEGISLATION

The committee is aware of the need for raising the limitation on the total amount of bonds that may be issued and sold by the Tennessee Valley Authority. It is understood that the present ceiling of $750 million imposed by Public Law 86-137 has, for all practical purposes, been reached. At the present time, $345 million of borrowings are outstanding. An additional $155 million will be issued shortly to cover cost of construction contracts now in force. The remaining $250 million will be obligated in the near future to cover cost of power facilities now planned for completion by 1970.

It is understood that it takes as long as 4 years to plan and construct a power-generating facility and therefore financing must be available in ample time to complete construction on schedule.

As in the rest of the United States, power needs in the area are constantly increasing. In order to keep pace with the power demand in the Tennessee Valley region over the next several years, TVA must add new generating facilities each year along with related new transmission lines. Therefore, an increase in the revenue bond ceiling is required at this time.

COMMITTEE RECOMMENDATIONS

It is apparent that the ceiling on TVA bond financing imposed by the 1959 amendments to the Tennessee Valley Authority Act will be reached in the near future. In order for TVA to provide sufficient electrical energy to meet the growing needs of the area, it must have access to adequate capital to finance the facilities which will be needed over the next several years. Therefore, an increase in the bonding authority of the Tennessee Valley Authority should be made by the Congress at this time. The committee accordingly recommends early enactment of this legislation.

The ACTING PRESIDENT pro tempore. The question is on the third reading of the bill.

The bill was ordered to a third reading, was read the third time, and passed.

THE SALE OF SHORT-TERM NOTES BY THE TVA TO THE TREASURY DEPARTMENT IS CONTRARY TO THE INTENT OF CONGRESS

Mr. COOPER subsequently said: Mr. President, in the course of the hearings on H.R. 15225 I had an opportunity to question the Chairman of the TVA, Mr. Aubrey J. Wagner, concerning the present policy of the TVA to finance additional facilities by the sale of short-term notes to the Treasury Department rather than financing these facilities through the issuance of bonds to the public, which was the intent of the Congress in enacting the 1959 Self-Financing Act.

Section 15d(c) of the present act authorizes the Treasury Department to purchase the TVA's short-term obligations in two situations:

First. In the event that the Secretary of the Treasury does not within a specified time approve of a particular issue of bonds, then the Treasury Department is required to purchase a like amount of TVA's short-term obligations. The pertinent sentence of section (c) reads as follows: "that if the Secretary of the Treasury does not approve a proposed issue of bonds hereunder within 7 working days following the date on which he advised of the proposed sale, the corporation may issue to the Secretary interim obligations in the amount of the proposed issue which the Secretary is directed to purchase."

Second. In the event that the TVA determines that its bonds cannot be sold to the public "on reasonable terms," then the TVA may issue short-term obligations which the Treasury may, but is not

required to, purchase. This pertinent provision of section (c) reads:

In case the corporation determines that a proposed issue of bonds hereunder can not be sold on reasonable terms, it may issue to the Secretary interim obligations which the Secretary is authorized to purchase.

The maturity of the notes issued in both events by the TVA to the Treasury would be limited to 1 year or less and to an aggregate amount not to exceed $150 million.

Since the passage of the TVA Self-Financing Act of 1959, at no time has the Secretary of the Treasury failed to approve of TVA's sale of bonds to the public, and hence there has been no need for the TVA to sell interim obligations to the Treasury. Since 1959 the TVA has sold three issues of its bonds—in principal amounts of $50 million—$50 million and $45 million—to the public carrying maturities of 25 years each and carrying interest rates of 4.44, 4.69, and 4.52, aggregating $145 million.

In those situations in which the TVA has determined that its bonds cannot be sold to the public "on reasonable terms" the TVA since 1959 has sold short-term obligations having a maturity of 1 year to the Treasury under this provision of section 15d(c). These sales commenced on October 15, 1962, and the most recent sale of $35 million of notes took place on May 26, 1966. As of June 28, 1966, the total of these obligations sold to the Treasury outstanding amounted to $100 million.

One of the purposes of the 1959 Self-Financing Act was to place TVA on a competitive footing with private utilities with respect to the cost of borrowing money in the capital markets. As I stated in the hearing:

I think one of the purposes of the Self-Financing Act was to enable the TVA to secure revenues to finance needed facilities for generating capacity. I believe one of the purposes was to put the TVA in the same position as private utilities are—in that TVA should go into the markets and secure funds at comparable rates that investors are willing to pay. Don't you believe that if the TVA should continue to finance a part of its operations year after year by selling its notes to the Treasury, then the TVA is not following the provisions of the act? You borrow from the Treasury at lower rates of interest than you would be required to pay if you sold the bonds to the public; you could do this year after year, could you not, and finance in part from the Treasury?

The General Counsel of the TVA, Mr. Charles J. McCarthy, replied as follows:

The act provides that in case the corporation determined that a proposed issue of bonds hereunder cannot be sold on reasonable terms, it may issue interim obligations to the Treasury. Now that "reasonable terms" is not limited to interest rate. You must bear in mind that the word "bonds" in this act is broad enough to cover any kind of an obligation. The notes which have been issued to the Treasury take the place not of long-term or short-term notes that would normally be sold to the general public, but rather they take the place of bank financing. When we investigated bank financing, we found that we would be required not only to pay a fairly high rate but also to leave 20 percent of the amount of the loan on deposit.

I would like to point out that these particular provisions of section 15d(c) were proposed in 1959 as an amendment by the Eisenhower administration. In hearings before the Senate Public Works Committee, Mr. Elmer B. Staats, Deputy Director of the Bureau of the Budget, explained the purpose of this amendment as follows:

This amendment is an additional safeguard against the possibility that the most efficient programing of an authorized expansion of TVA power facilities might conflict, as to timing, with the requirements of the Treasury with respect to its own fiscal operations. This new subsection would provide a procedure under which the Treasury could facilitate such power program financing by providing an interim source of funds for TVA. It would also give TVA protection against the contingency that its needs for funds might occur at a time when, as a result of Federal fiscal policy or otherwise, the money market was temporarily unfavorable to a TVA bond issue.

The ceiling of $150 million on the amount of such obligations that the Treasury could hold at any one time and the maximum maturity date of 1 year for the obligations are designed to prevent permanent financing of the TVA power program by the Treasury under the authority of this subsection.

I wish to emphasize Mr. Staats' statement that the limitations on the total amount of these obligations and on the 1-year maturity are "designed to prevent permanent financing of the TVA power program by the Treasury under the authority of this subsection."

It was my understanding during the deliberations of the Senate Public Works Committee in 1959—on which I served—that the standby authority of the TVA to sell short-term obligations to the Treasury was to be used in unusual or temporary unfavorable conditions under which TVA's bonds could not be sold to the public "on reasonable terms." I did not understand that these short-term obligations would be a substitute for bank financing or that the TVA would engage in the standard practice of rolling over its short-term notes quarterly to the Treasury. I raise these points, Mr. President, and question whether the intent of Congress is being followed by the TVA in the conduct of its financing operations under the 1959 act.

Mr. President, I ask unanimous consent that the pertinent excerpts of the Public Works hearing record of June 28 relating to this subject be included in the RECORD at this point.

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

Senator COOPER. The TVA Act, as amended by the self-financing act of 1959, provides in section 15d(f) as follows:

"The Corporation shall charge rates for power which will produce gross revenues sufficient to provide funds for operation, maintenance, and administration of its power system; payments to States and counties in lieu of taxes; debt service on outstanding bonds, including provision for maintenance of reserve funds and other funds established in connection therewith; payments to the Treasury as a return on the appropriation investment pursuant to subsection (e) hereof."

Then the section gives more detail about reserves and other factors.

May I ask if all of these obligations required by section 15d(f) of the act have been met?

Mr. WAGNER. Yes, sir; they have.

Senator COOPER. Has it been necessary for the TVA to increase its power charges in order to meet the obligations provided by this subsection?

Mr. WAGNER. No, sir; it has not.

Senator COOPER. The TVA Self-Financing Act provided that repayment should be made by TVA on the Federal investment, as you have noted, $10 million for the first 5 years, $15 million for the second 5 years, and $20 million thereafter. As I remember, it was anticipated that in a period of 50 to 53 years the investment up to $1 billion would be repaid. Is that correct?

Mr. WAGNER. That is correct; yes, sir.

Senator COOPER. Those obligations have been met?

Mr. WAGNER. Yes, sir; they have.

Senator COOPER. It also provided for the first time, as concerns TVA, that TVA should pay to the Federal Treasury interest on the Federal investment in power facilities at a rate equal to the average rates paid by the Federal Government on its own obligations. Is that correct?

Mr. WAGNER. A return which covers interest costs, that is correct; yes, sir.

Senator COOPER. Will you repeat again how much TVA has paid on the principal of the investment, and how much interest on the investment?

Mr. WAGNER. As of June 30, this year, Senator, we will have paid $65 million in reduction of the investment and $244 million as a return on the investment, a total of $309 million since 1959.

Senator COOPER. As I remember, a section in the act prior to its amendment by the Self-Financing Act provided for repayment of the power investment.

Mr. WAGNER. That is correct; yes, sir.

Senator COOPER. Is it fair to say, then, that because of the Self-Financing Act, $244 million has been repaid to the Treasury that was not required before the enactment of the Self-Financing Act, as interest on the investment?

Mr. WAGNER. I think that is essentially correct. The return on the appropriation investment covers the Government's interest costs; yes, sir.

Senator COOPER. Then TVA has issued $345 million of its obligations to finance additional generating facilities?

Mr. WAGNER. That is correct.

Senator COOPER. Would it be fair to say that but for the TVA Self-Financing Act this would have been a charge upon the general appropriations of the Congress, if they had appropriated such sums?

Mr. WAGNER. Yes, sir; that is correct.

Senator COOPER. So $345 million represented by the issuance of your obligations, and $244 million represented by interest payments represent a saving to the Federal Government?

Mr. WAGNER. I think that is essentially correct, Senator. There may be some arithmetic involved here that escapes me.

Senator COOPER. I noted in your statement that the TVA has issued bonds in a total of $145 million and sold short-term notes in the sum of $200 million. Is that correct?

Mr. WAGNER. That is correct.

Senator COOPER. You have said that the three issues of bonds carry maturities of 25 years each, and an interest rate of 4.44, 4.69, and 4.52, respectively?

Mr. WAGNER. Those are the interest costs to TVA, Senator.

Senator COOPER. You have noted that $200 million of short-term notes have been issued as payable to the Treasury. What interest rates do the short-term notes carry?

Mr. WAGNER. Those rates have varied over a period of time. Mr. Wessenauer, who serves as our power financing officer, is here. I might ask him to comment on that.

Senator COOPER. Are they substantially lower interest rates than the interest rate on bonds that have been issued?

Mr. WESSENAUER. No, sir. At the present time they are not, because the bonds were issued back in 1960, 1961, and 1962. We are currently paying the Treasury 4¾ percent on the notes that are issued to the Treasury and those we have sold to the public range somewhat in the order in which the Government bill market ranges, although somewhat higher.

On our last issue, we had to pay around 5.7 percent.

Senator COOPER. Will you file with the committee a statement showing the total issues of short-term obligations, and the interest rate payable on each of the issues?

Mr. WESSENAUER. Yes, sir. It will be possible to supply a tabulation which will show that.

(Subsequently the following tabulations were submitted:)

"Up to June 28, 1966, short-term obligations of TVA sold to the public on a discount basis are as follows:

"No.	Issue date	Term	Amount	Interest cost to TVA	Total outstanding
		Days		*Percent*	
1	July 25, 1963	127	$25,000,000	3.589	$25,000,000
2	Nov. 29, 1963	118	35,000,000	4.025	35,000,000
3	Mar. 26, 1964	126	35,000,000	4.109	35,000,000
4	July 30, 1964	120	35,000,000	3.960	35,000,000
5	Nov. 27, 1964	118	45,000,000	4.352	45,000,000
6	Mar. 25, 1965	126	45,000,000	4.349	45,000,000
7	May 27, 1965	126	35,000,000	4.364	80,000,000
8	July 29, 1965	120	45,000,000	4.314	80,000,000
9	Sept. 30, 1965	119	50,000,000	4.568	95,000,000
10	Nov. 26, 1965	125	45,000,000	4.691	95,000,000
11	Jan. 27, 1966	119	50,000,000	5.064	95,000,000
12	Mar. 31, 1966	119	50,000,000	5.391	100,000,000
13	May 26, 1966	126	50,000,000	5.770	100,000,000"

"Up to June 28, 1966, short-term obligations issued to the Treasury under provisions of Section 15d(c) of the TVA Act are as follows:

"Issue date	Term	Amount	Total outstanding	Interest cost to TVA [1]	
				Date	Percent
	Years				
Oct. 15, 1962	1	$25,000,000	$25,000,000	October 1962	3.125
				November 1962	3.125
				December 1962	3.125
				January 1963	3.125
Feb. 15, 1963	1	25,000,000	50,000,000	February 1963	3.125
				March 1963	3.125
				April 1963	3.125
				May 1963	3.125
				June 1963	3.125
				July 1963	3.125
				August 1963	3.250
Sept. 24, 1963	1	25,000,000	50,000,000	September 1963	3.250
				October 1963	3.250
				November 1963	3.375
				December 1963	3.500
Jan. 28, 1964	1	25,000,000	50,000,000	January 1964	3.500
				February 1964	3.625
				March 1964	3.625
				April 1964	3.625
May 27, 1964	1	35,000,000	85,000,000	May 1964	3.750
				June 1964	3.750
				July 1964	3.750
				August 1964	3.750
Sept. 15, 1964	1	35,000,000	95,000,000	September 1964	3.750
				October 1964	3.750
				November 1964	3.750
				December 1964	3.750
Jan. 27, 1965	1	25,000,000	95,000,000	January 1965	3.875
				February 1965	3.875
				March 1965	4.000
				April 1965	4.000
May 26, 1965	1	35,000,000	95,000,000	May 1965	4.000
				June 1965	4.125
				July 1965	4.125
				August 1965	4.000
Sept. 15, 1965	1	40,000,000	100,000,000	September 1965	4.000
				October 1965	4.125
				November 1965	4.125
				December 1965	4.125
Jan. 27, 1966	1	25,000,000	100,000,000	January 1966	4.250
				February 1966	4.375
				March 1966	4.500
				April 1966	4.625
May 26, 1966	1	35,000,000	100,000,000	May 1966	4.750
				June 1966	4.750

[1] This rate of interest cost applies to the net amount withdrawn of the total outstanding."

Senator COOPER. Now the act of 1959 authorized the TVA to issue short-term notes to the Treasury, but upon certain conditions. It also directed the Secretary of the Treasury to buy such short-term notes. The conditions established in the act are predicated upon an emergency, in that the TVA was not able to sell its bonds at reasonable rates. Has that provision been followed? Did you sell these short-term notes to the Treasury because you could not sell bonds at a reasonable rate?

Mr. WAGNER. The provision has been followed, Senator, and the short-term notes to the Treasury were sold by agreement that the rates available in the market at the time would not be reasonable.

Senator COOPER. Were the sales of short-term obligations used to secure lower interest rates than you would have been required to pay had you issued bonds?

Mr. WESSENAUER. Initially that was correct, Senator. We found with the amount of work we had under construction and the rate which short-term notes carried at the time we initiated the program that the short-term rates were more favorable to TVA than the rates on long-term bonds.

Senator COOPER. I know perfectly well now that if you sell your short-term obligations at present interest rates you are probably not going to obtain any advantage, because of the increased going rate. I don't know what you paid on the old issue of short-term obligations, but it would appear to me that if they were sold to the Treasury you would obtain the advantage of lower interest rates. It was not the contemplation of the Congress when we passed this bill that you should do that.

The standard we enacted was whether the rates of your bonds were reasonable; in other words, whether they were reasonable rates in the bond market at that time.

Mr. WESSENAUER. One section of the act provides that the Treasury shall pass upon the timing and the rate of our long-term bond issues and if they are not acceptable, the Treasury was authorized to buy the issue. That provision has not been used, because in each of the long-term issues the timing and the rate were acceptable as far as the Treasury was concerned.

Other provisions of the act contemplate that if there are other circumstances under which we could not get reasonable terms the Treasury could buy some of our short-term notes. It was under that provision that we have used this arrangement which has been useful both to us and to the Treasury.

Senator COOPER. If you could go to market and sell your bonds at an interest rate comparable to the issuance of other bonds, would you then believe that you had the authority to sell your short-term notes to the Treasury at a lower rate of interest?

Mr. WESSENAUER. I think, Senator, you have to recognize that the term of the issue has a great deal to do with the interest rate. Our bonds were sold on a 25-year basis. The short-term notes are for less than 1 year. Of course, the cost of money on borrowings of 1-year duration are quite different from those of a long-term duration.

Senator COOPER. Do you interpret the directive of the act relative to the sale of short-term obligations to the Treasury to mean that you could sell your short-term obligations to the Treasury to secure a lower rate of interest than the rate you could secure by issuing bonds?

Mr. WAGNER. May I ask our general counsel, Mr. McCarthy, to respond?

Senator COOPER. If you could continue to sell short-term obligations to the Treasury at any time at lower rates of interest, it would be as though you were obtaining appropriations from the Congress.

Mr. WAGNER. May I ask Mr. McCarthy, our general counsel, to respond to that question? It is a matter of legal interpretation. I would like to have him do it.

Senator COOPER. I might say it was not the intent of the Congress that you continue to finance yourselves out of the Treasury, just as you were doing before.

Mr. WAGNER. I think we are not doing that, Senator. May Mr. McCarthy respond?

Mr. MCCARTHY. The act provides that in case the corporation determines that a proposed issue of bonds hereunder cannot be

sold on reasonable terms, it may issue interim obligations to the Treasury. Now that "reasonable terms" is not limited to interest rate. You must bear in mind that the word "bonds" in this act is broad enough to cover any kind of an obligation. The notes which have been issued to the Treasury take the place not of long-term or short-term notes that would normally be sold to the general public, but rather they take the place of bank financing. When we investigated bank financing, we found that we would be required not only to pay a fairly high rate but also to leave 20 percent of the amount of the loan on deposit.

Since the Treasury acts as TVA's banker, that arrangement would have been unsatisfactory, both to TVA and to the Treasury which preferred this arrangement.

I might also add that the amount which we can finance through the Treasury is limited to $150 million.

Senator COOPER. I understand that. And they must not have maturity longer than 1 year.

Mr. MCCARTHY. That is correct.

Senator COOPER. What was the Treasury's objection to the TVA's securing these funds by the issuance of bonds rather than by selling your notes to the Treasury?

Mr. MCCARTHY. The Treasury did not object to our obtaining the money through the issuance of bonds. But the Treasury preferred that we not borrow from commercial banks and leave deposits with the banks. The Treasury acts as our banker. So that this method of financing fitted in with the manner in which we operate.

Senator COOPER. I think one of the purposes of the Self-financing Act was to enable the TVA to secure revenues to finance needed facilities for generating capacity. I believe one of the purposes was to put the TVA in the same position as private utilities are in that TVA should go into the markets and secure funds at comparable rates that investors are willing to pay.

Don't you believe that if the TVA should continue to finance a part of its operations year after year by selling its notes to the Treasury, then the TVA is not following the provisions of the act?

You borrow from the Treasury at lower rates of interest than you would be required to pay if you sold the bonds to the public; you could do this year after year, could you not, and finance in part from the Treasury?

Mr. WAGNER. Let me say as a member of the Board that I understood this section of the act, which as you indicate is limited both to the length of time that borrowings can be made and the amount of borrowings—I have understood it as providing a degree of flexibility to permit operation on a financially sound basis, both for TVA and for the Government as a whole. And we are a Government agency, of course.

It does not permit the financing of all capacity additions to the power system, of course. It is used as a temporary device from time to time. It apparently has worked well, both from our standpoint and from the Treasury's, which means from the Government's standpoint.

To repeat, I have understood this as providing a measure of flexibility to permit us to carry out a sound financial operation from the Government standpoint. I believe it has worked that way, sir.

Senator COOPER. I hope the committee will pardon me if I spent some time in raising these questions which I do because of the presence of officials of the TVA; I might not have another opportunity at least this year.

TVA COAL PURCHASING PRACTICES AND POLICY TOWARD STRIP MINING

Mr. COOPER. Mr. President, in the course of the hearing conducted by the Public Works Committee on H.R. 15225, I had an opportunity to direct several questions to the Chairman of the Board of TVA, Mr. Aubrey J. Wagner, regarding TVA conservation policies.

I raised the question regarding TVA policy when making contracts with coal producers, to establish requirements for the conservation, protection and development of any lands used for strip mining. TVA is an agency of the Federal Government, and a government agency which purchases the largest volume of coal of any industry or of any utility in the United States, if not the world.

In section 22 of the original Tennessee Valley Authority Act, the agency is required to promote the conservation of land. Therefore, it would seem to me incumbent on the TVA, in carrying out the intent of the Congress, to require the coal companies with which it has entered into long-term contracts to reclaim and reforest land which is stripped to supply coal to the TVA steamplants.

Section 22 reads as follows:

SEC. 22. To aid further the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin and of such adjoining territory as may be related to or materially affected by the development consequent to this Act, and to provide for the general welfare of the citizens of said areas, the President is hereby authorized, by such means or methods as he may deem proper within the limits of appropriations made therefor by Congress, to make such surveys of and general plans for said Tennessee basin and adjoining territory as may be useful to the Congress and to the several States in guiding and controlling the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds, or through the guidance or control of public authority, all for the general purpose of fostering an orderly and proper physical, economic, and social development of said areas; and the President is further authorized in making said surveys and plans to cooperate with the States affected thereby, or subdivisions or agencies of such States, or with cooperatives or other organizations, and to make such studies, experiments, or demonstrations as may be necessary and suitable to that end. (48 Stat. 69.)

I am encouraged to note that the TVA, beginning in September 1965, required these terms and conditions of coal producers in its long-term contract. I requested that the TVA furnish such a list of contracts it has entered into that contain these provisions. However, I think it is unfortunate that these steps were not taken earlier for it was quite apparent for some time that voluntary reclamation by the coal companies was unworkable. I know of no effective means now to require coal producers who have strip mined in the past to reforest those areas which lie barren and desolate. This is particularly true in various counties of my State. I, as well as other Members of the Congress, commend the TVA for its present policy. We will follow with interest the progress that the TVA makes in this area.

Mr. President, I ask unanimous consent that the following excerpt from the hearing record on this subject be included at this place in the RECORD.

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

Senator COOPER. Could you file with the committee a statement showing the coal holdings of the TVA, giving the acreage and locations, and whether they are of ownership in fee simple or leases? Do you have leases of coal property?

Mr. WAGNER. We will be glad to do that; yes, sir.

(Subsequently the following information was supplied:)

"COAL RESERVE ACQUISITION PROGRAM

"TVA owns about 129,000 acres of coal reserves. No other mineral rights have been purchased and surface rights are limited to those necessary for recovery of the coal. TVA has acquired the coal mining rights to the following tracts:

"1. *Red Bird Timber Corp.*—Located: Bell, Harlan, Leslie, and Clay Counties, Ky., 40,220 acres.

"2. *Koppers.*—Located: Campbell and Scott Counties, Tenn., 52,914 acres.

"3. *Franklin County Mining Co.*—Located: Franklin County, Ill., near Benton, Ill., 5,000 acres.

"4. *Camp Breckinridge.*—Location: Union County, Ky., 30,590 acres.

"TVA's basic objective in acquiring these reserves is to make certain that it can continue to supply all power requirements of the area it serves. TVA's total coal reserves are small when considered in the light of its coal requirements. Acquisition of coal reserves under these circumstances appears to be an essential step in meeting TVA responsibilities and protecting the investment of the Government and the bondholders in the power system. Many private utilities have similarly acquired coal reserves in recent years. TVA's purchase of coal reserves does not influence the size of the coal market or the number of miners employed."

Senator COOPER. Will you file also a full statement relating to your coal purchasing procedures?

Mr. WAGNER. Yes, sir; we will be glad to do that.

(Subsequently the following information was supplied:)

"TVA COAL PURCHASING PROCEDURES

"TVA's coal purchasing objective is to provide an adequate and economical fuel supply for its plants. TVA's practice, in accordance with the TVA Act, is to invite competitive bids from all suppliers and to make coal contracts with the lowest responsible bidders whose bids meet TVA's specifications.

"TVA encourages all mines within economical reach of its steam plants to compete for coal purchase contracts. As a result, the mines which furnish coal to TVA range from small 'Family' operations to some of the country's largest. Some sell most or all of their output to TVA.

"TVA buys coal on the basis of its heat content. TVA compares the bids received in terms of cost of heat delivered to the steam plants. Each bidder quotes a price per ton for his coal delivered to TVA or f.o.b. mine or river loading point. He also guarantees the analysis of his coal, including a guarantee as to its heat content. TVA then adds to the producer's quoted price any remaining cost of transportation to each steam plant within economic reach, computes the cost of heat delivered to each plant, and makes an adjustment for ash and sulfur content in excess of specified standards.

"Term contracts are the backbone of TVA's coal supply, furnishing above 90 percent of the total tonnage. The terms of such contracts range from six months to seventeen years. Bids are normally invited two or three

times a year; thus, the suppliers have full and frequent opportunity to bid in accordance with their judgment of probable future market conditions and to offer such part of their production and at such prices as they wish.

"Spot purchases comprise a minor but important part of TVA's coal supply. These contracts run for a term up to four weeks selected by the bidder and may be for varying quantities from a single load to very large tonnage. Bids are received weekly. Spot coal purchases have offered new suppliers and TVA convenient ground for gaining experience with each other and for TVA to learn about the abilities of prospective term coal suppliers. Some of the suppliers now holding term contracts first sold TVA spot coal. Spot purchases have also been useful for adjusting TVA's coal intake to short-term fluctuations in need for coal. Similarly, they provide the suppliers with a market for temporary excesses of production."

Senator COOPER. May I ask if the TVA has any intention of operating coal mines and producing coal?

Mr. WAGNER. We have no present intentions to do that; no, sir.

Senator COOPER. Do you have any future intention?

Mr. WAGNER. I am not sure how you have a future intention.

Senator COOPER. You must have discussed it at some time.

Mr. WAGNER. Yes; we have discussed this. We have concluded that if we should ever find it necessary to secure the coal from reserves which we have purchased, we would contract for the mining operation. We have no intention of getting into the coal-mining business.

Senator COOPER. I wish to call attention to another situation which I note in my own State, and particularly in Muhlenberg County, Ky., where a generating plant is located and where great purchases of coal are made from several companies, including the Peabody Coal Co. You probably purchase also for use at that plant coal produced in other counties in the area. I know I have had inquiries from people who live in Ohio County, which is near this plant. The Kentucky Legislature recently passed a comprehensive act requiring the restoration of coal land which has been stripped. The Kentucky Legislature passed this act, I think, almost unanimously. I note also that in section 22 of the TVA Act, that the TVA is required to further the property use and conservation and development of the national resources of the Tennessee River Range Basin and such adjoining territory as may be related to or materially affected by the development conditions to this act.

Section 22 continues and develops this theme in more detail. If one flies over Muhlenberg County he will see it bears a resemblance to shots taken of the moon and you would see great craters, and great pools of water. I am informed that strip-mine operations have affected the water level and have made a great deal of water in that area unpalatable. At this point very little has been done toward reclaiming that land.

Does the TVA feel that it has a responsibility in making contracts with the coal producers, to require in its contracts provisions which would carry out section 22 of the act, and conserve and protect the land?

Mr. WAGNER. Senator COOPER, we do place such provisions in our contracts. We do require reclamation of lands that are strip-mined to produce coal for our contracts.

Let me say that we believe very firmly that strip-mining areas should be reclaimed. As early as the 1940's, before TVA was even a purchaser of coal, we undertook to work with mine operators in southwest Virginia, which was in the Tennessee Valley, on a program of voluntary reclamation. We have pushed this for a long time. Subsequently, realizing that voluntary reclamation was not adequate, we began working with the States to try to secure legislation which would regulate strip mining. This has been provided in Kentucky. The original law was passed quite early, 1954 I believe, and it has been amended five times since then.

As you say, it is a good law, a strong law, and will provide reclamation. Virginia recently passed a law. Tennessee does not have one. Illinois has had one for several years. Alabama has none.

The CHAIRMAN. What about West Virginia, since you are talking about States?

Mr. WAGNER. Yes, sir, I did not mention it because unfortunately we do not buy any coal in West Virginia. It is outside of our purchase area.

The CHAIRMAN. I will get around to that.

Mr. WAGNER. I believe the coal we buy in east Kentucky makes markets available for West Virginia coal that would otherwise not be available.

We believe State action is essential to regulate strip mining, and that TVA contract provisions alone will be ineffective, because while we purchase large amounts of coal, we buy only 15 percent of the strip-mined coal in the five States in which we buy. So even if land mined to produce coal for TVA were reclaimed beautifully, 85 percent of the land stripped would still remain unreclaimed. Because the State of Tennessee particularly was slow to adopt legislation—incidentally we hope it will be adopted in the next legislature—we did put into our contracts, starting last September a requirement for the reclamation of land which supplies coal for TVA.

We also, Senator, have developed and provided a number of demonstrations of the reclamation of strip mines in our area, some of them to reclaim lands which were mined long ago; others to carry on the reclamation in conjunction with the mining. We believe these demonstrations are being helpful in the current move to secure adequate reclamation of these areas.

Senator COOPER. I know that many States, as you noted, have enacted legislation on conservation measures in this field. I call attention to the fact also that the Federal Government is very much concerned, as is the Congress. We have enacted legislation to consolidate all conservation measures. The Appalachian Act has a provision for conservation. Has the TVA as an agency of the Federal Government and an agency which purchases the largest volume of coal of any industry or any utility in the United States, if not the world—and which under the original act is required to conserve the land—has the TVA written into its contracts any requirements that coal companies should reclaim and reforest, or reclaim in whatever the proper way, the land which is torn up to supply coal for TVA?

Mr. WAGNER. Yes, sir; we do put that requirement in our contracts.

Senator COOPER. Have you any possibilities of putting that requirement in the long-term contracts, which have already been made and which I think will apply specifically to Muhlenberg County in my State, and other counties in that area?

Mr. WAGNER. Senator Cooper, in Kentucky the State, as you have indicated, has an excellent law. And the coal that is mined for TVA must comply with that law, whether it is under a new contract or a contract entered into in the past.

Senator COOPER. I have studied it in detail, and I doubt very much if it could require coal companies, which have completed their operations prior to the enactment of the act, to do anything about reclamation.

The CHAIRMAN. May I interrupt at this point to say that in many of these States, as Chairman Wagner knows, the coal company stripping the land has found it better, to use that word, to pay the penalty or fine than to restore the land. This is happening in many States. They pay the fine and move on to another location, doing nothing about reclaiming the land.

Senator COOPER. I feel very strongly that the TVA as the chief purchaser of coal in the United States should write into its contracts provisions which would insure that these coal companies reclaim the land. It may be a large charge. You might have to pay more for your coal, but I think it would be proper to do this. I wish you would furnish to the committee all information and any details relating to specific companies, and all of the steps that you have taken with respect to contracts to assist in the reclamation of this land.

Can you do that?

Mr. WAGNER. Yes, sir; we will be glad to do that.

(Subsequently, the following memorandum was submitted:)

"RECLAMATION REQUIREMENTS

"TVA has included the following provisions in term coal contracts for strip or surface auger production awarded after August 24, 1965:

"* * * As part of the consideration for the award of this contract the Contractor agrees to perform in accordance with the following standards and to the satisfaction of TVA reclamation and conservation work upon all the lands which are affected by the strip mining (including surface auger) of any coal supplied under this contract.

"a. Contractor shall, as closely as practicable following the mining operation, cover coal faces and bury all toxic materials including coal wastes and strongly acid shales.

"b. Contractor shall seal off any breakthrough to former underground mines.

"c. Contractor shall conduct the mining in such a manner as to keep the drainage free of spoil.

"d. Contractor shall control water from the mines and haul roads by:

"(1) Channeling runoff into drainages either naturally non-eroding or made that way through construction of checks, or

"(2) By impoundments, or

"(3) A combination of (1) and (2).

"e. Contractor shall cover all holes at the face that have been made by augers.

"f. Contractor shall grade the spoil banks as necessary to provide for the reestablishment of vegetation.

"g. Contractor shall revegetate the disturbed area with trees (but with TVA's approval grasses, legumes, and shrubs may be substituted) so as to ensure that the disturbed area will be covered by vegetation well distributed throughout the entire area.

"h. To the maximum extent practicable, the foregoing work shall be performed at the same time the mining operation is taking place, and all the above work shall be completed no later than 24 months after the delivery of all the coal supplied under this contract unless TVA agrees to a longer period of time.

"TVA shall have the right to inspect the Contractor's mining operation and the lands involved from time to time to determine the Contractor's compliance with the foregoing standards. TVA shall at all times be the sole judge as to whether Contractor is complying with the standards above set out. TVA, in its discretion, may accept as fulfillment of the requirements of this contract

compliance by the Contractor with applicable reclamation laws having standards comparable to the foregoing.

"The following coal producers have been awarded contracts containing reclamation provisions:

"Contractor	County	Mine
	TENNESSEE	
Abe Cofer Coal Co	Campbell	Abe Cofer.
Lueking Coal Co	Morgan	Lueking.
W. R. Coal Co	Morgan and Anderson	W. R.
Tedder Coal Co	Morgan	Tedder.
Crass Coal Co	Anderson	Crass.
Radar Coal Co	do	Radar.
Wolf Ridge Coal Co	do	W. & S.
L. P. Phipps & Sons	Grundy	Commando.
Allen Bros. Coal Co	Van Buren, Sequatchie	No. 7.
Walden Ridge Coal Co	Van Buren	No. 1.
C. R. & B. Coal Co	do	No. 11.
Waters Coal & Construction Corp	Van Buren, Sequatchie	R-8.
	KENTUCKY	
Kirkpatrick Coal Co	Muhlenberg	Caney Creek.
Adventure Coal Co	Bell	No. 1 a/o No. 2.
Carbon Coal Co	Ohio	Carbon.
Burge Coal Co	do	Burge.
Hazel Creek Coal Mining Co	Muhlenberg	Hazel Creek.
Royal Fuel Corp	Hopkins	Arel.
Pittsburg & Midway Coal Mining Co	do	Colonial.
Kirkpatrick Coal Co	Muhlenberg	Wright.
	ALABAMA	
Farco Co., Inc	Jackson	Fies No. 1."

Mr. WAGNER. Senator COOPER, I feel that TVA has done more to try to get the problems of strip mining cured than any other agency I know. We made a comprehensive study of strip mining in our region in 1962, and published in 1963 what I believe was the first factual appraisal of the coal strip mining problem published by any Federal agency.

The CHAIRMAN. We would like to receive it as a committe exhibit. Some portions of it could be helpful in our discussion.

Senator COOPER. I won't pursue it further at this time.

(The exhibit presented by Mr. Wagner is as follows:)

"AN APPRAISAL OF COAL STRIP MINING

"(Tennessee Valley Authority, Knoxville, Tenn., February 1963)

"The issues and the facts

"As a resource development agency, TVA has had a continuing interest in the reclamation of strip mined areas. At the same time rapid economic growth of the region calls for huge coal consumption in electric power production, and about half of this coal comes from strip mines.

"Because strip mining leaves scars, some of them on scenic landscapes, the question of what to do about it frequently arouses more emotional reaction than sober appraisal. This tends to obscure the real issues: how useful strip mining is to the economy, whether the problems it causes can be satisfactorily alleviated, and whether there are effective and practical ways to assure that mined land is restored for future productive purposes.

"In 1962 TVA set up a four-man team to look at strip mining in the two fields from which it buys coal, the Appalachian and the Midwestern. This team included a forester, a hydrologist, an aquatic biologist, and a mining engineer. Their job was to inspect mined areas, appraise the effects of strip mining, and evaluate reclamation efforts.

"Survey findings alone cannot answer all the questions raised by strip mining in the eastern United States, particularly about reclamation techniques. Research and demonstrations now in progress will provide more of these answers. Meanwhile, survey findings presented in this report offer pertinent background information which the reader may use in forming his own judgments.

"Some of these facts in brief:

"Strip mining for coal in the Tennessee Valley Region began about the time of World War I. Through 1961, strip mining in the eastern United States had involved about 500,000 acres.

"About 14,700 acres have been stripped in the Tennessee Valley (roughly one two-thousandth of total area). Current stripping in the Valley is at the rate of about 1,000 acres a year. Coal production in the past decade totaled over 1½ billion tons in the five states where TVA buys coal. TVA purchases accounted for about 10 percent of this total production.

"Strip mining recovers 90 to 95 percent of the coal deposit, deep mining gets 35 to 85 percent. Strip mining in and near the Tennessee Valley includes contour stripping around mountainsides in the Appalachian field (Alabama-Tennessee-Virginia) and area stripping of the flatter Midwestern field (western Kentucky-Illinois).

"Contour stripping in mountainous areas, such as east Tennessee, may yield from 2,400 to 8,000 tons of coal per acre. Area stripping, as in western Kentucky, may yield over 20,000 tons per acre. In a typical Appalachian mining county, where most land is in forest, annual forest growth is worth about $8.50 an acre as logs and pulpwood delivered to market. Gross value of coal mined there averages about $9,000 per acre of land affected by stripping.

"In a typical west Kentucky mining county, the average annual gross value of agricultural products is $18 per acre of farmland, and only half of the land is in farms. Gross value of coal averages $18,000 an acre. Coal mining causes local acid pollution in some streams (this is not limited to strip mining), but natural alkalinity quickly neutralizes acidity in most larger Tennessee Valley streams. Only the Emory River is consistently acid.

"A contour strip mine survey in Tennessee showed one mine in four draining water and sediment directly to live streams. This sedimentation can be avoided by better control of water on mines and haul roads. Stripped land now represents about one-fourth of one percent of the area in the Eastern mining states, and would cover about one percent if all known recoverable reserves are ultimately mined.

"Land values in the local tax base are reduced by strip mining unless assessment practices are designed to avoid this. Reclamation of spoil banks left by stripping poses problems, but about half the 500,000 acres stripped for coal in the eastern U.S. has been reclaimed as required by state laws (mostly by reforestation).

"Seven Eastern states have reclamation laws, generally requiring permits and performance bonds from mining firms, periodic operating reports, varying degrees of grading and revegetation of affected areas after mining. Only one Tennessee Valley state, Kentucky, has such a law. TVA has taken part since 1945 in various reclamation demonstration and research, now is planning much larger demonstrations.

"Typical revegetation costs average about $50 an acre, depending on the use to which the land is to be put when restored. Any reclamation requirements must take into account the fact that revegetation must be delayed on many spoil banks until major settling has ended, and on a few until they lose excessive acidity.

"Where appropriate and practical, strip mine areas can be reclaimed for various recreation and wildlife use.

"Coal strip mining

"Originally all commercial coal mining in this country was underground. Vertical or horizontal shafts were driven into the coal seam; the surface of the ground was not disturbed. But as early as 1866 a new kind of mining called surface or strip mining began in Illinois. Both terms apply because it is a surface operation which strips off the overburden of soil and rock to expose the coal seam. At first, stripping was practical only where the coal was close to the surface, but improvements in machinery and methods now make it economical to remove a hundred feet or more of overburden.

"The first stripping in Tennessee came about the time of World War I. It began in western Kentucky in the early twenties and in eastern Kentucky about 1939. The U.S. Bureau of Mines first reported coal production by this method in 1914. That year, coal from strip mines totaled 1.3 million tons and accounted for three-tenths of one percent of total U.S. production. Rapid expansion came during World War II, and by 1961 strip mining accounted for more than 30 percent of total coal production.

"Extent of Stripping

"The Bureau of Mines reported 1,477 operating bituminous strip mines in the country in 1961. They produced 122 million tons of coal and provided about 5 million man-days of employment. Heavy equipment at these mines included 2,400 power shovels, almost 800 draglines, 2,300 bulldozers, 150 scrapers, 1,000 power drills, and 4,400 trucks. Equipment continues to grow in size and efficiency. A new 115-cubic-yard shovel put into service this year will strip as much as 140 feet of overburden on the level at the rate of 3 million cubic yards per month. The largest walking dragline, now under construction, has an 85-yard bucket and a 275-foot boom.

"In 1961 some of the top coal producers in the country were also big strippers. The largest operator produced 29.5 million tons, of which 25 million tons was strip coal. Another producer in the top ten had 5.5 million tons of strip coal in its total of 7.1 million tons.

"In the Appalachian and Midwestern coal fields, strip mining has involved something over 500,000 acres. Estimates on future stripping vary; but if the higher ones are accepted, 2 million or more acres will eventually be stripped. Not much of the 500,000 acres stripped to date is in the Tennessee Valley.

"Coal has been produced by stripping in 27 of the 125 Valley counties (table 1). The area involved through 1961 was close to 35,000 acres, 7 percent of the eastern United States total. Stripping in these counties is progressing at the rate of about 3,000 acres a year. For the Tennessee Valley proper—20 of the 27 counties are only partially in the Valley—the stripped area is about 14,700 acres. The increase inside the Valley is about 1,000 acres a year.

"The percentage of coal produced by strip mining will continue to increase so long as it is more economical than underground mining. This will be determined primarily by

stripable reserves and production costs in underground mines. Strip mining recovers 90 to 95 percent of the coal while deep mining gets 35 to 85 percent. Production per man-day averages 25 tons by stripping, a little over 11 tons by deep mining. Average value of coal in 1961 was $3.67 per ton f.o.b. strip mines and $5.02 at deep mines. Fatal accidents in strip mines average one per 2.5 million tons mined, just one-twelfth the rate in deep mines.

"Major Coal Buyers

"In the five states where TVA buys coal—Kentucky, Tennessee, Illinois, Virginia, and Alabama—utilities purchased half the coal produced in 1961. While TVA bought 18.5 million tons, some fifty other utilities bought 56 million tons from a total production of 157 million tons. TVA that year bought about 62 percent of Tennessee's production, 17 percent of Kentucky's, 7 percent of Illinois', 4 percent of Virginia's, and 0.2 percent of Alabama's. Over the past ten years TVA purchases in the five states have accounted for less than 10 percent of total production.

"During this same period slightly more than one-fourth of the coal produced in these states came from strip mines (table 2). From 1952 to 1961, inclusive, less than 408 million of the 1,561 million tons produced was strip coal. The proportion has climbed rather steadily from 21 percent in 1952 to 31 percent in 1961.

"TVA's coal purchases do not follow this over-all ratio, and this is probably true of other utilities as well. Whereas strip-mine production in 1961 accounted for 31 percent of total in the five states, TVA's purchases ran about 50 percent strip-mine coal. According to the best estimates available, some 25,000 acres have been stripped to supply TVA steam plants, 5 percent of the total area stripped in the Appalachian and Midwestern coal regions.

"Stripping Methods

"Striping varies with topography. In mountainous areas where the coal seams lie high up on mountain slopes, strip mining takes the form of contour benches and is appropriately called contour stripping. Where the topography is flatter, stripping is continuous over large areas and is called area stripping.

"In the mountains of the Appalachian coal field, contour stripping predominates. Bulldozers excavate a footing for power shovels which remove the overburden and deposit it at the outer edge of the cut. Much of this spoil, as it is called, slides down the slope, some of it immediately, more as it is loosened by rain and the freezing and thawing of winter.

"Width of cut varies from 30 to 100 feet, depending on the steepness of slope and the amount of rock in the overburden. The worked out pit consists of a relatively level floor bounded on the uphill side by a vertical cliff (the high wall) and on the downhill side by a ridge of spoil which tails off down the slope. In some areas there may be several of these contour strips on the same mountainside, one above the other, like so many highway cuts. In such cases the spoil from one strip may extend to the next strip below.

"Contour stripping is sometimes followed by auger or punch mining. Augers up to 7 feet in diameter drill holes into the exposed face of the coal seam to a depth of some 200 feet, removing more of the coal. Punch mining involves narrow-seam cutting machines—some remotely controlled—that can penetrate a thousand feet or more into the coal seam.

"In Indiana, Illinois, and western Kentucky where topography is smoother and the depth of overburden is not affected much by slope, area stripping is the general rule. The overburden, which may be more than a hundred feet thick, is loosened with explosives and then removed by power shovels, draglines, or other types of excavators. The first cut is a long trench stretching across the area to be mined. After the coal has been removed an adjacent cut is made, the spoil from it being dumped in the previous cut. The resulting landscape is a series of more or less parallel ridges of spoil 30 to 100 feet high, depending on depth of overburden. The last cut in the area is usually left open and often fills with water.

"An acre of coal one foot thick contains about 1,800 tons. Contour stripping in east Tennessee, where coal seams range from 18 to 60 inches, therefore yields 2,400 to 8,100 tons per acre (with 90 percent recovery). In western Kentucky where the several seams may add up to a total thickness of 15 feet, stripping may yield in excess of 20,000 tons per acre.

"Type of Land Stripped

"Practically all of the land already stripped for coal, as well as that which may be stripped, is in private ownership. Operating coal companies may own the surface and the minerals or they may own mineral rights only. Then again they may own neither and pay a royalty for coal. These royalties commonly range from 25 cents to 35 cents a ton, so a landowner receives about $550 for each acre-foot of coal removed.

"The geology and topography of the coal regions are such that very little stripping is done on high-grade agricultural land; in most cases it is confined to relatively low-value land. Some good farm land is involved in Illinois and Indiana, but only rarely is average or better farm land stripped in the Appalachian region. In Tennessee and eastern Kentucky well over 90 percent of the land stripped is forest land of about average timber-producing quality.

"In Wise County, Virginia, the Valley county with the highest proportion of stripped land, practically all of the stripping is in forest land. Average forest growing stock here is 2,800 board feet of sawtimber and 6 cords of pulpwood per acre. Growth is 120 board feet and 0.26 cord per acre per year. At present prices this annual growth—the harvestable yield under management—has a value of about $8.50 per acre in terms of logs and pulpwood delivered to market. Average coal production by strip mining is about 2,600 tons per acre of disturbed area (in contour stripping two to three acres are affected for each acre of coal mined). Gross value of coal per acre is therefore about $9,000.

"In Muhlenberg County, which is fairly typical of coal-producing counties in western Kentucky, only half of the land is on farms and less than 30 percent of this is cropped (1959 census). Average gross value of agricultural products sold is $18 per acre of farm land. Average gross value of an acre of coal in Muhlenberg County is $18,000.

"Effects of Stripping

"Such mining leaves an unsightly landscape, and much criticism stems from this fact. Given time, however, Nature heals her wounds, and with help the revegetation process can be speeded up. Some coal operators have proved this, and in seven of the states where coal is stripped, regulatory legislation has been enacted requiring reclamation.

"Stream pollution

"Whether stripping results in serious acid steam pollution depends on the geology of the region and mining methods. Acid pollution is a serious problem in Pennsylvania and West Virginia, for example, but not in the Tennessee Valley. In the Valley region the acid sandstones, shales, and coal associated with the Pennsylvanian period of geologic time are only a few hundred feet thick. Farther north they may be several thousand feet thick. The Pennsylvanian formation is underlain by the Mississippian and older formations which are largely limestones and dolomites, and therefore alkaline. In the Tennessee Valley most of the larger streams are in these alkaline formations and whatever acid may be in the water is quickly neutralized. Emory River is the only sizable Tennessee tributary that drains extensive sandstone areas and it is the only one that is consistently acid. Even the Clinch and Powell Rivers, which drain extensive mining areas in southwest Virginia, are strongly alkaline before they cross the Virginia-Tennessee state line.

"Acid pollution, where it exists, is further complicated by the fact that it is not limited to strip mining. Coal mining, by whatever method, produces sulphuric acid. And in some parts of Pennsylvania, West Virginia, and eastern Kentucky an estimated 75 percent of stream acidity comes from deep mines and the refuse associated with them. States that have strip-mine legislation have not solved this deep-mine pollution problem. The West Virginia law exempts deep mining and auger mining. Pennsylvania classifies about half the streams in the state as previously polluted—usually by deep mining—and exempts them. Acid pollution is a coal-mining problem, not a strip-mining problem.

"Sulphuric acid is toxic to aquatic plants and animals. For example, an acid-water lake in West Virginia has less than three ounces of fish per acre. Beaver Creek in eastern Kentucky, with a strip mine in its drainage, yielded no fish in a mile of sampling, while comparable sampling on an unpolluted branch nearby yielded 736.

"Acid water inhibits bacterial growth to such an extent that domestic sewage is not readily decomposed. The acid also works on soil and rock, dissolving iron, aluminum, and manganese in quantities that may be toxic to fish. The same Beaver Creek mentioned above has 15 times more dissolved solids than the comparison stream. Acid water is corrosive to metals and must be treated before it can be used in industrial processing.

"Even in limestone areas like the Tennessee Valley, acid water from mines exacts a certain penalty. Neutralization of the acid increases the permanent hardness of the water by increasing its sulphate content. Calcium sulphate is a source of 'boiler cake' in teakettles and industrial boilers.

"Another source of stream pollution is the turbidity and sedimentation resulting from spoil bank erosion. This can be a problem where strip mines drain into live streams.

"Erosion

"Some erosion is inevitable on all fresh spoil banks, as it is on all bare soil. The extent depends on the character of the spoil, steepness and length of slope, the extent of freezing and thawing, and of course the amount of precipitation and volume of water acting on the spoil.

"Erosion is not a serious problem in area stripping. Here most of the soil movement is internal—between spoil banks—and little soil and rock actually leave the stripped area. Such erosion is detrimental only when it is severe enough to prevent revegetation. It is beneficial to the extent that it contributes to leveling.

"Erosion can be much more serious in contour stripping, primarily because of topography. Contour strips usually lie on steep mountainsides where water volume and velocity may combine to create an erosive force of considerable magnitude. In 1959 TVA and the Tennessee Department of Conservation and Commerce sampled strip mines in eastern Tennessee to determine as objectively as possible the facts of the case. Investigators studied 18 mines,

statistically selected as representative of the 250-odd in Tennessee.

"Erosion was evident in practically every mine examined, but it was less serious than generally supposed. Most of the mines were high up on mountain slopes and there was little water involved other than that which fell as rain directly on the distributed soil. Evidence of drainage from higher elevations was slight. Sheet erosion was universal, of course, as it is in every case where sloping soil is exposed to rainstorms. Gully erosion was found at 60 percent of the mines, but in most cases it resulted from restricted water flow and a build of volume—and conditions which can be corrected in the mining process.

"Soil and rock washed out of strip mines were found on the forest floor below some pits, but not all. And again in only some cases did these outwash deposits extend to live or intermittent streams in the valleys below. Water from only one-fourth of the contour strip mines flowed directly into live streams, and only in these was there evidence of sediment.

"Access roads appeared to be responsible for just as much erosion as the mines themselves. Whereas the strip-mine floor is relatively flat, coal-haul roads usually involve long grades which accumulate water. Here again, a little better engineering could have dispersed the water and stopped erosion. As few as ten water turnouts per mile would have achieved adequate water dispersal in most cases.

"Land value

"One criticism of strip mining is that it takes land out of productive use. But generally speaking, the stripped land plus that which may be stripped is an insignificant part of the total land-use picture. In West Virginia, which has the highest proportion of land area stripped, the percentage is only 0.7. It is 0.5 percent in Ohio, 0.3 in Indiana and Illinois, 0.2 in Kentucky, and 0.1 in Pennsylvania and Tennessee. For all of these states, stripped area represents only slightly more than one-fourth of 1 percent of total land area. If stripping ultimately affects four times the present area, it will still involve only about 1 percent of the area of these coal-producing states, generally land of low productivity.

"Stripping may reduce land values and ad valorem taxes. An Ohio study (1918–1937) showed tax decreases ranging from 13 to 53 percent following strip mining. Illinois coal strippers say that the tax losses average about 68 cents per acre in that state. In one extreme case in eastern Kentucky the assessment on land being stripped rose from $15 to $150 per acre and then dropped to 75 cents after mining. Tax assessing methods vary county by county. One east Tennessee county, for example, assesses mountain land at the same rate before and after mining. Another bases assessment on the estimated value of recoverable coal and then reduces the rate to bare land value following mining. A southwest Virginia county bases reduced assessments on the tonnage of coal mined. A large coal company owning extensive land areas in western Kentucky has adopted the policy of retaining land after mining and paying taxes at the same rate as before mining.

"*Reclamation experience*

"Attempts at reclaiming strip-mine spoil banks preceded compulsory legislation by many years. The first attempts were probably in Indiana, where in 1918 a coal company planted fruit trees on spoil banks. Black locust trees were planted fairly extensively in Ohio as early as 1925. Members of the Indiana Coal Producers Association, an organization of strip-mine operators, agreed in 1926 to reforest five acres per year for each shovel in operation, and incomplete records show almost 5,000 acres reforested prior to 1940. Systematic investigation of strip-mine reclamation began with studies by the Central States Forest Experiment Station (U.S. Forest Service) in 1937. Pennsylvania and other states stepped up their research activities in the midforties. To date, an estimated 50 percent of the half-million acres stripped in the eastern United States has been reclaimed as required by state laws.

"TVA's first action in the reclamation of strip mines dates back to 1945, when its foresters joined with the Virginia Division of Forestry and officials of several southwest Virginia coal companies to demonstrate reclamation through tree planting. These early demonstrations were followed by others and today some 2,500 acres have been reforested.

"The 1959 cooperative survey in Tennessee, referred to previously, provided basic information on strip mining in mountain areas. This was the first systematic look at strip mining in this state even though it had been going on since World War I and had been quite extensive after 1953.

"TVA has maintained a constant surveillance of water quality in the Tennessee Valley, and in late 1961 published a report on the potential acid mine drainage problem. Much of the information presented earlier in the Stream Pollution section came from that report.

"Also in 1961 TVA joined the Kentucky Department of Conservation and Peabody Coal Company in an extensive reforestation test near TVA's new Paradise steam plant in western Kentucky. Here the objective is to test five pine species on sandstone and limestone spoils that were graded, ungraded, one year old, and two years old. The last of the test plantings on some 80 acres was made in the spring of 1962. Comparison of species and sites will be possible in three to five years.

"In search of faster and cheaper methods of revegetating spoil banks, TVA foresters have also established extensive direct seeding tests—that is, planting tree seed instead of seedlings—in Tennessee, Georgia, and Virginia. Loblolly pine was the principal tree species. Straw, sawdust, wood chips, fescue, and short-lived grasses were used as ground cover. Loblolly seedings were also planted in some cases for comparative survival and growth.

"Under discussion now are plans for large-scale demonstration of strip-mine methods and reclamation in eastern and western Kentucky. The one in eastern Kentucky will involve contour stripping, the other one area stripping. Both will illustrate the best known practices. They will be located where they will be readily available for inspection.

"Problems

"Spoil-bank reclamation is fraught with difficulties. The major problem is high acidity, and if it is too high, revegetation is impossible. In such cases there is nothing to do but wait until some of the acid leaches out through natural weathering processes. But less than 5 percent of the spoils exhibit this acid toxicity; the great bulk of them will grow something. This being the case, the real need is to develop methods that will achieve reclamation quickly and economically.

"Spoil banks are like nothing found in nature. As the shovels chew away at the high wall they thoroughly mix the various layers of soil and rock above the coal seam. The resulting mass is not soil as we normally think of it, but a porous agglomeration bearing no resemblance to its previous layered structure.

"This of course makes for extreme variability. No two strip mines are the same and rarely are two parts of the same mine identical. The proportions of stone and soil vary greatly, and for any particular spot the proportions change with weathering and erosion. Acidity varies sharply within short distances. Soils with a pH of 2.5 and a total acidity of 3,000 parts per million may lie adjacent to limestone mixes with a pH of 8.5.[1] Soil texture varies from sand, to clay, to loam, and this in turn varies the amount of moisture available for plant growth. On the other hand, plant nutrients are usually adequate to support vegetation. Nitrogen may be in short supply, but the available quantity of this element improves with time.

"To further complicate matters, spoil banks are not stable. They may be expected to settle as much as 3 feet the first year and settling continues for ten years and more. In contour stripping this slippage or settling may take on the proportions of a small landslide. Erosion, too, constantly changes the contour of spoil banks. Vegetation is washed out on slopes and covered with silt in low places. Revegetation must often be delayed until the worst of this rapid shifting is over.

"Because spoil banks are exposed, high soil temperatures develop under the summer sun. This coupled with unrestricted wind flow dries out the surface soil to such an extent that seed germination and seedling survival are drastically retarded.

"In addition to problems generated by the physical character of spoil banks, landowners in general show little interest in doing anything to reclaim stripmined areas. Early in 1962 a TVA forester talked with 46 owners of stripped land in Virginia, Tennessee, and Alabama. Together they own about three-quarters of a million acres, of which 10,000 acres has been stripped. Sixteen have taken some steps to reclaim the land; the others have done nothing and have no plans to do anything. Most are opposed to reclamation requirements that would increase coal costs.

"Grading

"Some grading is required by all of the state laws regulating area stripping, but this is still the most controversial aspect of reclamation. The Ohio law requires that spoil banks be graded to a gently rolling topography. In Kentucky, grading means simply striking off the ridge tops with a bulldozer. Reported costs range from 1¼ to 43 cents per ton of coal mined.

"Some experiments indicate that trees grow better on ungraded spoil while other tests seem to prove the reverse. Detailed measurements have shown that graded spoils absorb less than one inch of water per hour while ungraded spoils absorb four to five inches. The chief argument against grading is that it compacts the soil, but there are simple ways to prevent or correct this.

"Since there is no clear evidence that grading is essential to successful reclamation, it would seem reasonable to let future land use decide the issue. Where the land is suitable for cultivated crops then there should be enough grading to permit the use of farm machinery. If pasture is the best post-use, less grading is required. If the land is to be reforested, grading contributes little or nothing and might well be eliminated. About the only thing that seems to make economic sense in the case of reforestation is to strike off a ridge top every quarter-mile or so to make the area more accessible.

"Reforestation

"In most cases tree planting is the most practicable way to reclaim strip-mine spoil banks. Best estimates indicate about 200,000 acres reforested to date of the 500,000 acres stripped in the eastern United States. Ohio has planted 18 million trees and reports 95 percent survival; West Virginian has

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"[1] pH refers to a hydrogen ion concentration scale ranging from 1 to 14. In this scale 7 is neutral; below 7 is acid, above alkaline. The optimum range for plants is 4.5 to 7.5.

planted 40 million with about 75 percent success. Seventy-seven percent of the stripped area in Indiana has been reclaimed by reforestation, another 10 percent through pasture development.

"Some 40 tree species have been used. Black locust, the favorite species in the early plantings, provides ground cover in three to five years, but its susceptibility to insect attack makes it a poor risk. It is no longer used alone but is still planted in mixture with other species.

"The newest promising species is European black alder. It grows well on acid soils, offers other species less competition than locust, and seems relatively immune to insect and disease attack. Reports from Indiana show it growing well on spoil banks that have a pH of 4.5 to 6.0. It survives but grows only half as fast when the pH is down to 3.5. The species mixture now favored in some quarters for acid spoil is alder, river birch, sweetgum, red oak, and sycamore. If the spoil is not acid, yellow poplar and white oak are included. Other hardwoods used extensively are cottonwood, walnut, and ash.

"In general, conifers do not do as well on spoil banks as hardwoods, but in the North, white pine, Scotch pine, and Japanese larch have been planted successfully on high-quality spoils. In the South, loblolly pine outperforms other native conifers.

"Today, Pennsylvania has the most extensive strip-mine reforestation program. The state forestry agency produces specially conditioned planting stock and state crews do the planting. In West Virginia most of the planting is done by soil conservation districts. Coal operators are responsible for doing the planting in Kentucky, Illinois, Indiana, and Ohio.

"Only in Alabama has direct seeding met with much success.

"Recreation and Wildlife

"Strip-mine areas can also be used for recreation or wildlife or both. And here again, prevailing conditions usually determine which it shall be. In northern Illinois where land is at a premium and population pressures are high, some 5,000 acres of lakes and 8,000 acres of recreation sites have been developed on strip mines. Here where conditions warrant it, operators can substitute lakes and roads for the normal reforestation requirements called for by law.

"The long narrow contour strips of eastern Kentucky and Tennessee offer a different kind of recreation possibility. Some of them make ideal sites for planting game food. Some traverse beautiful mountain terrain and offer scenic vistas that compare favorably with those along the Blue Ridge Parkway. These can be planted to trees and game-food plants and the roads maintained for jeep or horseback travel.

"Where topography is favorable, and where acid-forming material is not extensive enough to make the water toxic, strip-mine impoundments are just as productive of fish as natural lakes.

"Agriculture

"Restoring spoil banks for production of cultivated crops is not common. Most such reclamation is in flat or gently rolling topography, where the soil is rich and relatively rock-free. On the other hand, some 50,000 acres of strip-mine spoil has been reclaimed for pasture and hay production. If hay is to be harvested, enough grading is required to permit the use of machinery, but if harvesting is to be left to animals, little or no grading is necessary.

"Records from Illinois show cattle on spoil-bank pasture gaining an average of 1.5 pounds per day, which is comparable to gains on unmined areas nearby. Alfalfa on such land has yielded 2.5 tons of hay and 50 pounds of seed per acre. Where pH is above 6.0 alfalfa grows better on spoil banks than on undisturbed land, probably because of deeper root development. Birdsfoot trefoil has also been used extensively and crown vetch is growing in popularity because of its tolerance to acid conditions. Standard seeding practice on acid spoils in Kentucky is a mixture of Kentucky 31 fescue, Korean lespedeza, and annual ryegrass.

"Reclamation costs

"Tree planting costs range from $15 to $35 per acre, and the minimum grading required by state law may add as much as $45. Total cost estimates vary from a low of $45 in Virginia to a high of $70 in Illinois. The per-acre cost most commonly quoted is $50.

"This same $50-per-acre is also reasonable for land to be used for recreation, provided the work includes nothing more than tree planting and roads. If lakes and intensive site development are included, costs are much higher.

"If more than minimum grading is required for the development of pasture, costs are estimated at $150 to $250 per acre. Complete leveling in Indiana has cost as much as $1,000 per acre.

"The above costs apply generally to area stripping. If we assume here that coal seams average 3 feet in thickness, then production would be about 5,000 tons per acre. Assuming further that reclamation cost is $50 per acre, the cost per ton of coal is one cent.

"The State-TVA survey of strip mines in eastern Tennessee, mentioned earlier, showed the average contour mine to be 4 miles long, with a disturbed area of about 95 acres. Reclamation cost on the 4-mile-long strip was estimated as follows:

"Tree planting (95,000 seedlings)	$1,250
"Additional water outlets (21 at $10)	210
"Check dams (25 at $5)	125
"Access road erosion control (1 mile at $40)	40
Total	1,625

"This means a little over $400 per mile or about $17 per acre. Coal production for this average 4-mile mine would be between 55,000 and 65,000 tons. Reclamation cost per ton, therefore, would be less than 3 cents.

"Legislation

"Since West Virginia enacted legislation requiring reclamation of strip-mined areas in 1939, six other states have followed suit: Illinois, Indiana, Kentucky, Maryland, Ohio, and Pennsylvania. Although they differ in detail, all of these laws follow the same basic pattern. They require the operator to (1) obtain a permit or license prior to mining, (2) post a bond for the faithful performance of the requirements of the statute, (3) make reports on the progress or extent of operations, and (4) grade and revegetate the affected areas.

"Application for a permit or license to strip mine must be accompanied by full information on the area and scope of the planned operation and on ownership of the property. A map of the area is also required in most cases. In some states the permit fee is a flat sum, but generally it varies with the number of acres involved. For example, Pennsylvania charges a flat fee of $100, whereas in Kentucky the fee is $50 plus $15 per acre. In most cases, the permit is good for one year only and the fee must be paid with each renewal.

"One of the most important features of all reclamation statutes is the requirement of a bond, which is conditioned upon the operator's performance of all reclamation work required under the statute and applicable regulations. The amount varies from $100 per acre in Kentucky to $500 per acre in West Virginia. Most of the states require a corporate surety on the bond, but the operator may pledge an equivalent amount of cash or acceptable securities in lieu of the surety bond.

"All of the state laws require reports of one kind or another. In general, the operator must file an annual progress report plus a completion report on each permit.

"While all laws require some grading of spoil banks, they differ in detailed specifications. The Illinois law, for example, requires that ridges be struck off to a minimum width of 10 feet and that isolated peaks be graded to a minimum width of 15 feet. In Ohio the operator must grade the area to a gently rolling topography. All of the states requires that the coal seam in the final cut be covered with earth, spoil material, or water. The creation of ponds or lakes in the final cut is permitted (required in Illinois and Ohio) if they will not interfere with other mining operations or damage adjoining property.

"Except for the Maryland law, each requires revegetation of the strip-mined area, unless planned future use makes revegetation inappropriate. Most laws or regulations issued under the law, require a planting plan before the work is started and approval by the state administrative agency upon its completion. In some cases (Illinois for example) the reclamation plan is included as part of the operator's annual report. Where planting is deferred for a considerable time after grading is completed, provision is made for a partial release of the bond.

"The statutes provide that planting stock may be obtained from the State conservation agency, or from commercial sources if the stock is approved by the state. In some cases, the operator may be relieved of the planting work by special arrangements with the state agency. In Pennsylvania, for example, the operator may forfeit $50 per acre under his bond and the state will do the work. In West Virginia, the operator is relieved of planting if he pays the local soil conservation district the estimated cost of the work. Most of the states also permit the operator to substitute acreage—that is, he need not reclaim land he is legally obligated to reclaim if he reclaims an equal stripped area for which he has no such obligation.

"The time limit on reclamation work is one year in West Virginia. Kentucky sets no time limit but the Conservation Department administratively aims at completion within a year. Illinois, which has one of the more recent statutes, requires that reclamation be completed within three years, except where soil conditions are not satisfactory for planting, in which case the work may be deferred up to ten years.

"All of the statutes prescribe penalties for violation with fines varying from $50 to $5,000. In most cases, responsibility for administration of the law is vested in the state conservation department or its counterpart, but in Maryland and Pennsylvania, state mine departments have jurisdiction. In either case, however, coordination is called for between conservation and mine departments. Provision is made for necessary administrative regulations and for appeals from administrative actions. Moneys collected from fees, forfeited bonds, and fines are generally put in a special fund for administering the law, and in some cases for reclaiming areas that were mined before the law was enacted.

"Conclusions

"This review of strip mining in the Applachian and Midwestern coal fields leads to the inescapable conclusion that this is a matter for state action. Each state involved should develop a policy on strip mining and reclamation tailored to its own unique combination of geologic, topographic, economic, and social conditions, and give that

policy substance through legislation. TVA therefore recommends that states having no strip-mine legislation consider its enactment, and too, that existing legislation be objectively evaluated and revised to meet current needs.

"Many interests share in the benefits of coal strip mining and should therefore share the responsibility for seeking solutions to the problems it raises. Land and mineral owners are intimately involved; so are mine operators and employees. Operators of railroads, truck lines, and other common carriers also have a stake in coal production policy, as do the manufacturers of mining equipment. The coal buyer is interested because mining methods affect cost, and if reclamation is required, its cost is included in the price of coal. Everyone who consumes electric power is affected because coal purchases account for a large part of the total power operating expense.

"Other groups are involved because of effects of strip mining on the landscape and on water quality.

"All of these interests should be considered in the formulation of state policy and implementing legislation. The range of involvement is wide, of course, and many of the interests are in conflict. But this is part of the problem and the conflict of interests must be reconciled in the public interest.

"State legislation in force is summarized in an earlier section of this report. All of these laws have some things in common yet differ in detail. Generally speaking, strip-mine legislation should define and ensure certain fundamental objectives. Its provisions should be dictated by prevailing topographic, geologic, and economic conditions, and it should be flexible enough to fit the widely varying character of strip-mine spoil banks.

"Listed below are some desirable provisions of strip-mine legislation:

"1. It should provide a system of permits or licenses for conducting strip-mining operations and require the posting of a surety bond conditioned upon compliance with reclamation requirements.

"2. It should require a fairly detailed plan for each operation, including character of overburden, post-use of mined area, location and specifications of haul roads, and a description of mining methods to be used.

"3. It should cover not only coal mining but all kinds of surface mining that create conditions similar to coal stripping.

"4. It should recognize the interrelationships between all methods of coal mining, especially insofar as stream pollution is concerned.

"5. It should encourage modification of mining methods to fit conditions.

"6. It should not set a hard and fast time limit on reclamation. Where successful revegetation is impossible because of acid toxicity, reclamation deadlines should be left to administrative determination, with provision for proportional bond release as work progresses.

"7. It should take into account land previously stripped and set up arrangements for its reclamation.

"8. It should provide for continuing evaluation of the law's adequacy.

"TABLE 1.—*Area stripped for coal in Tennessee Valley counties through 1961*

State and county	Total acres	Acres in valley
Alabama	5,189	165
Blount	3,572	
Cullman	405	
De Kalb	188	150
Etowah	18	
Jackson	15	15
Marion	429	
Winston	562	
Georgia	165	165
Dade	25	25
Walker	140	140
Tennessee	15,554	6,931
Anderson	2,510	677
Bledsoe	61	
Campbell	3,674	563
Claiborne	1,766	
Cumberland	262	131
Fentress	214	
Grundy	2,316	1,486
Hamilton	350	350
Marion	515	515
Morgan	3,059	2,731
Sequatchie	478	478
Van Buren	349	
Virginia	14,021	7,413
Dickenson	3,630	
Lee	186	186
Russell	1,474	1,474
Scott	2	2
Tazewell	358	226
Wise	8,371	5,525
27 counties	34,929	14,674

"TABLE 2.—*Coal production in selected States and TVA deliveries from those States, 1952 to 1961, inclusive*

State	Production			TVA deliveries	
	Total	Strip	Percent strip	Thousand tons	Percent of total production
	(*1,000 tons*)	(*1,000 tons*)			
Kentucky	665,382	158,197	23.8	69,870	10.5
Tennessee	65,505	15,784	24.1	42,197	64.4
Illinois	455,399	196,080	43.1	25,655	5.6
Virginia	252,927	15,564	6.2	8,764	3.5
Alabama	122,263	22,191	18.2	550	.4
Total	1,561,476	407,816	26.1	147,036	9.4"

Mr. WAGNER. Senator, I would like you to visit the areas I referred to and see some of the work we have done.

Senator COOPER. I know they are terribly concerned about it.

Mr. WAGNER. We are concerned about it, and we are doing something about it.

POST OFFICE DEPARTMENT 30-YEAR LEASE AUTHORITY

The Senate proceeded to consider the bill (H.R. 14548) to extend the authority of the Postmaster General to enter into leases of real property for periods not exceeding 30 years, and for other purposes which had been reported from the Committee on Public Works, with an amendment to strike out all after the enacting clause and insert:

That (a) the portion of section 2103(a), title 39, United States Code, which precedes paragraph (2) thereof is amended to read as follows:

"(a) Whenever the Postmaster General determines, after consultation with the Administrator of General Services, that the needs of the Post Office Department cannot be met by the leasing of a multitenant building by the Administrator, the Postmaster General, in addition to the authority conferred upon him by section 2102 of this title, may—

"(1) negotiate and enter into lease agreements which do not bind the Government for periods exceeding thirty years, on such terms as the Postmaster General deems to be in the best interest of the United States, for the erection by the lessor of special purpose post office buildings on lands sold, leased, or otherwise disposed of by the Postmaster General to or otherwise acquired by, the lessor;".

(b) Section 2103, title 39, United States Code, is amended by adding at the end thereof the following new subsections:

"(d) As used in this section and section 2102 of title 39, United States Code, the term 'special purpose post office building' means a building which has the following characteristics:

"(1) It is situated in a particular geographical location to make it convenient for processing mail;

"(2) It is designed in a particular configuration to make it convenient for processing mail;

"(3) At least 90 per centum of the net interior floor space of the building is devoted to mail processing activities and related vehicle service (but excluding building services) and the remainder of such floor space is devoted to directly related supporting activities such as administrative and accounting offices, maintenance areas, and employees' welfare facilities; and

"(4) It is not readily usable or convertible to use as a general-purpose office building.

"(e) The Postmaster General may not, in any fiscal year, enter into lease agreements under this section (1) for the acquisition of special purpose post office buildings having an aggregate net interior floor space exceeding 6,000,000 square feet, or (2) requiring annual payments by the United States in an aggregate amount exceeding $15,000,000.

"(f) No lease agreement may be entered into under this section or section 2102 of title 39, United States Code, for a special purpose post office building having gross floor space exceeding 10,000 square feet—

"(1) until sixty days after the date of transmittal by the Postmaster General to the Committees on Public Works of the Senate and the House of Representatives of a report which shall include a full and complete statement concerning the need for such agreement and the terms and conditions thereof; or

"(2) after the expiration of five consecutive years following the date of enactment of this subsection."

(c) The text of section 2109, title 39, United States Code, is amended to read as follows:

"Agreements may not be entered into under sections 2104 and 2105 of this title after July 22, 1964."

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 subsequently said: Mr. President, earlier today, the leadership called up Calendar No. 1364, H.R. 14548. This bill should have gone over at that time.

I ask unanimous consent that the action of the Senate in passing the bill be rescinded and that the bill be reinstated on the calendar.

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed

in the RECORD an excerpt from the report (No. 1400), 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 this legislation is to continue beyond the current expiration date of December 31, 1966, the authority under 39 U.S.C. 2103 for the Postmaster General to enter into lease agreements for postal buildings for periods up to 30 years and the authority under such section for condemnation and other land acquisition and related land disposition.

THE NEED

The Post Office Department Property Act of 1954 (68 Stat. 521) authorized the Postmaster General to enter into long-term lease agreements for periods not to exceed 30 years. In addition, it authorized the Department to acquire land through purchase, condemnation, lease, donation, or otherwise; and to dispose of real property acquired or used for postal purposes by sale, lease, or otherwise as deemed appropriate to the best interests of the United States. This authority is included in section 2103 of title 39 of the United States Code. The 1954 act provided that no agreements could be entered into by the Postmaster General under the authority for such act later than 10 years after date of enactment. It was extended for 2½ years and this period will expire on December 31, 1966. This legislation is necessary to continue the leasing authority of the Postmaster General.

GENERAL STATEMENT

The 30-year lease construction program enables the Post Office Department to obtain control of a suitable site either by assignable option, by purchase, or by condemnation. Competitive bid procedures are followed. The Department conveys the site to the successful lease bidder, who builds the postal facility according to contract plans and specifications and then leases back the land and the building at a fixed rental for a specified term of years not in excess of 30.

The continued existence of the Department's land acquisition and disposal authority and the related 30-year leasing authority is vital to the Department's space acquisition program. Section 2103 now meets this vital need and should be continued. The major reasons for this conclusion may be summarized as follows:

1. It is the most economical method of procuring space under any leasing program where long-term occupancy is projected.

2. The 30-year term enables the Department to more evenly match space cost and revenue while at the same time minimizing Government financing.

3. Even if a Federal construction program were to be developed after fiscal year 1967, 30-year leasing authority would continue to be essential to the development of facilities where Federal ownership is inappropriate.

The necessity for continuing the land acquisition and disposal authority may be summarized as follows:

1. It is basic to a competitive lease construction program irrespective of the length of the lease terms.

2. The condemnation authority protects the Department against excessive land costs and by its very existence enables the Department to obtain options at fair prices which would not otherwise be obtainable.

COMMITTEE VIEWS

The committee, in reporting H.R. 14548, recognizes the need for continuing this authority to enable the Post Office Department to adequately handle those unique situations which indicate it would be to the Government's advantage to lease rather than construct. It further believes that the other authority granted by the act will insure the continued availability to the Postmaster General of the important aspects of his land acquisition and disposal authority, as well as the vital condemnation authority.

However, the committee feels that to be consistent with its policy it must limit the life of the authority to 5 years from the date of enactment so a further review and evaluation of the program can be made at that time.

It is recognized that in the current authority no provision was made for congressional review of proposed projects and, therefore, the committee has imposed a requirement that a prospectus be submitted to Senate and House Public Works Committees where it will lie for 60 days for review by the committees. The intent of the prospectus is to insure that adequate planning and consideration has gone into a proposed project.

The committee feels the bill, as it is amended, provides a better basis for operation and will insure the Government the best possible results.

In using the lease authority, it is expected that the Postmaster General will weigh carefully the alternatives and demonstrate in the prospectus the validity of using the lease authority.

BILL PASSED OVER

The bill (H.R. 8188) relating to deduction for income tax purposes of contributions to certain organizations for judicial reform was announced as next in order.

Mr. MANSFIELD. Over.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

INCREASE IN THE AMOUNT AUTHORIZED TO BE APPROPRIATED FOR THE DEVELOPMENT OF THE ARKANSAS POST NATIONAL MEMORIAL

The bill (H.R. 12389) to increase the amount authorized to be appropriated for the development of the Arkansas Post National Memorial 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. 1402), 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 H.R. 12389 is to increase the amount authorized to be appropriated for establishment of the Arkansas Post National Memorial in the State of Arkansas from $125,000 to $550,000.

NEED

Authority to establish the Arkansas Post National Memorial was given the Secretary of the Interior by the act of July 6, 1960 (74 Stat. 333). The lands necessary for this purpose—about 220 acres—have been donated to the Government and funds to the extent of $117,400 have been appropriated for development of the area. These appropriations have nearly exhausted the $125,000 to which the 1960 act limited authorized appropriations.

H.R. 12389, if enacted, will increase this limitation to $550,000. This will bring the authorized amount into line with current estimates of what will be required to complete the project. It will also restore the authorized amount to a figure approximating that which the Department of the Interior estimated in 1959 would be required for the job, due allowance being made for construction cost increases in the meantime and for certain work which was not then foreseen.

At the hearings in 1959 on H.R. 6108, 86th Congress—the bill which eventually became the act of July 6, 1960, cited above—the figure furnished the committee was $344,000 for development work. Cost increases in the interim would bring this to about $430,000. The difference between this amount and the $550,000 called for by H.R. 12389 is accounted for by proposed additional installations.

The plans of the National Park Service for development of the Arkansas Post National Memorial which enactment of H.R. 12389 will enable to be carried out include the completion of certain roads and trails, development of visitor parking, completion of a permanent visitor center, construction of two additional employee residences and of maintenance and utility facilities, completion of archeological and historical research, the marking and stabilization of important ruins, and the installation of interpretive aids.

Considering the importance of the Arkansas Post National Memorial as it was outlined to the House when the 1960 act was under consideration, the committee believes that the undertakings which enactment of H.R. 12389 will permit should proceed in an expeditious manner. It therefore recommends enactment of this bill.

COST

Enactment of H.R. 12389 will entail the expenditure of $425,000 for which provision is not now made by law.

BILL PASSED OVER

The bill (S. 2097) to provide for judicial review of the constitutionality of grants for loans under certain acts, was announced as next in order.

Mr. MANSFIELD. Over.

The ACTING PRESIDENT pro tempore. The bill will be passed over.

DESIGN PROTECTION ACT OF 1966

The Senate proceeded to consider the bill (S. 1237) to encourage the creation of original ornamental designs of useful articles by protecting authors of such designs for a limited time against unauthorized copying which had been reported from the Committee on the Judiciary with amendments on page 3, after line 4 to insert:

(e) composed of three-dimensional features of shape and surface with respect to men's, women's, and children's apparel, including undergarments and outerwear.

On page 14, line 8, after the word "record." to strike out "Remedy against such a final determination may be had by means of a civil action against the Administrator pursuant to the provisions of section 1361 of title 28, United States Code, if commenced within such time after such decision, not less than 60 days, as the administrator appoints."; after line 13 to insert:

(d) Remedy against a final adverse determination under subparagraphs (b) and (c) above may be had by means of a civil action against the Administrator pursuant to the provision of section 1361 of title 28, United States Code, if commenced within such time after such decision, not less than 60 days, as the Administrator appoints.

At the beginning of line 20, to strike out "(d)" and insert "(e)"; on page 18, after line 12, to strike out:

SEC. 20. The proprietor of a design shall have remedy for infringement by civil action instituted after (1) the issuance of a certificate of registration of the design, or (2) the final refusal of registration of the design by the Administrator notwithstanding the due filing and prosecution of an application therefor in proper form: *Provided, however,* That such action is commenced within one year after such final refusal and that the Administrator is given notice by the plaintiff of the commencement of the action.

And, in lieu there, to insert:

SEC. 20. (a) The proprietor of a design shall have remedy for infringement by civil action instituted after issuance of a certificate of registration of the design.

(b) The proprietor of a design may have judicial review of a final refusal of the Administrator to register the design, by a civil action brought as for infringement if commenced within the time specified in section 12(d), and shall have remedy for infringement by the same action if the court adjudges the design subject to protection under this Act: *Provided,* That (1) he has previously duly filed and duly prosecuted to such final refusal an application in proper form for registration of the design, and (2) he causes a copy of the complaint in action to be delivered to the Administrator within ten days after the commencement of the action, and (3) the defendant has committed acts in respect to the design which would constitute infringement with respect to a design protected under this Act.

On page 20, line 10, after the word "party.", to insert "The court may also award other expenses of suit to a defendant prevailing in an action brought under section 20(b)."; on page 24, line 12, after "of" to strike out "1965" and insert "1966."; in line 18, after "of" to strike out "1965" and insert "1966."; on page 25, line 3, after "of" to strike out "1965" and insert "1966,"; on page 26, in line 21, after the word "design," to strike out "January 1, 1965" and insert "July 1, 1967."; and on page 27, line 19, after the word "of" to strike out "1965" and insert "1966."; so as to make the bill read:

S. 1237

DESIGNS PROTECTED

SECTION 1. (a) The author or other proprietor of an original ornamental design of a useful article may secure the protection provided by this Act upon complying with and subject to the provisions hereof.

(b) For the purposes of this Act—

(1) A "useful article" is an article which in normal use has an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information. An article which normally is a part of a useful article shall be deemed to be a useful article.

(2) The "design of a useful article", hereinafter referred to as a "design", consists of those aspects or elements of the article, including its two-dimensional or three-dimensional features of shape and surface, which make up the appearance of the article.

(3) A design is "ornamental" if it is intended to make the article attractive or distinctive in appearance.

(4) A design is "original" if it is the independent creation of an author who did not copy it from another source.

DESIGNS NOT SUBJECT TO PROTECTION

SEC. 2. Protection under this Act shall not be available for a design that is—

(a) not original;

(b) staple or commonplace, such as a standard geometric figure, familiar symbol, emblem, or motif, or other shape, pattern, or configuration which has become common, prevalent, or ordinary;

(c) different from a design excluded by subparagraph (b) above only in insignificant details or in elements which are variants commonly used in the relevant trades; or

(d) dictated solely by a utilitarian function of the articles that embodies it.

(e) composed of three-dimensional features of shape and surface with respect to men's, women's, and children's apparel, including undergarments and outerwear.

REVISIONS, ADAPTATIONS, AND REARRANGEMENTS

SEC. 3. Protection for a design under this Act shall be available notwithstanding the employment in the design of subject matter excluded from protection under section 2, if the design is a substantial revision, adaptation, or rearrangement of said subject matter: *Provided,* That such protection shall be available to a design employing subject matter protected under title 17 or 35 of the United States Code or under this Act, only if such protected subject matter is employed with the consent of the proprietor thereof. Such protection shall be independent of any subsisting protection in subject matter employed in the design, and shall not be construed as securing any right to subject matter excluded from protection or as extending any subsisting protection.

COMMENCEMENT OF PROTECTION

SEC. 4. (a) The protection provided for a design under this Act shall commence upon the date when the design is first made public.

(b) A design is made public when, by the proprietor of the design or with his constent, an existing useful article embodying the design anywhere publicly exhibited, publicly distributed, or offered for sale or sold to the public.

TERM OF PROTECTION

SEC. 5. (a) Subject to the provisions of this Act, the protection herein provided for a design shall continue for a term of five years from the date of the commencement of protection as provided in section 4(a), but if a proper application for renewal is received by the Administrator during the year prior to the expiration of the five-year term, the protection herein provided shall be extended for an additional period of five years from the date of expiration of the first five years.

(b) If the design notice actually applied shows a date earlier than the date of the commencement of protection as provided in section 4(a), protection shall terminate as though the term had commenced at the earlier date.

(c) Where the distinguishing elements of a design are in substantially the same form in a number of different useful articles, the design shall be protected as to all such articles when protected as to one of them, but no more than one registration shall be required. Upon expiration or termination of protection in a particular design as provided in this Act all rights under this Act in said design shall terminate, regardless of the number of different articles in which the design may have been utilized during the term of its protection.

THE DESIGN NOTICE

SEC. 6. (a) Whenever any design for which protection is sought under this Act is made public as provided in section 4(b), the proprietor shall, subject to the provisions of section 7, mark it or have it marked legibly with a design notice consisting of the following three elements:

(1) the words "Protected Design", the abbreviation "Prot'd Des." or the letter "D" within a circle, thus (D);

(2) the year of the date on which the design was first made public; and

(3) the name of the proprietor, an abbreviation by which the name can be recognized, or a generally accepted alternative designation of the proprietor; any distinctive identification of the proprietor may be used if it has been approved and recorded by the Administrator before the design marked with such identification is made public.

After registration the registration number may be used instead of the elements specified in (2) and (3) hereof.

(b) The notice shall be so located and applied as to give reasonable notice of design protection while the useful article embodying the design is passing through its normal channels of commerce. This requirement may be fulfilled, in the case of sheetlike or strip materials bearing repetitive or continuous designs, by application of the notice to each repetition, or to the margin, selvage, or reverse side of the material at reasonably frequent intervals, or to tags, or labels affixed to the material at such intervals.

(c) When the proprietor of a design has complied with the provisions of this section, protection under this Act shall not be affected by the removal, destruction, or obliteration by others of the design notice on an article.

EFFECT OF OMISSION OF NOTICE

SEC. 7. The omission of the notice prescribed in section 6 shall not cause loss of the protection or prevent recovery for infringement against any person who, after written notice of the design protection, begins an undertaking leading to infringement: *Provided,* That such omission shall prevent any recovery under section 22 against a person who began an undertaking leading to infringement before receiving written notice of the design protection, and no injunction shall be had unless the proprietor of the design shall reimburse said person for any reasonable expenditure or contractual obligation in connection with such undertaking incurred before written notice of design protection, as the court in its discretion shall direct. The burden of proving written notice shall be on the proprietor.

INFRINGEMENT

SEC. 8. (a) It shall be infringement of a design protected under this Act for any person, without the consent of the proprietor of the design, within the United States or its territories or possessions and during the term of such protection, to—

(1) make, have made, or import, for sale or for use in trade, any infringing article as defined in subsection (d) hereof; or

(2) sell or distribute for sale or for use in trade any such infringing article: *Provided, however,* That a seller or distributor of any such article who did not make or import the same shall be deemed to be an infringer only if—

(i) he induced or acted in collusion with a manufacturer to make, or an importer to import such article (merely purchasing or giving an order to purchase in the ordinary course of business shall not of itself constitute such inducement or collusion); or

(ii) he refuses or fails upon the request of the proprietor of the design to make a prompt and full disclosure of his source of such article, and he orders or reorders such article after having received notice by registered or certified mail of the protection subsisting in the design.

(b) It shall be not infringement to make, have made, import, sell, or distribute, any article embodying a design created without knowledge of, and copying from, a protected design.

(c) A person who incorporates into his own product of manufacture an infringing article acquired from others in the ordinary course of business, or who, without knowledge of the protected design, makes or processes an infringing article for the account of

another person in the ordinary course of business, shall not be deemed an infringer except under the conditions of clauses (i) and (ii) of paragraph (a)(2) of this section. Accepting an order or reorder from the source of the infringing article shall be deemed ordering or reordering within the meaning of clause (ii) of paragraph (a)(2) of this section.

(d) An "infringing article" as used herein is any article, the design of which has been copied from the protected design, without the consent of the proprietor: *Provided, however,* That an illustration or picture of a protected design in an advertisement, book, periodical, newspaper, photograph, broadcast, motion picture, or similar medium shall not be deemed to be an infringing article. An article is not an infringing article if it embodies, in common with the protected design, only elements described in subsections (a) through (d) of section 2.

(e) The party alleging rights in a design in any action or proceeding shall have the burden of affirmatively establishing its originality whenever the opposing party introduces an earlier work which is identical to such design, or so similar as to make a prima facie showing that such design was copied from such work.

APPLICATION FOR REGISTRATION

SEC. 9. (a) Protection under this Act shall be lost if application for registration of the design is not made within six months after the date on which the design was first made public as provided in section 4(b).

(b) Application for registration or renewal may be made by the proprietor of the design.

(c) The application for registration shall be made to the Administrator and shall state (1) the name and address of the author or authors of the design; (2) the name and address of the proprietor if different from the author; (3) the specific name of the article, indicating its utility; (4) the date when the design was first made public as provided in section 4(b); and (5) such other information as may be required by the Administrator. The application for registration may include a description setting forth the salient features of the design, but the absence of such a description shall not prevent registration under this Act.

(d) The application for registration shall be accompanied by a statement under oath by the applicant or his duly authorized agent or representative, setting forth that, to the best of his knowledge and belief (1) the design is original and was created by the author or authors named in the application; (2) the design has not previously been registered on behalf of the applicant or his predecessor in title; (3) the design has been made public as provided in section 4(b); and (4) the applicant is the person entitled to protection and to registration under this Act. If the design has been made public with the design notice prescribed in section 6, the statement shall also describe the exact form and position of the design notice.

(e) Error in any statement or assertion as to the utility of the article named in the application, the design of which is sought to be registered, shall not affect the protection secured under this Act.

(f) Errors in omitting a joint author or in naming an alleged joint author shall not affect the validity of the registration, or the actual ownership or the protection of the design: *Provided,* That the name of one individual who was in fact an author is stated in the application. Where the design was made within the regular scope of the author's employment and individual authorship of the design is difficult or impossible to ascribe and the application so states, the name and address of the employer for whom the design was made may be stated instead of that of the individual author.

(g) The application for registration shall be accompanied by two copies of a drawing or other pictorial representation of the useful article having one or more views adequate to show the design, in a form and style suitable for reproduction, which shall be deemed a part of the application.

(h) Related useful articles having common design features may be included in the same application under such conditions as may be prescribed by the Administrator.

BENEFIT OF EARLIER FILING DATE IN FOREIGN COUNTRY

SEC. 10. An application for registration of a design filed in this country by any person who has, or whose legal representative or predecessor or successor in title has previously regularly filed an application for registration of the same design in a foreign country which affords similar privileges in the case of applications filed in the United States or to citizens of the United States shall have the same effect as if filed in this country on the date on which the application was first filed in any such foreign country, if the application in this country is filed within six months from the earliest date on which any such foreign application was filed.

OATHS AND ACKNOWLEDGMENTS

SEC. 11. Oaths and acknowledgments required by this Act may be made before any person in the United States authorized by law to administer oaths, or, when made in a foreign country, before any diplomatic or consular officer of the United States authorized to administer oaths, or before any official authorized to administer oaths in the foreign country concerned, whose authority shall be proved by a certificate of a diplomatic or consular officer of the United States, and shall be valid if they comply with the laws of the state or country where made.

EXAMINATION OF APPLICATION AND ISSUE OR REFUSAL OF REGISTRATION

SEC. 12. (a) Upon the filing of an application for registration in proper form as provided in section 9, and upon payment of the fee provided in section 15, the Administrator shall determine whether or not the application relates to a design which on its face appears to be subject to protection under this Act, and if so, he shall register the design. Registration under this subsection shall be announced by publication.

(b) If, in his judgment, the application for registration relates to a design which on its face is not subject to protection under this Act, the Administrator shall send the applicant a notice of his refusal to register and the grounds therefor. Within three months from the date the notice of refusal is sent, the applicant may request, in writing, reconsideration of his application. After consideration of such a request, the Administrator shall either register the design or send the applicant a notice of his final refusal to register.

(c) Any person who believes he is or will be damaged by a registration under this Act may, upon payment of the prescribed fee, apply to the Administrator at any time to cancel the registration on the ground that the design is not subject to protection under the provisions of this Act, stating the reasons therefor. Upon receipt of an application for cancellation, the Administrator shall send the proprietor of the design, as shown in the records of the Office of the Administrator, a notice of said application, and the proprietor shall have a period of three months from the date such notice was mailed in which to present arguments in support of the validity of the registration. It shall also be within the authority of the Administrator to establish, by regulation, conditions under which the opposing parties may appear and be heard in support of their arguments. If, after the periods provided for the presentation of arguments have expired, the Administrator determines that the applicant for cancellation has established that the design is not subject to protection under the provisions of this Act, he shall order the registration stricken from the record. Cancellation under this subsection shall be announced by publication, and notice of the Administrator's final determination with respect to any application for cancellation shall be sent to the applicant and to the proprietor of record.

"(d) Remedy against a final adverse determination under subparagraphs (b) and (c) above may be had by means of a civil action against the Administrator pursuant to the provision of section 1361 of title 28, United States Code, if commenced within such time after such decision, not less than 60 days, as the Administrator appoints."

(e) When a design has been registered under this section, the lack of utility of any article in which it has been embodied shall be no defense to an infringement action under section 20, and no ground for cancellation under subsection (c) of this section or under section 23.

CERTIFICATE OF REGISTRATION

SEC. 13. Certificates of registration shall be issued in the name of the United States under the seal of the Office of the Administrator and shall be recorded in the official records of that Office. The certificate shall state the name of the useful article, the date of filing of the application, the date on which the design was first made public as provided in section 4(b) or any earlier date as set forth in section 5(b), and shall contain a reproduction of the drawing or other pictorial representation showing the design. Where a description of the salient features of the design appears in the application, this description shall also appear in the certificate. A renewal certificate shall contain the date of renewal registration in addition to the foregoing. A certificate of initial or renewal registration shall be admitted in any court as prima facie evidence of the facts stated therein.

PUBLICATION OF ANNOUNCEMENTS AND INDEXES

SEC. 14. (a) The Administrator shall publish lists and indexes of registered designs and cancellations thereof and may also publish the drawing or other pictorial representatives of registered designs for sale or other distribution.

(b) The Administrator shall establish and maintain a file of the drawings or other pictorial representations of registered designs, which file shall be available for use by the public under such conditions as the Administrator may prescribe.

FEES

SEC. 15. (a) There shall be paid to the Administrator the following fees:

(1) On filing each application for registration or for renewal of registration of a design, $15.

(2) For each additional related article included in one application, $10.

(3) For recording assignments, $3 for the first six pages, and for each additional two pages or less, $1.

(4) For a certificate of correction of an error not the fault of the Office, $10.

(5) For certification of copies of records, $1.

(6) On filing each application for cancellation of a registration, $15.

(b) The Administrator may establish charges for materials or services furnished by the Office, not specified above, reasonably related to the cost thereof.

REGULATIONS

SEC. 16. The Administrator may establish regulations not inconsistent with law for the administration of this Act.

COPIES OF RECORDS

SEC. 17. Upon payment of the prescribed fee, any person may obtain a certified copy of any official record of the Office of the Administrator, which copy shall be admissible in evidence with the same effect as the original.

CORRECTION OF ERRORS IN CERTIFICATES

SEC. 18. The Administrator may correct any error in a registration incurred through the fault of the Office, or, upon payment of the required fee, any error of a clerical or typographical nature not the fault of the Office occurring in good faith, by a certificate of correction under seal. Such registration, together with the certificate, shall thereafter have the same effect as if the same had been originally issued in such corrected form.

OWNERSHIP AND TRANSFER

SEC. 19. (a) The property right in a design subject to protection under this Act shall vest in the author, the legal representatives of a deceased author or of one under legal incapacity, the employer for whom the author created the design in the case of a design made within the regular scope of the author's employment, or a person to whom the rights of the author or of such employer have been transferred. The person or persons in whom the property right is vested shall be considered the proprietor of the design.

(b) The property right in a registered design, or a design for which an application for registration has been or may be filed, may be assigned, granted, conveyed, or mortgaged by an instrument in writing, signed by the proprietor, or may be bequeathed by will.

(c) An acknowledgement as provided in section 11 shall be prima facie evidence of the execution of an assignment, grant, conveyance, or mortgage.

(d) An assignment, grant, conveyance, or mortgage shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice, unless it is recorded in the Office of the Administrator within three months from its date of execution or prior to the date of such subsequent purchase or mortgage.

REMEDY FOR INFRINGEMENT

SEC. 20. (a) The proprietor of a design shall have remedy for infringement by civil action instituted after issuance of a certificate of registration of the design.

(b) The proprietor of a design may have judicial review of a final refusal of the Administrator to register the design, by a civil action brought as for infringement if commenced within the time specified in section 12(d), and shall have remedy for infringement by the same action if the court adjudges the design subject to protection under this Act: *Provided*, That (1) he has previously duly filed and duly prosecuted to such final refusal an application in proper form for registration of the design, and (2) he causes a copy of the complaint in action to be delivered to the Administrator within ten days after the commencement of the action, and (3) the defendant has committed acts in respect to the design which would constitute infringement with respect to a design protected under this Act.

INJUNCTION

SEC. 21. The several courts having jurisdiction of actions under this Act may grant injunctions in accordance with the principles of equity to prevent infringement, including in their discretion, prompt relief by temporary restraining orders and preliminary injunction.

RECOVERY FOR INFRINGEMENT, AND SO FORTH

SEC. 22. (a) Upon finding for the claimant the court shall award him damages adequate to compensate for the infringement, but in no event less than the reasonable value the court shall assess them. In either event the court may increase the damages to such amount, not exceeding $5,000 or $1 per copy, whichever is greater, as to the court shall appear to be just. The damages awarded in any of the above circumstances shall constitute compensation and not a penalty. The court may receive expert testimony as an aid to the determination of damages.

(b) No recovery under paragraph (a) shall be had for any infringement committed more than three years prior to the filing of the complaint.

(c) The court may award resasonable attorney's fees to the prevailing party. The court may also award other expenses of suit to a defendant prevailing in an action brought under section 20(b).

(d) The court may order that all infringing articles, and any plates, molds, patterns, models, or other means specifically adapted for making the same be delivered up for destruction or other disposition as the court may direct.

POWER OF COURT OVER REGISTRATION

SEC. 23. In any action involving a design for which protection is sought under this Act, the court when appropriate may order registration of a design or the cancellation of a registration. Any such order shall be certified by the court to the Administrator, who shall make appropriate entry upon the records of his Office.

LIABILITY FOR ACTION ON REGISTRATION FRAUDULENTLY OBTAINED

SEC. 24. Any person who shall bring an action for infringement knowing that registration of the design was obtained by a false or fraudulent representation materially affecting the rights under this Act, shall be liable in the sum of $1,000, or such part thereof as the court may determine, as compensation to the defendant, to be charged against the plaintiff and paid to the defendant, in addition to such costs and attorney's fees of the defendant as may be assessed by the court.

PENALTY FOR FALSE MARKING

SEC. 25. (a) Whoever, for the purpose of deceiving the public, marks upon, or applies to, or uses in advertising in connection with any article made, used, distributed, or sold by him, the design of which is not protected under this Act, a design notice as specified in section 6 or any other words or symbols importing that the design is protected under this Act, knowing that the design is not so protected, shall be fined not more than $500 for every such offense.

(b) Any person may sue for the penalty, in which event, one-half shall go to the person suing and the other to the use of the United States.

PENALTY FOR FALSE REPRESENTATION

SEC. 26. Whoever knowingly makes a false representation materially affecting the rights obtainable under this Act for the purpose of obtaining registration of a design under this Act shall be fined not less than $500 and not more than $1,000, and any rights or privileges he may have in the design under this Act shall be forfeited.

RELATION TO COPYRIGHT LAW

SEC. 27. (a) Nothing in this Act shall affect any right or remedy now or hereafter held by any person under title 17 of the United States Code.

(b) When a pictorial, graphic, or sculptural work in which copyright subsists under title 17 of the United States Code is utilized in an original ornamental design of a useful article, by the copyright proprietor or under an express license from him, the design shall be eligible for protection under the provisions of this Act.

RELATION TO PATENT LAW

SEC. 28. (a) Nothing in this Act shall affect any right or remedy available to or held by any person under title 35 of the United States Code.

(b) The issuance of a design patent for an ornamental design for an article of manufacture under said title 35 shall terminate any protection of the design under this Act.

COMMON LAW AND OTHER RIGHTS UNAFFECTED

SEC. 29. Nothing in this Act shall annul or limit (1) common law or other rights or remedies, if any, available to or held by any person with respect to a design which has not been made public as provided in section 4(b), or (2) any trademark right or right to be protected against unfair competition.

ADMINISTRATOR

SEC. 30. The Administrator and Office of the Administrator referred to in this Act shall be such officer and office as the President may designate.

SEVERABILITY CLAUSE

SEC. 31. If any provision of this Act or the application of such provision to any person or circumstance is held invalid, the remainder of the Act or the application to other persons or circumstances shall not be affected thereby.

AMENDMENT OF COPYRIGHT LAW

SEC. 32. Chapter I of title 17, United States Code, is amended by adding the following:

"§ 33. Ornamental design of useful article not subject to deposit; effect of utilization of copyrighted work in design of useful article

"(a) For purposes of deposit under sections 12 and 13 of this title, the Copyright Office shall in no case be required to accept for deposit a useful article even if it embodies a pictorial, graphic, or sculptured work, but nothing in this subsection shall preclude deposit and registration of pictorial, graphic, or sculptural works that portray useful articles or that are intended for utilization in the designs of useful articles.

"(b) When a pictorial, graphic, or sculptural work in which copyright subsists under this title is utilized in an original ornamental design of a useful article, by the copyright proprietor or under an express license from him, the design shall be eligible for protection under the provisions of the Design Protection Act of 1966.

"(c) Protection under this title of a work in which copyright subsists shall terminate with respect to its utilization in useful articles whenever the copyright proprietor has obtained registration of an ornamental design of a useful article embodying said work under the provisions of the Design Protection Act of 1966. Unless and until the copyright proprietor has obtained such registration, the copyrighted pictorial, graphic, or sculptural work shall continue in all respects to be covered by and subject to the protection afforded by the copyright subsisting under this title. Nothing in this section shall be deemed to create any additional rights or protection under this title.

"(d) Nothing in this section shall affect any right or remedy held by any person under this title in a work in which copyright was subsisting on the effective date of the Design Protection Act of 1966, or with respect to any utilization of a copyrighted work other than in the design of a useful article.

"(e) A 'useful article' as used in this section is an article which in normal use has an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information. An article which is normally a part of a useful article shall be deemed to be a useful article."

AMENDMENT OF OTHER STATUTES

SEC. 33. (a) Subdivision a(2) of section 70 of the Bankruptcy Act of July 1, 1898, as amended (11 U.S.C. 110(a)), is amended by inserting "designs," after "patent rights," and "design registration," after "application for patent,".

(b) Title 28 of the United States Code is amended—

(1) by inserting "designs," after "patents," in first sentence of section 1338(a);

(2) by inserting ", design," after "patent" in the second sentence of section 1338(a);

(3) by inserting "design," after "copyright," in section 1338(b);

(4) by inserting "and registered designs" after "copyrights" in section 1400; and

(5) by revising section 1498(a) to read as follows:

"(a) Whenever a registered design or invention is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture.

"For the purposes of this section, the use or manufacture of a registered design or an invention described in and covered by a patent of the United States by a contractor, a subcontractor, or any person, firm, or corporation for the Government and with the authorization or consent of the Government, shall be construed as use or manufacture for the United States.

"The court shall not award compensation under this section if the claim is based on the use or manufacture by or for the United States of any article owned, leased, used by, or in the possession of the United States, prior to, in the case of an invention, July 1, 1918, and in the case of a registered design July 1, 1967.

"A Government employee shall have the right to bring suit against the Government under this section except where he was in a position to order, influence, or induce use of the registered design or invention by the Government. This section shall not confer a right of action on any registrant or patentee or any assignee of such registrant or patentee with respect to any design created by or invention discovered or invented by a person while in the employment or service of the United States, where the design or invention was related to the official functions of the employee, in cases in which such functions included research and development, or in the making of which Government time, materials, or facilities were used."

TIME OF TAKING EFFECT

SEC. 34. This Act shall take effect one year after its enactment.

NO RETROACTIVE EFFECT

SEC. 35. Protection under this Act shall not be available for any design that has been made public as provided in section 4(b) prior to the effective date of this Act.

SHORT TITLE

SEC. 36. This Act may be cited as "The Design Protection Act of 1966."

The amendments were 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. 1404), 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 amendments are primarily intended to clarify provisions of the bill. The first amendment would exclude from protection, designs that are composed of three-dimensional features of shape and surface with respect to men's, women's, and children's apparel, including undergarments and outerwear.

The second amendment specifically provides for a remedy from a final adverse determination of the Administrator under both subsections (b) and (c) of section 12 relating to the refusal of registration of a design. As introduced, the bill specifically provided a remedy only under subsection (c) of section 12.

The third amendment reletters a subsection.

The fourth amendment deletes the original language of section 20 relating to the remedy for infringement and substitutes new language, including a more reasonable time limit on the joining of a suit to review a final adverse determination of the Administrator with an action for infringement of a design.

The fifth amendment, which relates to section 22 concerning recovery for infringement, provides for an additional discretionary award to be made to a defendant prevailing in an action under section 20(b). The purpose of the amendment is to discourage the bringing of frivolous suits when a registered design has not been obtained.

The remaining amendments are technical in nature.

PURPOSE

The purpose of the proposed legislation, as amended, is to encourage the creation of original ornamental designs of useful articles by protecting the authors of such designs for a limited time against unauthorized copying. The bill is intended to offer the creators of ornamental designs of useful articles a new form of protection directed toward the special problems arising in the design field, and is intended to avoid the defects of the existing copyright and design patent statutes by providing simple, easily secured, and effective design protection for the period of 5 years, or, if renewed, a period of 10 years, under appropriate safeguards and conditions.

Such designs are presently protected by design patents issued under title 35, United States Code, if they meet the requirements of title 35. A design patent may not be issued until a search has been made to determine that such design possesses novelty. The design patent law, while affording protection to some designs, has proved inadequate to protect those whose designs have only a short life expectancy.

The present copyright statute is equally inappropriate for the protection of such designs. The term of copyright protection is too long for the majority of designs. The scope of copyright protection is too broad, while the notice and registration requirements do not fit the needs of design protection. Also, the copyright law protects only those designs which can be separately identified as "works of art."

Because of the limitations of both the design patent and copyright laws, this legislation proposes to establish a new form of protection for "original ornamental designs of useful articles." The subject matter of the bill is limited to designs of useful articles, the term "design" referring to those features of the useful article intended to give it an ornamental appearance. The protection provided by this legislation would begin when a useful article, bearing the design, is made public, and would last for 5 or, if renewed, 10 years.

Nothing in this legislation would affect any rights or remedies presently available under titles 17 and 35 of the United States Code.

STATEMENT

The instant bill is substantially similar to S. 1884 passed by the Senate in the 87th Congress, and S. 776 approved by the Senate in the 88th Congress. No final action was taken in the other body on either measure.

S. 1884 was the outgrowth of S. 2075 and S. 2852 introduced during the 2d session of the 86th Congress. It reflected the successful effort of the sponsors of the predecessor bills and other interested groups to eliminate the differences between the bills introduced during the 86th Congress.

The Subcommittee on Patents, Trademarks, and Copyrights of this Committee held public hearings on the subject of design protection legislation in 1960 and 1961 and the record of those hearings was incorporated by reference as part of the subcommittee proceedings on S. 1237. Subsequent to the passage of design legislation by the Senate in the 88th Congress, various retailers expressed concern as to possible liability under the provisions of this legislation. It was primarily to explore that issue that the Subcommittee on Patents, Trademarks, and Copyrights conducted a public hearing July 28, 1965, in connection with its consideration of S. 1237.

VIEWS OF GOVERNMENT AGENCIES

The Library of Congress testified on July 28, 1965, in support of S. 1237.

The Department of Commerce, in its report dated May 31, 1966, endorsed the objectives of the legislation and suggested certain amendments.

The Department of Justice, in its report dated June 3, 1966, opposed the proposed legislation because of the Department's opposition to exceptions from the provisions of the antitrust laws and also because of reservations concerning the constitutionality of the proposed legislation.

The Small Business Administration, in its report dated June 1, 1966, endorsed the legislation.

MISS MATSUE SATO

The bill (S. 3238) for the relief of Miss Matsue Sato 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, in the administration of the Immigration and Nationality Act, Miss Matsue Sato, the fiancée of Mr. Mark R. Edelberg, a citizen of the United States, shall be eligible for a visa as a nonimmigrant temporary visitor for a period of three months: *Provided,* That the administrative authorities find that the said Miss Matsue Sato is coming to the United States with a bona fide intention of being married to the said Mr. Mark H. Edelberg and that she is found otherwise admissible under the immigration laws. In the event the marriage between the above-named persons does not occur within three months after the entry of the said Miss Matsue Sato, she shall be required to depart from the United States and upon failure to do so shall be deported in accordance with the provisions of sections 242 and 243 of the Immigration and Nationality Act. In the event that the marriage between the above-named persons shall occur within three months after the entry of the said Miss Matsue Sato, the

Attorney General is authorized and directed to record the lawful admission for permanent residence of the said Miss Matsue Sato as of the date of the payment by her of the required visa fee.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1405), 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 enable the fiance of a U.S. citizen to enter the United States. If the marriage occurs within 3 months after her entry to the United States, her status may be adjusted to that of a lawful resident alien.

UNIFORM CIVIL APPELLATE RULES

The bill (S. 3254) to amend sections 2072 and 2112 of title 28, United States Code, with respect to the scope of the Federal Rules of Civil Procedure and to repeal inconsistent legislation 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 the catchline and first paragraph of section 2072 of title 28 of the United States Code are amended so as to read as follows:

"§ 2072. Rules of civil procedure

"The Supreme Court shall have the power to prescribe by general rules, the forms of process, writs, pleadings, and motions, and the practice and procedure of the district courts and courts of appeals of the United States in civil actions, including admiralty and maritime cases, and appeals therein, and the practice and procedure in proceedings for the review by the courts of appeals of decisions of the Tax Court of the United States and for the judicial review or enforcement of orders of administrative agencies, boards, commissions, and officers."

SEC. 2. Section 2073 and 2074 of title 28 of the United States Code are repealed, but their repeal shall not operate to invalidate or repeal rules adopted under the authority of one of those sections prior to the enactment of this Act, which rules shall remain in effect until superseded by rules prescribed under the authority of section 2072 of title 28 of the United States Code as amended by this Act.

SEC. 3. Item 2072 in the analysis of chapter 131 of title 28 of the United States Code, appearing immediately preceding section 2071 thereof, is amended so as to read as follows:

"Sec. 2072. Rules of civil procedure.",

and items 2073 and 2074 are stricken from such analysis.

SEC. 4. Section 11 of the Act of December 29, 1950 (ch. 1189, 64 Stat. 1132; 5 U.S.C. 1041), is repealed, but its repeal shall not operate to invalidate or repeal rules adopted under the authority of that section prior to the enactment of this Act, which rules shall remain in effect until superseded by rules prescribed under the authority of section 2072 of title 28 of the United States Code as amended by this Act.

SEC. 5. (a) The first sentence of subsection (a) of section 2112 of title 28 of the United States Code is amended to read as follows: "The rules prescribed under the authority of section 2072 of this title may provide for the time and manner of filing and the contents of the record in all proceedings instituted in the courts of appeals to enjoin, set aside, suspend, modify, or otherwise review or enforce orders of administrative agencies, boards, commissions, and officers."

(b) The first sentence of subsection (b) of section 2112 of title 28 of the United States Code is amended by striking out the phrase "the said rules of the court of appeals" and striking out the phrase "the rules of such court" and inserting in lieu of each of such phrases the phrase "the rules prescribed under the authority of section 2072 of this title".

(c) The amendments of section 2112 of title 28 of the United States Code made by this Act shall not operate to invalidate or repeal rules adopted under the authority of that section prior to the enactment of this Act, which rules shall remain in effect until superseded by rules prescribed under the authority of section 2072 of title 28 of the United States Code as amended by this Act.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1406), 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 authorize the Supreme Court to extend the scope of the Federal Rules of Civil Procedure to encompass practice and procedure in civil actions conducted before the U.S. courts of appeals. The bill also codifies in one section the rule-making power with respect to civil rules, admiralty rules and appeals from the Tax Court of the United States. Rules for appeals of agency decisions will also be promulgated under the amended 28 U.S.C. section 2072.

STATEMENT

Current statutory law provides that the Supreme Court has the power to prescribe rules for the trial and appeal of criminal cases, 18 U.S.C., sections 3771–3772, the trial and appeal of admiralty and maritime cases, 28 U.S.C., section 2073, and the review of decisions of the Tax Court of the United States, 28 U.S.C., section 2074. However, the statute which provides for the promulgations of civil rules of procedure, 28 U.S.C., section 2072, extends only to the practice and procedure of the district courts of the United States, making no provision for governing the practice and procedure in the courts of appeals.

Due to this omission in the existing statutory pattern, the Rules of Civil Procedure cover only the preliminary procedure on appeal from the filing of the notice of appeal in the district court to the docketing of the appeal and the filing of the record in the court of appeals. Appellate procedure beyond that point is controlled by the individual rules of the courts of appeals to which the particular appeal is taken. There are 11 courts of appeals and consequently 11 different sets of rules governing appellate proceedings in the Federal system.

The Judicial Conference of the United States has considered the problem of the diversity in appellate procedure, and its Advisory Committee on Appellate Rules has been drafting a set of uniform rules. In March 1964 the Conference reported:

"The Conference considered the question as to the manner in which a set of appellate rules, when finally perfected, can be promulgated. Upon recommendation of the [Advisory] Committee, the Conference approved a draft bill, submitted by the Committee, which would amend 28 U.S.C., section 2072, to enlarge the present civil rulemaking authority of the Supreme Court of the United States to include appellate rules. The bill, as drawn, would extend the civil rulemaking power of the Supreme Court to include bankruptcy proceedings and proceedings for the review and enforcement of orders of administrative agencies. The bill would also consolidate the present admiralty rulemaking power with that for all other civil actions." (Annual Report of the Director of the Administrative Office of the U.S. Courts, 1964, at p. 22.)

Judicial Conference of the United States has informed the committee that it "urgently" recommends the passage of S. 3254.

The bill also has the effect of placing in one statutory section substantially all of the rulemaking authority with respect to civil proceedings. The bill will not alter the provisions of the third paragraph of section 2072 of title 28, United States Code, and all amendments to existing Federal Rules of Civil Procedure and any new rules proposed under the authority of S. 3254 would not take effect until they had been reported to Congress at or after the beginning of a regular session but not later than May 1 and only after the expiration of 90 days after they had been so reported.

Under these provisions it would be necessary for Congress to enact a law within the 90-day period to prevent a proposed rule from taking effect. Even though section 2072 of title 28 provides that rules must not affect substantive rights, as a practical matter little opportunity is available for Congress to act upon a proposed rule that might infringe upon this requirement.

This bill follows a procedure for the adoption of appellate rules that parallels the procedures under existing law for the promulgation of the Federal Rules of Civil and Criminal Procedure. In following this procedure, however, it is not necessarily the intention of the committee to indicate renewed approval of this manner of promulgating rules of court procedure. Members of the Supreme Court and of this committee have expressed reservations about the way in which rules of court procedures are adopted, and about the lack of opportunity for congressional review, and have suggested that the matter deserves careful reexamination.

Federal practice and procedure now has the benefit of uniform appellate rules for the prosecution of every type of appeal except a civil appeal. This bill, if enacted, will extend this benefit to civil appeals as well.

In view of these considerations, the committee recommends that the bill S. 3254, be considered favorably.

REAPPOINTMENT OF THE LEGISLATURE OF THE VIRGIN ISLANDS REVISION

The Senate proceeded to consider the bill (H.R. 13277) to amend the Revised Organic Act of the Virgin Island to provide for the reapportionment of the Legislature of the Virgin Islands which had been reported from the Committee on Interior and Insular Affairs with amendments on page 1, at the beginning of line 3, to strike out "That, effective January 1, 1967," and insert "That"; and on page 2, after line 9, to insert the following new section:

SEC. 2. This Act shall be effective with respect to the legislature to be elected at the regular general election in November 1966, and thereafter.

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. 1407), 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 H.R. 13277 is to amend the Revised Organic Act of the Virgin Islands to provide for the enlargement and reapportionment of the Legislature of the Virgin Islands.

NEED

The Revised Organic Act of the Virgin Islands (act of July 22, 1954, 68 Stat. 497, as amended; 48 U.S.C. ch. 12) vests the territory's legislative power in a unicameral body composed of 11 members, known as senators. The power of the legislature extends to "all rightful subjects of legislation" not inconsistent with the laws of the United States which are applicable to the Virgin Islands.

The islands are divided into three legislative districts, St. Thomas, St. Croix, and St. John. Section 5(b) of the Revised Organic Act apportions two senators to the district of St. Thomas, two to the district of St. Croix, and one to the district of St. John. The other six are elected at large. Under the present statute each elector is entitled to vote for two and only two of the at-large candidates.

If enacted, H.R. 13277 will enlarge the membership of the legislature to 15, permit its reapportionment in keeping with the recent U.S. Supreme Court decisions enunciating the "one man, one vote" principle, and abolish the "two out of six" rule. Pending action by the legislature it will also fix the total number of members to be elected at large at four and allocate five each to St. Thomas and St. Croix and one to St. John.

The responsibility of the Congress for continuing the development of meaningful self-government for the Virgin Islands and, although the decisions of the Supreme Court in the recent reapportionment cases do not apply per se to the Virgin Islands, keeping it as consistent as possible with the principles of those cases and the equal protection clause of the 14th amendment require the enactment of this legislation.

The addition of four seats will, furthermore, enable the legislature to discharge its duties better than it now can. This will be particularly helpful in view of the rapid economic development that has taken place in the Virgin Islands in recent years and that requires the legislature to consider increasingly sophisticated and complex problems.

The provision in H.R. 13277 for reapportionment from time to time as the legislature sees fit, subject to the qualification that no person in the Virgin Islands be denied the equal protection of the laws by such reapportionment and that every voter be permitted to vote for the whole number of persons to be elected in any district or at-large election, will permit the wishes of the people of the Virgin Islands, as they may be expressed, to prevail. While H.R. 13277 does not follow a recommendation of a recent constitutional convention in the Virgin Islands that whatever reapportionment is agreed upon shall be frozen by Federal statute, it is believed that this should be adjustable as population shifts occur and that the local legislature is the proper body to make whatever reapportionment may be necessary, it in no way contravenes the basic principles which that convention recommended.

The omission of the existing provision of law limiting each voter to two at-large candidates will, it is believed, strengthen democracy in the Virgin Islands. The present provision, some believe, lends itself to arrangements by and between strong and disciplined political factions and leaders which lead to the election of candidates who are not necessarily the popular choice of the majority.

AMENDMENTS

The bill was amended in two respects. The first amendment deletes the date January 1, 1967, as the effective date of the act. The second amendment adds a new section 2 providing that H.R. 13277 shall become effective with respect to the legislature to be elected at the regular general election in November 1966, and thereafter.

THE AIRLINE STRIKE

Mr. MORSE. Mr. President, I send to the desk an amendment to my resolution, Senate Joint Resolution 181, to provide for the settlement of the labor dispute currently existing between the air carriers and certain of their employees. I ask unanimous consent that the amendment be printed, including a printing in the RECORD of today, and that it be referred to the appropriate committee.

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

The amendment (No. 712) was referred to the Committee on Labor and Public Welfare, as follows:

Strike out all of lines 9 and 10 on page 1 and lines 1 and 2 on page 2 and insert in lieu thereof the following:

"Aerospace Workers, a labor organization, threatens substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation services; that such essential transportation services must be maintained;".

Mr. MORSE. Mr. President, Senate Joint Resolution 181 contains a finding and declaration that emergency measures are essential to the settlement of this dispute between the five carriers and the International Association of Machinists. It provides for an extension of time under the Railway Labor Act for 180 days during which none of the parties to the controversy shall engage in or continue any strike or lockout.

If this resolution is adopted by Congress, the parties will be enjoined to reach a settlement on this dispute in less than 60 days.

The amendment would modify the findings recited in Senate Joint Resolution 181 to make such criteria conform with the Railway Labor Act.

In explaining the modifications I wish to point out that the Taft-Hartley Act and the Railway Labor Act differ in two essential respects in their provisions for triggering their respective emergency dispute procedures.

First. Under the Railway Labor Act, the initial judgment for triggering of the procedures is made by the National Mediation Board, which then notifies the President, who may thereupon, in his discretion, appoint an investigation board. Under the Taft-Hartley Act, the President makes the initial finding.

Second. Under the Taft-Hartley Act, the finding required is that "a threatened or actual strike or lockout affecting an entire industry or a substantial part thereof will, if permitted to occur or to continue, imperil the national health or safety." Under the Railway Labor Act, the finding need only be that the dispute would "threaten substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation service."

Thus, the Railway Labor Act procedures do not depend upon a national emergency, or upon an entire industry being affected, in order to become operative. All that is necessary is that the dispute interrupt interstate commerce to the extent that any section of the country is deprived of an essential transportation service.

The nature of the disputes which are subject to emergency procedures of the Railway Labor Act is reflected by the fact that they have been invoked on numerous occasions in which the dispute was not industrywide, but involved only a single carrier. Examples of this are found in the following Executive orders, which were issued by the President for the purpose of establishing emergency boards under section 10 of the act and which involved only a single carrier:

Executive Order No. 11050, September 14, 1962—REA Express.

Executive Order No. 11041, August 6, 1962—Belt Railway Co. of Chicago.

Executive Order No. 11033, June 20, 1962—American Air Lines, Inc.

Executive Order No. 11006, February 22, 1962—Eastern Airlines.

Executive Order No. 10923, February 24, 1961—Northwest Airlines, Inc.

Executive Order No. 10874, April 18, 1960—Long Island Railroad.

Executive Order No. 10142, July 12, 1950—Braniff Airways, Inc.

Executive Order No. 10139, July 3, 1950—Lakefront Dock Co.

Executive Order No. 10078, September 9, 1949—Monongahela Connecting Railroad Co.

The President, when he created the Emergency Board to which I was appointed Chairman, made a similar finding under the Railway Labor Act that Congress in Senate Joint Resolution 181 is asked to find by my resolution.

Mr. President, the amendment I offer, at the appropriate place in the bill, would substitute for language stricken this language:

Aerospace Workers, a labor organization, threatens substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation services; that such essential transportation services must be maintained.

I say to Senators that I am sorry that I do not have copies to be placed on their desks, nor do I have copies for the press; but copies will be available for the Senate and the press in a few minutes, together with a short speech which the majority leader has consented that I be allowed to deliver at this time under the subject "Inflation Control Essential to Economic Welfare of Labor."

I wish to say most respectfully that apparently there are some top leaders of labor, including Mr. Meany, who have lost sight of the very important interest that every worker in this country, as well as every other American has, in

inflation control. That does not mean denial to any worker in this country of a fair and equitable wage. But we are in a day of national crisis. There is no union and no employer group, no group in our Nation that has the right to seek to lead this country into an inflationary spiral cheapening the American dollar. Such a spiral would cost the very workers who think they would benefit from inflationary wage increases, many times that by way of further losses caused by inflation.

Mr. President, I wish to call the attention of the Senate to some of the facts of the last 3 years in this field because what Congress is facing up to now is whether or not it is going to carry out the trust which it owes to constituents in each and every State in this country to impose necessary restrictions that will protect the greatest defense weapon we have, the value of the American dollar.

That is the issue, and all of the labor propaganda emanating from the office of Mr. George Meany, the head of the AFL–CIO, is not going to divert the senior Senator from Oregon from carrying out the trust that he owes the American people, including the American workers.

MAJOR WAGE DEVELOPMENTS IN THE LAST 3 YEARS

During the last 3 years, major labor contracts have been signed with industries employing millions of workers. In the overwhelming majority of these settlements, increases in compensation amounted to less than 4 percent a year, and the bulk of them were indeed close to the guidepost figure of 3.2 percent.

Beginning with the 1963 settlements in the electrical goods industry, which raised hourly compensation on the average by about 3 percent a year, contracts with annual increases of 4 percent or less were signed in meatpacking, telephones, Atlantic longshoring, glass containers, tin cans, rubber tires, newspapers, northern cotton textiles, aluminum, basic steel, oil, western paper, and many other industries. Some of these industries—such as bituminous coal and telephones—had, in fact, more than one contract during the last 3 years whose terms came close to the guidepost figure. In addition, the 1965 Federal civilian pay bill, and the 1966 Federal military and civilian pay bills involved guidepost increases.

Let me say that we impose it on the soldiery of America. Because of its bearing on the value of the American dollar, no labor union has the right in this hour of crisis to ask for a higher percentage figure.

As a result of moderate increases in compensation, and good productivity increase, unit labor costs in manufacturing have remained essentially stable during the last 3 years. In June 1966, the index of these costs was actually lower than in June 1964, or in January 1963.

The moderation of compensation increases during the last 3 years is also reflected in the record of average hourly earnings in manufacturing. Between June 1963 and June 1966, gross hourly earnings in manufacturing have risen almost exactly 3.2 percent a year.

Mr. President, I have examples of moderate major settlements in the last 3 years. In the interest of saving time, I shall not read them. I ask unanimous consent that this table showing the wage settlements involved in those negotiations be printed in the RECORD at this point.

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

Examples of moderate major settlements in the last 3 years

	Percent
September 1963, electrical machinery	3.0
April 1964, coal	3.2
August 1964, meat packing (plus cost of living)	2.5
November 1964, telephones	3.2
December 1964, Atlantic and gulf coast longshoring	2.5
March 1965, glass containers	4.0
March 1965, can industry	3.5
April 1965, rubber	3.2
April 1965, California metal trades	3.2
April 1965, New York newspapers	3–3.5
April 1965, northern textiles	3.8
June 1965, aluminum	3.9
July 1965, Aerojet (plus cost of living)	3.2
September 1965, telephone	3.8
September 1965, basic steel	3.2
October 1965, oil	3.6
October 1965, Federal civil service	3.6
March 1966, northern cotton textiles	4.0
March 1966, west coast paper	4.0
April 1966, bituminous coal	3.2
July 1966, Federal civilian and military pay	3.2

Mr. MORSE. Mr. President, I wish to talk about the consequences of any outrageous inflationary airline settlement in the pending dispute.

THE CONSEQUENCES OF AN OUTRAGEOUS AIRLINE SETTLEMENT

If the unreasonable demands of the airline machinists are met, there will be widespread adverse effects on the American economy.

First. The most obvious and most direct consequence would be the end of the gratifying downward trend of prices for airline services.

Do not forget that the traveling public, as well as the union, has an interest and a right to an equitable share in the earnings of regulated industry, be it the airlines or any other regulated industry.

The airlines may be able to absorb the huge jump in hourly labor costs without actually raising prices, but they would not take this settlement and still continue to lower prices. If this Nation is to enjoy price stability, rapidly growing, progressive industries like air transport must be able to lower their prices and pass along some of the benefits directly to consumers.

Second. By exceeding any national labor settlement of recent years, an airline contract that followed labor's demands would have a broad impact on wages and prices elsewhere in the economy. It would be bound to whet the appetites of other groups of workers who will be negotiating their labor contracts in the months ahead.

They are standing in the wings now waiting to come out for those negotiations: American Airlines, Westinghouse, General Electric, all ground transportation agreements involving trucks, and many of the heavy industry agreements. This is the beginning of the parade, and that is why it is so important that the Congress, in the judgment of the senior Senator from Oregon, take whatever legislative action is necessary to prevent an inflationary breakthrough in this regulated industry and at the same time assure the workers in this industry a fair and equitable wage settlement.

Of course, when Mr. Meany, in his attack on the senior Senator from Oregon, in a speech last night before the Newspaper Guild banquet said that I was seeking to put men back to work under legislation at the same wages they now get, he did not speak the facts.

My resolution makes perfectly clear that when the final settlement of this case goes into operation, these workers will get the increase in wages allowed back to January 1, 1966.

The senior Senator from Oregon has been a proven friend of legitimate rights of labor throughout his public life. I yield, as I said on the floor of the Senate last night, to no one in the Congress nor the administration in my defense of the legitimate rights of labor.

I have handed down many decisions against labor when it sought something not in its legitimate rights. That happens to be the duty of one sitting in the position of public trust; to hand down what amounts to a judicial opinion on the merits.

My unanimous Emergency Board in this case handed down a fair proposal, subject to modification and revision as called for and provided by the Railway Labor Act.

But the workers are not being asked to accept their present wages and working conditions. In fact, not only in my report but also in my resolution, it is provided that their rights are bound to be protected.

I wish to say to the Senate that there will be days ahead when you will be faced with a lot of propaganda about this case on the part of special pleaders who want to break through the inflationary control ceiling, but the Congress has to park politics outside the Senate floor and the House floor.

The Congress has the trust of moving only on the basis of what does the public interest require. When it supports the public interest it also, ipso facto, protects the interest of the public and the workers involved in this historic case.

As I said, if we permit this case to be settled on the basis of an inflationary wage settlement, others are going to seek to follow suit. A 7- or 8-percent contract for airline workers will raise the targets of telephone and electrical workers in their key negotiations this fall.

Do not forget, as you analyze the original demands of the union—and they still say they would like to have them—the original demands involve an increase between 7 and 8 percent.

A 7- or 8-percent increase followed as a pattern through this country, in my judgment, would throw the economy not

into an inflationary spiral, but into an inflationary tornado.

Mr. President, do not forget that other unions are not going to be willing to settle for the amount that this union gets—if it is allowed to get by with this inflationary step—because the unions will always want to try to show their members that they got a little bit more. That is the nature of the competition—and it is quite understandable in this whole matter of labor negotiations.

The bitter experience of airline management would weaken the resistance of employers to exorbitant wage demands in these and other industries. Management might conclude that the only sensible strategy was to give labor what it demanded and pass the bill along to the consumer.

Third. An unreasonable settlement in airlines would impair the strength of the dollar, and the very prestige of the Nation. Our unequalled record of combining prosperity with price and cost stability has excited the admiration of the entire free world. More recently, that admiration has been mixed with some skepticism as to whether we can continue our good record in a full employment economy. In recent months, our return to a sustainable rate of expansion has improved our prospects for extending and preserving the American economic miracle. The airlines dispute has attracted worldwide attention; a stability-shattering settlement would be a front-page story around the globe, heralding the end of our era of cost stability. Some would say we had started down the road that England has gone—the road that led to last week's crisis in the United Kingdom.

Fourth. Such a dramatic blow to cost-stability would touch off a wave of inflationary expectations destabilizing the economy. A 7- to 8-percent airline settlement would change all bets on probable wage settlements for the rest of 1966 and for 1967. It would make clear to all that we were caught up in a wage-price spiral. Once people expect prices to shoot up, they will buy to protect themselves against inflation and thereby intensify inflationary pressures.

Fifth. The inflationary escalator clause would come back into fashion in wage contracts. It would be sought in every union negotiation from here on out.

Of course, the economists are practically unanimous in agreeing that an escalator clause is in itself inflationary in its causative result. Some existing settlements might even be reopened to include it. The escalator is supposed to make the worker immune to a rising cost of living. Instead, it makes the Nation incapable of regaining price stability—except by taking a recession—once there is any temporary disturbance causing upward pressures on consumer prices. A temporary rise in the price of meat gets translated into a permanent rise in the prices of industrial products.

Sixth. The flagrant irresponsibility, in respect to the economic welfare of all industry, of the airline union would seriously undermine the foundation for responsible behavior by other labor groups or by business. Voluntary cooperation has been a key element in maintaining our price-cost stability, and effectively so when everyone accepts his responsibility. But if a small group pulls a holdup on the entire Nation, the rules of the game are destroyed. Steelworkers, Federal employees, molybdenum producers—who accepted wage and price standards consistent with the national interest—could only feel that they had been cheated.

Seventh. The contagious display of irresponsible wage behavior could force us to adopt policies that would stunt our economic growth in order to curb inflation.

It would lead to necessary tax legislation, price control legislation, wage control legislation, rent controls, and all the other necessary economic controls, in order to prevent inflation in time of war—and we are at war.

As I pointed out last night, I have not supported our being in this war, but we are in it. As long as we are in it, I am going to carry on my trust to the people of my State and the Nation on the floor of the Senate and do what is necessary to protect the boys whom we are sending into that war which, in my judgment, they should not be sent into, as well as to protect the economy at home.

That is why I said last night that despite all the attacks on me by George Meany, his memory is of short duration. He forgets the times he sat on the War Labor Board with me and voted to seize plants and industries in this country, sometimes because of a violation by the union and sometimes because of a violation by the employer.

We should not forget that we are dealing with an industry that is closely related to the public interest. In fact air travel is sufficiently affected with the public interest to the degree that airlines are not allowed to discontinue service anywhere without approval of the Civil Aeronautics Board.

The ACTING PRESIDENT pro tempore. The 20 minutes of the Senator from Oregon have expired.

Mr. MORSE. Mr. President, I ask unanimous consent that I may proceed for 10 additional minutes.

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

Mr. MORSE. Mr. President, these plants and industries were seized because American boys were dying in Europe. I recalled to Mr. Meany's attention last night that our boys are dying in Asia today in an undeclared war. I happen to think that all of us at home, far removed from the jungles of southeast Asia, safe in our security, our prosperity, and our luxury, have a duty to see that we protect the economy of those men at home. That is the basic issue involved in this dispute.

If slack labor markets and excess capacity are the only way to keep wage increases in bounds, we could be forced to sacrifice full employment. This would mean that the greed of one group could curtail the job opportunities of other workers, hold down improvements in the standard of living, and retard progress toward the Great Society. It would mean greater civilian sacrifices in a defense economy. It would dim our excellent opportunity for a smooth transition to a peacetime prosperity once defense requirements abate.

Eighth. Irresponsible behavior of the airline machinists could threaten the rights and privileges of all organized labor in collective bargaining. The American public would not tolerate being held up at a strike gunpoint. Our citizens would ask what legal and institutional reforms were necessary to avoid a repeat performance. A storm of public protest could lead to legislation that would be exceedingly costly to labor's interest in free collective bargaining.

THE EXCESSIVE DEMANDS OF THE MACHINISTS

From the very beginning the machinists have made extreme demands upon the airlines. And they have not receded one iota from those demands over the whole period of negotiation, mediation, and strike. They have made some tentative counteroffers but have made the claim, nevertheless, that they stand on their original demands. The settlement demanded by the union would result in an increase in compensation averaging more than 5 percent a year, before taking any account of the cost-of-living escalator demanded by the union. If the Consumer Price Index should continue to rise at the 2.5-percent rate of the past 12 months, a settlement on the union's terms would mean increase in compensation of about 7 percent a year over a 3-year period. If the rise in the cost of living should accelerate, it could easily go to 8 percent a year. No such increase has been negotiated in a major manufacturing or public utility contract since the inflationary period of the mid-1950's.

In fact, the escalator clause has come to be recognized as not a desirable gimmick for a collective bargaining agreement and is one containing positive inflation characteristics rather than preventive.

The generous settlement recommended by the Emergency Board would have cost the employers about $76 million over 42 months. This is equivalent to about $65 million over a period of 3 years—the length of the contract the union is demanding. I shall have something to say about that in my closing remarks.

Over the same 3-year period a settlement made on the union's terms would cost the airlines $106 million on the assumption that the increase in the Consumer Price Index continues at 2.5 percent a year. This is $41 million, or about 63 percent, more than the cost of the Emergency Board's recommendations. The cost would be still greater if the annual increase in the Consumer Price Index should exceed 2.5 percent.

After the Emergency Board issued its recommendations, I made it clear that the Railway Labor Act provides for a 30-day period following the recommendations for further negotiation and mediation between the parties.

The Board rejected the proposal of the union that we should act as mediators of

any controversy that might arise between the parties over the negotiations. The union made that request before we even wrote the report. The union made clear that it would not accept our recommendations. When they asked that the Board continue as mediators over any dispute that might arise later, it was my judgment that the Board should not; in fact, I thought it would not be ethical that the Board should mediate over a report which it had written.

When the union went to the Secretary of Labor and the Assistant Secretary of Labor and suggested that the President appoint me as a single special mediator, I made my own decision, as it was the Board's decision, that I could not accept such a proposal. I made clear that the Emergency Board should not be expected to engage in mediation, but that our report was the report of a quasi-judicial tribunal bound to make its recommendations on the evidence placed within the four corners of the official transcript of the record made.

But that does not mean that mediation cannot be had. There is a basis, in my judgment, for these parties to make a conscionable compromise. They are in a position to make a conscionable compromise.

The judgment of the Board was that there should be a 42-month contract. However, that is negotiable. The fact is that, in my judgment, a 3-year contract would be a compromise. The Board recommended that any wage settlement should be retroactive to January 1, 1966. In view of the recommendation for retroactivity to January 1, 1966, the Board decided on the record made by the parties in connection with the length of the contract, it was only fair that the contract should be for a 42-month period, rather than a 36-month period.

The union did not make its case in support of its request with respect to the health, welfare, and pension fund. We could not make their case for them. The trend is more and more that the cost of health, welfare, and pensions shall be considered part of a wage bill. I say today, as I have said before, that within 10 years, at most, the employer will pay the cost of health, welfare, and pension funds; and that is particularly applicable to pensions. The workers are beginning to learn that private pension funds do not result in any benefits to an exceedingly large number of workers, according to the latest research, considering what the workers pay into the pension fund.

I am chairman of the pension fund of the electrical industry, whose members are composed of 12 persons from the electrical union, the Brotherhood of Electrical Workers, and 12 from the electric contractors. I am the 25th man on that board. In the report on its research into this question, it was stated that there is no vestment of pension rights in employees as they go from employer to employer. Over 50 percent of the workers who thought they would get something from that fund in fact get nothing. In most instances they are entitled to get back only the dollars that they contributed. But they contributed those dollars into a fund that they thought was for old age security.

It is not my fault that the union, in my judgment and that of the Board failed to sustain the burden of proof on the pension, welfare, and health issue which was involved in this case. I was a judge. I had no right to try the case as an advocate for the union.

On the local issues—and there are some 40 of them—there is room for compromise. In regard to the local issues, my advice is that the unions simply agree to arbitrate them, because there is nothing complex about them. There is need for a third person, agreeable to both sides, to recommend a fair and equitable settlement of the dispute.

I close by saying that this great union, in view of its glorious record, and it is a great union, although in this instance it has suffered from a shocking lack of judgment, has a clear duty to agree to go back to work before it becomes necessary to pass legislation. It has the duty to mediate in good faith and work out a noninflationary settlement of the dispute. If it does not, I think it is the duty and the responsibility of Congress to pass legislation which will protect the value of the American dollar and the interests of the American people, which will be equitable to the workers and the carriers, and which should be signed by the President to bring the strike to an end.

AIRLINES STRIKE—AMENDMENT TO SENATE JOINT RESOLUTION 181

Mr. JAVITS. Mr. President, I submit an amendment and ask that it be printed in the RECORD and referred to the Committee on Labor and Public Welfare which seeks to require the Secretary of Labor to give us a permanent plan for handling disputes like the airlines dispute.

Mr. MORSE. Mr. President, I should like to be a cosponsor of that amendment with the Senator from New York.

Mr. JAVITS. I am happy to have the Senator join me. Mr. President, I ask unanimous consent that the name of the Senator from Oregon [Mr. MORSE] be added as a cosponsor to my amendment.

The ACTING PRESIDENT pro tempore. The amendment will be received, printed, and appropriately referred; without objection, the name of the Senator from Oregon [Mr. MORSE] will be added as a cosponsor, and the amendment will be printed in the RECORD.

The amendment (No. 713) was referred to the Committee on Labor and Public Welfare, as follows:

On page 3, line 12, insert "(a)" after "4.".

On page 3, between lines 18 and 19, insert the following:

"(b) The Secretary of Labor is hereby directed to commence immediately a complete study of the operations and adequacy of the emergency labor disputes provisions of the Railway Labor Act and the Labor-Management Relations Act. The Secretary is further instructed to report to the Congress by January 15, 1967 the findings of such study together with appropriate recommendations for such amendments to the Railway Labor Act and the Labor-Management Relations Act as will provide permanent procedures to make unnecessary in the future such special legislation as is embodied in this Joint Resolution."

Mr. MORSE. Mr. President, let me say to the Senator from New York that I believe this is a long-overdue amendment. I serve notice on the administration that, in my judgment, the time has passed when any further delay on the part of the administration can be tolerated taking a position on permanent legislation for the handling of the emergency disputes.

FHA APPROVAL OF MULTIFAMILY PROJECTS IN FLORIDA

Mr. WILLIAMS of Delaware. Mr. President, today I call attention to the irresponsible manner in which the FHA has been approving multifamily projects in Florida—projects that obviously were not economically feasible at the time of construction. The result is a multimillion-dollar loss to the FHA, and in addition, in the face of existing high vacancy rates this overexpansion is resulting in bankrupting the private investment phase of the building industry in that area.

Furthermore, the manner in which those fly-by-night promoters are skipping out without paying suppliers and subcontractors is bankrupting or severely handicapping a lot of small businessmen.

A survey of this State shows that there are at least 42 multifamily projects in financial trouble. This represents $107,170,266.44 in Government-insured mortgages. Of this group, 28, representing $64,946,466.44, have been foreclosed or taken over by the FHA. The others are in default and operating on modification agreements or deferred payment schedules. At this point I ask unanimous consent to have a list of these projects printed in the RECORD.

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

TAMPA, FLA., OFFICE

Twin Towers Apartments, Inc., Project No. 067-00023, Cocoa Beach, Florida:

Mortgage amount at final endorsement date, May 20, 1964, was $2,903,400.

Property acquired by F.H.A., deed-in-lieu of foreclosure on June 4, 1965 at cost of $2,856,887.97.

Shore View Apartments, Project No. 067-00026, Eau Gaillie, Florida:

Mortgage amount at final endorsement date, September 17, 1964, was $2,034,100.

Mortgage insurance is in force. Mortgage has been modified to defer amortization.

Embassy Apartments, Project No. 067-00029, Merritt Island, Florida:

Mortgage amount at final endorsement date, February 26, 1965, was $2,426,200.

Mortgage assigned to F.H.A. on February 10, 1966, with total mortgage insurance settlement of $2,401,938. Foreclosure proceedings have been initiated.

South Patrick Apartments, Project No. 067-00021, Eau Gallie, Florida:

Mortgage amount at final endorsement date, February 28, 1963, was $1,178,400.

Mortgage insurance is in force. Mortgage modified to defer amortization.

Whitecliff Garden Apartments, Project No. 067-00032, Cape Canaveral, Florida.

Mortgage amount at final endorsement date, December 17, 1964, was $1,845,800.

Loan in default for failure to make April payment. Mortgage insurance is in force.

Imperial Towers Apartments, Project No. 067-00037, Titusville, Florida.

Mortgage amount at final endorsement date, February 28, 1966, was $2,469,900.

Mortgage insurance is in force. Mortgage under modification.

Country Club Village, Project No. 067-00039, Merritt Island, Florida:

Mortgage amount at final endorsement date, February 24, 1966, was $2,493,000.

Mortgage insurance is in force. Mortgage under modification.

Horizon House, Inc., Project No. 067-30078-INV, Clearwater, Florida:

Mortgage amount at final endorsement date, July 30, 1966, was $2,828,500.

Mortgage assigned to F.H.A. on November 23, 1963. The total mortgage insurance settlement was $2,781,917.89. The mortgage was sold by F.H.A. on July 22, 1965, for $2,826,-711.41. The net profit to F.H.A. on the transaction was $10,995.49.

Clearview Towers, Project No. 067-30080-INV, Clearwater, Florida:

Mortgage amount at final endorsement date, April 17, 1963, was $1,545,571.43.

Property acquired by F.H.A. on December 2, 1963, at cost of $1,535,576.84, by deed-in-lieu of foreclosure.

Meadowlark Enterprises, Inc. (Paradise Island), Project No. 067-30081, Treasure Island, Florida:

Mortgage amount at final endorsement date, September 24, 1964, was $3,090,700.

Property acquired by FHA on March 11, 1965, by deed-in-lieu of foreclosure at cost of $3,065,558.98.

The Pendleton Apartments, Project No. 067-30083-INV, Daytona Beach, Florida:

Mortgage amount at final endorsement date, October 17, 1963, was $2,700,000.

Property acquired by FHA on June 4, 1965, by deed-in-lieu of foreclosure.

Sandpiper Towers, Project No. 067-30085-INV-RH, Cocoa Beach, Florida:

Mortgage amount at final endorsement date, March 2, 1965, was $1,400,000.

Mortgage insurance is in force. Amortization deferred until October 1, 1966.

Palm House Apartments, Project No. 067-35001-PM, Titusville, Florida:

Mortgage amount at final endorsement date, December 18, 1963, was $1,288,500.

Mortgage now in default. Mortgage insurance is in force.

The Plaza Fifth Avenue, Project No. 067-38002-PM, St. Petersburg, Florida:

Mortgage amount at final endorsement date, September 25, 1963, was $2,704,600.

Mortgage insurance is in force. Mortgage modified to defer amortization.

Mease Manor, Project No. 067-38007-NP, Dunedin, Florida:

Mortgage amount at final endorsement date, June 22, 1965, was $5,489,900.

Mortgage assigned to FHA on November 24, 1965, with total mortgage insurance settlement of $5,435,001. Under workout agreement.

Lucerne Towers, Inc., Project No. 067-30076-INV, Orlando, Florida:

Mortgage amount at final endorsement date, January 24, 1963, was $3,449,400.

Property acquired by FHA on February 15, 1965, at cost of $3,566,567.60.

Mortgages assigned to FHA (held) title II, section 207, RP

Park Lane Garden Apartments, Project No. 067-00010, Sarasota, Florida:

Mortgage amount: $470,000. Number of units: 49.

Lake Killarney Apartments, Project No. 067-00008, Winter Park, Florida:

Mortgage amount: $1,464,700. Number of units: 124.

Projects acquired by FHA (held)

Mandalay Shores Apartments, Project No. 067-00016, Clearwater Beach, Florida:

Mortgage amount: $7,170,900. Number of units: 384.

Mortgages assigned to FHA (held) title II, section 213, MTC

Lindru Garden Apartment #1, Project Number 067-30075 INV, Clearwater, Florida:

Mortgage amount: $697,400. Number of units: 48.

Projects acquired by FHA (held)

Indian Pass Apartments, Project No. 067-30070, Indian Rock Beach, Florida:

Mortgage amount: $1,806,700. Number of units: 136.

Pasadena Apartments, Project No. 067-30071 INV, St. Petersburg, Florida:

Mortgage amount: $3,377,700. Number of units: 198.

Southgate Towers, Project No. 067-30074 INV, St. Petersburg, Florida:

Mortgage amount: $2,086,200. Number of units: 128.

Coral Crest Apartments, Project No. 067-30073 INV, Tampa, Florida:

Mortgage amount: $1,382,000. Number of units: 119.

CORAL GABLES (FLA.) OFFICE, MIAMI AREA

McKay Tower Apartments, Project No. 066-00042, Miami, Florida:

Mortgage amount at final endorsement date, September 23, 1964, was $2,215,500.

Mortgage assigned to FHA on June 24, 1965, with total insurance settlement of $2,487,158.65. Foreclosure instituted and property in hands of receiver since October 20, 1965.

Brickell Town House, Inc., Project No. 066-00044, Miami, Florida.

Mortgage amount at final endorsement date, July 2, 1963, was $8,010,000.

Mortgage insurance is in force. Mortgage has been modified.

Twenty Island Avenue, Inc., Project No. 066-00045, Miami Beach, Florida:

Mortgage amount at final endorsement date, June 30, 1964, was $4,562,900.

Mortgage insurance is in force. Mortgage is under modification.

Palo Alto Apartments, Project No. 066-30434-INV, North Miami Beach, Florida:

Mortgage amount at final endorsement date, April 3, 1963, was $1,315,900.

Mortgage assigned to FHA on September 6, 1963. The property was acquired by FHA on June 14, 1965, at a cost of $1,302,502.97.

Point View North Apartments, Project No. 066-30435-INV, Miami, Florida:

Mortgage amount at final endorsement date, November 10, 1964, was $4,460,300.

Mortgage insurance is in force. Mortgage has been modified.

Bay Park Towers, Inc., Project No. 066-30474-INV-RH, Miami, Florida:

Mortgage amount at final endorsement date, June 3, 1963, was $4,519,100.

Mortgage insurance is in force. Mortgage has been modified.

Biscayne 21, Project No. 066-30484-INV, Miami, Florida:

Mortgage amount at final endorsement date, March 26, 1964, was $4,210,700.

Mortgage assigned to FHA on August 13, 1964, with total mortgage insurance settlement of $4,162,687.98. Foreclosure has been instituted.

Bay Terrace, Project No. 066-38002, Miami, Florida:

Mortgage amount at final endorsement date, September 3, 1964, was $2,792,300.

Mortgage assigned to FHA on August 19, 1965, with total mortgage settlement of $2,-747,441.71. Foreclosure has been instituted and property has been in hands of receiver since November 8, 1965.

North Miami Nursing Home, Inc., Project No. 066-43002, Miami, Florida:

Mortgage amount at final endorsement date, November 13, 1963, was $655,700.

Mortgage is in default and mortgagee has elected to assign mortgage to FHA.

Palmcrest Nursing Home, Project No. 066-43004, West Palm Beach, Florida:

Mortgage amount at final endorsement date, November 24, 1964, was $357,600.

Mortgage assigned to FHA on December 20, 1965, with total mortgage insurance settlement of $347,226.85. A workout agreement is being considered.

Boulevard Manor Nursing Home, Project No. 066-43007, Boynton Beach, Florida:

Mortgage amount at final endorsement date, July 24, 1964, was $635,900.

Mortgage insurance is in force. Amortization has been deferred to August 1, 1966.

Projects acquired by FHA (held) title II, section 213, MTC

Caribbean Towers Cooperative, Project No. 066-30225 INV, North Bay Village, Florida:

Mortgage amount: $2,069,100. Number of units: 102.

JACKSONVILLE (FLA.) OFFICE

The Bayshore, Project No. 063-30024-INV, Pensacola, Florida:

Mortgage amount at final endorsement date, July 27, 1965, was $2,634,100.

Mortgage insurance is in force. Mortgage is in default and workout agreement being considered.

Wesley Manor, Project No. 063-3801-NP, Jacksonville, Florida:

Mortgage amount at final endorsement date, January 23, 1964, was $5,194,500.

Mortgage Insurance is in force. Amortization has been deferred until September 1, 1966.

Lakeshore Towers, Project No. 063-38003-PM, Gainesville, Florida:

Mortgage amount at final endorsement date, July 27, 1965, was $1,746,600.

Mortgage insurance is in force. Amortization has been deferred until June 1, 1966.

North Hill Nursing and Convalescent Home, Project No. 063-43002, Pensacola, Florida:

The initial endorsement date was November 25, 1963. The mortgage has not been finally endorsed. The authorized mortgage amount is $814,500.

Mortgage insurance is in force. Amortization deferred to October 1, 1966.

Mortgages assigned to FHA (held) title II, section 207, RP

Commander Apartments, Project No. 065-00023, Jacksonville, Florida:

Mortgage amount: $1,926,500. Number of units: 90.

Mortgages assigned to FHA (disposed of without reinsurance) title II, section 207, RP

Atlantic Gardens, Project No. 063-00021, Jacksonville Beach, Florida:

Mortgage amount: $680,700. Number of units: 99.

Mr. WILLIAMS of Delaware. Mr. President, what makes this situation even worse is that in the face of over $100 million in foreclosures and prospective foreclosures the FHA is still approving new construction at the same rapid rate.

For example, as of December 31, 1965, the FHA had applications pending for mortgage insurance on 34 new multifamily projects upon which $43,581,100 in mortgages was requested.

Of this number 14 projects with insured mortgages of $18,171,600 had been given firm commitments and the remaining 20 projects representing requests for mortgage insurance of $25,409,500 were in process of being approved.

Thus here in this one State we have over $100 million in multifamily mortgages in default while at the same time another $42 million are being considered

or authorized. These figures do not include the thousands of single-family homes that are in default in the same areas.

Of course, the promoters of these new projects have nothing to lose. Builders' fees, organization expenses, and inflated land appraisals ofttimes represent a good profit even though the project fails before opening its doors. Many of these projects are going bankrupt before construction is completed with little or no payment ever having been made on principal or interest, and the same promoter merely moves to another area, forms another corporation, and applies for another loan or mortgage guarantee.

For example, the McCloskey interests in Philadelphia constructed three multifamily projects in the Orlando area upon which the FHA insured mortgages in the amount of $9,052,800. With only $6,572.31 paid on principal all three projects went into bankruptcy—CONGRESSIONAL RECORD, volume 111, part 4, pages 5158–5160.

Another example, in Miami the Project Biscayne 21, project No. 066–30484–INV, was constructed with FHA mortgage insurance of $4,210,700 endorsed on March 26, 1964.

Five months later, on August 13, 1964, this project failed and was taken over by FHA with an unpaid balance of $4,162,687.98.

Two years later, on June 11, 1966, this project was sold at auction, the highest bid being $2,995,500, representing a loss of $1,167,187 plus foreclosure costs and carrying charges for the past 2 years.

At this point I ask unanimous consent to have printed in the RECORD an article by Mr. Matt Taylor appearing in the Miami Herald of June 11, 1966, entitled "U.S. Loses Again."

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

U.S. LOSES—AGAIN: BISCAYNE 21 SOLD AMID CONFUSION—DOOR LEFT OPEN FOR NEW BID

(By Matt Taylor)

Bankrupt Biscayne 21 went on the auction block Friday for the second time and the federal government again voiced the highest bid.

But alas, a federal judge said for the second time that another bidder, who had offered in writing to pay more, should get the controversial apartment building.

Unless, added Judge Emmet Choate, someone comes along with a higher bid next week.

It was that kind of an auction.

There was confusion all over town throughout the day as first one bidder and then another seemed to have the high-rise apartment deal sewed up.

A receiver is operating the 190-unit bankrupt apartment for the federal government. The government was left holding a $4.6 million mortgage on the property and so far hasn't received an offer even close to that.

Only two bids were voiced at the auction—the second held in two months to sell the building.

Alexander Muss interests bid $2 million.

Then a bid was entered for the U.S. secretary of housing and urban affairs. This seemed to be the highest bid, $2,975,000.

It's the same amount the U.S. bid at the last auction, though Judge Choate said it wasn't high enough at the time.

Chief Deputy Marshal Jim French already had read to the crowd that City National Bank of Miami Beach, acting as a trustee, had posted a $50,000 guarantee that they'd bid $2,995,500.

Reliable sources in the apartment business said that Al Sokolsky, owner of the David William Apartments in Coral Gables, is the man City National is representing.

French went through his "going once, going twice" routine. He looked around. "Is City National Bank of Miami Beach represented?" he asked.

An attorney nodded. "Yes," he said. He didn't say anything else.

"I'm going to sell this building to the Federal Housing Administration for $2,975,000," French said. (The FHA was acting for the secretary of housing and urban development.)

French did his countdown again and announced the property was sold for the FHA bid. Most everyone left.

Twenty minutes later French was back. "I've been to see the judge," he said. "He says that I'm to accept the bid of City National Bank."

He scratched his head. "Nobody told the Marshal's Office we were to accept this bid," he said, puzzled.

But Judge Choate ruled that the top bid had been accepted in his court in April. The $50,000 guarantee bond had been posted then.

City National had made that offer after it missed the first auction because it got mixed up on the dates.

Realtor Robert Quinn had made an offer of $3,005,000 at the same court session. He left the Post Office thinking the FHA had won the bidding.

Told of acceptance of the bank's bid, Quinn said, "Our attitude would have been entirely different if we'd known that. We wanted the FHA to get the apartment back.

"I'd think that under professional management the profit picture might have been different. Under good management for a year you can get a clearer picture of the property. The profit picture might be different."

Quinn said he might have wanted to buy the building after a year of FHA management. Barring that, he said, he might have wanted to enter the public bidding himself.

Judge Choate said he would welcome Quinn Monday if his bid was going to be as sizable as he indicated.

"The court would be glad to jump at any such bid," the judge said.

He said he would welcome anyone with a higher bid, so long as they brought $100,000 earnest money with them.

Mr. WILLIAMS of Delaware. Mr. President, Mandalay Shores, Clearwater, Fla., project No. 067–00016, is another fiasco. This project was given final approval for mortgage insurance on April 3, 1963, in the amount of $7,170,900.

Only one payment of $8,964 was made, and in April 1964 the FHA instituted foreclosure proceedings.

Sponsors of this project were Dworman Associates, 65 West 55th Street, New York, N.Y., officers: Alvin Dworman, president; Lester Dworman, vice president; Daryl Dworman, secretary-treasurer.

The project was built under the corporate name of Mandalay Shores, Inc., and the mortgage was signed Mandalay Shores, Inc., by Lester Dworman.

Mandalay Shores, Inc., represented by Lester Dworman, then signed a contract for the construction of this apartment house with the Dworman Building Corp., which listed as its top official the same Lester Dworman.

This definitely was not an arms-length transaction since Dworman Associates owned or controlled all the companies.

Dworman Building Corp. was allowed a builder's fee of $343,614. Other allowances were architect fees, $170,000; accounting, $7,500; legal and organization expenses $100,658.20; discounts on mortgage, $114,087.75; processing fees, $71,709; plus a generous allowance for land "as is," $950,618.

It is interesting to note that FHA records show a notation—crossed out but still legible—opposite the land item which reads "Sponsor's profit and risk allowance."

FHA records do not show the actual cost of land, but the St. Petersburg Times of April 17, 1965, listed the original land cost at $525,000 for the full 6-acre tract. If correct this represents a windfall profit on the land of $425,000 which when added to the $343,614 builder's fees means that the group started out with a built-in profit of around $750,000 before starting.

On May 12, 1965, this property was sold in bankruptcy, and the FHA bid it in at $6,264,000. By this time the FHA had an investment including mortgage foreclosure costs, and so fourth, of nearly $8 million. This represented a $2 million loss plus whatever loss the FHA may later have sustained in maintaining and getting rid of the project.

To further complicate this Mandalay Shores project the last report was that subcontractors and suppliers were still trying to collect payment for the work and materials they furnished on this project.

One of these projects which failed immediately after completion was the Horizon House, Clearwater, Fla.—project No. 067–30078–INV—insured for a mortgage of $2,828,500.

One of the principal sponsors of this project was Mr. Robert Chuckrow, 60 East 42d Street, New York City.

Final endorsement of this mortgage was July 30, 1963, and 4 months later, November 23, 1963, the project was in default and the mortgage assigned to the Federal Housing Administration.

The same Mr. Robert Chuckrow through the Robert Chuckrow Construction Co., Inc., was also the prime contractor for the $5.6 million Christopher City project in Tucson, Ariz., which was built the following year and which likewise went broke with less than $25,000 having been paid on the mortgage—see the CONGRESSIONAL RECORD, June 21, 1966.

This is a typical example of how a sponsor can build a project in one area, collect his builder's fees, land markups, and so forth, and then go into another State and get another multifamily FHA mortgage insured under a different corporate name.

There can be no excuse for the irresponsible manner in which this agency has been pouring out the taxpayers' dollars in underwriting these projects which obviously were not economically feasible at the time of construction; this is another example of the resources of the agency being used to promote the inter-

ests of fast-buck promoters rather than protect the home buyer.

The FHA:

First. Should require the sponsors of these projects to present receipts showing payments to subcontractors and suppliers before disbursing proceeds of mortgage.

Second. Require the sponsors and promoters of the projects to endorse the mortgages, thereby pledging their personal assets toward payment of this Government loan.

Third. Insure no mortgage for an amount in excess of 90 percent of actual cash expenditure by the sponsors. Let them collect their profits from land, et cetera, after the project has demonstrated its ability to pay off its obligation to the Government.

ADEQUATE SCHOOL MILK FUNDS MORE IMPORTANT THAN EVER WITH RISE IN MILK PRICES

Mr. PROXMIRE. Mr. President, last Friday Senator McGOVERN made an excellent statement on this floor in connection with recent increases in the retail price of milk. Unfortunately the dairy farmer is being blamed for these price boosts while all the available evidence indicates that increases in the amount the farmer receives for his milk amount to only a fraction of the additional cost of milk to the consumer.

Senator McGOVERN indicated his intention to press for adoption by the Senate Agriculture Committee of a resolution calling on the Department of Agriculture to survey recent increases in the retail price of milk to determine their relationship to the increase in farm returns. I hope that early endorsement of this resolution by the committee will make it possible to acquit the dairy farmer of the blame for these price increases.

Nonetheless we are faced with the fact that, for whatever reasons, the retail price of milk has increased by as much as 2 cents a quart in many sections of the country. This means that the effectiveness of the school milk program in providing midmorning and midafternoon lunch breaks for the Nation's schoolchildren may well be seriously curtailed. Why? Simply because, although the cost of milk is rising, the Federal Government's contribution to this cost under the school milk program remains constant and in fact decreased last year. The percentage of cost picked up by the Federal Government is actually declining and the amount the local school district or the child has to pay is increasing.

Let me give an example. Assume that the cost of a half pint of milk has increased from 7 to 8 cents. The Federal Government will continue to pay 3 cents for each half pint under the school milk program while the school district or the child will have to absorb the additional cent increase. The result will be a curtailment of participation in the program as local costs rise.

This is why it is more important than ever to make sure that the Department of Agriculture is given enough money to at least restore the reimbursement rate under the program to the level it attained prior to last year's 10-percent cut. I am not at all sure that the $105 million provided by the Senate a few weeks ago does this. If the facts show that this sum is inadequate for full reimbursement, I intend to fight hard for additional funds in a supplemental appropriation bill.

ISOLATED RED CHINA

Mr. MOSS. Mr. President, the Washington Post is among those who have commented favorably on our relaxation of curbs on travel to Communist China.

It is curious, the Post says, that China simultaneously has increased its entry restrictions. China's move may well offset the practical effect of our action, but nonetheless the newspaper believes our policy to be correct.

If we do our part to lower the barriers to more reasonable regulation of cultural and economic changes, the Post suggests the current rigidity of the Communist Chinese will one day change. It adds that as far as possible, we should try to diminish what it calls the dangerous isolation of Red China from the main currents of world affairs.

Mr. President, I ask unanimous consent that an editorial dealing with this subject published in the Washington Post of July 14, 1966, may be printed in the RECORD.

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

[From the Washington Post, July 14, 1966]

ISOLATED RED CHINA

The United States has relaxed its restrictions on the travel of many Americans to Communist countries. And, curiously enough, China, at the same time, has increased its restrictions on the visas of visitors to that country.

The coincidence helps to emphasize the difficulties of unilaterally altering the isolation of China and it reinforces the argument of those who have pointed out that much of the isolation of Communist China is self-imposed. If the rulers of Red China insist on isolation, there is very little that others can do about it. We have long since left behind the days when Western gunboats could shoot their way into the ports of self-quarantined countries. We will have to wait for China to change its mind.

The Chinese action may diminish the practical meaning of the relaxation of American travel-bans. But the United States policy is nonetheless the right one. We must seize such opportunities as this to demonstrate that the exclusion of China from normal international relations is not altogether in conformity with our wishes. If we do our part to bring down our barriers to more rational regulations of cultural and economic exchanges between this country and China, the current rigidity of the Communist Chinese will one day be altered. So far as it is within our power we must try to diminish the dangerous isolation of Red China from the main currents of world affairs.

TIME MAGAZINE REPORTS ON MOTORCYCLE MAYHEM

Mr. HARTKE. Mr. President, twice before I have commented on the floor of the Senate on the appalling rise in deaths and injuries due to the rapid growth and unregulated operation of motorcycles in this country. Now the current issue of Time magazine has taken note of the problem.

As noted there, the fatality rate for motorcyclists is five times that for occupants of automobiles. The medical profession is aroused, as I noted in my last statement on the question, in which I presented the findings of three Portland, Maine, doctors. As the Time article notes:

> Motorcycle injuries have become so numerous that emergency-room doctors, and trauma surgeons now rate them as epidemic.

I note that the article makes special mention of California, which leads the Nation in number of registered motorcycles. California alone had 263 fatalities in motorcycle accidents in 1965. The chief cause of serious injury and death is injury to the head, which could be partially remedied by the universal use of protective helmets.

Mr. President, Time magazine, with its great circulation, has performed a service in spreading awareness and warning of the increasing problem of motorcycle safety. Therefore, I ask unanimous consent that the article published in Time magazine for July 29 be printed in the RECORD.

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

[From Time magazine, July 29, 1966]

MAYHEM ON MOTORCYCLES

"There was a large laceration of his scalp and injury to his brain," reported Surgeon James C. Drye of Louisville. "His right lung was torn and there was a fair amount of blood in his chest. His spleen was ruptured and bleeding. There were about three quarts of blood in his abdomen. His left leg was almost amputated. His pelvis was fractured. He was not hit by an artillery shell in Viet Nam, as one might think from the extent of his injuries. He was wounded while riding a motorbike on the streets of our community."

The same sort of report, published by the American College of Surgeons, could have come from any city in the country. The number of motorcycles and motor scooters on U.S. roads has doubled in three years to a current total of more than 1,250,000. Sales are still accelerating, and the number of accidents is mounting faster than the number of vehicles. Deaths increased from 882 in 1963 to 1,118 in 1964 to 1,580 last year, and are expected to reach 1,900 this year. The fatality rate for cycle riders and their "buddy seat" pals is five times that of automobile occupants.

LEATHER IS BEST

The major reason for the recent increase, says Robert O'Donnell of the Greater New York Safety Council, is the inexperience of new motorcycle owners. "The pro in cycling wears durable clothing, such as leathers, and a proper helmet, and never has bare arms or legs. He knows how to handle his machine—in contrast with the put-put crowd in the go-go set. The most serious accidents happen to these people, who are not sufficiently skilled and drive around without proper equipment."

Motorcycle injuries have become so numerous that emergency-room doctors and trauma surgeons now rate them as epidemic, and they are, on the average, far more devastating than those that result from car crashes. "If

you have your seat belt fastened and drive into a stone wall at 15 m.p.h.," says O'Donnell, "the car will be a mess but there won't be much damage to you. If you do that on a motorcycle, you get thrown against the brick wall, which is ruinous to flesh and bone." Since the rider is usually projected headfirst, like a missile, says Manhattan's Dr. Robert H. Kennedy, the most severe and common injuries, those that cause 70% of the deaths, are to the head. A properly designed helmet is essential for cycle safety, but many riders wear inadequate helmets or none at all. Nonfatal head injuries have caused countless cases of disfigurement, paralysis and blindness. Crippling from loss or mutilation of arm and legs is common.

California, which leads the nation with 250,000 registered cycles, compiled a grisly record in 1965 with 263 fatal accidents (some involving more than one death) for motorcycles and 13 for scooters. Ironically, the accident rate is lower on California's roaring freeways than at the low speeds of snaking mountain roads or intersections of Los Angeles' labyrinthine streets. In New York City, the very density of traffic slows cycles to a crawl and lowers the accident rate still further. Wet pavements are even worse on two wheels than on four: San Francisco makes its motorcycle cops dismount and climb into cars when it rains.

DEATH IS INEVITABLE

While it insists that the cycles and scooters are not inherently dangerous, the National Safety Council emphasizes that they are dangerous indeed when driven by inexperienced riders. It now advocates special testing and licensing—which presupposes special training.

Doctors are the first to agree. "As things are now," says a University of Michigan research group, "the motorcycle safety situation is just about hopeless." Says Louisville Surgeon Drye: "The motorbike is fun to ride, convenient and cheap, but is it worth the inevitable mayhem, death and economic loss? If you think so, get your son a motorbike for his 'last birthday.' If this sounds bitter, it is because I was operating on that boy when he died."

EARTHQUAKE IN RUSSIA

Mr. BARTLETT. Mr. President, last Saturday, July 23, the Washington Post published an article entitled "What Did Happen at Tashkent?" written by Victor Zorza of the Manchester Guardian. Tashkent has been the scene of violent, destructive earthquakes which began last spring and apparently have continued in an unending series ever since, leaving an unkown number dead and homeless.

What Mr. Zorza emphasizes is the strong secrecy which Soviet authorities have imposed. 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:

BAD NEWS TRAVELS SLOWLY—WHAT DID HAPPEN AT TASHKENT?

(By Victor Zorza)

LONDON, July 22.—"What's going on in Tashkent?" people are asking everywhere in the Soviet Union. "I have heard that there isn't a single house left standing."

This is the kind of remark that an Izvestia reporter in Moscow overheard on a bus—18 remarks, "which invariably led to a discussion," in the course of a single bus trip. "They say that there have been 500 quakes so far . . . the menacing rumble of underground thunder arouses fearful echoes throughout the country . . . sometimes they are rumors and legends, but people are always perturbed, anxious."

So the Izvestia reporter went to Tashkent to describe how the people made homeless by the earthquakes—their number has been put in various Soviet reports at 40,000–60,000—were making the best of a bad job.

MOST ARE IN TENTS

Most of them have been accommodated in tents, but "it is difficult to preserve cleanliness," and "this creates a sanitation problem, which is quite serious in Central Asian conditions." But new building is going on at a very rapid pace, and the tent-dwellers are being resettled as quickly as possible.

Yet the Izvestia article, which was written expressly to allay public misgivings, did not say how many homeless there had been, how many there were now, and did not give the number of deaths. According to the local Tashkent paper, five people lost their lives on the day of the earthquake, and another eight died of heart failure after the lesser earthquakes between April and June. But the earthquakes continue. So do the rumors. Why?

PAPERS NOT BELIEVED

Because the Soviet people just do not believe what they read in their papers, which rarely report natural calamities or such disasters as air and train crashes. When they did carry some of the details of the Tashkent earthquake, the reading public assumed that the reports were inaccurate, because it knew that previous disasters had been grossly underplayed by the press.

The correspondent of the Evening Moscow, who had himself just returned from Tashkent, deplored the unhealthy curiosity displayed by the public.

"Tell us what it's really like in Tashkent," he had been asked, "not for publication, of course—but it's awful there, isn't it?" The question had been put to him by a number of people "who assumed, for some reason, that I could not report about the real horrors and victims in the press." For "some" reason—such as distrust of the press?

IS IT OTHER WAY?

Or is it the press that distrusts the people? The news editor of the main Tashkent paper, Yuri Kruzhilin, has described in the journal Soviet Press some of the professional problems he encountered after the earthquake.

He had observed some of the destruction and commotion on his way to the office, but when he got there, he could learn nothing. He finally telephoned the city's oldest journalist, who had indeed found out the great strength of the earthquake, and was able to give him some details about the destruction and the loss of life. "But this," Kruzhilin observes bitterly, "was only for the purposes of a personal conversation. And when we listened to Moscow Radio later, we heard something quite different: Everything is perfectly in order in Tashkent, but in one or two places the plaster has fallen down . . ."

Tashkent has a population of 1 million—or had, before the earthquake. Rumor has it that a great many have fled the city.

The local paper, Pravda of the East, clearly had to produce a more accurate account. So Kruzhilin and a team of reporters paid calls to the various city offices, only to be told, "Why get people worked up . . . ?"

The reporters returned to only to be told: "Why get the office tired, without the necessary information. We had to put something into next day's paper. But things were not at all clear."

The correspondent of an important Moscow paper came into the office. "I am not going to put anything out," he said. "And I advise you not to, either. There's no need to make an unhealthy sensation out of the earthquake." Another correspondent let slip the reason why—or at least one of them: "You're what—going to write about it? Tomorrow everyone abroad will reprint it."

NOT ALL LIKE THAT

Not all were like that. Kruzhilin expressed particular appreciation of the efforts of the correspondent of the Moscow Rural Life, who spurred the local journalists into action "when the authorities were advising us to get on with other things."

The "very important lesson" which Kruzhilin derived from it all is relevant to political as well as to ordinary news coverage in the Soviet Press. "We have seen," he wrote—and the press magazine published it—"how strong this peculiar kind of 'news inertia' still is, and how difficult it is to overcome it, sometimes even in oneself. It would seem that some people still think that an earthquake can happen anywhere except in the Soviet Union. Others maintain that one should write "not about destruction, but about construction. And others again do not want people to get worked up. And they all have obviously the same reason—distrust of the reader."

This is something that many Soviet journalists have felt for a long time, but no one has ever expressed it quite as openly as this. Sooner or later a political earthquake will cause Soviet journalists to press as openly for the right to discuss freely the political issues, just as the Tashkent earthquake has brought to the surface the question of news reporting.

Mr. BARTLETT. All of this, Mr. President, dramatizes one of the essential differences between the operations of the Soviet regime and those of a free society. For example, when Alaska was so hard hit on Good Friday 1964, by earthquake and seismic waves there was no attempt on the part of anyone to conceal what had happened. No restrictions were placed upon journalists. Indeed, foreign journalists were in Anchorage in less than 48 hours after the disaster and reported freely upon what they saw and heard. In our society there would be no reason whatsoever for seeking to hide the truth. And it will always remain a mystery to those who live in the free climate which our type of institution offers why any useful purpose might possibly be served by the Russians hiding from the world a full account of what has gone on at Tashkent. It is another of the mysteries of the contrasting ways of life. As Mr. Zorza points out, people become suspicious when censorship is applied, and they are inclined to distrust everything they read. In Moscow all of this may make sense; to us and, I doubt not, to millions of Russians the logic of concealing the truth is hard to discover.

THE U.S. DEFENSE BURDEN IN WESTERN EUROPE

Mr. TALMADGE. Mr. President, since the conclusion of World War II, the United States, at great expense to the American taxpayer and sacrifice by our young men, has carried a disproportionate share of the defense burden in Western Europe, in both men and money.

The United States contributed heavily to speed the recovery of these nations and, largely because of our assistance, they are now back on their feet and are prospering as never before. Production and employment have reached alltime

highs, and it is no exaggeration to state that Western Europe at the present time is in the midst of an economic boom.

At the same time, the United States year after year suffers severe deficits in our balance of payments—because of massive foreign spending and commitments overseas—and the drain upon our gold reserves is a continuing threat to the strength and stability of the American dollar. Conversely, for example, the six nations of the Common Market have a combined gold reserve larger than our own which is the lowest in a quarter of a century.

U.S. military commitments in Western Europe account for some $750 million annually in our balance-of-payments deficit and potential further drain upon our gold.

The time is long overdue for this situation to be reassessed. While these nations prosper, it is high time for them to start carrying more of the load of their own defense. And while they are doing little or nothing to aid the United States in our struggle against communism in southeast Asia, they are in fact aiding and abetting the enemy by trading with the Hanoi regime.

The Atlanta Journal of July 25 published an excellent editorial which succinctly stated the situation thus:

If these new rich Europeans won't help us east of Suez, the least they can do is support their own armies for their own defense, thus giving us more latitude in the disposition of our own troops and supplies.

I ask unanimous consent that the entire editorial be printed in the RECORD.

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

[From the Atlanta Journal, July 25, 1966]

WEANING TIME?

Secretary of Defense Robert S. McNamara is in Paris to meet with the defense ministers of the NATO nations.

The meeting is to discuss NATO plans and defense spending for the next five years and a new nuclear policy for a NATO without France.

Mr. McNamara's arrival coincides with the British economic crisis and reports that Great Britain wants to be relieved of the burden of maintaining troops along the Rhine.

It is expected that the U.S. and remaining partners of NATO will be sympathetic to the idea of relieving Great Britain of this burden, particularly since she is being quite noble and extravagant in helping keep the peace in the East by maintaining troops on the other side of Suez.

All this brings up the question of the defense of Western Europe and what new shape should NATO take since Premier DeGaulle has taken France out of the Alliance.

From our point of view Western Europe has recovered from World War II and the danger of a Red takeover is remote. This economic recovery should enable the nations there to maintain their own armies, thus freeing this country for more pressing urgencies.

We have not noticed much enthusiasm on the part of our NATO allies (Great Britain excepted) in helping us bear the Westerner's burden in the east.

If these new rich Europeans won't help us east of Suez, the least they can do is support their own armies for their own defense, thus giving us more latitude in the disposition of our own troops and supplies.

Economic aid has rebuilt a Western Europe which for awhile had to be shielded by our troops.

It now looks as if Western Europe has no real need for either our troops or economic help. It now looks as if Western Europe's great need is to be weaned and learn to shift for itself again.

TRIBUTE TO SENATOR WILLIAMS OF DELAWARE

Mr. SIMPSON. Mr. President, there are few Senators whose dedication to the ideals of honesty and integrity in government is greater than that of Senator WILLIAMS of Delaware.

The Senator was recently the subject of an editorial in the Wilmington, Del., Evening Journal. And, as readers of the Washington Star are aware, Senator WILLIAMS has been called upon inadvertently to enhance the political fortunes of the gentleman who is soon to be the former Governor of California.

I ask, Mr. President, that the editorial from the July 25 Evening Journal and the article pertaining to Senator WILLIAMS' Sunshine State campaigning be printed at this point in the CONGRESSIONAL RECORD.

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

[From the Wilmington (Del.) Evening Journal, July 25, 1966]

DATELINE D.C.: HARD FRIEND TO HELP

(By Sam A. Hanna)

WASHINGTON.—Senator JOHN J. WILLIAMS, Republican, of Delaware, is suffering his worst defeats this year when he tries to bail out legislative proposals of his old acquaintance, President Lyndon B. Johnson.

Repeatedly, WILLIAMS has arisen in the Senate and—with just a trace of slyness underlying his bland expression—has tried to pass legislation sent up from the White House.

No one is less surprised than he when the Senate's Democrats—except for a few mavericks like Senator FRANK J. LAUSCHE, Democrat, of Ohio, gang up to defeat the Williams-Johnson amendments. The Delawarean calmly goes on to the next round of twitting the Administration.

WILLIAMS lost when he tried to secure enactment of an Administration proposal to permit tax deductions for under-$100 contributions to political parties and candidates. The idea was part of a much-heralded but long-delayed "clean elections" package the Administration prepared but so far has done nothing to push.

The trouble with the amendment as it got to the voting stage was that it would not have permitted deductions for contributions to the AFL-CIO's Committee on Political Education, labor's prime source of money to help friendly candidates.

WILLIAMS also quoted from the President's agriculture message in opposing a plan that would pay planters for not growing cotton and would also permit them to collect subsidies on crops they do grow. Mr. Johnson had called, WILLIAMS dryly observed, for a reduction in farm subsidies for major producers. The farm bloc methodically voted the double subsidy, anyway.

Mr. Johnson had let it be known that he wanted no Civil Service pay hike before Jan. 1, 1967. Williams took him up on it but was defeated by a heavy vote of senators who made the raise retroactive to last July 1. WILLIAMS again quoted the President in seeking to increase the withholding deduction for civil servants' contributions to their retirement system. The plan lost.

To be sure, WILLIAMS has not done much to help Mr. Johnson put through many of his great society measures for expansion of social programs. But now they are finding themselves allied in calls on Congress to cut spending authorizations and the President keeps dropping threats of a tax increase next year if his economy calls are unheeded. WILLIAMS thinks taxes should never have been cut so drastically last year.

The President, who reportedly made WILLIAMS a number one target for defeat in the 1964 senatorial races, has not publicly thanked the Delawarean for his assistance on the doomed measures and WILLIAMS is not holding his breath waiting. He did receive an enlarged color photograph of himself, the President and the first lady at a giant White House reception. "I didn't even know they'd taken it," WILLIAMS says.

THE GOP VARIETY: WRONG NUMBER BRINGS HELP FOR PAT BROWN

(By Paul Hope)

Gov. Edmund G. (Pat) Brown, seeking all the help he can get in his race against Republican Ronald Reagan in California this fall, got his Washington wires crossed the other day.

Someone in the office of Fred Dutton, the governor's campaign manager, telephoned the office of Senator JOHN J. WILLIAMS of Delaware last Friday to ask the senator if he would campaign for Brown.

The California caller suggested that maybe WILLIAMS might want to bring a subcommittee to California which would provide an even better "sounding board." That way, WILLIAMS could even save the travel expense by charging it to the government.

WILLIAMS' secretary relayed the request to WILLIAMS and the senator told the secretary to tell Brown's headquarters he would be happy to make as many speeches as the governor wanted.

He said he would talk on "good government" or any other subject. He said he would even throw in a few "non-political speeches like the President makes."

In addition, WILLIAMS said he would pay his own expenses.

The senator's secretary relayed the information to Dutton's office yesterday. There was dead silence on the California end of the line.

Someone in Dutton's office apparently had realized the mistake. WILLIAMS is the Republican from Delaware whose sleuthing has uncovered a good many scandals, including the Bobby Baker affair.

Apparently Dutton's office got WILLIAMS of Delaware mixed up with Senator HARRISON WILLIAMS, Democrat of New Jersey who is chairman of the Migratory Labor Subcommittee.

The irony is that Dutton, hired by Brown to bolster his campaign against the favored Reagan, is an old hand in Washington. He used to be a special assistant to President Kennedy.

"I prefer to think they didn't get me mixed up with Senator WILLIAMS of New Jersey," said WILLIAMS of Delaware. "They knew I stand for good government. It's just that they discovered I don't have a subcommittee."

DICKEY-LINCOLN SCHOOL HYDROELECTRIC PROJECT IN NORTHERN MAINE

Mr. MUSKIE. Mr. President, a most comprehensive and factual account of the benefits which the Dickey-Lincoln School hydroelectric project in northern

Maine will give to REA cooperatives was presented recently by Charles A. Robinson, Jr., to the New England Conference of Public Utilities Commissioners. Mr. Robinson is staff engineer and staff counsel to the National Rural Electric Cooperative Association. I commend him for his clear and well-documented statement, which is further testimony to the overall economic worth of the Dickey-Lincoln School project to northern New England. I ask unanimous consent that the full text of Mr. Robinson's speech be printed at this point in the RECORD.

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

PANEL ON LOW COST POWER FOR NEW ENGLAND

(Remarks of Charles A. Robinson, Jr., staff engineer and staff counsel, National Rural Electric Cooperative Association, 1966 New England Conference of Public Utilities Commissioners, Stowe, Vt., June 27, 1966)

It is indeed a privilege to be afforded this opportunity to exchange ideas and opinions with a group as thoroughly knowledgeable and experienced in electric power system planning, financing and operation as are the persons in attendance at this Conference. I deeply appreciate your invitation to participate in this panel.

The Conference itself is, I believe, rendering a very substantial public service by furnishing a forum in which persons possessed of similar objectives, but perhaps with differing views on how these objectives should be achieved, can meet with the common purpose of discussing ways and means by which an indispensable commodity such as electricity can be made available to the general public at the lowest possible cost. Certainly, nothing but progress ought to result from a meeting such as this.

It is my intention, in accordance with Commissioner Gibson's request, to discuss the facts as I know them concerning the topic assigned to me—the Dickey-Lincoln School project in Maine. This is a project, I recognize, which has stirred as much bitterness between various segments of the electric power industry in New England and has given rise to as much political controversy as has any similar proposal in recent years. It is my hope that this controversy and the strained relationships which have stemmed from it, will ultimately be reconciled, and that all of the plans and proposals for reducing the cost of power throughout the northeast can proceed together in harmony.

RURAL ELECTRIFICATION IN PERSPECTIVE

The REA-financed portion of the electric utility industry, with which I have been associated for some 16 years, is small by any standard when compared with the magnitude of the investor-owned companies which serve 80 percent of the nation's population.

The total investment in REA-financed systems throughout the United States is less than $5 billion compared to the more than $70 billion of assets owned by the investor-owned companies. Electric cooperatives operate only one percent of the nation's installed generating capacity and themselves generate only some twenty percent of the total energy input to their own systems. They serve some eight percent of the nation's electric consumers with five percent of the total electric energy sales for which they receive about six percent of total U.S. electric revenue.

Even if legislation now pending in Congress, which would provide supplemental capital for REA-financed systems, were enacted immediately, total investment in such systems might reach some $15 billion by 1980 compared with an estimated industry total by that date of $170–200 billion. And, if all regular and supplemental financing, programmed for REA-financed generation and transmission facilities through 1980, were expended by that date, such facilities would then constitute about 3.5 percent of the total industry. (Statistics for electric cooperatives in New England are shown in Table II.)

TABLE II.—*Selected statistics for electric cooperatives in New England (fiscal year 1965)*

	Consumers served [1]	Miles of line [1]	Annual revenue [1]	Consumers per mile	Revenue per mile	Kilowatt-hour sales × 1,000 [1]	Revenue per kilowatt-hour (cents)	Kilowatt-hour sales per consumer	Revenue per consumer
Maine	6,843	1,077	999,644	6.3	$925	38,093	2.6	5,560	$146
New Hampshire	22,598	2,917	2,655,012	7.8	912	72,176	3.7	3,200	118
Vermont	7,277	1,993	1,247,057	3.6	625	42,477	2.9	5,820	172
United States	5,440,189	1,556,956	815,432,624	3.5	522	41,382,098	2.0	7,600	150

[1] Figures furnished by REA directly, per unit figures derived via slide rule. Source: Report of the Administrator, REA, 1965.

I emphasize these statistics not because they are per se related to the Dickey-Lincoln School project, but because the advocacy of such projects by the electric cooperatives is frequently misconstrued as an attempt to harm the investor-owned segment of the industry. In fact, the co-ops are so small a part of the industry as to be incapable of accomplishing many of the nefarious purposes with which they are sometimes charged.

COST OF WHOLESALE ENERGY

Most of the energy distributed by the electric cooperatives in New England is purchased at wholesale from other power suppliers. A very small amount is generated in REA-financed plants. All of it is extremely high in cost. During the past twenty years, the cost of wholesale power purchased by rural electric cooperatives from investor-owned electric companies throughout the United States has fallen continuously and steadily from an average of 10.1 mills per kilowatt in 1945 to 7.5 mills per kilowatt hour in 1965.

By contrast, as shown on the attached Chart I (not printed in the RECORD) the price of wholesale energy purchased by REA-financed systems in New England has fluctuated between very wide limits during the same period of time, except for the state of Vermont which exhibits a steady decline between 1950 and 1960 with slight increases thereafter. The downward trend in Vermont between 1958 and 1960 is accentuated by the availability of 8.5 mill power from the St. Lawrence-Niagara system. In Maine the recent steep decline in the average wholesale cost of power to REA-financed systems is directly traceable to the importation from Canada of increasingly large blocks of power supplied by the New Brunswick Electric Power Commission. By contrast, however, as indicated in Table I, the average 1965 cost of power from some wholesale suppliers has actually increased over the cost of the same power from the same supplier in 1950. In other cases there is little or no difference between the average rate of such purchases in 1950 and in 1965.

TABLE I.—*Average wholesale cost for wholesale energy purchased by electric cooperatives in New England by source* [1]

[In mills per kilowatt-hour]

Source	1950	1965
Bangor Hydro Electric Co	13.3	16.1
Maine Public Service Co	19.1	19.3
Meddybemps Lake powerplant	------	12.0
New Brunswick Electric Power Commission	------	9.5
Connecticut Valley Electric Co	------	15.3
New Hampshire Electric Co	------	12.6
Public Service Co. of New Hampshire	12.9	12.9
White Mountain Power Co	------	17.4
New Hampshire Electric Coop	------	15.2
Central Vermont Public Service Corp	14.8	12.4
Citizens Utilities Co	------	10.0
Green Mountain Power Corp	12.7	20.4
Public Service Board of Vermont	------	8.3
U.S. total average	8.6	6.5

[1] Source: REA Bulletin 111-2, fiscal year 1965.

DICKEY-LINCOLN SCHOOL

From this type of wholesale power supply situation there has arisen, as might be expected, tremendous pressure on rural electric system management in New England to seek out and explore every possible avenue which might hold promise of lower wholesale rates. It should come as no surprise, therefore, that these systems have strongly supported construction of the Federal Dickey-Lincoln School hydro-electric development. Our support of the Dickey-Lincoln School project stems, not from the fact it is to be constructed by the Government, but rather from the fact that wholesale power from it can be delivered to our cooperative load centers at rates reflecting major savings over presently available alternative sources.

The Dickey-Lincoln School project, as presently contemplated, would have an installed capacity of 760,000 kilowatts at Dickey Reservoir on the St. John River in Maine, with an additional 34,000 kilowatts at the Lincoln School re-regulating impoundment downstream. The natural flow at the Dickey site, controlled by eight million acre feet of reservoir storage, would assure annual generation of just over one billion kilowatt hours from the combined project. As planned, the power and energy from the project could be marketed by a twin circuit 345 k.v. transmission line system with terminals at Bangor and Portland, Maine and Boston, Massachusetts. Both load factor energy and peaking capacity could be produced.

Total Federal investment in the Dickey-Lincoln School project is estimated at $227-million. The above-mentioned associated transmission system would cost an additional $73-million—bringing the total investment in Federal facilities to $300-million, including interest during construction.

Based on February 16, 1965 Federal Power Commission figures, annual benefits attributable to the combined project total $21.5-million of which 98 per cent represents the hydro-electric potential. Benefits assigned to the hydro-electric features of Dickey-Lincoln School were at that time corrected downward to reflect a comparison by FPC with the cost of equivalent power and energy

to be produced at a new 500,000 kilowatt steam station and a new 125,000 kilowatt steam station scheduled for installation in Massachusetts and Maine respectively. Annual charges for the combined project including transmission, using a 100 year economic life, a 50 year payout period and interest at 3¼ per cent, total $11.9-million per year. The benefit-to-cost ratio thus calculated is 1.8. These figures reflected Federal Power Commission estimates of $22.50 per kilowatt year plus 2.3 mills per kilowatt hour for electricity delivered in the Boston area, and $24.50 per kilowatt year plus 2.9 mills per kilowatt hour for electricity delivered in Maine. A composite power value of $23.50 per kilowatt year and 2.6 mills per kilowatt hour was used by the Commission in developing the hydro-electric power benefit attributable to the Dickey-Lincoln School project of $21.5-million per year compared to $25.1-million per year as originally estimated by FPC in 1963.

During the August 1965 hearings on the Dickey-Lincoln School project before the Flood Control Subcommittee of the House Committee on Public Works, an alternative to the Dickey-Lincoln School project, consisting of privately-financed pumped storage and nuclear baseload, was suggested by the investor-owned companies of New England. Immediately thereafter, Senator MUSKIE of Maine asked the Director of the Bureau of the Budget to again evaluate the benefits and costs of the proposed Federal development in the light of the alternative presented by the companies in their testimony before the House Subcommittee. The Bureau of the Budget again called upon the Federal Power Commission for technical assistance. On September 30, 1965, over the signature of F. Stewart Brown, Director of its Bureau of Power, the Federal Power Commission, in a memorandum to Budget, calculated the benefit-to-cost ratio of the proposed Federal project at 1.58.

This benefit-to-cost ratio transmitted by the FPC staff on September 30, 1965, was based upon a privately-financed alternative consisting of a hypothetical pumped storage site located within 75 miles of New England load centers, which could be constructed at an investment cost of $100 per kilowatt, plus a 600,000 kilowatt nuclear plant north of Boston with transmission for 100,000 kilowatts of 50 per cent load factor power from said plant to Maine. The Commission staff calculated that such an alternative, including transmission, would provide peaking capacity at $21.03 per kilowatt year including energy, and load factor power at $36.38 per kilowatt year including energy. These figures yielded a total cost attributable to the proposed alternative for the Dickey-Lincoln School project of $18.3-million per year compared to the $11.5-million annual cost of the Federal project. The resulting benefit-to-cost ratio for the Federal project is, therefore, 1.58.

One plan provides for operation of the Federal project to develop 100,000 kw of 4500 hour per kilowatt year power and 694,000 kw of peaking capacity. Its output would be sold, including transmission, for $15 per kilowatt year plus 3 mills per kwh for energy. Thus 4500 hour electricity would wholesale at about 6.3 mills with peaking capacity available at about $17.40 per kw year including energy. The resulting revenue would be $13.4-million per year assuming ten per cent losses.

SOME DIVERGENT VIEWS

Various economists and engineers and, sometimes lawyers, evaluate hydro-electric projects as well as conventional and nuclear-fired thermal plants by different methods and using a great variety of assumptions. As a long-time advocate for a particular segment of the electric industry, I, of course, recognize that various approaches to a single problem frequently yield different results. This is especially true in cases where engineering and management decisions have factored into them elements of politics or philosophy. Thus, in an address of April 13, 1966, to the Power Chapter of the Boston Section of the Institute of Electrical and Electronic Engineers, the very distinguished Vice-President of the Boston Edison Company, Mr. Francis Staszesky, after careful study of the relative merits of the Dickey-Lincoln School project and certain alternative projects proposed by the investor-owned companies, arrived at a conclusion exactly opposite to mine.

In his statement, Mr. Staszesky pointed out that under the "Big Eleven" proposal the companies would add to the power supply of New England some 6.25 million kilowatts by 1972, plus some seven hundred miles of 345 kv transmission line. This very large increment of new capacity, he added, would generate more than 60 per cent of the 1972 total requirements of the area at an average cost of 4.76 mills per kilowatt hour. This, when combined with the 1965 average cost of generation for all of New England of 9.7 mills per kilowatt hour, would result in an over-all reduction of 26.4 per cent to an average of 7.14 mills per kilowatt hour in 1972. Based upon these circumstances, Mr. Staszesky concluded that (1) the Dickey project should not be substituted for one of the Big Eleven projects, and (2) that there is no place for Dickey-Lincoln School in New England's power picture.

THE PROBLEM OF THE COOPERATIVES

The differing viewpoints of the Dickey-Lincoln School project developed by Mr. Staszesky and myself are probably not unexpected, and, in my opinion at least, probably arise from the different operating conditions of the particular segments of the industry which each represents.

Rural electric systems in New England badly need a source of wholesale energy at a substantially lower cost than that which is available to them at the present time. Although the average revenue per kilowatt hour realized by the companies in New England from residential sales has steadily declined from an average of seven cents per kilowatt hour in 1930 to an average of three cents per kilowatt hour in 1964, the average rate for wholesale service available to the cooperatives has not shown a similar trend. In addition, as I understand it, the 26.4 per cent savings attributable to the "Big Eleven" combine will apply to generation only. Presumably, the generation component constitutes only 28 per cent of total cost and 25 per cent of revenue. Thus, the savings to the rural electric systems would probably not be more than seven per cent below present costs under the "Big Eleven" proposal.

By contrast, Federal power from the Dickey-Lincoln School development would be available to rural electric systems at from seven to eight mills per kilowatt hour delivered at load centers. This compares to the 7.4 mills per kilowatt hour estimate for the average cost of generation in New England as of 1972.

Rural electric cooperatives in Maine purchase approximately 46 million kilowatt hours per year at an average cost of 11.8 mills per kilowatt hour.

Federal power from the proposed St. John River development could be delivered to them at seven mills per kilowatt hour. They would save some $189,000 per year or 37 per cent on present cost. In New Hampshire the cooperatives purchase some 82 million kilowatt hours per year at an average cost of 13.3 mills. Even at a delivered cost of eight mills, Federal power would save them nearly $435,000 per year or 40 per cent on present cost. Thus, the problem, from the standpoint of the rural electric cooperatives, relates to the availability of low-cost power at load centers. From our standpoint, the Dickey-Lincoln School project offers the best alternative for solving our problem.

From the standpoint of the investor-owned companies, I can only point out that the some 700,000 kilowatts of peaking power, a major portion of which would be available to them, constitutes approximately five per cent of the estimated 1972 New England peak load and would be sold to them at substantially below the $21.03 per kilowatt year calculated by the Federal Power Commission as the cost of developing peaking capacity from a pumped storage unit assuming $100 per kilowatt of installed capacity and pumping energy at three mills per kilowatt hour.

It is my sincere belief that the rural electric systems of New England have no choice but to actively advocate immediate construction of the Dickey-Lincoln School project as their best alternative for obtaining lower cost wholesale energy. It seems to me also, in view of the fact that the total installed capacity of the project available for peaking purposes is some five per cent of New England's anticipated 1972 peak load and something on the order of only ten per cent of what the investor-owned companies themselves contemplate installing by 1972, that its peaking capability can be advantageously used on the New England grid system.

HO'S MOBILIZATION

Mr. McINTYRE. Mr. President, an editorial in the Washington Daily News refers to Ho Chi Minh's announcement that he has ordered partial mobilization of North Vietnam's reserves.

He left unclear just what "partial" means, but the editorial in this Scripps Howard newspaper expresses the feeling that it is worse news for the people of North Vietnam than for us.

There is no joy in reading Ho's bitter denunciation of our role in Vietnam, adds the writer, but in the face of his stubborness we can only keep up the pressure until he agrees to negotiate or gives up trying to conquer South Vietnam.

I ask unanimous consent that this editorial be included in the RECORD.

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

HO'S MOBILIZATION

North Viet Nam's President Ho Chi Minh has ordered the "partial mobilization" of his army reserves, as a response to American air strikes against petroleum depots near Hanoi and Haiphong. Ho left unclear just what "partial" mobilization means, but we have the feeling it is worse news for the people of North Viet Nam than it is for us.

In Ho's and other week-end statements from Hanoi, there is the standard condemnation of American "imperialists." But significantly there also is the admission the "Vietnamese people in the whole country are facing an extremely serious situation," and a new appeal to fellow-communist nations to help "more resolutely and effectively."

In short, Ho seems to be warning his people that for all the destruction the American air raids have caused so far, there's going to be more of the same in the future.

For us, there is no joy in reading Ho's bitter denunciation of our role in Viet Nam, and his emphatic rejection of the idea of open negotiations. But it's at least some comfort that Ho, in a big speech, refrained from ordering the mobilization of his 350,000 man army for a thrust across the seventeenth parallel, stopped short of asking other communist governments for "volunteers," and said nothing about the rumored trial of

downed U.S. pilots. Apparently our warnings not to tamper with the lives of our captured pilots has sunk in.

In the face of North Viet Nam's stubbornness, there is nothing for us to do but to continue to battle in the South, keep up pressure thru air raids on the North, until the Hanoi regime agrees to negotiations, or decides it has had enough and quietly gives up trying to conquer the South by force of arms.

CAPT. JAMES R. MITCHELL—ANOTHER UTAH HERO

Mr. BENNETT. Mr. President, the war in Vietnam has produced many heroes and for a brief moment, I would like to pay tribute to James R. "Dick" Mitchell of Ogden, Utah, who has joined that group of men who are proving once again that courage and daring are still very much American characteristics.

Captain Mitchell was recently rescued from the North Vietnamese panhandle by a brave helicopter crew—another of those units to which American pilots owe a deep debt of gratitude—after his F-105 had been shot down by North Vietnamese ground fire. As fate would have it, Captain Mitchell was flying his 100th and last combat mission. We in Utah are proud of this native son who is a graduate of Ogden High School and the University of Utah.

Captain Mitchell is not new, however, to individual competition. The son of Mrs. Louise Mitchell and the late Ralph Mitchell was a member of the 1956 Olympic ski team which competed in Italy. His flying skill and his courage reflect the physical stamina and independent thought which made him a top competitor in the Olympic Winter Games.

In behalf of the people of my State, I want Captain Mitchell and his family to know that we appreciate the sacrifice which he has made in defense of the free world. I am pleased that his rescue will make it possible for this Nation to benefit again from his fine skills and his great courage. That he is alive and well makes us very grateful and proud that we can claim him as a native son of our State.

POLISH MILLENNIUM HONORED BY THE ISSUANCE OF A COMMEMORATIVE STAMP

Mr. DOUGLAS. Mr. President, 1,000 years ago King Mieszko was baptized and the whole Polish kingdom he had united was converted to Christianity. Although the Catholic Church grew steadily in Poland throughout the centuries, there were often great times of trouble. In 1079 a great spiritual leader, Stanislav, was martyred while Bishop of Cracow. He is now the revered patron saint of Poland.

The 20th century has been one of the most difficult for Christians in Poland. But the hardships they have endured and continue to endure have not diminished their abiding faith.

We in the United States have tried in some small way to show the Polish people in our country and in their native land that we acknowledge the great significance of their millennium. On July 30 a commemorative stamp will be issued celebrating the 1,000th anniversary of Christianity in Poland in hopes that everyone in the country will join with their Polish brothers in observing this truly great day of the millennium.

I am proud of the part I was able to play in the issuance of the commemorative stamp. I ask unanimous consent that my letter concerning the millennium stamp and Postmaster General O'Brien's response to it be included in the RECORD.

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

FEBRUARY 18, 1966.

Hon. LAWRENCE F. O'BRIEN,
Post Office Department,
Washington, D.C.

DEAR LARRY: I appreciate your assurance that the suggested Polish millennium stamp is under consideration as the last commemoratives for 1966 are being selected.

In writing now, I want to reaffirm my interest in this stamp and suggest how very meaningful it would be to the American people.

Poland has long been a beleaguered land. But her creative, strong-willed people have endured partition, tyranny, war, and now the oppression of communism, maintaining their love of beauty, their spiritual strength, and intense pride in their Polish heritage.

Our society has been nourished by the Polish people who have come to the United States and taught us to appreciate more than we might otherwise have learned of the remarkable culture now trapped behind the Iron Curtain. A stamp to commemorate the Polish millennium will awaken even more interest in the glory of Poland's ancient heritage. I very much hope that it will be approved.

With thanks for your consideration, and best wishes.

Faithfully yours,

PAUL H. DOUGLAS.

THE POSTMASTER GENERAL,
Washington, D.C., February 23, 1966.

Hon. PAUL H. DOUGLAS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: It gives me great pleasure to advise you that I have approved a commemorative stamp to mark 1,000 years of Polish culture.

Because of your personal interest in this subject, I thought you would like to know about the stamp in advance of the public announcement. The date and place of first-day sale have not been determined at this time.

Your endorsement contributed significantly to my decision to issue a stamp for this important anniversary.

Sincerely yours,

LAWRENCE F. O'BRIEN.

SEDUCTION BY STATISTICS

Mr. KUCHEL. Mr. President, in the July issue of Nation's Business there is a most interesting and provocative article, entitled "Seduction by Statistics," written by the distinguished Republican leader in the Senate, EVERETT MCKINLEY DIRKSEN. As Nation's Business describes it, the minority leader indicts those Washington wizards who employ hallucinatory estimates for masquerade and mirage in an extravaganza of political chicanery on the American public which is no less than seduction by statistics.

I ask unanimous consent that the article be included in the body of the RECORD.

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

SEDUCTION BY STATISTICS

(By EVERETT M. DIRKSEN)

The city of Washington is the world center for the manufacture of statistics. Several thousand of the 2,542,590 employees on the United States government's $17 billion annual payroll spend their days feeding magnetic tape into computers and drawing off columns of figures. What kind of guidance do their statistics provide? Who is really benefiting from them?

Studies such as those dealing with the perspiration problem of Australian aborigines, or with the rate per hundredweight for trucking yak fat from Omaha to Chicago, are not at issue here.

My concern is with statistics essential to the formulation of sound national policy. And I charge that some of them reflect not facts but a mirage. Some are pure sleight of hand. Still others are hallucinatory. Indeed, figure management now reinforces news management in Administration tactics. The combination, as I intend to show, can be doubly dangerous.

The foremost example of sleight of hand statistics is, of course, the national budget. The President has raised it from just under $100 billion—a figure known to have been inaccurate when presented—to $112.7 billion. To you and me that looks like, and is, an increase of nearly $13 billion. But the image-makers in the Administration noticed that the President, as all Presidents must do, had trimmed some of the more pendulous fat off the amounts of money requested by various agencies and departments. So out came an inspired news release, headlined "President Lops $10 Billion from Budget."

Can a $13 billion budget increase really be a $10 billion cut? It cannot. It is an example of what George Orwell identified in his prophetic book, "1984," as "newspeak." It is like describing the world's biggest spender as "frugal," or Russia as a "democracy." Nobody really should be fooled by the federal budget.

Much of the same sort of numerical flummery, as many citizens are discovering, goes for last year's loudly trumpeted tax cut. What was benevolently extended by one hand of government as an income and excise tax cut, was withdrawn by the other as a hike in social security taxes, a little later. The harsh fact is that today the tax collector at all levels of government, local, state and national, takes 35 per cent of the national income.

WHERE THE HOCUS-POCUS STARTS

Largest and most potent of government's hallucinatory statistics is the gross national product. The GNP—most widely accepted indicator of the pace of America's economic growth—is used by the government also for divination and to produce euphoria in the face of inflationary spending. It is a gross national illusion. One man toiling away in the Department of Commerce, "guesstimates" the GNP by counting the dollars spent for certain goods and services, every time they go by.

He may not wear a conical hat and a black robe decorated with cabalistic diagrams, but mystic and intuitive elements do seethe and bubble in his pot.

The synthetic figure produced is stupendous—$720 billion this year. With inflation now going at the rate of more than two per cent a year, the GNP rises automatically by $4 billion every quarter. To make it leap upward still faster, a skeptic suggests that every man be ordered to pay his wife $40 a week as cook and housekeeper. That would not produce any more wealth though it might set off some fireworks. But it would, as if by magic, push

the GNP statistics on toward the $1 trillion figure.

At that level, incidentally, the GNP would about equal the real national debt, $947 billion, which is three times as high as official statistics report it. (The official debt figures omit about $600 billion owed for services already rendered, such as the $40 billion the government owes the civil service retirement fund.) The GNP is not wealth, nor earnings nor anything else you can touch, borrow or spend. It is only a statistic, but every day someone says we can afford still another vast expenditure because it would "require less than one per cent of the GNP." And all too often we do make the down payment on still another tremendous program, with tremendous and unknown costs to follow.

Ironically, last summer the U.S. Commerce Department itself renounced as erroneous the GNP figures it had produced since 1929. It recalculated the lot, and then came up with a higher figure for the annual increase in labor productivity.

The increase was small, from 3.6 to 3.7 per cent, but it was sufficient to provide labor union economists a basis for demanding that another famous figure—the Administration's guidelines for wage increases—be adjusted upward.

THE STATISTICAL SNOW JOB

A bureaucratic technique now being skillfully employed in Washington can be properly termed the statistic avalanche.

A distinguished practitioner of the avalanche is Sargent Shriver, a handsome and voluble man with energy enough to run (until recently) two high government jobs while dreaming of a third. The avalanche device is triggered, for example, when Mr. Shriver is questioned at press conferences about instances of what he defends as high-spirited mayhem or arson in his scandal-ridden, politically manipulated Job Corps, which is part of the federal poverty program.

On one occasion last fall, he called down a tumbling mass of statistics which rolled end over end, at express train speed, to engulf the reporters. It included data ranging from the annual cost of keeping an inmate in the Illinois penitentiary at Menard to the median consumption of fish, classified as to weight and species, by seals in the Seattle zoo.

When at last the rush subsided, the shaken questioner was sorry he had asked the little question that started it all, namely: "How much more does it cost to keep a boy in the Job Corps than in Harvard University?"

The question had been buried in the statistical snow-job. There it will remain forever unless a shift in the political glacier opens a crevasse and exposes it to view.

Plain deception meets the needs of some. Arthur Sylvester, assistant secretary of defense for public affairs, has made it clear that the Administration would not hesitate to deceive about defense affairs when it deemed deception necessary. Some of the news out of Viet Nam persuades many of us that he was, in that statement at any rate, telling the truth.

Those who class the war on poverty with Viet Nam in importance surely are engaging in deception. So are the postal snoopers and the Internal Revenue wiretappers, whose work seems more suited to a collectivist than to a great society.

A phantom statistic which even compels its compilers to smile is that showing "the rising productivity of government employees." There are, of course, many conscientious, hard-working government employees among the myriads, but they are all supported by the work of someone else. What could they produce, but statistics?

HAULING OUT THE BOGEYMAN

An old favorite is what might be called the Cheshire statistic. It is pulled out of the air like a magician producing a bowl of goldfish. Such a statistic was the basis for the charge during the 1960 Presidential campaign that "17 million Americans go to bed hungry every night." Not four million or 18.1 million, but 17 million exactly. Unless many of them were reducing, that seemed to indicate a deplorable breakdown in a public relief system which was even then the most gigantic ever conceived. But then President Johnson raised the figure two years ago to 35 million. It hung on the campaign air a while like its predecessor and then faded gently from view.

So did the terrifying missile gap discovered by Democratic creators for use in the same campaign. Both were meaningless as fact, but useful as bogies for whipping up emotion.

The dictionary defines that as demagoguery.

Cheshire or phantom statistics are common in foreign affairs, too. Successive Presidents have extolled military aid as assuring the United States of staunch allies, ready to spring to our side in the fight for freedom with "250 strategic bases, five million ground forces, 10,000 aircraft and 2,500 vessels." Well, thousands of American men are fighting for freedom today in the dark jungles of Viet Nam, but where are those eager allies?

We know where some of them are. More than 200 different ships of a dozen free world nations which have received $29 billion in American aid are busily hauling munitions to our communist foe, the Viet Cong. Others which received even greater sums are running supplies through our toothless "quarantine" to Communist Cuba, in defiance of all our pleas and entreaties.

If we cannot expect gratitude for the $130 billion we have poured out in postwar foreign aid, might we not demand decency? The scale of our generosity, by the way, is shown by the fact that interest on the public debt, ballooned by this aid, now runs more than $1 billion a month, or about twice the current cost of our struggle in Viet Nam.

THOSE STRETCHABLE YARDSTICKS

Rubber statistical yardsticks to fit varied occasions also are common in government. For gauging unemployment, the long yardstick is used. Housewives, youngsters, people resting unconcernedly between jobs, are all counted as jobless to bring the unemployment total up to a level intended to cause public worry. Although unemployment is given as 2.9 million, a former director of the census recently estimated the number of male family heads out of work at only 600,000. Nobody really knows. The official guess is extrapolated from a survey of only 35,000 families.

An effort to provide a count of job openings available was defeated last year in Congress by labor union pressure, as tending to minimize the pathetic plight of the honestly apathetic.

The myth of suffering millions searching in vain for work apparently must be preserved, even though employers from one end of the country to the other complain of their inability to hire help.

There's a saying now which goes: "If you don't like the heat, change the thermometer."

For many years, the Administration's economists, along with pundits and commentators, had bemoaned the existence of a "dollar gap" abroad. But more recently, as everyone knows by now, the recipients of American bounty abroad have drawn down our gold reserves by billions. They have been able to buy gold because our gifts, loans, investments and purchases abroad have been running about $3 billion a year greater than their transactions with us. So, suddenly with the mysterious unanimity of a cloud of gnats, they all changed direction. The dollar gap had become a dollar glut.

A cut in business investment and tourist purchases ordered by the Administration did not help enough. (Nobody knows what tourist purchases amount to.) The glut continues to grow. The Administration itself keeps on spending and donating dollars abroad through a dozen spigots. The money goes out as foreign aid, as bounties to foreign governments for sugar and coffee, as research grants to foreign scientists, as expenditures to keep U.S. troops in Europe to defend prosperous allies from whom we now are borrowing money, and in other ways. Further damage to our dwindling gold stocks seemed certain. What to do?

NOW YOU SEE IT—

The problem, as our leaders saw it, was how to make things look better without actually turning off or curtailing their spigots. Last August somebody came up with an idea. The government began computing the balance of payments in a new way. Dollars held by private institutions abroad were dropped from the liability column on the government's statistical tables, although they had been included in the earlier system of accounting because they can become official claims against our gold the moment they are turned into a central bank.

So, where the old fiscal thermometer showed a deficit of more than $3 billion for 1964, the new one cut it in half. The fever has not been changed, just the thermometer. We have a new statistical mirage, and the band plays on.

One of the most serious of all the government's statistical fantasies, however, reflects our balance of trade, which is a vital part of the total balance of international payments problem. For 20 years, Commerce Department officials have been pleased to inform the President, the Congress and the people that the United States regularly sells more goods to foreign lands than they sell to us. Our foreign trade was seen in wonderful health.

With the assurance of great and rising prosperity in foreign trade, Congress has gone along with successive Administrations, Republican as well as Democratic, in acts of generosity to our outdistanced trading partners abroad. We cut tariffs, increased foreign aid and borrowed $130 billion to lend or give away overseas.

At the same time we shipped—and are still shipping now—mountains of food and fiber as outright gifts or in exchange for nonspendable forints, dinars, zlotys, kips and rupees, all of which are reported by the Department of Commerce as commercial exports. This, of course, swells the export balance, but we receive no dollars. Americans who questioned our financial capacity to do whatever we liked, without limit, or who doubted the wisdom of supporting dictators who were busy sharpening the swords of our enemies, were laughed to scorn.

Not until the dollar stood shaken and defoliated, not until our gold stock had plummeted, did people begin to wonder if our balance of trade had really been as great as reported over the years. We began to ask if we had exposed ourselves to the gold drain by a statistical mirage in foreign trade earnings.

The answer, if you dig deep enough, is this. The United Kingdom and most other nations value imported goods on the "c.i.f." (cost, insurance, freight) basis. That means they take the purchase price abroad, add shipping and insurance costs, and end end up with the total cost of the merchandise landed in their own country. The difference between the seller's figures and the buyer's is just freight and insurance. It is proper that those costs be added to the valuation of imports.

But here's the catch: The United States does not add freight and insurance costs in computing the volume of imports. We do

not keep the same kind of books as our trading partners. We value our imports on the "f.o.b." basis, foreign port of shipment. Our valuations are simply the cost of the goods abroad, with freight and insurance disregarded.

From that difference in accounting arises the mirage. Our statistics are not comparable with those of other nations. We understate the value of our purchases from Great Britain, for example, by an average of 22 per cent. And that, in computing trade balances, produces a violent distortion of fact.

The distortion is even greater in trade with more distant countries, since freight and insurance cost more. Our "officially" certified favorable trade balance with Japan for the three years 1962–64 was $413 million. Change our imports from Japan to the realistic c.i.f. basis and that favorable balance becomes a $677 million deficit.

The cheerful statistics showing U.S. manufacturers fully competitive in foreign markets become the more badly battered the deeper you look. The supposed favorable balance in our world trade is actually a deficit.

THE MANUFACTURED STATISTIC

The foreign aid bill, hailed by the Administration as a bare-bones measure, in truth provides for an expenditure of about $6 billion in new funds which is nearly twice the figure used in appropriations' requests. The bare-bones mirage is achieved by fragmenting the total cost and by financing big chunks of our foreign assistance—so-called food for peace, for example—under different labels, in fine print.

Now I am not a statistician, and I hold no brief for any particular accounting method. I favor expanded foreign trade. I have voted for AID. I admire our other trading partners. But I do most strenuously object that figure management, like news management, keeps us from reaching sound policy decisions on the basis of fact, not propaganda.

The statistical discrepancy between U.S. and foreign import trade accounting, for example, should have been volunteered to Congress and the public by our officials, and explained fully and frankly. This should have been done at the very beginning of the postwar period, when policy was being formed. It was essential knowledge then, and it is essential knowledge now.

Throughout the postwar period, Uncle Sam has acted in the belief he could adopt and carry out any program he considered desirable, whether at home or abroad, whether at the center of the earth or on the surface of the moon.

The balance of payments crisis and the costs of the grave struggle in Viet Nam remind us once more that nations, like families, must make choices. No nation can do everything it might like. When Washington implies that it can, it is a form of seduction of the public.

Moreover, we have learned from Mussolini, Hitler, Stalin, Peron and the other arrogant socialist dictators of our era that governments which manipulate facts are manipulating their people. A democracy can keep its freedom only as long as it is allowed to base its decisions on facts.

BIG BROTHER

Mr. LONG of Missouri. Mr. President, Mr. Erwin Knoll, of the Washington bureau of the Newhouse National News Service, has written a most interesting series of articles which appeared last week in many Newhouse newspapers throughout the country.

Mr. Knoll's series, entitled "Our Fishbowl Society," highlights a number of problems which the Senate Subcommittee on Administrative Practice and Procedure have uncovered during the course of our investigations of invasions of privacy. Newhouse News and Mr. Knoll are to be congratulated for this excellent series.

I ask unanimous consent to insert this series at this point in the RECORD.

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

AN ARMY INVADES PRIVACY—LITTLE BROTHER WATCHES, TOO

(By Erwin Knoll)

("You had to live—did live, from habit that became instinct—in the assumption that every sound you made was overheard."—George Orwell, "1984.")

WASHINGTON.—Half way to 1984, some alarmed observers see signs of the realization of George Orwell's gloomy prophecy—the creation of a society in which no shred of personal privacy remains.

In fact, the dark portrait of the ultimate totalitarian state that Orwell painted 18 years ago is already outdated in several respects.

Writing in 1948, Orwell did not foresee the swift and ingenious developments of modern technology—the tiny cameras and listening devices, the self-starting recorders that can be used to spy on anyone anywhere; the huge computers that can sort and classify the most detailed personal data and spew them forth at the press of a button.

Preoccupied with the dangers of absolute dictatorship, Orwell did not note that even in a democracy, mounting bureaucratic pressures for "useful information" can subject citizens to demands for the most intimate facts about their private lives.

Nor did he expect that industry as well as government would adopt with enthusiasm the surveillance techniques that once were confined to the cloak-and-dagger world of Balkan intrigue, or that private citizens would join the snooping game on a grand scale to spy on relatives, friends and neighbors.

Those who nervously watch the erosion of privacy in our lives think Orwell's chilling fantasy missed the mark in one significant respect; it isn't just Big Brother who is watching, but a growing army of little brothers—professionals and amateurs, officials and private citizens, men motivated by patriotism and high virtue as well as others prompted by greed or morbid curiosity.

The reasons for invading privacy are infinitely varied and complex. Creditors have an understandable curiosity about the financial responsibility of borrowers. Government and private employers want to be sure their workers are loyal and honest. Storekeepers are eager to guard their merchandise against shoplifting and pilferage. Social workers and counselors, teachers and psychologists all feel that to do their jobs effectively they must know more and more about the individuals they deal with.

On a less lofty plane husbands and wives resort to the new technology of snooping to check on their spouses' fidelity. Businessmen get the drop on their competitors by "tuning in" on new products or promotion campaigns. Blackmailers and thrill-seekers are about to widen their activities with the techniques of privacy invasion now available.

Sen. EDWARD V. LONG, D-Mo., whose Senate subcommittee on administrative practice and procedure has been looking into government surveillance, industrial espionage and private snooping, recently gave an audience of Houston businessmen a run-down on a potential "typical day for you, now."

"When you wake up in the morning, and are still in bed, every word you say may be overheard and recorded. (There was a recent case in New Hampshire involving a landlord who placed a microphone which would overhear the bedroom activities of a young couple renting a house from him.

"When you make your first phone call of the day (or your last), there are a hundred ways in which your line may be tapped or bugged. Even if you have the phone company check and they find a bug, usually they won't tell you. And if your line is clear today, it can easily be bugged tomorrow.

"When you get into your car to drive into the office, there may be a transmitter hidden in it. Or it may have a 'bumper beeper' which is attached and which permits a snoop to easily follow you anywhere in the city.

"When you get to your office, you can be bugged a hundred ways. There may be a microphone planted in your wall, or in your desk or in your phone. There may be a miniature transmitter hidden in a thousand places. Hidden by whom, you ask? By your competitor, your employer, a salesman, an employe. To paraphrase an old canard, miniature transmitters are within the reach of everyone today—$39.50 at your friendly corner electronics store—no questions asked.

"When you go to lunch, the jukebox outlet at your table may well contain a listening device as well as a speaker.

"And so the day goes," LONG continued. "How about your wife, does she fare any better?

"When she goes shopping at the supermarket, chances are that she is being constantly watched by hidden closed-circuit T.V.

"When she goes to the department store to try on a new dress, chances are that the mirror in which she admires herself is a two-way mirror installed to discourage shoplifting.

"When she looks at the desk calendar to see what date to put on her check to pay her telephone bill, chances are that behind the front of the calendar is a hidden microphone.

"When she goes to a neighbor's house to play bridge, the built-in intercom system will permit people to eavesdrop throughout the house."

LONG's recital was, he said, both frightening and realistic. But it was far from all-inclusive as a catalog of the assaults on privacy to which his listeners might be subjected.

On that same "typical day" for example, a member of his audience could have the names and addresses on his first-class mail transcribed at the local post office. Financial data that he submitted on his tax return, or on a mortgage application, or on a credit form, might be divulged.

In school, his child might be asked on a standardized test how he feels about God, or about his parents, or about sex. The parent might be given the same type of test in applying for a job, or in seeking a promotion. Somewhere between home and the local dump, someone might be sifting his trash.

LONG and other members of the House and Senate who have addressed themselves to the problem believe it would be all but impossible to compile a definitive list of the ways in which privacy is being attacked.

But they are convinced that a profound and dangerous transformation of American society is taking place before our eyes—and that most of us are unaware of it.

"The direction of drift is perfectly clear," says Rep. CORNELIUS E. GALLAGHER, Democrat, of New Jersey, who heads a special House subcommittee on invasion of privacy.

"You don't have to be very intelligent to see that if this drift toward more and more intrusive action by private groups and

organizations of all kinds, and by government, isn't checked, in 20 or 30 years no one will bother asking questions about privacy, and we will take it for granted that we live in a fishbowl and that we are not free men, but fish."

[From the Evening News (Harrisburg, Pa.) July 18, 1966]

DATA GENERALLY WELL-KEPT SECRET UNLESS YOU'RE CAVE-DWELLING HERMIT, SOMEONE, SOMEWHERE HAS YOUR FILE

(By Erwin Knoll)

("Conceivably, any kind of information about anybody or anything could be programed into a system."—Edgar S. Dunn Jr., consultant on statistics to the Federal Bureau of the Budget.)

WASHINGTON.—Unless you're a lifelong hermit dwelling in a well-hidden cave, somebody, somewhere has a file on you.

It may be just a collection of vital statistics—your name and address, date of birth, place of employment.

Or it may be a fat dossier containing a full life history complete with accounts of your financial status, political and religious beliefs, friendships, sexual habits, personal eccentricities and other intimate details.

Chances are that you will never get to see your file to verify the contents or ascertain how they are being used.

If you have ever been arrested, served in the armed forces, taken a draft deferment test or applied for a job requiring security clearance, yours is probably one of the 175 million sets of fingerprints indexed by the Federal Bureau of Investigation. It may be accompanied by a "raw file" containing unevaluated reports on your past activities and associations.

If you are a prospective home buyer, the Federal Housing Administration (FHA) may have a report in its files on the stability of your marriage. More than one million such reports were obtained last year from private investigators because, the FHA explains, "one of the leading causes of (mortgage) foreclosure is divorce."

Scores of government agencies aided by an army of private sleuths, are in the business of collecting personal information.

The Social Security Administration has accounts—and earnings data—on 166 million Americans. The Defense Department maintains 14 million life histories on individuals who have been subjected to security investigations.

The Federal Civil Service Commission has files on some eight million Americans who have been investigated for government employment. In the files are allegations of criminal, immoral or "infamous" conduct that could ruin the lives and careers of any citizens.

The Passport Office requires detailed personal histories from applicants who have been married more than twice. Officials recently confirmed that they maintain a system of surveillance on potentially troublesome travelers—critics of the Viet Nam War, for example.

The government's need—real or imagined—for more and more information on the private lives of citizens proliferates on an almost daily basis.

The Census Bureau now is pondering suggestions by some church groups that it include a question on religious affiliation in its 1970 decennial census. The U.S. Office of Education plans to assess effectiveness of various education programs by making a detailed study of 300,000 school children whose personal histories, family backgrounds and educational achievements are to be surveyed.

"Any time you start delving into a child's family background you get into the area of invasion of privacy," concedes Alexander M. Mood, assistant commissioner of education. "But we just can't deal with these problems without information. It boils down to the integrity of the federal agency in seeing that the information given by individuals is protected."

The record on protection of individual data varies widely among agencies. Highest marks for integrity generally go to the Social Security Administration and the Census Bureau, whose employees are prohibited by law from disclosing information in the files.

Census Director Ross Eckler, who has been with the bureau since 1939, says he has never encountered an instance of improper divulgence, though he has had to fight off requests for individual data from the FBI and other law enforcement agencies.

"If the President himself asked me, I'd have to say no," Eckler says. "I might not stay here long, but I'd have to say no."

But no matter how closely personal information may be—and the record of many agencies is not nearly so reassuring as that of Census—growing numbers of Americans resent the persistent intrusions of official and unofficial snoopers and surveyors.

And those who have paid close attention to the problem of privacy invasion believe the worst is still to come. An idea that has caught the fancy of government statisticians—and that gravely troubles some members of Congress—is the creation of a "federal data bank" to combine various government records in one huge, computerized information retrieval system.

The advantage of such a system are obvious: records now scattered, duplicated and largely inaccessible could be combined, cross-filed, coordinated and made almost instantly available.

Edgar S. Dunn Jr., a budget Bureau consultant who has explored the possibilities of the data bank, believes the usefulness of federal records could be "considerably increased without unduly jeopardizing personal privacy."

Others are not so sure. In a penetrating article on "Privacy and Behavioral Research" that appeared last fall in the Columbia Law review, Oscar M. Ruebhausen and Orville G. Brim Jr. noted:

"Computerized central storage of information would remove what surely has been one of the strongest allies of the claim to privacy—the inefficiency of man and the fallibility of his memory."

Modern stories in recordkeeping have already affected the right of privacy. The ex-convict who once was able to pay his debt to society, move to another community and make a fresh start, now finds that his record is likely to follow him and keep him from obtaining employment.

A Government worker in Washington was recently discharged because the Civil Service Commission discovered that she had failed to disclose on her job application a shoplifting arrest that occurred many years ago. Such incidents could multiply under the all-encompassing efficiency of a federal data bank.

"We're about to make a fundamental change in our society," warns Rep. CORNELIUS E. GALLAGHER (D-N.J.). We've always had a philosophy of letting a man start anew if he makes a mistake. But computers don't forget and don't forgive.

"We're concerned about school dropouts now. What about the computer rejects of tomorrow?"

GALLAGHER, whose special House subcommittee on invasion of privacy has scheduled hearings on "The Broad Implications" of the data bank idea, believes it is crucial to determine in advance "who will have the power to push what computer buttons under what conditions."

"We cannot safely presume that all of this information will always be used by benevolent people for benevolent purposes," GALLAGHER has cautioned.

"It is quite conceivable that a potential Big Brother (BB) could make excellent use of a Big Button on a dossier bank for his own purposes which strike at the very fundametals of our governmental structure and society."

[From the Evening News, Harrisburg, Pa., July 19, 1966]

USES TO WHICH DATA ARE SUBJECTED RANGE FAR AFIELD—CONTRARY TO WIDESPREAD IMPRESSION, YOUR TAX RETURN IS NOT TOP-SECRET

(By Erwin Knoll)

("The below past-due bill has been entered on your credit report and will stay there until paid. Every bank, catalog store, dentist, department store, doctor, finance company, hospital, conventional and federally insured home loan agency, rental agent and every employer who inquires about you will be told of this."—Notice from a credit bureau.)

WASHINGTON.—In the traditional concept of the right of privacy, a man's financial status is nobody's business but his own.

The ragged miser who keeps a jug of gold coins in the basement or a collection of bankbooks under the mattress is part of American folklore. So is the apparently affluent citizen who skimps on groceries to keep up appearances.

Confronted with a direct question about his income or net worth, the man who values his privacy is likely to ask, "What's it to you?"

That is the tradition—but in our credit card and charge account society, the reality is something else again. As taxpayer and consumer, as tenant or homeowner, as investor or borrower, as employer or employe, the average citizen is called on many times each year to provide financial data that he once might have shared only with his wife—and not necessarily with her. More often than not, the data become available to many agencies or individuals beyond those who originally established their "need to know."

"Anybody who can't find out how much his neighbor's worth just isn't trying very hard," says a man who has made a close study of the credit and collection field.

By far the greatest repository of income information is the Internal Revenue Service, whose files bulge with the tax returns submitted by about 67 million individuals this year, as well as with more than 50 million corporate and employe tax returns.

Contrary to a widespread public impression, tax returns are not treated as top-secret information by IRS.

"Your federal tax return is supposed to be confidential, but you're wrong if you think you and your friendly Internal Revenue agent are the only ones who ever look at it," says Rep. CORNELIUS E. GALLAGHER, D-N.J., one of several members of Congress who are seriously concerned about the erosion of privacy.

"Every Federal agency and every state as well as several committees of Congress can ask to examine your return," Gallagher notes. "Sometimes they do."

The uses to which tax return data are subjected range far afield from the government's revenue-raising function. The Veterans Administration has gone into IRS files to check the validity of pension claims. The Agriculture Department has used tax returns to help determine rice acreage allotments. The Department of Health, Education and Welfare relies on tax information in social security investigations. The Tennessee Valley Administration has used tax returns

in property condemnation proceedings. Most federal agencies screen tax returns in investigating employes or applicants for employment.

In its extensive investigation of invasions of privacy by government agencies, the Senate subcommittee on administrative practice and procedure found that in one recent two-year period, state and local officials in 17 states obtained access to federal tax returns. The stated purposes for examining the returns ranged from investigations of gambling, narcotics and liquor violations to state disbarment proceedings or kickback inquiries.

Whether the income data submitted by a taxpayer in accordance with the law ought to be used against him in unrelated investigations is a matter on which reasonable men—including lawyers—disagree. There can be no disagreement, however, about some of the other uses, "and abuses to which the availability of tax returns has given rise."

In several states, for example, politicians running for office have managed to obtain tax returns for use in attempts to discredit their opponents. Enterprising businessmen have been known to gain access to tax data on competitors.

Yet LRS information is closely guarded, compared to the casual availability of financial information obtained by other government and private agencies.

The comprehensive and officially "confidential" reports complied by the Federal Housing Administration on applicants for housing loans can be obtained by any mortgage lender for $1.50. The financial status of welfare recipients is, by law, a matter of public record in a number of states and localities.

Many banks will, as a matter of course, report a depositor's balance to anyone who takes the trouble to place a telephone call. And increasing use of automatic data storage and retrieval for bank records makes it possible to produce, on a moment's notice, a copy of a check or deposit slip that may have been written years ago.

The private credit and collection bureaus that now flourish in virtually every American community constitute a huge reservoir of personal financial data on about 100 million Americans—a reservoir that is tapped far more often than most citizens suspect. The housewife who casually opens a department store charge account is, in effect, disclosing her credit status to thousands of enterprises around the country. She also makes the information available to official investigators who may have good reason—or no reason—for being curious about her.

The Retail Credit Co., the largest of the private investigative firms, has 7,000 investigators and maintains files on 42 million Americans. Its clients include many who have no connection with retail credit. Though this company, like others in the field, insists that its files are carefully protected against unauthorized scrutiny, the claim runs head-on into the basic fact that credit agencies exist for the prime purpose of furnishing information.

Notices similar to the one previously quoted are mailed out by the hundreds each day by credit bureaus. The citizen threatened with identification as a deadbeat to "every bank, catalog store, dentist," etc. in his community may have failed to pay a $3 bill, or he may be the victim of an error by a human or computerized bookkeeper.

In some instances, he may never find out that he has been blackisted as a poor credit risk. And if he does find out, he has little recourse.

Credit rating firms pay out many millions of dollars as compensation for unfair or inaccurate reports. Most often, however, the beneficiaries of such payments are commercial enterprises whose standing has been injured.

The courts have generally held that a businessman whose firm is hurt by a loss of credit can recover damages from a credit bureau. The law is less clear on the rights of private individuals. Their recourse is limited, some decisions have argued, because their property has not been imperiled. Only their privacy.

[From the Evening News, Harrisburg, Pa., July 20, 1966]

EXAMINATIONS OFTEN ACCOMPANIED BY "IN-DEPTH INTERVIEWS"—SOPHISTICATED SCREENING TECHNIQUES BARE SECRET FEARS AND ASPIRATIONS

(By Erwin Knoll)

("I know of no way to explore mental health and emotional maturity without asking personal questions that in other contexts would be invasions of privacy."—Dr. Abraham Carp, director of selection of the Peace Corps.)

WASHINGTON.—In the fishbowl society, not only your words and deeds but your innermost thoughts are apt to be under scrutiny.

If you work for a government agency or private firm that has adopted the most sophisticated techniques of personnel screening, your secret fears and aspirations, your attitudes toward God and man—and woman—have been recorded, evaluated and filed away for future reference.

If your son or daughter attends a school that offers the best in modern guidance counseling, similar information has been compiled—perhaps by use of personality tests identical to those administered to adults.

Elaborate testing instruments, encompassing hundreds of questions and adapted to "objective" scoring by machines, have been developed to meet the needs of those who say—in fact, insist—that they must, for one reason or another, get to know all about you.

In some instances, the examinations are accompanied by "in-depth interviews," and by polygraph tests or other lie-detection techniques.

Development of "personality inventories" for mass use in government, industry, education and other fields is a relatively recent science—and some experts contend it is not a science at all.

"I take a dim view of personality tests, and I think the general public is being much too frequently taken in by the mumbo-jumbo that goes with them," says Dr. Henry S. Dyer, vice president of the Educational Testing Service of Princeton, N.J.

"The inventories, the projective tests—all of them—are scarcely beyond the tea-leaf-reading stage."

Dr. John Dollard, professor of psychology at Yale University, has charged that "generally speaking, projective tests, trait scales, interest inventories or depth interviews have not proved to be useful in selecting executives, or salesmen, or potential delinquents, or superior college students."

Some critics—notably William H. Whyte Jr., author of the 1957 best-seller, "The Organization Man," and Martin L. Gross, who wrote a scathing critique called "The Brain Watchers" a few years ago—have come up with manuals for "cheating" on the personality tests by giving deliberately misleading (but acceptable) answers.

Despite such criticism, however, and despite the anguished protests of those who feel the tests constitute prying intolerable to free men, use of the psychological instruments is growing steadily.

Experts have estimated that about half of the large corporations in the country use psychological testing in one way or another. Increasingly, colleges rely on the tests to tell them about candidates for admission. The federal government has used the tests in screening its employes, and has fostered school use through such national research programs as "Project Talent."

"During the more than three years that I investigated personality testing in this nation," Gross told a House subcommittee probing invasions of privacy, "I was constantly amazed at the callous indiscretion of testers in seeking out the most sacred details of a person—including his sexual life, religion, political beliefs—as if it were necessary to eliminate human dignity in order to be employable in our country.

"Commonly administered tests ask such impertinent questions as:

" 'Do you often feel just miserable?'

" 'Is your sex life satisfactory?'

" 'About how many people have you disliked (or hated) very much? (A) none; (B) 1 to 3; (C) 4 to 10; (D) 11 to 50; (E) over 50.' "

Among the most widely used of the personality tests is the Minnesota Multiphasic Inventory, known in the trade as the MMPI. Its publisher, the Psychological Corp. of New York, sells almost a million copies a year to schools and colleges, government and industry, hospitals and physicians.

The MMPI, developed more than 20 years ago at the University of Minnesota, consists of 566 brief statements requiring answers of "true," "false" or "cannot say." The inventory, according to the test manual is "designed ultimately to provide, in a single test, scores on all important phases of personality."

About three dozen of the MMPI test items deal directly with sexual matters or religious attitudes. Some typical items are these:

"My father was a good man."

"I am worried about sex matters."

"During one period when I was a youngster I engaged in petty thievery."

"I believe in the second coming of Christ."

"I dream frequently about things that are best kept to myself."

"I pray several times a week."

"I am against giving money to beggars."

"There is something wrong with my sex organs."

Extensive use of such tests by federal agencies has prompted Senator SAM J. ERVIN Jr., D-N.C., the chairman of the Senate subcommittee on constitutional rights, to voice grave concern about "the massive surrender of individual privacy to which the government is subjecting its civil servants by the use of various questionnaires and scientific instruments."

Representative CORNELIUS E. GALLAGHER, D-N.J., who has led a crusade against use of the tests by government agencies, has warned of "the jeopardy in which one is placed when this type of test remains part of a federal employe's file . . . one can have no real assurance that his written answers to such intimate questions won't come back to haunt him in the future. There is no guarantee that these files will not fall into the wrong hands five, 10 or 20 years from now."

Under pressure from Congress and government workers' unions, some federal agencies have curtailed their use of the tests within the past year. But reliance on the personality probes dies hard. The Peace Corps, sharply criticized for using the MMPI to screen applicants, insists that the test saved it from costly and embarrassing selection errors.

Only recently, the American Civil Liberties Union complained that a "16 personality factor test" administered by the Federal Aviation Agency to 20,000 air traffic controllers contains questions on political, racial and religious opinions. The fact that an employe is asked such questions by his government, the ACLU argued, "may quite understandably cause him to refrain from joining organiza-

tions or voicing his views on political and other controversial issues."

Those who devise and administer personality tests and other mind-probing techniques tend to dismiss such protests as old-fashioned and unscientific. The individual's traditional right of privacy, they contend, must be "balanced" against the public purpose served by the information. Furthermore, they argue, no one is compelled to submit to personality screening.

But troublesome questions are raised by the issue of voluntary consent. The permission of parents is generally sought, for example, before school children are subjected to personality testing. But even if a parent knows to what he is consenting—an assumption that cannot be taken for granted—a problem remains.

"Should not a child, even before the age of full legal responsibility, be accorded the dignity of a private personality? Considerations of healthy personal growth, buttressed with reasons of ethics, seem to command that this be done," Oscar M. Ruebhausen and Orville G. Brim Jr. wrote last November in the Columbia Law Review.

How much freedom has an adult to refuse to submit to a "voluntary" examination, when doing so may jeopardize his application for employment, promotion or security clearance? A job applicant who was subjected to an exhaustive battery of personality tests by a private employer commented afterward, "the worst part was that I wanted the job badly enough to put up with the humiliation."

Even the surface semblance of consent is far from universal. In their article on "Privacy and Behavioral Research," Ruebhausen and Brim commented:

"Examples of 'forced' submission to privacy probes can be found in our hospitals, our schools, our colleges, our social welfare programs, our research institutes, and our institutions for the disturbed, handicapped or retarded. Such a disregard for the dignity of personality—occasional though it may be—must be guarded against and eliminated by the social scientists themselves.

"If they fail or refuse to exercise self-control, then the community will inevitably feel compelled to act for itself and legislate for the protection of personal privacy."

[From the Evening News, Harrisburg, Pa., July 21, 1966]

AMERICAN PUBLIC INDIFFERENT TO WHOLE THING—SNOOPING INDUSTRIES GROWING FAST; THEY'LL BE EVEN BIGGER IN FUTURE

By Erwin Knoll)

("A beautiful decorator lamp with a built-in miniaturized electronic transmitter . . . Defies detection and transmits all sounds and voices clearly (whether lamp is on or off) to a mobile receiver. Extremely effective in home or office, or from one private home to another. Requires no batteries, tubes or visible antenna and has no wires other than the regular lamp cord . . . $150."—Item in a mail order catalog.)

WASHINGTON.—Official and private snooping, practiced by high-priced experts or do-it-yourself amateurs, ranks with the fastest growing industries in the United States.

Bernard Spindel, a New York private investigator who specializes in guarding business clients against the incursions of eavesdroppers and wiretappers, believes that industrial espionage alone "has been growing at the rate of three times more each year than the previous year."

John W. Leon, a Washington private detective who sells a $400 bugging-and-hidden-camera kit that he calls "The 10-Day Blitz," says business is booming—especially among husbands who want to spy on their wives. He thinks the birth control pill may account for many sales.

Ben Jamil, whose Continental Telephone Supply Co. (CTSC) started out as a New York retail shop for decorator phones, has multiplied his volume many times since branching out four years ago into "sophisticated surveillance, monitoring, security and anti-bugging devices." They include "sugar cube microphones" and electronic bugs concealed "in a seemingly innocent picture frame."

"While the majority of what we sell in the security and surveillance field is purchased by private investigators, law enforcement agencies, business and industry," Jamil says, "there is a definite market for it among private citizens."

Nobody knows exactly how many millions of dollars are spent on snooping each year, or how many citizens' privacy is being violated. But the experts agree—with equanimity or alarm, depending on their point of view—that prying is at an all-time peak and still increasing.

"The average urban citizen can't go a single day without being spied on, listened to or peeped at," says Bernard Fensterwald, Jr., chief counsel to the Senate Subcommittee on Administrative Practice and Procedure. The subcommittee has conducted extensive hearings on government and private snooping under the chairmanship of Sen. EDWARD V. LONG (D-Mo.).

You need not be a tycoon or a foreign agent, an underworld kingpin or an errant wife, in order to come under someone's covert scrutiny.

You may be a prospective auto purchaser whom an enterprising salesman has invited to sit down in a floor model and "talk it over with your wife." Your conversation may be picked up by a microphone concealed in the car's cigarette lighter and transmitted to the salesman, who learns that you'll buy it if he "throws in the whitewall tires."

You may be a department store shopper whose comments at the counter are relayed by a hidden transmitter to a store executive eager to gauge customer reaction to the merchandise.

You may be the innocent user of a public pay telephone that has been tapped by law enforcement agents because it is frequently used by a suspected gambler. A survey showed that of 3,588 wiretaps placed by the New York police in one year, 1,617 were on public phones.

Your home telephone conversations may be overheard by an operator who is assigned by the telephone company to monitor the quality of service. A special Massachusetts legislative committee on wiretapping recently found that about 2,400 calls a month were being monitored in the Greater Boston area without the knowledge of telephone subscribers.

No telephone lines were exempt from such "service observing," said State Sen. Mario Umana. Though the operators were merely supposed to check the connections and voice levels, "there was nothing to prevent them from listening to entire calls."

If you are important enough to merit the most sophisticated surveillance—if you are, for example, an executive in a highly competitive industry such as drugs, cosmetics or alcoholic beverages—your every word may be recorded by ultra-modern snooping devices miniaturized and concealed so as to defy detection. Spindel says detection equipment needed to find such gadgets costs more than $100,000.

The law on wiretapping and bugging is vague and only rarely enforced—"both a legal desert and a legal jungle," says LONG.

Wiretapping is illegal under Section 605 of the Federal Communications Act of 1934, but the Justice Department ruled long ago that the law is broken only when the contents of an intercepted conversation are divulged. This interpretation, says "debugging" expert Spindel, is "like saying it's no crime to rob a bank, so long as you don't spend the money."

The Justice Department admits to placing wiretaps in national security cases—an estimated 50 to 100 a year. It has been embarrassed by recent disclosures that FBI agents made free-wheeling use of eavesdropping devices in investigations of Las Vegas gamblers and of Washington Representative Fred Black, who figured in the Bobby Baker case.

Nor is the FBI the only government agency that resorts to the use of covert listening devices. LONG's investigation found, for example, that the Internal Revenue Service (IRS) ran a wiretapping school for its agents, and used eavesdropping gear to overhear conversations between citizens and their lawyers.

Local law enforcement agencies are even less inhibited than federal investigators, for state courts—unlike the federal judiciary—have freely admitted wiretap information as evidence. Informed of the extent of wiretapping in New York City, LONG wondered aloud whether residents of the city "wouldn't be apprehensive about even having a telephone."

Last February, the Federal Communications Commission (FCC) issued an order barring the use of radio transmitters for eavesdropping by private citizens. The new rule, the commission said, reflected "growing public indignation with increased intrusion into the traditional right of privacy through the use of microphones."

But Sen. CLIFFORD P. CASE (R-N.J.) has pointed out that the new FCC order "is still inadequate. By specifically exempting all law enforcement agencies, the order leaves a gapping loophole for invasions of an individual's privacy. And, because the order is almost impossible to enforce, it has more surface than substance."

CASE's appraisal is supported by the men whose business it is to sell and install snooping gadgets. Though they claim that they advise customers of the new FCC regulation, they also note that sales have not been hurt. And they concede that they don't ask too many questions about the uses to which their merchandise is applied.

Jamil, whose Continental Telephone inventory includes an electronic stethoscope that can be used to amplify an unborn baby's heartbeat—or a neighbor's private conversation—says with a grin that "most of the people who come in to see us say they are doctors."

"Naturally, the fact that a few people misuse some of the devices we market concerns me," Jamil told LONG's subcommittee. "But it concerns me the same way the manufacturer of razor blades, kitchen knives or high-powered automobiles would be concerned if his product were used for illegal acts for which they were not intended."

From his own profit statements, Jamil has concluded that the American people have become "fascinated with electronic spy gimmicks. The adult comic book world of James Bond and Napoleon Solo (has) captured the imagination of the man-in-the-street."

One of his catalogs is headed, "To Satisfy The Spy In You."

The fascination extends beyond subtle gadgets designed to overhear and record the spoken word. Miniaturized cameras and TV transmitters are being manufactured, sold and secretly installed.

Equipment is available that permits unobtrusive observation of a darkened room. Retailers of telescopes and field glasses report handsome sales to urban and suburban

apartment dwellers whose evening pasttime is watching their neighbors.

At the request of IRS and other government agencies, the Post Office maintains "mail covers" on some citizens, recording the names and addresses of their correspondents. But the snooping industry goes this practice one better. Investigator Spindel says he can "take the contents of an envelope—read the letter, photograph it—without even breaking the seal."

Perhaps the most troubling aspect of the Fishbowl Society is that most of those who live in it seem to view it with equanimity. There has been no great public outcry in response to disclosures of mounting invasions of privacy.

"People have to learn that they can say no to these things," says Rep. CORNELIUS E. GALLAGHER (D-N.J.). But LONG warns that "by the time the people finally become indignant enough to demand that something be done, it will be too late."

In one of the definitive legal statements on the right of privacy, Samuel D. Warren and Louis D. Brandeis wrote in the Harvard Law Review that "modern enterprise and invention have, through invasions upon his privacy, subjected (the individual) to mental pain and distress far greater than could be inflicted by mere bodily injury."

Their article appeared in 1890. Modern enterprise and invention have come a long way since.

ECONOMY HITTING NEW PEAK

Mr. McINTYRE. Mr. President, the rate is not as fast, but the key indicators show that our economy is still climbing to new highs.

Sam Dawson, the Associated Press business writer, points this out in the face of considerable talk about the economy's turning down.

It simply is not so.

With few exceptions, Mr. Dawson reminds us, key segments of the economy have not turned down or even leveled off. And there are special circumstances governing the exceptions, such as auto sales, housing starts, and new orders for durable goods.

What is really happening, as Mr. Dawson says, is that unlike the booming expansion of the first quarter of the year, the economy is now advancing at a more normal pace and responding in more healthy fashion to seasonal factors.

With the approval of my colleagues, I will enter this column in the RECORD as it appeared in the Washington Evening Star.

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

MOST KEY FIGURES INDICATE ECONOMY HITTING NEW PEAK

(By Sam Dawson)

NEW YORK.—Much of the talk these days is about the economy turning down. But most of the key statistics show the economy is still climing to new highs.

What is happening is that while the economy was booming ahead at a rapid rate in the first three months of this year, it is now advancing at a more normal pace and responding in a more healthy fashion to seasonal factors. With few exceptions, the key segments in the economy haven't turned down or even leveled off.

And the exceptions, such as auto sales, housing starts and new orders for durable goods, have exceptional circumstances of their own.

Car sales are lower at the moment than a year ago when they were at a record high. But no one can be sure whether that means that consumers are tightening up on spending or are influenced by all the talk about auto safety.

CONSUMER SPENDING

Although Americans were buying fewer cars in April, May and June, total consumer spending for that period grew by $3.3 billion to a seasonally adjusted annual rate of $458.9 billion. You can view this with alarm because the gain was less than the $10.4 billion advance in the first quarter of the year, or you can hail the more normal rate of advance and the new high it set.

Housing starts have had periodic sinking spells for two years now. At the moment a new uncertainty—tight money in the mortgage fund field—is complicating the picture. And tight money stems from the inflationary boom of the first three months of 1966—both because of official efforts to tighten credit and of still booming demand for loans in many fields.

New factory orders for durable goods—watched as a guide to future output—in June came to a seasonally adjusted $24.1 billion. This was $100 million below the May and April totals. But the June orders were $2.8 billion higher than a year ago. And a "large increase in bookings for defense products" is reported by the Commerce Department. These seem more likely to continue to gain than to drop.

The backlog of durable goods orders actually rose by $1.2 billion to a total of $70.7 billion at the end of June, or $13.2 billion more than a year ago. Factories apparently still have lots of orders to keep them busy.

GNP ALSO RISING

Worriers about the economy like to point to a slowdown in the advance of the Gross National Product. Actually, this measure of the total output of goods and services is still rising. In the second quarter it hit a new high, a seasonally adjusted annual rate of $732 billion. The annual rate gain was $10.8 billion above the previous record of $721.2 billion set in the first three months of 1966.

But it was the abnormal and unexpected $16.8 billion advance in the first quarter that sparked all the worry about the onset of inflation and the overheating of the economy, and sparked a campaign in some quarters for a rise in federal income tax rates.

The economic pace may moderate a bit more this summer. But even professional worriers aren't suggesting that the Gross National Product actually will turn down this summer or this fall.

For all they really know, the pace might pick up again and revive the old fears of overheating.

VIETCONG ATROCITIES

Mr. HARTKE. Mr. President, a few days ago, some of us in this body joined in an open letter to the leaders of North Vietnam to caution them against a reported plan to place on trial our airmen now in their captivity. We pointed out that we were among those whose strongest efforts remain dedicated to an early peace. We pointed out also that public humiliation of these pilots, followed by a kangaroo trial and, perhaps, by the death sentence would be reprehensible.

In fact, such sordid, barbaric drama would be so repugnant to the good sense of the world that American public opinion might well demand further escalation of the war as to compensation. Indeed, the patience of Americans of all opinions is not inexhaustible.

While the leaders of North Vietnam have shown restraint and prudence thus far in not continuing the humiliation of the captured fliers, their men in the field have not shown such concern for humanity and decency.

In the last few days we have learned that the Communist forces in Vietnam have shelled our hospitals with mortars and have systematically killed wounded marines unable to defend themselves. Both these acts are clear violations of the Geneva Agreements. Both are acts of barbarism seldom seen in civilized countries in many years.

It is to these events that I wish now to address myself.

We who urged a continuing ban on the bombing of North Vietnam some months ago and who have remained in the forefront of seeking peace have done so as loyal Americans. It remains our conviction that violence breeds violence and escalation breeds escalation.

We felt that bombing the north—even military targets—perhaps retarded peace, in that it might stiffen opposition. We urged new efforts at an honorable peace in the military struggle so that the war-wracked Vietnamese might turn their energies better to the political and social struggle of elevating themselves.

We were concerned with humanity, wanting to spare human life and eliminate suffering. We wish to avoid the ultimate escalation that could breed atomic warfare.

The North Vietnamese, by inhuman acts of recent days, flout the efforts of all Americans to govern themselves by restraint. They invite retaliation.

Let it never be said that we who urge caution to one side fail to do so with equal vigor when the other side violates international convention.

So long as our men are committed to battle in Vietnam, I, for one, intend to vote to give them everything they need. As one who himself served his country in wartime, I could not do less.

Until such time as the differences can be settled at the conference table, we shall continue to press for peace and to speak out for humanity, temperance and justice—regardless of source. We seek deescalation and decency. Let not our efforts, our motives, our patriotism be questioned—either by our fellow Americans or by Hanoi and Peiping.

U.S. POLICY IN VIETNAM—VIEWS OF FIVE EXPERTS

Mr. MUSKIE. Mr. President, the August 9, 1966, issue of Look magazine contains an article entitled: "Vietnam—What Should We Do Now?"

It is composed of answers to this question by five foreign policy and military affairs experts: Hans Morgenthau, Henry Kissinger, Hanson W. Baldwin, Herman Kahn, and Arthur Schlesinger, Jr.

Each of the five experts has a particular view on our policies in southeast Asia. Each disagrees with the others.

We must assume that if each of these experts were President of the United States, each would pursue a different policy and each would have harsh criticism of the others.

I think the article underscores the fact, Mr. President, that we are not confronted with a simple choice in Vietnam. We have a series of alternative policies, each of which can be defended or attacked by articulate experts.

I commend the article and the differences of opinion to Senators and 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:

SUPPOSE THE PRESIDENT ASKED YOU "WHAT SHOULD WE DO NOW?"—FIVE EXPERTS GIVE THEIR ANSWER

(NOTE.—We are at war in Vietnam. Whether we should have gotten into it or not is a separate issue. We *are* in Vietnam.

(Americans have always backed their armies with the moral certainty that in our victory *right* would triumph. But to many today, our cause seems stained by doubt. Never, during a foreign war, have Americans debated our national policy with such passion: "Get out . . . Escalate . . . Negotiate . . . 'Hole in' at coastal enclaves . . . Blockade Haiphong . . . Push 'hot pursuit' into Laos." The bitterness of the partisans consolidates the confusion.

(Look invited five experts, who hold varying views about Vietnam, to answer this question: "Suppose the President today asked you, '*What should we do now?*'" We urged each to reply in the intentionally brief space of 1,000 words—for we sought not a pablum of agreement but sharp, specific proposals.

(Here are their answers. Each man presents a program that millions would no doubt support.)

(Hans Morgenthau: Distinguished Service Professor of Political Science and Modern History, University of Chicago; director, Center for the Study of American Foreign and Military Policy; has served as consultant to the Department of State and the Department of Defense; author of "In Defense of the National Interest, The Purpose of American Politics," etc.)

President Johnson is wont to ask the critics of his Vietnam policy, *"What would you do if you were in my place?"* This is a legitimate question, and it deserves an answer. Having been a consistent critic of our Vietnam policies for more than four years, I have tried to answer that question before and am glad to do so again.

Mr. President, I would say, you must choose between two alternative policies. You can start with the assumption that in Vietnam the credibility of the United States and its prestige as a great power are irrevocably engaged; that the war in Vietnam is a test case for all "wars of national liberation"; and that in consequence, the fate of Asia, and perhaps even the non-Communist world at large, might well be decided in Vietnam. If you believe this, then you must see the war through to victory. That is to say, you must escalate the war both in the South and in the North by committing what will amount (according to authoritative estimates) to a million American combat troops and by bombing, without restrictions, the industrial and population centers of North Vietnam. By doing this, you will destroy Vietnam, North and South, and risk a military confrontation with China or the Soviet Union or both. Yet these risks are justified by the magnitude of the issues at stake.

This is the policy that the Joint Chiefs of Staff have been advocating and that you have pursued since February, 1965, even though you have been anxious to differentiate your policy from that of the Joint Chiefs. In truth, the difference between the two has not been one of kind but rather of degree. You have been escalating the war at a slower pace than the Joint Chiefs recommended. But escalate you did, and you will continue escalating because the assumptions from which you have started leave you no choice.

There is another policy, Mr. President, which you could and, in my view, should have pursued. This policy assumes that the war is primarily a civil war; that its global significance is remote; that, far from containing China and communism, it opens the gates to both—by destroying the social fabric of Vietnamese nationalism, which is implacably hostile to China; and that, in consequence, the risks we are taking in the pursuit of victory are out of all proportion to the interests at stake.

We should never have gotten involved in this war, but we are deeply involved in it. The aim of our policy must be to avoid getting more deeply involved in it and to extricate ourselves from it while minimizing our losses. Recent events in Vietnam offer us the opportunity of initiating such a new policy of disengagement.

These events have clearly demonstrated two facts: The Saigon government is hardly worthy of the name; and the great mass of the people of South Vietnam prefer an end to the war rather than a fight to the finish with the Vietcong. The two main arguments with which our involvement has been justified have thus been demolished: that we have a commitment to the government of Saigon to assist it in the fight against the Vietcong; and that the people of South Vietnam want to be saved by us from the Vietcong—even at the risk of their own destruction. The prospect of elections to be held in South Vietnam provides us with the chance to use these new facts for the initiation of a new policy of disengagement. Such a policy would proceed on two fronts, the political and the military.

Politically, we ought to work for the achievement of four goals.

1. We must promote the establishment of a broadly-based government in which the elements seeking an end to the war would have decisive influence. This government would have the task of organizing elections for a constituent assembly and a legislature at an early date. It must be recognized that such elections will neither be representative nor "free." The group that organizes them is likely to win them. Hence, the crucial importance of the composition of the government presiding over the elections.

2. We must see to it that the government that emerges from these elections will negotiate with the Vietcong for a *modus vivendi*. Such a settlement would no doubt increase the risk of a complete takeover by the Vietcong. However, it is quite possible to visualize a coalition government under which different sections of the country, after the model of the Laotian settlement, would be governed by different factions. One can even visualize a South Vietnamese government that would be anxious to maintain its independence *vis-à-vis* the North.

3. We should put United States military forces stationed in South Vietnam at the disposal of the government that emerges from the elections, to be used as bargaining counters in negotiations with the Vietcong. In other words, we would honor our commitments and would leave it to the South Vietnamese Government to interpret them—in order to bring the war to an end.

4. Our ultimate goal would be the withdrawal of our armed forces from South Vietnam. Such a withdrawal would be coordinated with the progress of negotiations between the government of South Vietnam and the Vietcong. Our military forces would be gradually withdrawn, and our military presence would always be commensurate with the political purposes it is intended to serve.

Pending such withdrawal, our military policy would come in three parts:

1. We would stop both the bombing of North Vietnam and the search-and-destroy operations in South Vietnam that seek to kill the Vietcong and occupy territory controlled by them. For the continuation of such operations in the North and South is compatible only with a policy aiming at victory, not with one seeking a negotiated settlement among the Vietnamese factions.

2. We would hold the cities and coastal enclaves that we and the South Vietnamese military now control. That is to say, we would be satisfied with a de facto division of South Vietnam.

3. We would expect the Vietcong to reciprocate by ceasing attacks upon the perimeter of our positions and by stopping sabotage within them. It can be assumed that we and the Vietcong have a reciprocal interest in maintaining the military status quo pending negotiations.

The policy here advocated, Mr. President, is anathema to the men who advise you. Yet it has always been supported by officials fairly high in your administration. It now has the support of a number of senators who in the past have been "hawks" rather than "doves."

You, Mr. President, will have to decide whether the present policy—morally dubious, militarily hopeless and risky, politically aimless and counterproductive—shall be continued or whether a better policy shall take its place. You aspire to be a great President. Whether you remain the prisoner of past mistakes or have the courage to correct them will be the test of your greatness.

(Henry Kissinger: Professor of government, Harvard, and member of The Center for International Affairs; consultant to the National Security Council under President Kennedy; author of "The Troubled Partnership, Nuclear Weapons and Foreign Policy," etc. "We are no longer fighting in Vietnam only for the Vietnamese. We are also fighting for ourselves and for international stability.")

The war in Vietnam is dominated by two factors: Withdrawal would be disastrous, and negotiations are inevitable. American policy must take both of these realities into account.

1. The impossibility of withdrawal. An American withdrawal under conditions that could plausibly be represented as a Communist victory would be disastrous for these reasons:

Within the Communist world, Chinese attacks on Soviet "revisionism" have focused on the Russian doctrine of peaceful coexistence. A victory by a third-class Communist peasant state over the United States must strengthen the most bellicose factions in the internecine Communist struggles around the world.

In Southeast Asia, it would demoralize those countries—especially Laos, Malaysia, the Philippines and Tailand—that have supported our effort.

The long-term orientation of such countries as India and Japan will reflect to a considerable extent their assessment of America's willingness and ability to honor its commitments. For example, whether or

not India decides to become a nuclear power depends crucially on its confidence in American support against Chinese nuclear blackmail.

A demonstration of American impotence in Asia cannot fail to lessen the credibility of American pledges in other fields. The stability of areas geographically far removed from Vietnam will be basically affected by the outcome there.

In short, we are no longer fighting in Vietnam only for the Vietnamese. We are also fighting for ourselves and for international stability.

2. The inevitability of negotiation. Historically, the goal of a war, for the United States has been the destruction of enemy forces. Negotiations could start only after the enemy had been crushed. But the primary issue in Vietnam is political and psychological, not military.

What makes the war so complicated is the existence of a Communist "shadow government," permeating every aspect of Vietnamese life. A favorable outcome depends on the ability to create a political structure that can command the loyalties of the Vietnamese people.

A purely military solution is impossible also because Vietnam directly engages the interests and the prestige of so many major powers. Finally, the Administration has stressed its unconditional readiness to respond to any overture by Hanoi for negotiations.

In these circumstances, the political program—both within Vietnam and for negotiations—is crucial. Military victories will prove empty if they are not coupled with an effort to build political structures. Negotiations will be sterile or dangerous unless we enter them with significant areas of the country substantially free of terror.

WHERE DO WE GO FROM HERE?

1. Negotiations are likely when Hanoi realizes that its political apparatus in the countryside is being systematically reduced, and that this process will accelerate the longer the war lasts. It follows that the primary goal of military operations should be the creation of secure areas. It is better to have 100-percent control in 40 percent of the country than 40-percent control in 100 percent of the country. This is not to say that we should adopt a static "enclave" theory, which would leave us with three Hong Kongs and two Berlins in the midst of hostile populations. Nor does it mean that we must write off all the territory that we cannot securely control. We will always retain a capacity for preventing the consolidation of Communist control even in areas that we do not control ourselves. It does mean that the highest priority must be given to creating "secure" zones that contain a maximum of population—zones that can be expanded if the war continues and that will give us reliable negotiating counters at a conference.

2. We must understand that political instability in Vietnam reflects the transformation of an essentially feudal structure into a modern state—a process that took centuries in the West. Such a process involves a profound shift of loyalties—a task that would be searing in the best of circumstances, but is compounded by the pressures of civil war. This imposes two requirements on us: (a) We must have compassion for the travail of a society that has been wracked by war for two dacades and not use its agony as an alibi for failing in our duty; and (b) we must give special emphasis to building political structures from the ground up.

3. The notion drawn from our experience in Europe, that economic assistance automatically produces political stability, does not apply in Vietnam. On the contrary, there is a danger that our enthusiasm and our concern with technical refinements will overwhelm slender administrative resources and compound political demoralization. The test should be whether a program can enlist local support and thus give the rural population an incentive to defend it. Efforts should be concentrated in areas of maximum military security and spread out from there.

4. It may prove impossible to settle the war at a large conference that deals with all issues simultaneously. If the negotiations are conducted in a forum consisting of many nations that are already rivals (e.g., the U.S.S.R. and Communist China, or the U.S. and France), energies may be dissipated in political jockeying that is peripheral to the central problems in Vietnam. It may be wiser to separate the issues into their component elements, each to be settled by the parties primarily involved. A larger conference could then work out guarantees for settlements already achieved in other forums.

5. The war in Vietnam is a crucial test of American maturity. In the lives of nations, as of individuals, there comes a point when future options are limited by past actions. The choices of 1966 are not those of 1961. We must recognize that to be on the defensive often forces us to be engaged in places chosen by opponents for their difficulty and ambiguity.

We do not have the privilege of deciding to meet only those challenges that most flatter our moral preconceptions. If we cannot deal with political, economic and military problems as an integrated whole, we will not be able to deal with them individually.

(Hanson W. Baldwin: Military editor of the New York Times, Pulitzer Prize winner for journalism, graduate of Annapolis, war correspondent in the South Pacific, North Africa, Normandy, Korea, Vietnam)

It's the eleventh hour in Vietnam. The United States must decide to win or get out. It is not too late to win, but it soon may be.

Victory means, first of all, a Governmental and national determination to win.

Congress should declare a state of national emergency and authorize a limited mobilization. Our trained and ready military power is spread thin all over the world. Limited mobilization would provide—more quickly than any other means—a pool of at least partially trained manpower and organized logistical, training and combat units to sustain a rapid buildup in Vietnam and, ultimately, to strengthen our weakened positions in other parts of the world.

The President should be authorized to mobilize up to 500,000 reserves for two-year service. Draft calls should be increased as necessary. All enlistments should be extended for a minimum of six months.

South Vietnam, North Vietnam, Laos, Cambodia and Thailand must be regarded as a strategic whole. The war in South Vietnam is clearly nourished from outside. Soldiers, medicines, supplies, and especially arms and ammunition, today reach South Vietnam by sea, from Cambodia, through Laos, and from North Vietnam by any and all methods. Most of the small arms now used by the Vietcong "main-force" units are standardized on the Soviet 7.62-mm caliber basis and are Chinese-manufactured. All of the heavy arms—mortars, antiaircraft guns, SAM missiles, MiG's, IL-28 bombers, and the world's largest helicopter, the Mi-6—are either Chinese- or Russian-manufactured.

We must shut off, to the best of our ability, the stream of Communist supplies *into* North Vietnam. We should turn off the faucet, not merely put a stopper in the drain. This means blocking the seaborne arms traffic to North Vietnam—by mining, bombing, naval gunfire; the sinking of a dredge in the narrow, silted ship channel to Haiphong; by so-called "pacific blockade" or "quarantine" or other means.

The land supply routes, even more important to the Communist war effort, must also be interrupted. Past limitations upon the bombing of railroads and roads, and of the choke points and communications bottlenecks in North Vietnam's extensive road network, must be removed. We must reduce the flow of supplies from North Vietnam through Laos and Cambodia. Many of these supplies move partway by truck; we have been bombing the trucks but, until recently, not the fuel-oil supplies that power them. We should bomb all the fuel-oil depots in North Vietnam. Electric power plants, which provide power for a variety of war purposes, should also be bombed.

Interdiction of the many branches of the Ho Chi Minh Trail (which leads over various passes from North Vietnam through Laos or Cambodia into South Vietnam) must be improved—by eliminating some of the restrictions that now hamper bombing and particularly by assigning more trained Forward Air Controllers, both on the ground and in the air.

Air Cavalry raids by helicopter against Laotian bottlenecks on the supply route should be undertaken whenever possible. The doctrine of "hot pursuit" must be applied to any guerrilla forces that use Cambodia as a sanctuary.

At sea, the Navy's coastal surveillance and river patrols must be extended and tightened—to stop Vietcong gunrunning by junks and sampans. This will require more air and small-craft bases in South Vietnam and Thailand.

U.S. troop strength in South Vietnam should be doubled to a figure of 500,000 to 700,000 men, to enable U.S. and South Vietnamese forces to patrol areas that have been Communist sanctuaries for years. We must find and fix the main force of the enemy, and force him to expend his supplies in action, if possible. An enemy "body count" is not the proper yardstick by which to judge success in this kind of war. Even if the enemy refuses action and fades away into the jungles, or into the shadows of the U Minh Forest, the capture and destruction of his base camps, of his rice and food supplies, of his medicines and weapons and ammunition will reduce his combat capabilities. The war must ultimately be won on the ground by destroying or breaking up the mainforce units of the Vietcong, and especially by destroying the enemy's bases of operations.

The final part of the strategy for victory—the part that will shape the peace—is the pacification program. The American and South Vietnamese military can launch search-and-destroy and search-and-clear operations; but only specially trained South Vietnamese administrative and paramilitary forces can *hold* the areas that are cleared. The pacification program—in the past mishandled and underemphasized—has this year started slowly but well; it must be pushed to the maximum. For one can confirm victory in a guerrilla war only if one wins the people over and protects them against the enemy.

This is a slow, a comprehensive, a tedious process. The administrative, police, educational and health authority of the central government must be built up from what Ambassador Henry Cabot Lodge calls "the precinct level."

The enemy cannot win in a military sense; he is stymied on the field of battle. But political instability in Saigon, and U.S. impatience at home, may cause us to lose the struggle—politically and psychologically.

We have no easy choices—only grim alternatives. Victory, which means making it possible for a South Vietnamese government to govern without interference from outside, is possible; but it may not be possible soon.

The victory road will be long and hard and bloody. But defeat or stalemate in Vietnam will gravely impair the U.S. position in Asia and in the world; and if we lose, our children and grandchildren will face tomorrow a far worse problem than we face today.

(Herman Kahn: Director of the Hudson Institute (a nonprofit organization conducting research in the area of national security and international order); former member of the Rand Corporation; author of "Thinking About the Unthinkable, On Thermonuclear War, On Escalation: Metaphors and Scenarios")

I have been asked by Look to describe my personal position, rather than give an analysis of the pros and cons. The first and overwhelming point is that whether or not one agrees with the steps that led to it, our present commitment to oppose force and terror by the National Liberation Front in South Vietnam is as solemn an engagement as any modern nation has made. I do not believe that commitments must be blindly kept, regardless of costs; but just as we should be careful about making commitments, we should be very careful about honoring them.

Maintaining the credibility of our commitments is not just a matter of "saving face." Our ability to support world peace and security, particularly without using excessive force, depends in great measure upon the faith that other nations repose in American commitments. (Germany, Japan, India and Israel, for example, restrain their activities in obtaining nuclear weapons partly because of American commitments.)

To renege on commitments as serious as those we have made in Southeast Asia could be a major step in a disastrous erosion of faith in the United States. If faith in our commitments became so weak that we would have to give excessive commitments in order to make them believable—for example, giving minor states control over our policy (as the British had to do with Poland in 1939)—then the likelihood of major escalation, such as a war with China, would be dangerously increased.

The United States also has a crucial interest in dispelling two illusions that have grown up since World War II: that radical terrorists almost always win; and that radical regimes can subvert, or intervene in, a neighboring area with little risk. History is replete with examples of how a victory by terrorists in one area powerfully influenced the likelihood and the tactics of subversion in other areas. The invalidity of oversimplified "domino theories" should not lead us to underestimate the worldwide costs of letting the Vietcong succeed with their resort to violence. In addition, I am seriously concerned about the political and moral repercussions within the United States were we to "pull out" of Vietnam.

Our cause in South Vietnam is not immoral. Many think we are creating more destruction, more death, more human suffering than our cause justifies. But what would happen were we to let South Vietnam fall into the hands of the National Liberation Front? It is not likely that a victorious NLF would treat with restraint: the Cao Dai, the Hoo Hao, the Catholics (each a community of about 1,000,000 human beings); the 500,000 South Vietnamese soldiers; the many other groups that have demonstrated they are anti-Communist; the tens of thousands who would probably be labeled enemies of a Communist state. Those who dismiss this likelihood need only look at how the Chinese Communists and the Indonesian Army treated their opponents, and might ask themselves if the victorious NLF is likely to be more restrained. Nor should the West view with equanimity 15,000,000 people passing behind a Communist Iron Curtain.

What, then, should we do in Vietnam now?

1. An important aspect of the battle for "the hearts and minds of men" is this: Which side will succeed in symbolizing national identity? Many Vietnamese prefer good government to bad government, but even more prefer self-government to foreign control. We should encourage self-government, and should minimize our nonmilitary role.

2. Thus, we should accept and encourage more independence by the South Vietnamese in handling their political and economic problems. Even if a Buddhist nationalist comes to power, he is likely to be more opposed to the NLF than to the Americans; and if his government does not want our protection, or makes it impossible, we can *then* leave with honor—having fully honored our solemn commitment. (I assume we would not have connived at his election or policy.)

3. To the extent that it can be encouraged to, the Saigon government should compete with the Vietcong in promises of social reform, should launch selective but significant social-reform programs now, and should cary out pacification programs in a legal and humane way.

4. We should replace the present system of four levels of American advisers in the Vietnamese Army (which tends to result in four levels of double veto) with a singular, more unified system.

5. We should urge the South Vietnamese Army to make promotions and assignments on the basis of merit. The efficiency of the fighting forces would be greatly increased if the army adopted the simple expedient of promotions on the battlefield, raising enlisted men to officer rank, regardless of education—rewarding proven ability, aggressiveness and dedication.

6. The amnesty program offered to the Vietcong should be broadened and liberalized. The counterinsurgency wars that have been won since World War II often involved generous, well-publicized amnesty programs. (The Philippine Government, for instance, promised and gave farms to many Huk guerrillas who surrendered.) Although the South Vietnamese think it wrong to treat rebels better than loyal peasants, it is clearly worth a good deal to South Vietnam to make surrender safe and attractive, and to guarantee a decent, useful life to the man who surrenders.

7. We probably do not need to escalate military activities against North Vietnam. The military tactics we have introduced—aggressive patrolling to carry out search-and-destroy and clear-and-hold operations—contain many significant benefits that have not yet been fully realized, but should soon show important results.

8. I believe we can pacify Vietnam. A stable, reasonable government there is possible. Although the political situation looks bad today, many current political problems are likely to be solved following, and as the result of, military victories. The political difficulties in South Vietnam are likely to be diminished when and after elections are held—especially if the elections follow military victories.

Our present policy is the only realistic alternative the United States really has. It is a hopeful policy. If we are patient, resolute, realistic, that policy can probably realize our goals. I have yet to hear of an alternative that is not likely to involve costs far greater, far more deplorable, far more inhumane in both the short and long run.

(Arthur Schlesinger, Jr.: Albert Schweitzer Professor of the Humanities, City University of New York; professor of history, Harvard, 1954–61; twice winner, Pulitzer Prize; winner, National Book Award; assistant to Presidents Kennedy and Johnson; author of "A Thousand Days," etc.)

The moderate critics of the administration's Vietnam policy do not question its proclaimed purposes: resistance to Communist aggression, self-determination for South Vietnam, a negotiated settlement in Southeast Asia. They do question, with the greatest urgency, the theory that the way to achieve these objectives is to intensify the war. The more we destroy Vietnam, North and South, in their judgment, the less chance there will ever be of attaining our objectives. The course of widening the war, moreover, will mire our nation in a hopeless and endless conflict on the mainland of Asia, beyond the effective use of our national power and the range of our primary interests—and may well end in nuclear war with China.

And the alternatives? Instead of supposing that a guerrilla movement can be crushed by strategic bombing, instead of using military methods to solve a political problem, we must adapt the means we employ to the end we seek.

1. Stop the Americanization of the war. The bitter fact is that the war in Vietnam can *never* be won as a war of white men against Asians. It cannot be won "unless the people [of South Vietnam] support the effort . . . . We can help them, we can give them equipment, we can send our men out there as advisers, but they have to win it, the people of Vietnam" (President Kennedy, 1963). The more we Americanize the war—by increasing our military presence, by summoning Saigon leaders, like vassals, to conferences in an American state, by transforming a local war in Vietnam into a global test between America and China—the more we make the war unwinnable.

2. A civilian government in Saigon. We have never had a government in Saigon that could enlist the active loyalty of the countryside, and we certainly do not have one in Marshal Ky's military junta. Instead of identifying American interests with Marshal Ky, and rebuffing the broader political impulses of the South, we should long since have encouraged a movement toward a civilian regime that represents the significant political forces of the country and is capable both of rallying the army and carrying out programs of social reform. If such a government should favor the neutralization of South Vietnam, if it should want to negotiate with Vietcong, *even if it should wish to release us from our commitment to stay in Vietnam*, we cannot and should not object.

3. Reconvene the Geneva Conference. We should persevere in the quest for negotiation. Since the Vietcong are a principal party to the conflict, it would appear obvious that peace talks at Geneva are meaningless without their participation. And since they will never talk if the only topic is their unconditional surrender, we must, unless we plan to exterminate them, hold out to them a prospect of a say in the future political life of South Vietnam—conditioned on their laying down their arms, opening up their territories and abiding by the ground rules of democratic elections, preferably under international supervision.

4. Hold the line in South Vietnam. Obviously, Hanoi and the Vietcong will not negotiate so long as they think they can win. Since stalemate is thus a precondition to negotiation, we must have enough American ground forces in South Vietnam to demonstrate that our adversaries cannot hope for military victory. I believe that we have more than enough troops and installations there now to make this point.

It is an illusion to suppose that by increasing the size of the American Army we can ever gain a reliable margin of superiority; for, by the Pentagon's preferred 10:1 ratio in fighting guerrillas, every time we add 100,000 men, the enemy has only to add 10,000, and we are all even again.

Nor does "digging in" mean a static strategy with initiative relinquished to the enemy. The South Vietnamese Army of half

a million men is better suited in many ways than are Americans to search operations in the villages.

We should also limit our bombing in the South. Have we really no better way to deal with guerrilla warfare than the aerial obliteration of the country in which it is taking place? If this is our best idea of "protecting" a country against communism, what other country, seeing the devastation we have wrought in Vietnam, will ever wish for American protection?

5. Taper off the bombing of North Vietnam. Secretary McNamara has candidly said, "We never believed that bombing would destroy North Vietnam's will," and thus far, bombing the North has neither brought Hanoi to the conference table, demoralized the people nor stopped infiltration. As a result, pressure arises for ever-wider strikes—first oil depots, then harbors, factories, cities, the Chinese border. But these won't work either. As we move down this road, we will only solidify the people of North Vietnam behind their government, make negotiations impossible and eventually assure the entry of China into the war. And even if we bombed North Vietnam back to the Stone Age and earned thereby the hatred of the civilized world, this still would not settle the present war—which, after all, is taking place not in North but in South Vietnam.

6. A long-run program for Southeast Asia. We should discuss with Russia, France, China and other interested countries a neutralization program, under international guarantee, for Cambodia, Laos, North and South Vietnam. If these states could work out forms of economic collaboration, as in the development of the Mekong Valley, the guarantors should make economic and technical assistance available to them.

A program of limiting our forces, actions and objectives still holds out the possibility of an honorable resolution of a tragic situation. A program of indefinite escalation offers nothing but disaster; for our adversaries can, in their own way, match our every step up to nuclear war—and nuclear war would be just as much a moral and political catastrophe for us as it would be a physical catastrophe for the Far East and the whole world.

TANGIBLE SUCCESSES OF THE FOREIGN AID PROGRAM

Mr. WILLIAMS of New Jersey. Mr. President, David Bell, the distinguished former Administrator of the Agency for International Development, recently spoke to the National Press Club on the goals and the results of our foreign aid program. In the midst of the harsh criticism which has been directed at the alleged failures of our foreign aid program, I think Mr. Bell's speech illustrates very well some of the tangible successes of this program. Taiwan and Japan in Asia, Israel and Greece are cases where our aid has been terminated after producing spectacular economic gains. In Brazil, Chile, and Korea we see examples of economic growth combined with relative political stability.

In the past I have consistently supported sound foreign aid programs. I think it particularly important that we have authorizations extending over a period of years so that we can develop effective long-range planning. In addition, we should avoid defeating the purpose of our foreign aid program by imposing ruinous interest charges on our long-term development loans. At present an excessive amount of annual development assistance provided by free world countries is being returned to the lending nations in the form of interest payments and debt service. What has been aptly called the debt explosion by World Bank President George Woods can severely hamper and retard the sound development of nations already poor in investment capital and foreign exchange reserves.

In his speech Mr. Bell touches on Indonesia and the sharp reversal of Sukarno's policy of creating a Peking-Djakarta axis. This sudden and unexpected shift underlines the importance of keeping our foreign aid policy as flexible as possible. This year, as in the past, there have been attempts to tie the President's hand by statutory mandate; amendments were offered restricting aid to various countries in certain circumstances.

In my view, the rigidity of the law can vitiate a sound policy of foreign aid, which should be able to meet the challenges and the opportunities of a constantly changing world. We should lay down sound goals and guidelines but should not attempt to administer the day-to-day decisions of AID by statute.

Mr. President, I ask unanimous consent that Mr. Bell's fine speech be printed in the RECORD at this point.

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

ADDRESS BY THE HONORABLE DAVID E. BELL, ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT, DEPARTMENT OF STATE, BEFORE THE NATIONAL PRESS CLUB, WASHINGTON, D.C., JULY 14, 1966

I come before you, from a newsman's point of view, as that most useless of creatures—a lame duck. It is too late for me to speak with authority, and too early for me to speak without responsibility. I do have a few parting comments, however, mostly having to do with the future possibilities of the U.S. foreign aid program. In the question period to follow, I will of course be glad to answer questions on any subject within my competence.

I

My first suggestion is that the prospects for economic growth in the developing countries are better than many people think. One often hears the view that the needs of the developing countries are so great—their poverty is so extreme—that the United States and the other advanced countries will have to provide aid in large amounts for decades to come. Another view sometimes heard—in a sense the reverse of the first—holds that the developing countries are so hopelessly poor, so weakly and irresponsibly governed, that sending them aid is a waste of good resources and should be stopped altogether.

As you could guess from the way I have set up these straw men, I think both are quite wrong, and are based on an excessively pessimistic reading of our experience. The record shows some startling success stories. Looking back, we forget how startling they were. Remember the case of Japan. In 1949, so responsible a source as Fortune Magazine described the United States' "$2 billion failure in Japan", and went on to say that "the Japanese face a future uniquely bleak . . . five, ten or more years of . . . grueling work. The American taxpayer must prepare himself for an indefinite period of vast appropriations."

That of course is not what happened. Japanese economic growth has been a modern wonder. Instead of going on for an indefinite period, sizeable economic aid from the United States to Japan ended within five years of that Fortune article. More recently, Japan has agreed to repay $490 million of our economic assistance, and in 1965, its own foreign aid program totaled more than $240 million.

Even more significant, in my opinion, is the success of Taiwan—a story some of you in this room may have heard me tell before. The key lesson of Taiwan is that a country can achieve the conditions of self-sustaining economic growth at a surprisingly low level of per capita income. American aid has not made the Taiwanese wealthy—their per capita income is less than $200 per year, compared to more than $2500 per year in the United States. But our aid—and their own efforts—have given Taiwan the power to achieve further economic growth without further economic aid.

These cases, and others like Greece, Israel, Mexico, do not prove that every underdeveloped country will succeed. But they come close to showing that every underdeveloped country can succeed.

These success stores lead, I think, to three very important inferences.

One is the enormous power of modern science and technology when effectively applied to the production conditions in developing countries. It seems to be possible for the developing countries, by making use of the scientific advances of the West, to achieve comparatively very high growth rates over sustained periods of time. The Japanese record is well-known. Taiwan's is less well-known, but nearly as spectacular.

For the past decade, Taiwan's economy has been growing at an average annual rate of 7.6 per cent. For the last five years, this rate has averaged 8.8 per cent per year. In 1965, the year in which the U.S. discontinued concessional economic aid, Taiwan's gross national product increased by 10 per cent. All these rates are approximately twice the comparable rates for the United States.

The second inference is the crucial importance of leadership in the developing countries. Modern science and technology do not apply themselves—they must be applied, as the result of strong development policies. Priorities must be set sensibly. Local resources must be raised. Incentives must be assured. Skills must be trained. All these and many other matters can be arranged only by public and private leaders in the developing countries.

It is not too much to say that the most useful effect of foreign aid is not the projects that may be built, but the support and stimulation that may be given to stronger and wiser development policies. Clearly each project should be well-run and effective, but the important question is what effect can aid have in encouraging and helping the local leadership to devise and apply firm development policies.

The third inference relates to the future need for aid from the U.S. and other donors. Just as many observers may have underestimated the prospects for economic growth, so many may also have exaggerated its cost. The purpose of foreign aid, after all, is not to help every country achieve the income standards of the advanced countries, but only to help aid recipients reach the point where they can move ahead on their own.

The real question is: what amount of concessional aid, coupled with sound self-help policies and actions, will put the country in question in position to move ahead on its own, to obtain its capital requirements on normal commercial terms, thus ending the need for concessional aid. Taiwan has only

started on the road of economic development. Many years of growth will be required before Taiwan will approach present U.S. income levels. Taiwan will need to import much capital over that period. But now it can do so on normal commercial terms, without further concessional aid. Taiwan has only started on the development process, but it has already finished the aid process.

II

If these conclusions are warranted, as I believe they are, one could suggest that the future U.S. aid policy should simply be to work on with those developing countries following strong self-help policies until, in country after country, economic strength and progress have been established and each has the capacity to continue its forward momentum without our aid.

So far as it goes, this conclusion seems to me correct. There is a group of countries—such as Israel, Mexico, Venezuela—in which the need for concessional aid—grants and soft-term loans—is clearly near its end.

There is a second group of countries making strong and solid progress though it will be some years before aid can be ended. These are countries which, like India, Pakistan, Korea, Turkey, Brazil, Chile, are following sound self-help policies. United States development assistance is heavily concentrated in these countries.

These countries are clearly on the road to economic self-support. They are likely to reach their goal at different times, since each starts with a different endowment of natural resources, skilled managers, and so forth. Some of these countries could be economically self-sustaining within five years, and even the poorest, probably within 15 or 20 years.

Our economic aid policies toward the type of countries I have been describing can be relatively simple—although their execution is frequently a very complex and difficult matter. The logic of the situation would seem to be to continue to do our full share in aiding these countries. Along with other donors, we should be prepared to provide even more aid in the future to these countries, if it will enable them to make faster headway toward economic self-support and the end of the need for outside aid.

The question of policies becomes more uncertain when we look at countries that do not have strong, full-scale development programs. Some of these are countries, such as a number in Africa, which are not in a position to make rapid progress toward economic development because they are seriously short of competent leaders, or because they have not yet found a way, in their particular political circumstances, to achieve a firm commitment to sound economic policies.

There have been suggestions that until such countries put their own houses in order there is little we can do to help them, and consequently we should no nothing. I believe such a policy would be utopian and wrong. There are certainly cases in which we should indeed provide no aid at all. Indonesia, a year ago, was such a case.

But many of these developing countries can be helped, by technical assistance and training efforts, to understand their own problems better and gradually to improve their development policies and programs. And sometimes a wise and timely use of incentives can help bring about important policy changes or reforms. This is delicate business, normally needing to be carried out privately, and preferably through the good offices of an international agency such as the World Bank or the IMF. But it can sometimes be done.

Our policy, therefore, in countries which are not fully committed to strong full-scale development programs, in my opinion, should be one of seeking to catch hold where we can, and to bring positive influence to bear where the opportunity is open to us, with the objective of helping more and more countries to embark on full-scale economic development efforts which can lead them toward economic self-support.

I have not mentioned so far one last group of countries to which we provide aid. These are the countries such as Vietnam and Laos, the Congo, and the Dominican Republic, where the first problem has been the restoration of peace and security, and economic aid is directed to assist that objective, as a prerequisite to longer-term considerations of economic and social progress.

If, therefore, you look across the developing world you can see a rough spectrum ranging at one extreme from countries torn by insurgency, through those which are at peace but are struggling to develop effective leadership and policies for development, through countries well on the road to solid development, to those at the other extreme where our assistance is terminating. It seems to me our economic aid policies can be fitted to the particular circumstances of these various types of countries, in order to help each of them achieve the next step forward from the restoration of security, through the development of effective leadership, through strong development programs, to economic independence. And it seems to me that looked at in this light, it is legitimate to say that if we stick with the job we can hope to see very substantial gains over, say, the next decade, along this path toward economic development.

III

In saying this, however, I would not wish to be understood as asserting that our present U.S. aid programs are nearly as good as they should be. A great deal of change has been underway and further changes are in prospect. I would cite three illustrations.

First, we are in process of adapting to the fact that foreign aid has become an international business—with other advanced countries in Europe plus Canada and Japan providing last year over $2.5 billion in aid to the developing countries. The most promising arrangements for coordinating aid are the consortiums and consultative groups, of which the World Bank has established perhaps ten or a dozen, with two or three more on the horizon. Through these consultative groups, the Bank takes the lead in working out the right prescription both for the self-help actions and for the amounts and types of aid that are required for a particular aid-receiving country.

It is feasible for the United States or another bilateral aid donor to take a leading role in working out the arrangements for strong self-help in a given country. We have done so successfully in several cases. It is clearly preferable, however, for this role to be played by the World Bank or another international agency, backed up by the bilateral aid donors. The consultative group, therefore, represents in our judgment a major improvement in our methods of providing economic assistance.

A second improvement which is well underway is to place much greater emphasis among both aid recipients and aid donors on the urgency of enlarging agricultural productivity in the developing countries and, meanwhile, of improving the arrangements under which food assistance is provided to them. In this same connection there is rapidly growing a more rational approach to the problems of population growth. The United States, I am glad to say, has played a leading role in both these areas.

One illustration of this is our invitation for the annual high level meeting of the Development Assistance Committee of the OECD to meet in Washington next week, with problems of food and agriculture in a prominent place on its agenda.

A third improvement which is underway in our aid programs is a greater emphasis on the encouragement of local and private initiative in the developing countries. We continue to support strongly American private investment in Asia and Africa and Latin America. And we are also finding more ways to support the growth of private and local organizations in the developing countries themselves—businesses, cooperatives, trade unions, farm organizations, and so forth. We are finding excellent support among private American organizations of all kinds for this approach, and a number of new organizations have been established by private groups to contribute to this end—as the AFL-CIO has established the African-American Labor Center and a group of businessmen led by David Rockefeller and Sol Linowitz has established the International Executive Service Corps.

In these and other ways the United States foreign aid program—and the aid programs of other countries—are in a state of rapid change and, I believe, increasing efficiency. It is a lively business, attracting highly able people to work on the challenging problems of economic and social change in the developing countries.

IV

I should like to close with an observation or two going beyond the area of economic development as such.

It is important not to expect too much. Our aid programs, when they are successful, assist developing countries to establish themselves as independent, self-supporting nations. That is a great accomplishment, and of great value to the United States. A world of independent, self-supporting nations, cooperating together to solve common problems, is the kind of world the United States seeks—in which we believe we can live most safely and most constructively. But such a world is not utopia.

The case of France illustrates the point neatly. France has been the largest single recipient of U.S. aid—over $9 billion in economic and military assistance. That aid accomplished what it was intended to accomplish, namely, the restoration of the French economy from the devastation of World War II, and the rebuilding of the French military forces as part of the NATO alliance. It is not an exaggeration to say that France is strong and free today as a result of United States aid, and that is a result which would have been worth a good deal more to the United States than $9 billion. But it does not require Bastille Day to remind us that an independent France may sometimes act independently. And the moral of that story is that foreign aid can solve some problems but not all.

A final observation. The question is often asked whether United States aid helps the growth of democratic attitudes and institutions in less-developed countries. In the present state of our knowledge, we cannot be sure of the answer. My own personal view is that aid is substantially helpful to this end, for several reasons.

The first is exposure. There is no doubt that most of the thousands of persons who come to this country under our aid programs, and most of those who come in contact with our technical assistance people abroad, are impressed by the freedom and mobility of our society and the benefits of government by consent.

Furthermore, under the aid program we deliberately foster many democratic institutions—savings and loan associations, for example, democratic trade unions, cooperatives of various kinds; government agencies with an attitude of service toward people; and many others. Through such institutions, people in developed counties learn at first hand how a pluralistic society functions, and

experience the necessity for responsible choice.

Finally, the economic and social policies which we foster are designed to broaden the base of economic participation and spread the powers of economic decision. Land reform, for example, is often a powerful means for making a society more democratic, as well as for stimulating the growth of investment and output in agriculture. The extension of education to more children at elementary, secondary, and higher levels broadens the basis for responsible participation in a nation's affairs.

In all these ways and for all these reasons, I believe the net effect of our aid programs is strongly positive in encouraging democratic evolution, and those critics who charge the aid program with perpetuating rigid social patterns and oligarchical control have simply not been looking at what we are actually doing around the world.

Nevertheless, I would certainly not argue that economic assistance is a sure recipe for democracy. There are many other influences at work, and it will plainly be a long, difficult struggle in many countries to find a satisfactory basis for political institutions that could properly be called democratic.

And so I am ending my association with AID with the good feeling of having been in the thick of a very good fight—of having been involved in an endeavor of very great significance to the United States and to the future of the world. The problems are extremely difficult, and we have much to learn about how to deal with them effectively. But I am convinced that the United States in its aid programs is on a sound footing. I trust we will have the wisdom and the fortitude to stay the course.

CAPTURED FLIERS

Mr. McINTYRE. Mr. President, President Johnson's measured comments on Hanoi's threats to try captured American airmen as war criminals have drawn favorable attention in the press.

In response to questions at his televised news conference this week, the President said the very thought that these men have committed war crimes is deplorable and revolting. Should North Vietnam put them on trial, he said, the people of the world would react accordingly.

Both the Baltimore Sun and Wall Street Journal similarly deplore Hanoi's action while contending we must keep uppermost in mind that our purpose is to bring the fighting in Vietnam to an honorable end.

Prior to the President's comments, the Chicago Daily News, like the Wall Street Journal, branded as nonsense North Vietnam's claim that the Geneva Convention on war prisoners does not apply in this case. If North Vietnam persists in violating international agreements, the Daily News said, it should be treated as a renegade nation.

I have editorials from each of the newspapers and would like to insert them in the RECORD.

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

[From the Baltimore (Md.) Sun, July 21, 1966]

THE CAPTIVE FLIERS

While stating strongly this country's concern over the threatened North Vietnamese maltreatment of captured American fliers, President Johnson took repeated occasion at his press conference yesterday to insist that our policy in Vietnam has not changed, and is still a policy of trying through military pressure and diplomatic exploration to bring the war there to a peaceful, honorable solution. The exploration continues even now, the President reported, and of course the military pressure will be maintained. Mr. Johnson emphasized his intention of confining the pressure as applied from the air to military targets. He was doing no more than facing the harsh facts when he said that any treatment of the prisoners as other than military assignments would be "deplorable and repulsive" and would draw reaction accordingly.

The moment is a grim one, and could grow grimmer, if the North Vietnamese persist in their miscalculations—or if we for our part, in the face of what indeed is ugly provocation, abandon the painful process of trying daily to find a reasonable way through the Vietnamese dilemma. We have first to protect the fliers, and other prisoners, and then, if possible, to continue the policy of discipline and restraint, believing as we must that in the end this policy will prevail.

[From the Wall Street Journal, July 21, 1966]

THE CAPTURED AIRMEN

The North Vietnamese threat to try, and possibly execute, captured American fliers is one more depressing development in a depressing war. And because it is so emotion-packed, it is all the more necessary to try to view it calmly.

Even as it is, the plight of the men is sad enough—paraded before taunting mobs and, judging from the photos, perhaps suffering other mistreatment as well. The idea that they might be tried and put to death as "war criminals" is evoking heated reaction here at home; one Senator warns that the U.S. would, in that event, make a desert of North Vietnam.

Understandable though the reaction is, it is not calculated to contribute to the most intelligent prosecution of the war. Hard as it is to say it, the national interest requires that the war be waged in accordance with the best military judgment, without regard to the fate of the airmen or to public outcry or to rancor within the Administration.

Actually, the Hanoi regime presumably seeks to influence America's conduct of the war. It is violating the Geneva Convention, to which it is a signatory, on the ostensible ground that the U.S. is waging an undeclared aggressive war; the contention is nonsense because the Convention applies to wars declared or undeclared. The real point is that it is in the nature of Communists to abide or not abide by the niceties of international law as it suits their purpose.

In this case it seems likely, as C. L. Sulzberger suggests in the New York Times, that the Communists are attempting to use the fliers to ward off further broadening of the war against North Vietnam; sealing off Haiphong harbor, for one example. In other words, they might try but not execute the prisoners unless the U.S. did undertake significant expansions on the attacks on the North.

We obviously cannot pretend to know whether expansion is dictated by military need. All we are saying is that it should not be done in reprisal; nor should new targets be rejected, in hope of saving the fliers, if such raids are deemed necessary for the war effort. The American purpose is to bring the war to an acceptable conclusion, and that must be the guiding consideration.

It will be a bitter thing if Hanoi carries out its threats. But when a nation is pitted against Communists, it has no reason to expect anything but Communist cruelty.

QUAKERS URGE PRESIDENT TO REVERSE LATEST ESCALATION

Mr. HARTKE. Mr. President, the General Conference of the Religious Society of Friends, often known as Quakers, held its biennial meeting at Cape May, N.J., from June 24 to July 1. More than 3,000 members were present for the meeting, coming from more than 30 States, including my own State of Indiana.

The historic concern of the Friends for the cause of peace is a tradition to which they have held for many years. In wartime they have furnished from their ranks ambulance drivers, medics, and other workers whose mission has always been that of healing rather than joining in the hurt of actual combat. In peacetime they have been a powerful force, far beyond their numbers, for the development of relief to the needy places of the world.

It might be expected, therefore, but it is nonetheless significant, that this general conference should express its deep concern for the conduct of our policies in Vietnam. By official action, the group united in sending to President Johnson a telegram signed by 600 delegates, expressing on the same day as the escalation of bombing of Hanoi and Haiphong, the strongest kind of protest:

This is another step—

Said the telegram—

in our descent toward barbarism and world anarchy.

Subsequently there was addressed to the President also a "minute" containing the statement of the Friend's group on the means which should be adopted for moving toward ending the war.

Mr. President, I ask unanimous consent that the statement of the Friends' General Conference, which includes the texts of the two statements addressed to President Johnson, be printed in the RECORD.

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

THE WAR IN VIETNAM, A DEEP CONCERN OF MEMBERS OF THE RELIGIOUS SOCIETY OF FRIENDS (QUAKERS)

Members of the Religious Society of Friends, meeting during their biennial conference at Cape May, New Jersey, June 24–July 1, 1966, were deeply disturbed by the announcements of the escalation of the war effort in Vietnam. In response to this escalation, Friends united in sending the following messages to the President of the United States:

1. A telegram sent on June 29, 1966 to President Johnson, signed by 600 delegates:

"Our hearts go out to the many Vietnamese men, women, and children who have been killed and injured by our bombs as well as to the Americans who have died today. We are moved to protest in strongest possible terms your decision to bomb Hanoi and Haiphong areas. This is another step in our descent toward barbarism and world anarchy. The decision flies directly in the face of the Secretary-General U Thant's June 20 recommendation that the United States cease bombing of North Vietnam.

"We are filled with anguish as we think of our own responsibility and participation as American citizens in this action. We plead

with you to pray for God's guidance that you will be given the wisdom and vision to adopt those policies which will end this terrible war by peaceful means and build a world in which all God's children can live in peace."

2. A minute addressed to President Johnson and other national and international leaders, approved by the Friends General Conference Central Committee on July 1, 1966:

"The General Conference of Friends, representing Yearly, Quarterly, and Monthly Meetings of the Religious Society of Friends from California to New England, meeting at Cape May, New Jersey, June 24–July 1, strongly urges President Lyndon B. Johnson, Senators, and Representatives of the United States Congress to reverse the latest escalation of the war in Vietnam involving the bombing of targets in the immediate area of heavily populated Hanoi and Haiphong. We, as Friends, have historically deplored the use of military force, but this latest action in Vietnam deeply concerns all men and women who believe that there are other ways to win the hearts of men and women than death and destruction by bombing. Bullets, napalm, and bombs have never won friends; but land reform, tax reform, and the elimination of corruption would go far toward the removal of the causes which have been a large factor in the civil war in South Vietnam.

"Among possible steps to end this war now, we urge the United States Government to:

"1. Work through the United Nations and the Geneva Conference for a peaceful solution:

"2. Accede to the proposals of the United Nations Secretary-General, U Thant, including:

"a. Cessation of bombing of North Vietnam;

"b. Scaling down of all military activities in South Vietnam, 'which alone could lead to an effective cease-fire';

"c. Willingness of all sides to enter into discussions with those who are 'actually fighting';

"3. Work for a quick return to civilian government in South Vietnam;

"4. Organize a peace-keeping force of Asians in this wartorn area under the auspices of the United Nations;

"5. Commit ourselves now to a phased withdrawal of U.S. armed forces as quickly as possible;

"6. Support plans for reconstruction of South Vietnam and North Vietnam indicated by the President in his proposals last spring at the Johns Hopkins University."

We are deeply aware of the tremendous burden of decision resting upon the shoulders of the President of the United States. We pray that he will have the courage to work through that Eternal Spiritual force which can guide us all toward a Peace on Earth for all the children of God.

CLEAN WATER

Mr. METCALF. Mr. President, two prominent Eastern newspapers cheer the Senate for passing without dissent legislation designed to clean our rivers and streams.

Each asks the House to follow suit.

Much still remains to be done to rid the Nation's waters of pollution, but the New York Times and Washington Post endorse the bill to generate Federal, State, and local spending of some $200 billion over the next 6 years.

Both newspapers declare the pollution of our water resources has reached alarming proportions. But as the junior Senator from Maine—the bill's chief sponsor—has contended, the people have given Congress a mandate to act.

In recognition of this mandate, I offer these newspaper editorials for the RECORD.

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

[From the Washington (D.C.) Post, July 15, 1966]

MANDATE FOR CLEAN WATER

The 90-to-0 vote by which the Senate passed the clean-rivers bill is indicative of a tidal wave of reaction against filth in our streams. A few years ago it was difficult to arouse any interest in pollution or its abatement on a national scale. Now there is mounting alarm, and, according to Senator MUSKIE, the chief sponsor of the Senate bill, the people have given a mandate to Congress to end the shocking abuse of our water resources.

In any event, the Senate has responded with a commendable sense of urgency. It voted to authorize the spending of $6 billion for pollution control over the next six years. The program is designed to stimulate a total outlay of $20 billion, with the states and municipalities contributing the larger share. It remains to be seen whether the local governments will take full advantage of this opportunity to reclaim their corrupted rivers. But the Federal incentive will certainly be much stronger than ever before.

To date the states have been shockingly negligent in this field. With many of their rivers stinking from sewage and many harbors befouled by oil and other wastes, 42 states have done nothing at all, leaving the whole burden on their municipalities. As a result numerous towns and cities are pouring raw sewage into the same stream. Even where municipalities have made some effort to cope with the problem, they tend to be overwhelmed by their own corruption. The wholesale fouling of our once-clear rivers is truly a national disgrace.

The central idea behind the present bill is to clean up entire river systems. At the request of a state, or several states in the case of interstate streams, the Secretary of the Interior may designate a planning agency for an entire river basin. The plan devised by that agency would have to meet the standards fixed by the bill and the state would have to put up 30 percent of the cost of the essential treatment facilities. In these circumstances, the Federal grant could amount to 50 percent of the entire cost, leaving only 20 percent for the municipalities.

Apart from the basin-wide projects, the bill would eliminate existing dollar ceilings on grants to state and local agencies for the construction of treatment works. It would set up a special program for depressed areas which cannot finance sewage treatment facilities. It would provide a 10-percent Federal bonus to encourage joint action by large metropolitan areas in meeting their pollution-control problems. Funds would also become available for the training of personnel in pollution control, for additional research in the disposal of radioactive wastes, the pollution of estuaries and so forth. It is an immense undertaking.

Let no one suppose, however, that the pollution problem is about to be solved or that no further efforts are necessary. Senator MUSKIE candidly told his colleagues that two major problems are left untouched by his bill; the disposal of industrial waste and the separation of storm and sanitary sewers. Under the best of circumstances, moreover, the billions voted by the Senate would provide only primary and secondary sewage treatment for 80 percent of the population. Someone has estimated that it will cost $100 billion to wipe out the country's befoulment of its water resources, and then it is doubtful whether the job would be complete.

The Senate bill will also need scrutiny as to the clean-water standards it provides. Yet, with all its deficiencies, it is a remarkable step forward. The House should be at least equally forthright and positive in its response to the mounting mandate for clean water.

[From the New York Times, July 15, 1966]

THE SENATE ACTS ON POLLUTION

The Senate has given a powerful thrust to the fight for cleaner air and water in America. Without a dissenting vote, it has passed and sent to the House a $6.2-billion, six-year program to eliminate water pollution and a bill authorizing $196 million over three years to combat air pollution.

For cleaner air, the bill would provide up to 50 per cent of the costs of antipollution programs for individual communities and up to 60 per cent for campaigns undertaken jointly by cities or states.

For cleaner water, the Senate program would go well beyond Administration requests. In fact, in his testimony on a similar bill before the corresponding House Committee, Interior Secretary Udall had urged a ceiling of $3.45 billion over five years.

Senators did not just pluck the $6-billion figure out of thick air, however. This sum would provide Federal contributions averaging about a third of the cost of urgently needed water purification programs across the country. Sponsors believe that if the states and localities cooperated properly, this expanded program could eliminate the present $20-billion backlog of required waste-treatment facilities over the six-year period.

Mr. Udall is under budgetary pressure because of the expanding war effort in Vietnam. Even his proposed ceiling would go well beyond current programs and President Johnson's request for the clean-rivers campaign this year. But the need is clear and a major, effective antipollution effort is many years overdue. House action is now imperative.

COMMUNISTS LOSE GROUND

Mr. MOSS. Mr. President, if we think we have world problems, consider the view from the Communist angle.

The Aurora, Ill., Beacon-News, one of the Copley newspapers, makes this suggestion in an editorial describing the domestic and international failures that mar the outlook for Red China and Russia.

Their problems do not solve ours, the newspaper acknowledges, but they do indicate that our policies furthering multilateral alliances and economic stability among friends are right.

When the Communist world falters, the editorial advises, we should play from a hand of strength to assure victory for freedom and the dignity of man.

I ask unanimous consent to have printed in the RECORD this description of cracks in the Communist front.

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

[From the Aurora (Ill.) Beacon News, July 11, 1966]

CRACKS DEVELOP ON ALL FRONTS—COMMUNISTS LOSE GROUND

If at times, the world problems of the United States of America seem grim and depressing, consider how the globe must look to the Communist today.

Red China, one of the two major atheistic Communist powers, is fighting a bitter internal ideological war and has a serious difference of opinion with Russia.

Its aggression in Indonesia was a total flop; it has alienated India and even Pakistan has shown a noticeable cooling to the wiles of Mao Tse-tung. A Red Chinese ideological invasion of Africa was a dismal failure. Peking's agricultural and industrial economy is archaic and stagnating.

The problems of Russia, the other large Marxist power, are no less serious. Its agriculture is so weak it is still spending hoarded gold to buy Free World wheat. Its industries are years behind major free world nations despite abortive attempts at a pseudo free-enterprise system. The people are restive, demanding more consumer goods and more luxuries.

In the political realm the problems of Russia make those of the United States seem small. After 11 years of existence, the Warsaw Pact, a counterpart to the North Atlantic Treaty Organization, is faltering. Without total Russian domination, there probably would not be a pact.

Romania, Yugoslavia and even the militant Czechoslovakia are rebelling at the iron hand of the Kremlin. Additionally, communism and Catholicism are in a major confrontation in Poland. And on the other side of the continent, China is casting covetous eyes on its former territories in Siberia.

In Southeast Asia the war is going badly for both the Red Chinese who spur it ideologically, and the Russians who are supplying much of the equipment and technical knowledge.

In the American hemisphere, the Russians have an albatross in the form of Fidel Castro, who may be near the verge of collapse in Cuba. The problem is further aggravated for Russia by failure of the Cuban sugar crop and inordinately low world prices for the commodity.

Because of quick and proper United States assistance, the Communists failed to gain a toehold in the Dominican Republic. Throughout Latin America the resolve to suppress communism is rising.

The problems of the atheistic Communist world do not, of course, solve our own in the Free World. They are, however, an indication that our policies furthering multilateral alliances and economic stability among friends are right.

In short, when the Communist world falters, the United States must play from a hand of strength to assure the victory so dear to all mankind—freedom and the dignity of man.

FEDERAL-AID HIGHWAY PROGRAM AND RELOCATION

Mr. MUSKIE. Mr. President, the problems of families and businesses displaced by various Federal-aid and federally aided programs are rapidly growing more serious as these programs grow in size, and especially as they expand in urban areas where increased displacement is inevitable. As a step toward insuring fairness and to improving the assistance to those displaced, I have introduced S. 1681, which the Senate has passed unanimously. As chairman of the Subcommittee on Intergovernmental Relations, I have held extensive hearings on these problems. While a truly complete program of assistance to the displaced will require legislation by the Congress, there is much that can be done by Federal agencies now, under existing authorizations, if they have a sincere concern for the problems of the displaced. This is illustrated by a number of actions by Federal Highway Administrator Rex M. Whitton to improve the treatment of persons whose homes and businesses are taken by Federal-aid highway projects.

Recently, during hearings on the Federal-Aid Highway Act of 1966, I questioned Mr. Whitton about the procedures for property acquisition and relocation assistance in the Federal-aid highway program, and I was pleased to learn how far he had gone beyond meeting the minimum requirements established by the Congress. He told me that in addition to insuring that the State highway departments are providing relocation advisory assistance to families displaced by Federal-aid highway projects, as required by law, and encouraging the States to take advantage of available Federal aid to help pay the moving costs of those displaced, he has taken action to insure the fair treatment and prompt payment of those whose property is taken for highway projects. These actions are a part of a broad effort by the Bureau of Public Roads to insure that the Federal-aid highway program is responsive to all its social responsibilities and considerate of all human values.

Mr. President, I ask unanimous consent that a list of some of the actions that illustrate the scope and depth of the Bureau's efforts taken under that program be printed at this point in the RECORD.

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

October 23, 1962, Federal-Aid Highway Act of 1962: The Federal-Aid Highway Act of 1962 is intended to insure that highway programs in urban areas be compatible with and contribute to the overall goals of the community by requiring that they be based on a "continuing, comprehensive transportation planning process carried on cooperatively by States and local communities in conformance with the objectives" of the Act, which are "to encourage and promote the development of transportation systems, embracing various modes of transportation in a manner that will serve the States efficiently and effectively," and that highway plans and programs be "properly coordinated with plans for improvements in other affected forms of transportation and . . . with due consideration to their probable effect on the future development of urban areas."

The Act also provides that State highway departments must provide relocation advisory assistance to persons displaced by Federal-aid highway construction, and it permits Federal participation in the payment of moving costs to persons or businesses displaced.

March 1, 1963, Esthetics in Highway Location and Design: In a memorandum to Bureau of Public Roads field offices, Federal Highway Administrator Rex M. Whitton emphasized the need for consideration of esthetics in highway location and design decisions, and establish a program for the collection and dissemination of information leading to more beautiful highways.

June 12, 1963, Protection of Fish and Wildlife Resources: Federal Highway Administrator Rex M. Whitton issued an Instructional Memorandum requiring that State highway departments adopt a procedure to be followed in locating, planning and designing of Federal-aid projects that would protect fish and wildlife resources. He said: "This procedure shall contain provision for suitable coordination between the activities of the State highway department and the activities of the appropriate State agency charged with the responsibility for the conservation of fish and wildlife. To accomplish the desired coordination, this procedure, as a minimum, should provide that the State highway department shall (a) submit programs of proposed Federal-aid highway projects to the State fish and game agencies at an early stage with a request that the fish and game agencies indicate those projects of interest; (b) furnish notice of public hearings, where required by Section 128 of Title 23, United States Code, to the fish and game agencies; and (c) adopt such other methods as will afford the State fish and game agency full opportunity to study and make recommendations to the State highway department concerning the proposed project prior to its submission by the State to the Secretary."

May 25, 1964, Protection of Parks and Other Recreational and Historical Resources: Federal Highway Administrator Rex M. Whitton issued instructions which, in effect, require that on all Federal-aid highway projects the same consideration be given to the protection or improvement of parks and other outdoor recreational and historical resources that was required to be given to fish and wildlife resources by his June 12, 1963 instructions.

September 15, 1964, Considerations in Highway Location Decisions: In a memorandum to clarify highway location practices and requirements, the Bureau specified formally that in the comparison of highway location alternatives consideration be given to the following "social and human values" in addition to defense, economic, and safety factors: Recreation, esthetics, residential character and location, religious institutions and practices, rights and freedoms of individuals, conduct and financing of government, conservation, replacement housing, education and disruption of school district operations, specific numbers of families and businesses displaced.

January 25, 1965, Highway Beautification: In response from a directive from President Johnson to Secretary of Commerce John T. Connor, and before the enactment of the Highway Beautification Act of 1965, Federal Highway Administrator Rex M. Whitton issued instructions requiring landscaping on all new Federal-aid highway projects; that authorized landscaping on completed Federal-aid highways, with priority to be given to screening unsightly areas; that authorized the doubling of the number of safety rest areas on the Interstate Highway System, the construction of an equal number of smaller less elaborate rest areas on the Interstate System, and the construction of rest areas on the Primary highway system on the basis of the same criteria applied to the Interstate; that authorized Federal-aid for sanitary and other facilities for the convenience of the public in rest areas.

September 13, 1965, Payment for Property Acquisition: Federal Highway Administrator Rex M. Whitten issued instructions that Federal aid funds would not participate in the cost of right-of-way acquisition unless the owners of property were assured a payment of 75% or more of the fair market value before being required to surrender physical possession of such property.

November 30, 1965, Fair Payment for Property Acquisition: Federal Highway Administrator Rex M. Whitton issued instructions that for property acquired under the Federal-aid program, property owners had to be offered, in writing, the fair market value of their property and before the beginning of condemnation proceedings. He said, "It should be unnecessary for anyone to have to bargain with a State in order to receive an

offer that represents fair market value or be forced to institute legal action to be fairly compensated."

Federal Highway Administrator Rex M. Whitton, in a speech before the American Roadbuilders' Association announced the program to have actual highway construction operations carried out in a way that would minimize any disruptions of the public and would be fully considerate of the interests of highway users, adjacent property and natural resources. In a speech on April 4, 1966, he presented the following checklist of desirable construction practices:

"CONSTRUCTION PRACTICES—MEANS BY WHICH CONTRACTING AGENCIES AND CONTRACTORS CAN PROTECT THE INTERESTS OF THE TRAVELING PUBLIC AND OTHER AFFECTED PERSONS AND ADJACENT PROPERTY DURING HIGHWAY CONSTRUCTION OPERATIONS

"1. Clearing and Grubbing:

"A. Selective tree removal—those trees that do not need to be removed should be preserved to enhance the beauty of rights-of-way.

"B. Care should be taken that property lines are respected and that property owners are advised of clearing operations, the extent of work involved and the effect it might have on the property owner.

"C. Be careful during burning. Abide by the local ordinances and, if indicated, inform nearby residents.

"2. Drainage:

"A. Provide drainage structures sufficient to accommodate flow and prevent ponding on adjacent property.

"B. Obtain sufficient easement for new drainage courses.

"C. Correlate increased use of easement caused by increased flow or rapid runoff with affected property owners.

"D. Prevent unnecessary ponding during construction.

"E. Maintain drainage courses free of construction debris.

"3. Grading and Paving Operations:

"A. Protect people at point where equipment crosses public ways; provide uniformed policemen if necessary.

"B. Keep crossings clean.

"C. In hauling material, avoid residential areas; if this is impossible, use prudent speed and vary the route.

"D. Don't overload vehicles.

"E. Use dust preventatives on haul roads and subgrades.

"F. Provide adequate covers for concrete batch trucks.

"G. Insure that necessary devices to prevent dust and air pollution are provided at material plants.

"H. Mobile operations such as asphalt plants, crusher and concrete paving plants should not be visually offensive and upon completion of work the areas should be returned as much as possible to their original state.

"I. Borrow pits should be screened and when exhausted should be converted to some useful purpose, recreation or otherwise.

"4. Excavation—Blasting:

"A. Inform residents of pending blast operations.

"B. Don't overshoot. Use light loads and more holes in congested areas; this also applies in rural areas in that it provides neater work and requires less maintenance.

"C. Thoroughly check blasting procedures to determine the possible effect on the water table and subsequent loss of vegetation and water supply.

"D. Sample wells before and after blasting operations for possible contamination.

"5. Structures:

"A. Provide safe and efficient detours.

"B. If overhead work is involved while traffic is being maintained take measures to protect traffic from falling objects, paint, etc.

"6. Maintenance of Grade:

"A. If, prior to paving, the grade is used to carry traffic, dust should be controlled.

"B. Potholes and unnecessary roughness should be avoided, and if a temporary seal coat is specified in the contract be sure it is applied as soon as possible.

"7. Maintenance of Detour:

"A. Install proper signs and assure continuity of signing throughout length of the detour.

"B. Provide adequate traffic capacity on detour.

"C. Provide proper lighting and protection from construction hazards.

"D. Advance notice of changes in detour locations etc. to the traveling public via radio, television or newspaper provides for good public relationship.

"E. Advance notice of any temporary construction activity which might influence motorists to change routing and avoid inconvenience.

"8. Utility Adjustments:

"A. Notify people living in a construction area in advance of a temporary halt in utility services such as when a water main must be relocated and service must be interrupted.

"B. Make provision for temporary maintenance of service if service is to be suspended for any length of time.

"C. Necessary adjustments on private property should be left in the same or better condition than originally.

"D. Coordinate utility and construction work to avoid having to cut open new pavement to install underground utilities."

Mr. MUSKIE. Mr. President, more recently, however, the Bureau of Public Roads developed a concept that goes well beyond a concern for merely minimizing any adverse effect caused by highway construction—that would contribute positively to all of the community values of an area through which an urban freeway might be built—and, specifically, that would provide replacement housing for those displaced by the freeway construction. The Bureau's concept of a program for the joint development of urban housing and urban freeways is being studied in detail to determine what technical, financial and legal problems might have to be resolved before it can be formally implemented. I believe this concept merits consideration, and should be studied in light of the additional legislation that may be needed at the Federal and State levels. I ask unanimous consent to have printed in the RECORD at the close of my remarks a talk by Thomas F. McGarry, special assistant to the Federal Highway Administrator, outlining the Bureau's concept.

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

JOINT DEVELOPMENT OF URBAN HOUSING AND URBAN FREEWAYS

(Remarks by Thomas F. McGarry, Special Assistant to the Federal Highway Administrator, before the Western Regional Meeting, American Public Works Association, Portland, Oreg., June 13, 1966)

I bring you greetings and best wishes from Federal Highway Administrator Rex M. Whitton. I also bring his expression of sincere disappointment over not being able to accept your invitation to appear here today. He looked forward to your meeting as an appropriate forum to discuss publicly some emerging concepts about the complex role of highways in the urban scene. He has asked me to present this subject in his stead, in the hope that it will help stimulate a creative exchange of ideas.

To everyone concerned with public works, the rapid urbanization of the United States presents the dominant challenge of the latter half of the 20th century. In the space of a few generations, as history goes, we have built a home in this country for 200 million people. But now it falls to us to rebuild and double the size of the great cities, where most of us and our children will live by the end of this century.

To say that America's urban areas are entering a period of revolutionary growth might be an exaggeration. But it is almost an understatement to say that they, at least, are in an era of escalating evolution.

How we respond to this dynamic growth and change, in the decisions we make today and tomorrow, will determine the quality of life for future generations.

If there is a note of urgency in that statement, it is intentional. The problems of urbanization are upon us today, and they are not likely to diminish in the future.

The need for action and decisions is similarly, upon us. Even as we meet, the pressures of population, the competition for space, and the demands on other natural and economic resources are increasing. We cannot ignore them and defer until tomorrow decisions on actions required today. As Rex Whitton has repeatedly said in discussing the problems of our cities, a decision deferred is a decision made. To unduly defer decisions is to surrender our cities to the chance resolution of forces that are neither benign, benevolent or beneficent.

We must, of course, work toward the ultimate or ideal solutions, but certainly we cannot afford to wait for them. We need to apply now the best skills and imagination available to us today. We must use both experimentation and the knowledge we already have.

This is obviously necessary wtih respect to the urgent problems facing highway transportation in urban areas. We need to encourage creative approaches to solving the problems of urban congestion, of the impact of highways on various aspects of urban life, of the relative roles of highways and other forms of transportation. To fully explore any of these aspects would take volumes.

Today, however, I would like specifically to discuss a new and creative approach to finding solutions to some of the most pressing needs of highly developed urban areas, through the joint development of urban housing and freeways.

Basic to this approach is the concept that the fundamental problem is the city itself, or, actually, the success of the city.

Cities are, in reality, instruments of communication. By their very purpose and nature they bring people together. It is true that their design is determined to a large extent by the kind of transportation available to their inhabitants. But transportation is not an end in itself. It is an instrument of service for the city and its people. It cannot be considered apart from the city itself.

Today, with urbanization increasing at a rapid pace, the success of the cities—to which highway transportation has made a big contribution—breeds its own problems.

Any effort to come to grips with urban transportation problems must be viewed within this context, and it must be pursued within the realities of life in the cities we are trying to serve.

While transportation is a vital element, the basic organism is the city. And within the city there are many public interests in addition to transportation, and these are sometimes competing or conflicting. When these

conflicts are not resolved, needed improvements are delayed and the whole community may suffer.

Thus, if we are to proceed with orderly speed in meeting the urgent transportation needs of our urban areas, we have a responsibility to respect the interests that overlap our programs. In the highway field this requires respect for the public in humane land acquisition policies and in the displacement of people and businesses; in aesthetics, both in the design of highway improvements and in the treatment of roadsides; in traffic safety; and in the historical, cultural and recreational values of the community.

We have seen a growing awareness of these social responsibilities of highways in recent years. Much of the leadership in focusing attention on them, and in coordinating policies to cope with them, has been provided by Rex Whitton and the Bureau of Public Roads. Through the Federal-aid highway program, a series of steps has been taken to assure effective recognition of these legitimate, overlapping interests.

The Bureau, meanwhile, is continuing to study the obstacles to the realization of adequate urban transportation systems, and is seeking cooperative solutions that will produce the greatest benefit for urban areas.

One of the most apparent and serious of these obstacles arises from the shortage of space in built-up urban areas, and the resultant competition for space between various necessary public and private usages.

Under the pressure of population growth and dynamic expansion, cities are faced with the need to improve the quality and quantity of housing facilities, of transportation, of educational and recreational facilities and of other public services—or face the certain prospect of stagnation.

All of these needs require urban space; each has been viewed as a potential threat to the others. The problems are particularly difficult in cities where virtually all usable land has been developed. Where no land is available for relocation within the city, the taking of land for public purposes—as for highways or schools—results in the loss of a taxable usage, either through outright elimination or through its removal to another jurisdiction. Frequently, the relocation of families displaced by public projects can present problems for which satisfactory solutions are not readily available. (It is not difficult to theorize an ideal solution to such family displacement problems, but all too often such solutions prove unattainable.)

Now, these urban needs could be viewed separately. In almost all of our cities, there is a present and obvious need to improve housing. Blighted and substandard facilities need to be replaced, and more low- and middle-income housing should be provided. This need would exist regardless of the need for better transportation.

At the same time, there is a present and obvious need for finding solutions to mounting transportation problems—problems that will continue to grow with urban growth. In the large urban areas, freeways can make a vital contribution in reducing traffic congestion and in improving accessibility between the central city and its suburbs and between different sections of the city and region. This need exists now, regardless of the housing need.

However, to the extent they displace people, highways aggravate the housing problem, just as higher population densities aggravate the transportation problem.

Along with these needs, if cities are to avoid decay and improve the quality of life, they must provide better schools, parks, playgrounds, and more open space.

In view of the urban space shortage, all these needs involve a common objective: The more efficient use of urban land.

Furthermore, in certain instances where freeway improvements are being planned, these needs exist side by side. It would appear, then, that an opportunity exists to serve all these needs more economically and efficiently through a comprehensive approach. This is the key to the Bureau of Public Roads' concept of the joint development of urban housing and freeways.

As I have indicated, the Bureau and the State highway departments have been increasingly concerned with the impact of freeways on the urban environment. The Bureau has endeavored to keep the width of urban rights-of-way to the minimum needed to provide adequate highway service. It has called on architects and planners to make use of the airspace over highways. And it has urged that freeways be located to cause a minimum of displacement, of infringement on parks, and disruptions to neighborhoods, school districts or church parishes.

Obviously, it is impossible to reduce to zero the impact of all facilities as they existed prior to highway construction. However, it is possible to plan improvements in conjunction with highway construction so that the end result is a net improvement for the community. This approach is particularly suitable for areas where existing housing and community facilities are substandard and replacement is indicated. By giving attention to neighborhood needs, the overall projects can contribute to the renewal of the urban area.

Of major significance to the feasibility of the joint approach is the question of land acquisition. In keeping freeway land acquisition to a minimum width, highway departments often are required to pay considerable amounts in severance damages to affected property owners. These damages may result from the partial taking of a piece of property or from the consequences of highway construction which would depreciate the value of the remaining property, such as obstruction of light, air, or view, or removal of yard space, or the restriction of access.

Studies by the Bureau have indicated that in some urban situations, the cost of acquiring entire blocks or squares of property for the right-of-way would be comparable to, or only slightly higher, than the cost of minimum or restricted right-of-way itself, plus severance damages to the remaining properties in the blocks.

In such situations, it would be advantageous to acquire the entire blocks, provide the necessary space for the freeway, and utilize the remaining space for replacement housing, parks, playground, shops or schools, and parking. Further, since the difference between the cost of acquiring additional space for these complementary neighborhood projects and that of acquiring freeway space alone would be relatively negligible, these complementary projects could be provided at reduced cost, compared to the expense of providing them separately.

The joint approach needed to carry out a comprehensive development program taking advantage of these possibilities can be outlined in general terms, recognizing that procedures must be tailored to each individual situation.

First, it should be clear that the objective is more efficient use of urban land, and that this can be effected where a proposed new highway traverses land devoted to inefficient use through substandard, depreciated, or blighted development.

To get efficient use, space alongside, under and over the highway must be redeveloped in conjunction with the highway. As indicated, acquisition of the needed space is not significantly more expensive than the cost of a minimum or restricted highway right-of-way.

Acquisition can be accomplished through a public corporation, authority, or agency, invested with sufficient power of eminent domain to condemn any land required. Such land could be all the land, or that which cannot be acquired as highway right-of-way. In some localities, similar types of agencies already have been established to implement urban renewal programs.

One procedure would be for this agency to acquire full blocks of areas to be renewed along the line of the right-of-way. The highway department, then, would buy a permanent three dimensional easement from the agency for the space needed—in effect, an "air tunnel" for the freeway, which might be elevated, depressed, or at ground level.

The remaining space in each block, both beside and over or under the proposed freeway, would be available for development. Priority could be given to providing replacement housing for those to be displaced. Studies by the Bureau of Public Roads indicate that the typical "row house" or tenement housing of blighted urban areas can be replaced with an equal number of housing units on one-third the land area with modern high-rise, air-conditioned buildings. This would mean that the equivalent of one block in every three could be devoted to replacement housing, probably taking advantage of air space over the freeway, and two blocks would remain open for other development—parks, playgrounds, swimming pools, parking, schools or public buildings, additional housing, or stores, which could be located under an elevated roadway. A random mixture in each block probably would be most desirable and effective, and could avoid ventilation difficulties for the highway.

In planning the complementary development, officials could make use of a variety of existing programs, such as public housing, Federal programs for privately owned low- and middle-income housing, open-space and recreational assistance programs. By combining these programs with the funds secured for highway right-of-way, the land acquisition costs should be reasonably liquidated. In addition, tax-paying usages would occupy a portion of the new development, and the improvements would have the added impact of encouraging rehabilitation and resultant higher values in adjoining property.

By careful planning, demolition and improvements could be scheduled to minimize if not avoid inconvenience to those displaced.

What I have described is not a fanciful, utopian, maybe, someday, someplace, somehow scheme. It is a concept developed by the Bureau of Public Roads that can meet a need that exists now, and that can be utilized in a great number of urban areas. It is not being tossed on the table and left for someone to show an interest in it. It is being pressed as a priority program for further refinement and actual implementation.

A consultant's study is now underway on the application of this concept on an active freeway project in the District of Columbia. The study should provide answers to many of the technical, financial and legal problems that will have to be resolved before the Bureau can issue detailed policies and procedures for the program. As soon as the consultant's study is available, it will be distributed to the Bureau of Public Roads' regional and division engineers with copies for the State highway departments and other involved agencies.

Meanwhile, the Bureau has directed its field offices to explore with the State highway departments, the possible application of this concept, so that when the program is ready for formal undertaking the States will be in a position to take early advantage of it.

The possibilities of the joint development of urban housing and urban freeways should commend itself to you because of your con-

cern for efficiency, for economy, and for the general public good beyond whatever your responsibility might be for a narrower area of public works or transportation. I would also emphasize, however, that it should have a compelling interest to even the person with the most provincial view of highway transportation. Where we go from here in the highway field largely depends on how well we can accommodate our program to the full range of human values, or how well we can recognize and respond to all the social responsibilities that are thrust upon us.

Certainly, one of our major social responsibilities is for the fair, decent and humane treatment for the people and businesses displaced by highway construction. The day is long since passed, if indeed, it ever existed, when someone could say, "I'm in the highway, not the housing business."

We can respond to our responsibilities out of our own initiative and our sincere concern for the public interest, or we can be dragged kicking and screaming to them by legislation. If the handwriting on the wall is not clear enough, the printing in the CONGRESSIONAL RECORD is certainly legible—and it shows the increasing possibility of legislation that could well prove to be onerous to the highway and other public works programs.

The pattern is simple enough. When any industry or group does not, on its own, respond to what the public expects of it, the public reacts through legislation. That happened in the billboard control legislation, and it is happening in the truth-in-packaging and auto safety legislation.

Much progress has been made in the highway program's concern for displaced people and businesses, but more remains to be made. All States now provide relocation advisory assistance for persons displaced by Federally-aided highway projects, and steps have been taken to insure uniformity and fairness in the appraisal, negotiation, and payment for property acquired for Federally-aided highway construction. As an indication of what remains to be done as a minimum, only thirty-three States and the District of Columbia are paying moving costs to displaced persons and businesses, even though such payments are eligible for Federal reimbursement in the same proportion as highway construction costs.

However, what the Bureau of Public Roads envisions in its joint urban housing and urban freeway proposal is not the mere meeting of a minimal demand for a more humane or considerate highway program, or the minimizing of the possibly adverse effects of highway construction. It sees the opportunity for the creative cooperation with other public and private efforts.

It sees the opportunity to serve not just transportation needs but "people needs." It sees the opportunity to put into practice what Rex Whitton means when he says, "Highways are for people, not vehicles."

PROPOSED HYDROELECTRIC POWER DAMS IN GRAND CANYON

Mr. CASE. Mr. President, millions of people the world over have visited the Grand Canyon of the Colorado.

Most have seen it from a rim above the canyon. But some more fortunate visitors have descended into the canyon to examine at closer range the magnificent colors, the water falls, the caves, and the wildlife habitats.

If they combined this trip into the canyon with a boat trip on the Colorado River, they have had an unforgettable experience.

Now, however, all this may be changed by a plan to build two hydroelectric power dams in the canyon. If this unfortunate plan succeeds, much of the canyon will be destroyed and what remains will be radically changed.

Recently, Kenneth Gatlin, son of Mr. and Mrs. Kenneth G. Gatlin of Morristown, N.J., made a trip on the Colorado River through the canyon and wrote of his experience in a letter to his parents. Kenneth's description is a moving one and Mr. and Mrs. Gatlin thoughtfully have given me permission to share it with others.

I ask unanimous consent that Kenneth's letter be placed in the RECORD after my remarks.

Mr. President, at the same time, a most interesting editorial from the June 22 editions of the Rocky Mountain News, Denver, Colo., has come to my attention. This editorial provides a number of sound reasons for opposing the proposed Grand Canyon dams and I ask unanimous consent that it, too, be placed in the RECORD.

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

DEAR MOM AND DAD: The trip was a great success—without question the most unique and special way to spend 10 days I can think of. Every American should take this run down the Grand Canyon; All of you would especially like it and I can't recommend it too highly. Any fears of the extended camping (which I had), or exposure (which you probably have), or the dangers you might encounter (which we all have) melt away as you enter the incredible splendor and adventure on this trip. We had several on the trip, and never a complaint from anyone. The rapids are beyond description for excitement and thrills, and impossible to navigate except in an inflatable raft. All other rivers are like lakes in comparison. We progressed down the canyon from the present back some 2 billion years in geological time; through all colors from reds and blues and greens to polished coal black canyons. We saw waterfalls, caves, an abandoned copper mine with beautiful blue-green deposits in arsenic walls, hot springs, the Little Colorado River which is turquoise on a white bottom, picked up lots of Indian pottery remains, saw wild burros, Rocky Mountain goats, bighorn sheep, innumerable lizards and no people. Three hundred miles of river, no portaging, camping on sand bar beaches at night, no tents, no bugs, no rain, no humidity. You don't see the Grand Canyon until you see it from the river. Peeking over the edge at the South Rim may be impressive, but what you see is totally unlike what is below.

[From the Denver (Colo.) Rocky Mountain News, June 22, 1966]

GRAND CANYON GIVEAWAY

The West needs water and should have federal help in getting it. But not at the expense of the Grand Canyon.

Congress is getting ready to act on a clumsy, costly and unimaginative plan to finance a diversion of Colorado River waters to dry areas of Arizona.

The U.S. Reclamation Bureau wants to slap up two dams, a $511 million job just below Grand Canyon National Park and a $360 million structure just above it. The impoundments would flood 13 miles of the inner canyon within the national park.

This abuse of a natural wonder might be justified as a last-resort measure if this plan alone would provide the needed water. But that's not even the purpose of the plan.

Instead, the dams are intended merely as a financing device. They would produce hydro-electric power, the sale of which would pay for a $500 million aqueduct.

This is absurd. If the Government wants to finance the aqueduct by power sales it could do so much more cheaply and efficiently by building steam or nuclear generating plants.

Further, construction of the dams would waste the very water that is in such short supply—through seepage in the dams' porous sides and evaporation over the vast reservoir surfaces.

The architects of this clumsy scheme obviously don't dare risk a proposal to go into the power business in a businesslike way—locating efficient steam or nuclear plants near potential markets.

Most of the ultimate consumers are in California. This would draw down on them the ire of a well-organized private power lobby.

Instead, under the guise of a "reclamation" project, they prefer to take something away from all the people, who don't have well-heeled lobbyists to protest.

The interests of true national economy probably would be better served by just paying for the aqueduct out of the general fund. The whole nation, after all, will profit from development of arid regions of the West.

Meanwhile, this cynical and unimaginative scheme—known as the Colorado River Basin Project—should be pigeonholed.

REPAIR OF FLOOD DAMAGED ROADS BY THE BUREAU OF LAND MANAGEMENT AND BUREAU OF PUBLIC ROADS

Mr. MORSE. Mr. President, last fall I had occasion to call attention to the rate at which the Bureau of Land Management and Bureau of Public Roads were restoring roads damaged by the December 1964 floods.

I am pleased to insert in the RECORD a current report on this subject, supplied by Acting Director Crow of Bureau of Land Management.

These tables show the progress that has been made.

Out of a $25,588,759 availability for the regular Bureau of Land Management program and storm damage, $20,033,744 was obligated by May 31. However, of the $5,555,015 unobligated balance, $3,095,982 was allotted to on-gong work even though it is not technically obligated. The working balances actually available for obligation consist of $971,804, for use by the Bureau of Land Management and $1,487,229 available to the Forest Service.

This is a substantial improvement which reflects the progress made in repairing flood damage.

I ask unanimous consent that the letter and tables be inserted at this point in my remarks.

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

U.S. DEPARTMENT OF THE INTERIOR,
BUREAU OF LAND MANAGEMENT,
Washington, D.C., June 16, 1966.

HON. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORSE: As requested in your letter of November 15, 1965, we have enclosed

the third of three progress reports concerning the entire O&C Grant Land Fund.

The figures shown on enclosures 1 and 2 are current to May 31, except that on enclosure 2, the column Forest Service shows status as of April 30. May 31 figures for this agency are not available at this time, but could be furnished at a later date if you desire.

The total available balance of $971,804 exclusive of Forest Service, as shown on enclosure 2, represents nearly total utilization of both the storm damage funds as well as the regular appropriation. With the month of June being one of heavy road construction and maintenance, the remaining available balance will be fully committed.

Sincerely yours,

JOHN O. CROW,
Acting Director.

Fiscal year 1966 status of O. & C. road program, May 31, 1966

	Roads						
	Regular appropriation			Supplemented storm damage			Grand total
	Bureau of Land Management	Bureau of Public Roads	Subtotal	Bureau of Land Management	Bureau of Public Roads	Subtotal	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Unobligated balance, June 30, 1965	$575,724	$2,615,060	$3,190,784	$1,184,073	$4,034,443	$5,218,516	$8,409,300
Additional availability	618,988	5,045,167	5,664,155		6,320,000	6,320,000	11,984,155
Total available to May 31, 1966	1,194,712	7,660,227	8,854,939	1,184,073	10,354,443	11,538,516	20,393,455
Obligations through May 31, 1966	827,897	6,262,427	7,090,324	1,047,023	8,462,948	9,509,971	16,600,295
Unobligated balance, May 31, 1966	366,815	1,397,800	1,764,615	137,050	1,891,495	2,028,545	3,793,160
Allotted but not obligated [1]		1,340,789	1,340,789		1,755,193	1,755,193	3,095,982
Available balance, May 31, 1966	366,815	57,011	423,826	137,050	136,302	273,352	697,178

[1] These are funds that have been authorized for specific projects but not obligated.

Fiscal year 1966 status of O. & C. grant lands funds as of May 31, 1966

	Regular Bureau of Land Management appropriation							Supplemental storm damage				
	Roads			Other								
	Bureau of Land Management	Bureau of Public Roads	Subtotal	Forest development and protection, Bureau of Land Management	Operation and maintenance, Bureau of Land Management and Bureau of Public Roads	Subtotal	Total, regular	Bureau of Land Management	Bureau of Public Roads	Total, storm damage	Forest Service—Share of O. & C. funds [1]	Grand total
Unobligated balance, June 30, 1965	$575,724	$2,615,060	$3,190,784	$185,254	$164,208	$349,462	$3,540,246	$1,184,073	$4,034,443	$5,218,516	$915,945	$9,674,707
Additional availability	618,988	5,045,167	5,664,155	1,600,000	750,000	2,350,000	8,014,155		6,320,000	6,320,000	1,579,897	15,914,052
Total available to May 31, 1966	1,194,712	7,660,227	8,854,939	1,785,254	914,208	2,699,462	11,554,401	1,184,073	10,354,443	11,538,516	2,495,842	25,588,759
Obligations through May 31, 1966	827,897	6,262,427	7,090,324	1,692,709	732,127	2,424,836	9,515,160	1,047,023	8,462,948	9,509,971	1,008,613	20,033,744
Unobligated balance, May 31, 1966	366,815	1,397,800	1,764,615	92,545	182,081	274,626	2,039,241	137,050	1,891,495	2,028,545	1,487,229	5,555,015
Allotted but not obligated		1,340,789	1,340,789				1,340,789		1,755,193	1,755,193		3,095,982
Available balance	366,815	57,011	423,826	92,545	182,081	274,626	698,452	137,050	136,302	273,352	1,487,229	2,459,033
Forest Service												−1,487,229
Total remaining available												971,804

[1] Status as of Apr. 30, 1966.

MASSIVE PUBLIC SUPPORT REVEALED FOR TRUTH-IN-LENDING

Mr. DOUGLAS. Mr. President, there is massive support among the people of the United States for truth-in-lending legislation.

I feel able to make this statement on the basis of several polls which Congressmen have made of their districts this year and which have recently come to my attention.

NINETY-ONE PERCENT IN ILLINOIS DISTRICT POLL

In his April 1966, newsletter to constituents in his 13th Congressional District of Illinois, Representative DONALD RUMSFELD reported the results of his annual "National Issues Poll." In this poll, Congressman RUMSFELD sent the questionnaire to the 160,000 residences and box holders within the boundaries of the 13th District. He received over 25,000 completed questionnaires. For those who may not know the 13th District of Illinois, I would point out that it is composed of the northern suburban areas of Cook County. It consistently votes Republican, is probably accurately described as moderately conservative, and is generally of comparatively high income families. Congressman RUMSFELD listed in his questionnaire 27 questions relating to domestic and foreign policy, asking whether the respondent favored the proposal.

Mr. President, I was impressed to see that 91 percent of those answering the poll said they favored truth-in-lending legislation. The question and the answers reported were as follows:

Do you favor legislation to require sellers to give accurate estimates of total interest charges to purchasers (Truth-in-Lending)?

	Percent
Yes	91.0
No	7.2
No answer	1.8

This 91-percent endorsement of truth in lending was the most emphatic response given to any of the 27 questions, and the 1.8 percent "No Answer" was the smallest percentage of undecided votes of the entire poll. Interestingly enough, the next three highest endorsements given in this poll were for: "Legislation to deal with strikes which threaten irreparable damage to the national in-

terest?"—88.3 percent in favor; "a greater Federal effort on problems of air and water pollution?"—88 percent; and "Legislation regulating packaging and labeling of consumer goods—Truth in packaging?"—87.5 percent.

NINETY-TWO AND ONE-HALF PERCENT IN NEW JERSEY

Mr. President, this emphatic endorsement of truth-in-lending legislation is also disclosed by a similar poll conducted by Representative FLORENCE P. DWYER in her Union County, N.J., district. Mrs. DWYER is a Republican and her district is a suburban one, similar to Congressman RUMSFELD's. She asked 16 questions, some with multiple answers.

Ninety-two and one-half percent of those responding to Mrs. DWYER's poll stated their support for truth-in-lending type legislation. The report of Mrs. DWYER's question on this subject and the responses on the subject read as follows:

Should those who lend money or extend credit be required by law to state true interest rates and other costs fully and clearly?

	Percent
Yes	92.5
No	5.3
Don't know	1.6

Again, the endorsement of truth-in-lending type legislation was the strongest endorsement given to any issue raised in the poll, and the "don't know" vote of 1.6 percent, was the smallest. The next highest responses were to the questions: "Should Federal, State and local governments be doing more to prevent drought and assure lasting supplies of clean water in northeast USA?"—91.9 percent; and "Do you favor Federal standards for packaging and labeling of consumer products?"—86.5 percent.

EIGHTY-SIX PERCENT IN MINNESOTA DISTRICT

An additional report on a congressional poll was placed in the CONGRESSIONAL RECORD on July 11—pages 15187–15188—by Representative DONALD M. FRASER of Minnesota. He received a response of 5,300 from the 150,000 questionnaires he mailed out. He asked 15 questions.

Eighty-six percent of those responding said they favored truth-in-lending and truth-in-packaging laws in response to a question combining both these proposals. The question and the responses were reported as follows:

Do you favor "truth-in-packaging" and "truth-in-lending" laws?

	Percent
Yes	86
No	7
Undecided	7

In this poll, only one question received greater support, namely, "Do you favor Federal action against water and air pollution?"—88 percent.

NINETY-FIVE PERCENT IN NEW YORK DISTRICT POLL

On July 20—pages 16371–16372—Congressman RICHARD L. OTTINGER inserted in the RECORD the results of his poll of the 25th District of New York. He circulated a questionnaire to some 160,000 families and received returns from more than 18,000. He asked about 33 questions.

Ninety-five percent said they favored truth-in-lending type legislation. The question and the responses were reported as follows:

Consumer protection. Do you favor—. . . requiring loan instruments to state true total cost and interest?

	Percent
Yes	95
No	3
Undecided	2

In this poll, two proposals scored with a high of 96 percent, namely, "giving GI education benefits to Vietnam war veterans" and "expanding antipollution programs so entire river basins can be cleaned up"; 95 percent also supported "requiring all packages to state contents clearly and accurately."

EIGHTY-NINE AND ONE-HALF PERCENT IN CALIFORNIA DISTRICT

On July 25, Congressman JEFFERY COHELAN published in the RECORD the results of his poll of the Seventh Congressional District of California. He received nearly 15,000 responses to his questionnaire which asked 28 questions including the multiple-choice responses.

Eighty-nine and one-half percent favored "a truth-in-lending bill." The question and responses were reported as follows:

8. Consumer protection: For several years bills have been before the Congress to insure truth in lending (require money lenders to provide borrowers with full disclosure of finance charges) and truth in packaging (prohibit misleading or deceptive packaging and labeling). Do you feel there is a need for: (a) A truth-in-lending bill?

	Percent
Yes	89.5
No	4.7
Undecided	5.8

Again, more people favored the truth-in-lending bill than any other proposal mentioned in the poll, and those who were undecided represent the smallest percent for any question in the poll. The next two highest scores were for "a truth-in-packaging bill"—87.5 percent and for "legislation giving the Secretary of Commerce authority to determine the adequacy of safety features in new cars"—74.6 percent.

Mr. President, there may be other congressional district polls which show differing results, but I have not been able to find them. I had my staff go through the CONGRESSIONAL RECORD for this year and examine the reports made of district polls, but only Congressmen FRASER's, COHELAN's and OTTINGER's were discovered. The other two polls, to my knowledge, were not reprinted in the CONGRESSIONAL RECORD, but they were sent to me by constituents of the Representatives.

I hope that those who, like the Journal of the American Bankers Association in their newsletter for mid-July, are engaged in wishful thinking that truth in lending is dead, will take careful note of these poll results. I hope they will note that particularly in the first two polls cited, these emphatic endorsements do not come from overwhelmingly Democratic districts nor from economically deprived districts where you would expect support. Quite the reverse. These polls show what should by now be clear to most Members of the Congress—that thinking people are able to see through the fictitious and self-serving arguments of the opponents of this protection for consumers. People understand that this is not a bill to regulate interest rates, but one which simply will give the consumers the basic information about the costs of credit which they have a right to know. The truth-in-lending bill will give to consumers a standard, or a "per unit" price, on credit offerings so that they can shop for the best buy just as they can do when, for example, they are told the price per quart of milk or per gallon of gasoline.

The disclosure of this unit price which permits comparisons by the shopper is provided by the requirement that sellers and lenders state the annual rate. There is nothing difficult about this. Sellers and lenders already use tables computed on the basis of a predetermined annual rate in quoting their credit terms. Truth in lending is a very modest proposal and it is now clear that it enjoys the overwhelming support of the people. It is indeed unfortunate that it remains bottled up in the Committee on Banking and Currency. But figures such as those I have cited make it very clear that the day is not far off when public opinion will spring the bill loose and, once the decisions are made under public scrutiny, will cause it to pass the Congress with few dissenting votes.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

THE MILITARY ASSISTANCE AND SALES ACT OF 1966

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate.

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

The ASSISTANT LEGISLATIVE CLERK. A bill (S. 3583) to promote the foreign policy, security, and the general welfare of the United States by assisting peoples of the world in their efforts toward internal and external security.

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

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

Mr. MANSFIELD. Mr. President, is an amendment pending?

The ACTING PRESIDENT pro tempore. An amendment is pending.

Mr. MANSFIELD. Mr. President, will the Senator from Idaho yield to me for about 5 minutes, without losing his right to the floor?

Mr. CHURCH. I yield.

Mr. MANSFIELD. But first I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

REDUCTION OF U.S. FORCES IN WESTERN EUROPE

Mr. MANSFIELD. Mr. President, I am delighted to note that Secretary of Defense, Robert S. McNamara, has recently stated that our NATO allies should assume a greater share of the overall responsibility for the defense of Western Europe. He apparently was disturbed by the fact that the military forces of other members of NATO have not been meeting the high standards of maintenance and logistics which are adhered to by the U.S. 7th Army, as well as, of course, the longstanding disinclination of the European nations to meet earlier pledges to NATO. In these circumstances Secretary McNamara was wise to note that the overall force levels which, while they may be needed in the official view of the United States, are nevertheless neither mandatory nor sacrosanct as they involve this Nation any more than other NATO nations.

At the same time, Mr. Dennis Healey, Minister of Defense for the United Kingdom, told the NATO meeting of Defense Secretaries that the British Army of the Rhine, which is now at a strength of about 50,000 men, will be reduced to the extent that West Germany fails to offset the foreign exchange costs of these British troops in Germany. According to newspaper reports, however, Kai-Uwe von Hassel, the German Defense Minister, stated that Germany cannot meet these costs in full. The indications are, therefore, that there is likely to be a withdrawal of between 15,000 to 20,000 British troops from the European mainland.

As the Senate knows, the matter of American strength in NATO has been the subject of a number of discussions by various committees of the Senate, in both public and executive session. The majority policy committee, for example, has met four times in executive session, exclusively on this subject, during the past few weeks.

The results of those discussions have been brought to the attention of the President and the appropriate Secretaries of his Cabinet. I do not think that there is any doubt that a very strong feeling exists in this body that there should be a substantial U.S. troop reduction in Europe. To be sure, there is no desire to have the United States avoid its legitimate share of responsibility for Western defense. But there is a definite desire to end what is a continuing excess of U.S. defense effort as compared with that of Western Europe and an inertia that has kept the American military commitment on the ground in Europe virtually unchanged despite the great changes in Europe during the past 19 years.

I should like to call to the attention of the Senate that there are, today, still just under a million U.S. troops and dependents in Germany and Western Europe. In the view of many Members of this body, that number is totally unnecessary and wholly unwarranted, especially in the light of our commitments elsewhere and of the international financial strain which this elaborate military establishment which we maintain in Europe represents to the United States.

It is about time for this Nation to face up to these realities and to initiate a substantial reduction in the number of units stationed in Western Europe as well as the number of dependents now living there. As a good first step, it would seem to me to be most desirable to return to the United States the approximately 75,000 members of the armed services and their dependents who have been stationed in France for many years. That course, I should think is to be preferred to an expansion of U.S. installations and garrisons elsewhere in Western Europe to make a berth for them.

A good second step would be, in my judgment, the initiation of an overall 10-percent reduction of U.S. troop strength in Germany and elsewhere on the Western European continent. The overall reduction should be mandatory, but it should be left to the best military judgment to determine where and how this cut can be made.

The time to begin to end the inertia is now. And the basis for it is, I repeat, an honest recognition that: First, times have changed since U.S. units were incorporated into the NATO defense organization many years ago, and nowhere have times changed more than in Europe, east and west; second, there is an immediate and urgent need for U.S. forces elsewhere; moreover, we have bases in this country, which can be used to garrison U.S. NATO contingents and from which, with modern military transport techniques, they can be made combat available on the ground in Europe in an emergency almost as promptly as though they were stationed there; third, the great financial pressures of the Vietnamese war and from other sources on the international exchange resources of this country urge upon us every reasonable and practical form of retrenchment.

A hue and cry may be raised in some quarters, notably in Europe, in reaction to these observations. But with all due respect, it seems to me on occasion that some allied nations in Europe operate on what has appropriately been termed a "double standard" of reaction. On the one hand they tend to view military aggression from Eastern Europe at this time as wholly unlikely, and on that basis they reduce their contributions to NATO or put off the fulfilling of past commitments. On the other hand, if this Nation shows signs of accepting their appraisal of East-West European realities and begins, therefore, to consider reductions in European military commitments, the United States is criticized for being unwilling to maintain its NATO obligations.

It is about time, it seems to me, that we face up to our own obligations and responsibilities in this situation and make our own judgments. The decision in this situation resides, of course, in the President. But there is no doubt that the sentiment is very strong in the Senate for a substantial reduction in U.S. forces stationed in Europe. In my own view—and it is not by any means a recent view—one or two American divisions actually on the ground in Europe in present circumstances would be just as indicative of our desire and intentions to meet our NATO obligations as the present six divisions stationed in Europe.

I thank the distinguished Senator from Idaho for yielding.

THE MILITARY ASSISTANCE AND SALES ACT OF 1966

The Senate resumed the consideration of 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.

Mr. CHURCH. Mr. President, I have offered an amendment which is now pending before the Senate. It reads as follows:

On page 33, lines 17 and 18: Strike out "$892,000,000" and insert $792,000,000".

Mr. MANSFIELD. Mr. President, will the Senator from Idaho yield again, without losing his right to the floor?

Mr. CHURCH. I am happy to yield to the majority leader.

Mr. MANSFIELD. I think more Senators should be present to listen. Therefore, Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

EXECUTIVE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Senate proceeded to consider executive business.

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

U.S. COAST GUARD

The assistant legislative clerk read the nomination of Rear Adm. Paul E. Trimble, U.S. Coast Guard, to be Assistant Commandant of the U.S. Coast Guard with the rank of vice admiral.

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

ENVIRONMENTAL SCIENCE SERVICES ADMINISTRATION

The assistant legislative clerk proceeded to read sundry nominations in the Environmental Science Services Administration.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

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

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

LEGISLATIVE SESSION

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

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

THE MILITARY ASSISTANCE AND SALES ACT OF 1966

The Senate resumed the consideration of 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.

The ACTING PRESIDENT pro tempore. The Senator from Idaho is recognized.

THE CASE FOR CUTTING MILITARY ASSISTANCE

Mr. CHURCH. Mr. President, the pending amendment would strike, on page 33, lines 17 and 18, the figure "$892 million" and insert in lieu thereof "$792 million."

This would reduce the authorization for military assistance for fiscal 1967 by $100 million, leaving with the administrators of the program all decisions as to where the reductions should be made.

In passing judgment on the proposed amendment, the Senate should be completely clear as to what is, and what is not, involved in this authorization bill.

VIETNAM NOT INVOLVED

Vietnam is not involved in any way. If Senators will look at section 83 of the bill, beginning on line 11 of page 33, they will see that the bill is "in addition to such amounts as may be otherwise authorized to support Vietnamese forces and other free world forces in Vietnam." The bill relates to foreign countries excluding the support of Vietnamese forces and other free world forces in Vietnam. That support is provided from appropriations for the Department of Defense, and it amounts to more, in a single month, than we are here talking about for a whole year.

So I hope we will not hear any arguments in opposition to this amendment based on the necessity of supporting our fighting men or their allies in the jungles of Vietnam. That support is being provided in other legislation.

Because of the transfer of Vietnam funds from the military assistance program to Defense Department appropriations, this authorization bill, as approved by the committee, represents an increase in our outlay for military assistance over fiscal year 1966. In that year, the administration requested, and Congress appropriated, $1,170 million for military assistance, including Vietnam. If one excludes Vietnam, the 1966 figure was $878 million. The administration request for fiscal 1967 is $917 million, of which the Foreign Relations Committee has approved $892 million—or $14 million more than was available for the same purposes in 1966.

THE PROLIFERATION OF MILITARY ASSISTANCE

We have been trying for many years to taper off the proliferating military assistance program; yet it continues to grow like crabgrass. In 1950, at the height of the cold war, 14 foreign countries received military aid from the United States. By 1965, that number had mushroomed to 67. Little wonder that former Ambassador Kenneth Galbraith, recently our envoy to India, should testify before the Committee on Foreign Relations:

> The policy of arming the indigent . . . has long since acquired a momentum of its own. It owes its existence partly to habit, partly to vested bureaucratic interest, partly to the natural desire to avoid thought, and partly because to stop doing what is wrong is to confess past error.

I propose a modest deceleration. My amendment would make a cut of not quite 10 percent from the 1966 level.

The Foreign Relations Committee took a step in the direction of sensible restraint by limiting to 40 the number of countries that can receive military assistance under the bill, except for those receiving training in the United States. If we had not become so accustomed to arming practically the whole non-Communist world, the news in this action by the committee would be that we were approving the gift of arms to as many as 40 foreign countries and not to as few as 40. I wonder what the reaction of the Senate would have been when it considered the first military assistance bill in 1949 if it had been told that, 17 years later, it would almost take for granted an annual arms supply program for nearly half the countries of the world, many of which did not even exist in 1949.

The mushroom growth of military aid, and its indiscriminate extension throughout the underdeveloped world, has very little to do with opposing communism. I repeat, for emphasis, that even after the reduction I am proposing, $792 million will be left in the bill. This is ample—it is more than ample—for the purposes of contributing to the legitimate defense needs of countries on the periphery of the Communist world, or to the few real—as distinguished from a good many imaginary—problems of internal security in countries situated elsewhere. But it will not, I hope, be sufficient to shore up regressive regimes, to burden poor countries with military establishments they cannot afford, or to contribute to regional arms races or local wars.

The reduction I propose need have no effect upon friendly countries bordering the Communist world—those few which receive the bulk of our military assistance. But it will, I hope, curtail the pointless scattering of American arms across Latin America, Africa, and the more removed parts of Asia.

LATIN AMERICAN ARMS AID REVIEWED

It is a revealing exercise to review the arguments which the Department of Defense has made over the years to justify military assistance to Latin America. At first, it was said that, in case of another world war, Latin American armed forces were to help defend the hemisphere and its sea lanes and thereby release U.S. forces for service elsewhere. The Pentagon so hypnotized itself with this argument that it once sent the Foreign Relations Committee a document justifying military assistance to Uruguay because of Uruguay's role in the defense of the Panama Canal. We have not heard any more of this argument since we sent back a map.

The rationalization now used is a tripleheader—internal security, civic action, and U.S. influence.

For the advocates of military assistance to Latin America, Castro has been a godsend—so useful that if he did not exist, he might have to be invented. I do not want to be misunderstood. Castro is encouraging subversive movements in Latin America. But both the extent of his intervention and the size of these movements are easily susceptible to gross exaggeration. Since Castro came to power, not one state in Latin America has been subverted by communism. Eight of them, some more than once during the same period, have seen legitimate governments overthrown by their own military forces. Many a Latin American country is held captive by its own army and restlessly awaits the day of reckoning. In these imprisoned lands, our identification with the garrison forces—far from augmenting our prestige—tends only to poison mass opinion against us.

The civic action argument for military assistance to Latin America holds that our military aid should be used to "civilize," so to speak, the Latin American armies—that is, that these armies should develop engineering battalions which build roads, bridges, and other useful public works; that Latin American air forces and navies should provide useful civilian transportation services over difficult terrain and remote rivers to places where the people would otherwise be isolated. The trouble with this argument is not that it does not appeal to Congress, but that it does not satisfy the appetites of the generals in Latin America. Although a bulldozer could conceivably be as effective as a tank in battering down the gates of a presidential palace during a coup d'etat, it is not glamorous enough to parade down the street on independence day. Although a C-47 is very useful in delivering the mail, and can get in and out of

smaller, cheaper airports more easily than a jet fighter, it is just not as elevating to the professional pride of the air force generals.

The weakest argument, and regrettably one of the most overworked, is that if the United States does not supply arms to Latin America, somebody else will. By "somebody else" is meant Western Europe. No one has suggested that any Latin American state, other than Cuba, is contemplating an arms deal with the Soviet Union or other Communist country.

To be blunt about it, the argument that we ought to supply arms because somebody else will if we do not is amoral. The report of the Committee on Foreign Relations disposes of it. Says the committee report:

> One might as well argue for legalizing slot machines in the District of Columbia on the grounds that otherwise people will go to southern Maryland to gamble.

I have attempted to show, Mr. President, that the arguments advanced in favor of military assistance to Latin America are very dubious. But the point is not only that military assistance fails to produce the benefits claimed for it, but also that it frequently has effects which are positively harmful.

It can increase the size, complexity, and cost of maintaining military establishments in countries which cannot afford them. It tends to identify the United States with the existing social order in countries which are seething for social change, where the military is often the hated symbol of oppression. It encourages regional arms races.

Our distinguished colleague from New York [Mr. KENNEDY] spoke in this Chamber recently about the negative effects of indiscriminate U.S. arms aid to Latin America. He reminded us that the military, through its numerous interventions to usurp the political processes in Latin America, has served as a prime obstacle to the orderly growth and development of democracy.

Among other things, he emphasized that:

> The military absorbs resources that would be better used elsewhere. Some of these resources are materials. While arms expenditures are low, compared to the more developed countries, some countries devote substantial sums to military items for which there is not a real need. . . . A further waste is in the young men who go into the army—men whose energies and talent would be far better used in the economic and political life of their countries.

Just as the Committee on Foreign Relations has repeatedly recommended in the past, to no avail, Senator KENNEDY urged the administration to reevaluate the scope and character of our military assistance to Latin America, saying:

> It is one thing to aid a Venezuelan army which must combat Castroite terrorism, it is quite another thing to make jet planes available to an air force which has never seen action except against its own government or other service branches.

This allusion to Argentina is particularly relevant. In April, the United States agreed to sell on credit terms—financed by military assistance appropriations—50 subsonic Vulcan A-4B airplanes to Argentina, of all countries. Now, in July, the chief of the Chilean Air Force is visiting the United States. I am sure that we can all guess why. Chile and Argentina have a rivalry of long standing and, although everyone agrees the two countries are not going to war, each vies with the other in prestigious military hardware. Why do we encourage this silly competition in the regalia of war? True, we cannot prevent the two countries from shopping in Europe; but if they do that, then it is a problem for European consciences, not ours.

Mr. FULBRIGHT. Mr. President, will the Senator yield, or does he prefer to wait until the end of his speech?

Mr. CHURCH. I yield.

Mr. FULBRIGHT. Do I correctly understand that the sale of 50 planes was under the authority for credit sales?

Mr. CHURCH. That is my understanding.

Mr. FULBRIGHT. Does the Senator believe that there is any similarity between the way this program operates and the way Public Law 480 operates with regard to the disposal of surplus agricultural commodities?

Mr. CHURCH. Yes. I am afraid there is a very strong pressure to dispose of surplus arms, as there has been a pressure in the past to dispose of surplus food. Of course, the moral question involved is a very different one.

Mr. FULBRIGHT. It is more than a moral question. There is also the political danger of putting into the hands of a great many countries excessive amounts of arms which they cannot afford.

What I meant earlier was that it seems to me that the Defense Department uses the authority in the military assistance program as a way to unload obsolete arms, in the same manner that the Public Law 480 program was originally designed to get rid of excess wheat.

That aspect strikes me as possibly one of the reasons why 50 planes were sold to Argentina. Argentina does not need them any more than I need a hole in my head. But, nevertheless this is the way the program operates.

It is dangerous to start an arms race, and I regret very much that my country is responsible for starting an arms race between Argentina and Chile, as the Senator has described.

Mr. CHURCH. I have been greatly concerned about this program for a long time. There is no question but that internal pressures give this program its momentum.

I remember, as I am sure the chairman also will recall, that I sponsored an amendment, several years ago, to bring an end to military assistance in Europe, where we were continuing to make large military grants to countries that had long since fully recovered from the effects of the war.

Eight years after we had terminated all economic assistance, owing to the extent of the European recovery, we were still pouring $400 million worth of arms into Europe, into countries enjoying a higher level of prosperity than they had ever before known in their history.

Each time that amendment was brought to the floor of the Senate the State Department and Pentagon combined to kill it. The amendment was finally adopted and written into the law. In the third year it was offered, as I recall, after President Kennedy was advised of the amendment. He said that he agreed with it and that there was no reason why we should continue to subsidize the military establishments of the rich countries of Europe.

Only after that amendment was adopted and the law was changed, did we see an end to our military assistance to rich countries. I think that indicates how strong the internal pressures are for perpetuating this program, even in situations that cannot possibly be justified, and it underlines the force of the chairman's observation.

What the United States ought to be doing, instead, is encouraging regional arms control and disarmament agreements throughout the whole of Latin America.

MILITARY ASSISTANCE IN AFRICA

The harmful effects of military assistance are even greater in Africa. Here, Communist penetration has met with stubborn nationalist resistance. Such threat as may exist is political in character and, so far as the record indicates, Africans have shown an admirable capacity to handle the problem if left to themselves. That, at least, is what has happened in Ghana and Algeria.

There is even less reason in Africa to establish a U.S. "presence" through the grant of arms. I hope we may be forgiven for having catered to the desires of puffed-up tribal chieftains for misplaced symbols of status. The United States, of all countries, ought to be trying by example, through the kind of aid we give, to make the point that true status comes from civilian accomplishment, not from an accumulation of modern weapons of war.

Mr. President, it was my intention, following the debate on the amendment, to ask for the yeas and nays. There seems to be a sufficient number of Senators in the Chamber at this time to grant the request. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. CHURCH. Mr. President, no continent has less need for an incipient arms race than Africa. To nourish it along by the gift of arms is wrongful. And justification cannot be found in the excuse that we do it to prevent the Russians from doing it in our place. The notion that Russian interests would somehow be advanced thereby is simply not supported by recent history. The evidence, in fact, is preponderantly to the contrary. In hearings on the bill before the committee, no one made the point better than former Ambassador Galbraith, who testified:

> Let me take note in passing of the recurring argument that if we do not provide arms to a country it will get them from the Soviets or possibly China. This is another

example of that curious obtuseness which excessive preoccupation with cold war strategy produces in otherwise excellent minds. It was Soviet tanks that surrounded Ben Bella's palace in Algiers when that Soviet-supported leader was thrown out. It was a Soviet and Chinese equipped army which deposed the Indonesian Communists, destroyed the Communist Party in that ruthlessness on which one hesitates to dwell and which left Sukarno's vision of an Asian socialism in shambles. It was a Soviet-trained praetorian guard which was expected to supply the ultimate protection to the government of President Nkrumah and which did not. One can only conclude that those who worry about Soviet arms wish to keep the Russians out of trouble. This could be carrying friendship too far.

If the adoption of this amendment were to have no other effect than to put the damper on the spread of American arms in Africa, it would serve to benefit donor and donees alike.

THE INDIA-PAKISTAN DEBACLE

The classic case of misplaced and, to use a favorite Pentagon word, counterproductive military assistance, is that of India and Pakistan. Once again, John Kenneth Galbraith, our former Ambassador to India, gave a devastating indictment in his testimony before the Foreign Relations Committee:

The full consequences of the policy of indiscriminate arms aid have revealed themselves with a kind of heroic clarity in south Asia. Rarely, I think, does history work itself out with such majestic, and also ironic, completeness. When I went to that part of the world in 1961, I pled with some fervor and even a certain acerbity for a reconsideration of the policy of shipping arms into the region. There is something intrinsically obscene in the combination of ill-fed people and well-fed armies deploying the most modern equipment. In the spring of 1961, we gave a dozen supersonic planes to Pakistan and a half billion dollars in economic aid to India. The first got more attention from the Indian press than the second. And, most important, while it was our intention that the arms be used against Communists (where they would have counted for little) it was evident that the local citizenry saw them all but exclusively as ways of advancing their own more ancient and more compelling animosities.

The arms we supplied under this policy caused, and I underline that word, the war last autumn between India and Pakistan. I do not pass on the merits of the Kashmir dispute or the rights of Pakistan in this regard. I have a great deal of sympathy with the position of Pakistan in this dispute. But if we had not supplied arms, Pakistan would not have sought one thing we wanted above all to avoid; namely a military solution. That beyond the slightest possibility of doubt was the price of the Dulles policy. And of the policy of his disciples in continuing it. As the crowning irony, the Soviets, at whom these arms were meant to be pointed, stepped in and obtained a settlement of the conflict.

We have at least stopped this madness, although I share Ambassador Galbraith's suspicions that, as he later put it, "somewhere in the nether recesses of the bureaucracy, someone has a well-argued paper on resuming arms aid to Pakistan and India." Adoption of this amendment will make the approval of that paper more difficult.

(At this point Mr. BURDICK assumed the chair.)

Mr. McGOVERN. Mr. President, will the Senator yield at that point?

Mr. CHURCH. I am happy to yield to the Senator from South Dakota.

Mr. McGOVERN. Mr. President, I wish to commend the Senator from Idaho [Mr. CHURCH] for his efforts this afternoon to reduce the so-called military aid bill in a very modest way. I share the conviction of the Senator that a good portion of the economic and technical assistance we have made available overseas has been most helpful, not only in lifting the standards of life for people we are trying to assist, but in terms of our own well-being. Certainly the United States could not survive and prosper in a world of poverty and misery.

But when it comes to the military aid program, as it is called, it seems to me that this program, far from aiding our friends in other parts of the world, far from encouraging a constructive development process, has done just the opposite. It has contributed to the dangers of conflict in the world by injecting arms into highly unstable areas thereby adding to the imminence of international strife or internal takeover of the government by military forces we have equipped.

As the Senator from Idaho has said, these military aid efforts also cause an unfortunate diversion of resources to the military that the impoverished countries could better use for their economic development.

In the spring of 1957, as a Member of the House of Representatives, I was privileged to visit the Middle East on a study mission. I went there with some apprehension about the flow of American arms into the Middle East. The rationale for the shipment of our military equipment into those Middle East countries was that it was needed to help them defend themselves against a possible Soviet attack. It seemed to me that a far more likely development was that the military equipment would be used in a war within the Middle East between the Israelis and the Arabs, and that the Soviets, who were also sending aid into that area, were playing the same dangerous game.

I was told, after visiting a number of countries in the Middle East, that the real pride and joy of our effort to utilize arms aid to bolster an anti-Communist nation was Iraq; that when I got there, any doubts I had about the wisdom of our military shipments to the Middle East would be instantly erased; that it was a strong, democratic government under the leadership of Premier Nuri Al Said; and that in this government we could see the fruits of our military investment in the Middle East.

I had scarcely left Iraq when its army—which we had equipped, supposedly to defend freedom—turned on the government, cut off the head of its young king, and dragged his body through the streets of Baghdad. They also assassinated the Premier, Nuri al Said, who had been advertised as the friend of democracy, and brought down the whole government, using American arms to carry out the task.

That is just one example of how we financed the destruction of the very government we had sought to bolster with military aid.

Of course, as the Senator from Idaho has just stated, an even more painful fact is that we armed and financed the war in south Asia last year between India and Pakistan, where we were treated to the spectacle of American arms going to both sides and making possible a war which might not otherwise have taken place.

I think the statement by Ambassador Galbraith quoted by Senator CHURCH is the greatest indictment I have yet seen on this point, for the highly able former Ambassador flatly charges that American military aid caused the war between India and Pakistan.

Ambassador Galbraith adds the ironical note that the Soviet Union, supposed to be on the target of our military aid, was the power which came in to settle the dispute between the Indians and Pakistanis whom we had armed.

Thus, I support the efforts of the Senator from Idaho to reduce the amount of money in the pending bill. I think it is in the interests of other countries as well as of our own security.

The Senator has not emphasized this, but it would even save some of the taxpayer's money—$100 million. President Johnson has been calling on Congress to cut out needless expenditures. Here is an opportunity to save $100 million, which should appeal to even the most tough minded among us.

I commend the Senator for his efforts along this line.

Mr. HARTKE. Mr. President, will the Senator from Idaho yield?

Mr. CHURCH. Let me say, first of all—then I shall be happy to yield to the senior Senator from Indiana—how much I appreciate the fine argument which the Senator from South Dakota has just made in support of my amendment.

I would only stress that the effect of the amendment is quite moderate. At most, it would put a damper upon the spread of the program all through Africa and Latin America, in those areas where it is dubious at best, where the arguments supporting it are transparently flimsy, and where the political effect has often been adverse.

The amendment, if adopted, would not seriously, impinge in any way on the military assistance we give to countries near Communist borders, where a case can be made that the defense requirements call for an American subsidy. These are countries located on the periphery of the Communist world. They would not be affected by the adoption of the amendment, in my judgment, because the allocations for these countries presently contemplated, make it clear that there would be plenty of money left in the bill to take care of them. But the amendment would tend to put a damper upon the rapid proliferation of the program, which has taken place at such an astonishing pace in recent years.

I am certain that if Congress does not take this action, the program will continue to proliferate in the future, as it has in the past, until a point is reached where every country in the underdeveloped regions of the world will look to the

United States for arms supplies. I think that we must stop this from happening. We are already the chief arms provider and munitions maker for the world.

Whatever may be said for or against the sale of arms, at least Congress should begin now to cut back on this runaway giveaway.

Again, I thank the Senator from South Dakota very much for his comments.

Mr. McGOVERN. I appreciate the Senator's remarks. Is it not true that since adoption of the Senator's amendment would not affect military aid to Vietnam, we would still have roughly the same level of military aid of last year's bill?

Mr. CHURCH. Let me say two things with respect to the point the Senator raises. First, the pending bill does not apply to Vietnam at all.

Mr. McGOVERN. I understand that.

Mr. CHURCH. Military assistance to Vietnam is now immensely more than it was last year, and it is being supplied through Defense Department appropriations. Thus, the bill does not affect Vietnam, and any argument concerning the war there has no relevancy whatever to this amendment.

Second, for foreign countries, apart from Vietnam, the administration has proposed still another increase in the military assistance program this year. That increased level of authorization has already been approved by the other body. Therefore, if the Senate were to adopt this amendment effecting the $100 million cut, when the two versions of the bill are reconciled in conference, it can be anticipated that the difference will be split down the middle, and we will come out with a program substantially in line with the present level of military assistance throughout the world.

Therefore, I think that it can be strongly argued that the effect of the amendment, although it appears on its face to be a $100 million reduction, if adopted by the Senate, will merely hold the line and avoid a further expansion of the military assistance program outside Vietnam.

Mr. McGOVERN. Do I correctly understand, then, that the following three observations would summarize the Senator's objectives: First, his amendment has no bearing whatsoever on the amount of aid going to Vietnam?

Mr. CHURCH. The Senator is correct.

Mr. McGOVERN. Second, it need not affect in any way military aid going into those areas along the borders of the Communist world. Third, what the Senator seeks to accomplish is to reduce military aid in the more poverty-stricken areas of the world, primarily Latin America and Africa and parts of Asia, where the relationship with the Communist world is, indeed remote, and where the No. 1 priorities are for economic and technical development?

Mr. CHURCH. Yes. I think that would be the effect of the amendment. I do not undertake to direct the executive branch as to where the cuts should be made. That is left to the discretion of the administrators. But I think the case speaks for itself. As to the effect of a modest reduction in the overall size of the program, one would think that this should be the year, at least to hold the line. We are involved in a war in Asia that is now costing us $2 billion a month. In such a situation, the notion that we should not only continue military assistance as usual everywhere else in the world, but also increase it, is one that I find exceedingly hard to reconcile with the concept of fiscal responsibility, which is so often talked about on this floor.

I repeat: the effect of this amendment, once it goes to conference, will be little more than to hold the line.

Mr. McGOVERN. I thank the Senator.

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

Mr. CHURCH. I yield to the Senator from Indiana.

Mr. HARTKE. Once again the Senator from Idaho has demonstrated his capacity for a great understanding of international problems. His warning of a year ago has come to be realized with regard to the struggle between India and Pakistan, and for the reasons he gave. As he prophesied at that time, the furnishings of our military assistance would only be used for the purpose of war between India and Pakistan. Unfortunately, the prediction which the Senator made came true. I do not know whether he takes great pride in having made that prophecy. The point is that if we did not listen to the Senator a year ago, we should listen to him today. He was right in his prediction of last year; therefore we should listen to what he is saying this year. My only comment is that the cut the Senator suggests is too small. We should cut the amount still more.

We must realize that we have a costly war in Vietnam. Representative GEORGE MAHON, chairman of the House Committee on Appropriations, recently stated that $100 billion would be available to the Defense Department to spend. It makes no difference whether we have supplemental appropriation bills. The truth is that in order to have the money to spend, it must come from the taxpayers. Either it must be borrowed or the people must be taxed. The money does not grow on trees.

The President is right when he says we must cut back. Here is an opportunity to cut back. I hope he will recognize the change in the situation since he sent his message to Congress. We should ask him, "Why don't you cut back military assistance? In fact, why don't you cut it out altogether while the war in Vietnam is going on?"

It does not seem to me that the people at home have been told that there is great urgency in this matter. It is "business as usual" at home. The general public is not being asked to share in the sacrifices that the boys are making in Vietnam. But somewhere along the line somebody will have to pay. We have a tremendous responsibility on our hands in that war, and someone will have to pay the bill.

Let me comment for a moment on Pakistan. It was my pleasure to travel with Senators MORSE, LAUSCHE, BURDICK, DOMINICK, PROUTY, and JORDAN on a trip to that part of the world. When we were in India we went to the Pakistan-India border, where the war had occurred about 2 months before. Senator BURDICK and I were the only ones who made the actual trip into the war zone. With our Indian guides we went into Pakistan territory, because the Indians had occupied that part of Pakistan. While we were there the military guides kept insisting that we talk to the people and ask them, "What do you think about Patton?" They made fun of that. They made uncomplimentary remarks about it, because Patton was the one American name in everyone's mind. We went to a Patton tank graveyard. Patton tanks were a part of the military equipment that was used in the conflict between Pakistan and India. The American Patton tanks, the cream of tanks, had been knocked out by American-built Sherman tanks and British Centurion tanks. It was ridiculous that the Patton tanks had been knocked out by old Sherman tanks. I have pictures of Senator BURDICK as he crawled down to look at the tanks in which the Pakistan military personnel had been burned, because when the tanks were hit the interiors went into flames and the entire interiors were burned. I understand that that happens in almost every tank engagement.

We were there and watched them as they told, with a sense of pride, how they had knocked out the Patton tanks, which were a part of the military supply and equipment we had sent to Pakistan to be used against the Russians if the need arose.

This was flat ground. If an engagement is to be had against the Russians, mountains will have to be crossed. How those tanks would ever be used for going up mountains is beyond me. But we poured $2 billion worth of military equipment into Pakistan. It is, of course, alleged that this aid brought great friendship to our country. That is not so. I do not care how people try to picture it. The Vice President said that the equipment was going to a great ally. And then, when Ayub Khan went to Peking, he was greeted by 3 million people and was received with open arms. Chinese supplies and equipment have been flown into Pakistan. The Pakistani demonstrated their great admiration for the Chinese.

We saw the Pakistan Army. We saw the American equipment. We saw the guns and the communications equipment.

Here was a conflict between two nations which could not have occurred with the intensity with which it did occur, both sides losing about 5,000 men if both had not been supplied equipment by the United States.

The result was a loss to the American taxpayers, a loss of life, and certainly no benefit to us in southeast Asia.

We are repeatedly told that we should be interested in helping those countries. While we were in India we were given an opportunity to visit with Prime Minister Shastri. He had a birthday while we were there. We did not go to the birth-

day party, but the newspapers carried a picture of the birthday cake, and on this cake was not a replica of a symbol of peace, but a symbol of anti-Americanism, an American Patton tank which was conquered by another tank. I do not care how much food our Government sends there. The newspapers do not carry stories about the wheat we send there. They tell about the American tanks that they knocked out. They talk about the struggle with Pakistan. Here are people with a frontier bordering Pakistan and China. They are not worried about the war in Vietnam. They are worried about getting more equipment to use on their own borders.

I commend the Senator from Idaho for his amendment. The only comment I make is that the cut is too small. I would like to see it bigger.

Mr. CHURCH. I thank the Senator from Indiana very much. There are many lessons that could be learned from the debacle of the American military assistance extended to Pakistan and India, which finally culminated in the war between them.

The Senator has touched upon President Ayub's recent visit to Peking. I am not certain whether the Senator was a Member of this body at the time that President Ayub made a state visit to Washington and delivered an address to a joint meeting of the Senate and the House of Representatives on the other side of the Capitol. I remember the address very vividly because, as the Senator knows, President Ayub is a very impressive figure. He speaks with a splendid British accent. He had no difficulty in communicating with Congress. He is every inch a Sandhurst man.

He told us in a very reassuring address—which, as I recall, was delivered extemporaneously from the rostrum of the House of Representatives—that whatever our difficulties might be in Asia, however fickle other Asian countries might prove, there was one country in Asia that the United States could always depend upon, however serious the crisis; and that, of course, was Pakistan. We gave him a standing ovation.

It was not more than a few years later when Chinese pressure was exerted against India, and an invasion of India took place, and we thought for awhile that we might be faced with a general war in Asia. In that situation, the first man to carry the olive branch to Peking was President Ayub of Pakistan.

Now, if we are capable of learning from these experiences, this should serve to remind us that governments pursue their own interests as they see them unfold, and that the notion that we can establish strong and lasting friendships with foreign governments by lavishly supplying them with arms is an absurdity. All of the evidence is stacked up against it.

The Senator from South Dakota mentioned a few moments ago that the Russians are having the same difficulties. Of course they are. It serves to demonstrate the validity of the point.

Senator MCGOVERN mentioned Iraq, and how the army we built up with donated American equipment turned against the very government we sought to sustain in power. That was the end result of military assistance in Iraq.

The Senator from Indiana has already discussed the effects that he saw firsthand in India and Pakistan. Let me point to Indonesia, where the Russians provided on generous credit terms, several hundred million dollars worth of arms to build up a Russian-equipped army; and it was that army that turned upon the Russians' own pet, Sukarno, and upon the Communists in Indonesia, in a blood bath without equal in recent years.

Algeria is another example, where, as I mentioned a few minutes ago, the Soviet Union supplied the tanks that drove Ben Bella from power.

The notion that we gain strong friendships through the supplying of American arms to foreign governments is simply not borne out by the facts; and we ought by now to realize it, and begin to phase out this program.

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

Mr. CHURCH. I yield.

Mr. HARTKE. When we started back from Israel on the trip I mentioned, we reached the Red Sea. The Red Sea, as the Senator knows, on which lies the dividing line between Israel and Jordan. The Senator from Oregon, who is on the floor, was with us at that time.

We remarked, "These are the ports of Jordan."

The Senator said, "Yes. If you will look closely, you will be able to see American tanks being unloaded from vessels for use in Jordan."

We inquired, "For what use would we be providing the Jordanians with tanks, when they have declared their intention to invade Israel?"

I suppose perhaps we could balance that off, because we also supplied the airplanes for Israel, with which they could knock out the tanks.

But while we were there, Mrs. Meir, a distinguished stateswoman, who since has retired, talked with us about this situation. After we had left, she criticized our Government roundly for providing those tanks for Jordan.

I suppose it could be argued that if they had not obtained the tanks from us, they would have obtained them from the Russians. I say, Let them get them from the Russians. First, they have never paid for anything; second, as the Senator from Idaho has pointed out, there is no evidence that with our military assistance we ever buy anything except trouble for ourselves, trouble for those to whom we give it, and trouble for their neighbors.

Consider the case of Turkey and Greece. Here again, the arms we supplied to Turkey and the arms we supplied to Greece were used against each other in Cyprus. It does appear that somewhere along the line, we might learn a lesson or two.

Mr. CHURCH. I thank the Senator from Indiana. I agree wholeheartedly with the sentiment he has expressed.

I yield now to the distinguished Senator from Alaska.

Mr. GRUENING. I, too, was present on that historic occasion in the House of Representatives when the Premier of Pakistan addressed a joint meeting of the Senate and the House of Representatives. I remember very well the fervent statements, to which the Senator from Idaho has alluded, that we—the United States—could count on Pakistan, whatever other country might fail us in Asia.

Then the Premier followed up that pledge of undying loyalty to the United States by adding that we had better give, and we had better give generously, or else. That was the first time I had ever heard a foreign statesman use almost a threatening tone in his request for aid. It was clearly implicit that unless we gave, and gave generously, to Pakistan whatever they wanted, trouble would ensue. And we gave.

Mr. CHURCH. We gave, we gave generously, and trouble ensued.

Mr. GRUENING. That is right.

Mr. CHURCH. Bigger trouble than would have ensued if we had never given military assistance to either Pakistan or India.

Mr. GRUENING. I might add a further note to the Senator's comment on Indonesia, where, for years, over the protests of a few of us in the Senate, we continued to pour lavish economic aid to Sukarno, who we felt was either a Communist or so pro-Communist that he was not entitled to any U.S. aid.

But we continued to give it to Sukarno over the unceasing protests of some Members of the Senate, of whom I was one, and finally Sukarno himself threw us out. He said, "We do not want your aid." He told us to get out. We abrogated our diplomatic relations with Indonesia.

We broke off relations, and our aid stopped. Then, and only then, occurred that great anti-Communist revolt in Indonesia. The Communists were exterminated and Sukarno reduced to being a mere figurehead. I do not know whether the two events were connected, whether there was a logical sequitur, but it seems that the moment we stopped our aid, which had amounted to over a billion dollars, the Communists were thrown out. Maybe there is a good lesson in this experience, if only we will profit by it. When we poured in our dollars communism flourished. When we stopped it so did communism.

I think we might explore the matter. Perhaps great progress could be made in getting Communists thrown out elsewhere in the world by stopping our aid to other countries where communism threatens. Certainly the giving of our aid has never produced that desirable effect.

Mr. CHURCH. I thank the Senator. Although it might not be possible to draw the correlation he suggests, a very strong case can be made for the adverse reaction that often follows excessive intervention on our part in the internal affairs of many of these newly emerging countries. I could cite many examples, if time permitted, of mistakes we have made in Africa by mixing too deeply in the internal affairs of young African countries; and there are other examples

involving the Russians, where excessive Russian intervention has led to similar repercussions.

We can take heart from the fact that the Africans, when left to themselves, have demonstrated that a nationalist feeling, which is an indigenous feeling, is the greatest bulwark against Communist penetration. That is equally true in Asia.

The example of Indonesia is particularly pertinent in this regard.

Mr. SYMINGTON. Mr. President, will the able Senator yield?

Mr. CHURCH. I yield.

Mr. SYMINGTON. Mr. President, I have read and listened to the speech of the able Senator from Idaho with great interest. It is both thought provoking and constructive.

Mr. GRUENING. Mr. President, will the Senator raise his voice. I think that many Senators would like to hear his words of wisdom. If he speaks in a low tone, his precious words will be lost.

Mr. SYMINGTON. I thank the Senator for his kind observation.

I would ask three questions.

The Senator says Vietnam is not involved, in any way. Does that include the ancillary support to Vietnam, and to such countries as Thailand and Laos, where we know we do have some activities?

Mr. CHURCH. The military assistance we furnish to Laos and to Thailand, as well as military assistance that we furnish to Formosa and Korea, are included in this bill, but that to Vietnam, both with respect to the Vietnamese and to our other allies, is not included.

Mr. SYMINGTON. Inasmuch as it is now common knowledge that we conduct much of our operations against North Vietnam from Thailand, if we vote for the amendment, would that affect our operations out of Thailand?

Mr. CHURCH. I would not think that it would affect the operations to which the Senator has made reference. As I understand it, these are operations of our own Air Force and are covered in the appropriations to the Defense Department.

Mr. SYMINGTON. This is a constructive presentation of the position of the Senator. If we follow his reasoning, would the conclusion not justify a larger reduction than $100 million?

Mr. CHURCH. I felt that a larger figure would not win approval because of the reluctance of the Senate, demonstrated so often in the past, to effect any reduction in military bills.

That is why I settled on the $100 million figure, thinking that it was as much as the Senate might approve.

Mr. SYMINGTON. I noticed yesterday the able Senator from Idaho voted for the economic aid bill. I voted against it because of my increasing apprehensions about the fiscal and monetary problems all these programs are developing for the United States; and presented, on the floor yesterday, one aspect of those problems.

If the Senator feels so strongly about military support for such countries as India and Pakistan—may I say I think there is great merit in his reasoning in this regard—would he be willing to deny economic aid to such countries as have been mentioned, and others like the United Arab Republic, unless the countries in question agree not to purchase war materials from behind the Iron Curtain, or from nations of the free world?

Would the Senator agree it would be wise to refuse economic aid unless they agreed not to take advantage of this aid to improve their military position by purchasing arms from other countries, both behind the curtain and in the free world?

Mr. CHURCH. Let me answer the Senator's excellent question in two parts.

I share the concern of the Senator about the continuing outflow of gold and its effect upon the stability of the dollar in the international marketplace.

The Senator is an expert on this question. He has given it more attention, in my judgment, than any other Senator.

It is because I share the concern of the Senator that I voted for amendments in committee, where I offered all of the amendments which reduced the economic aid bill by a total of $117 million. I then supported both amendments offered on the floor which effected further reductions, so that the final bill was approximately $400 million less than the administration's original request.

One of the reasons why I offered this amendment to the military assistance program is that I think now is the time, in view of the spiraling costs of our involvement in Vietnam, when we should cut back all other expenditures wherever we can.

I share the concern of the Senator about our balance of payments, and I have tried to do what I can to support him in his position.

In connection with the Middle East, I am gravely disturbed about the present policy which funnels in arms to countries now engaged in a serious arms race that could break out in a tragic war.

The suggestion that the Senator makes is one that ought to be carefully explored. Another possible route might be through diplomatic channels to secure some kind of agreement with the Soviet Union and countries of Western Europe to place some kind of arms embargo upon shipments to the Middle East.

It seems to me that a war in the Middle East would be as dangerous for the Soviet Union as it would be for the United States.

I do think we ought to concern ourselves now with this developing arms race in the Middle East, and that, instead of continuing to engage in an arms supply program, we ought to be undertaking to secure an international agreement that would limit the flow of arms into the Middle East.

Mr. SYMINGTON. With that I agree. My surprise was considerable when I found, after some $8 billion of aid we have given to India, that they have the largest air force in the Middle East, their planes coming primarily from Great Britain and the Soviet Union.

Also, after the hundreds of millions of dollars of aid we have given the United Arab Republic, they now have the finest air defense force, in quality in the Middle East, their new planes coming primarily from the Soviet Union.

If we accept the premise the Senator so ably presented on the floor of the Senate today, wanting to reduce friction between nations by reducing the arms race between nations, is it not a logical extrapolation of his position to say we should stipulate we will not give economic aid to countries which in turn utilize the advantages such aid gives to their econonmy so as to buy military equipment?

Mr. CHURCH. As I have said to the Senator, this suggestion is one that I believe deserves the closest examination. I have not had an opportunity to weigh it with respect to any particular country.

Mr. SYMINGTON. Then, I shall not pursue it.

Mr. CHURCH. But I am in full accord with the end objective that the Senator seeks.

Mr. SYMINGTON. I thank the Senator, and congratulate him on a fine presentation.

Mr. CHURCH. I thank the Senator from Missouri.

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

Mr. CHURCH. I yield.

Mr. ELLENDER. Mr. President, I notice that the distinguished Senator from Idaho has criticized our credit assistance program.

I wish to call the attention of the Senator to the fact that the senior Senator from Louisiana, on August 11, 1964, during the second session of the 88th Congress, had stricken from the bill the very language that caused us to get into the credit assistance business with other countries. However, my amendment was deleted in conference—that is, the amendment was not agreed to. If the amendment that I suggested in 1964 had been adopted by the Congress we would not be providing in this bill in excess of $50 million to guarantee sales made by our munitions manufacturers who might suffer losses by selling to developing nations abroad.

Mr. CHURCH. I can think of many propositions concerning the whole foreign aid program, advanced in past years by the distinguished senior Senator from Louisiana, which, if adopted, would have proved highly beneficial.

Mr. ELLENDER. I appreciate the comment of the Senator.

Mr. CHURCH. And the Senator from Louisiana has referred to one of them.

Mr. ELLENDER. I appreciate that very much.

The next question I desire to ask the Senator is this: Does the Senator specifically state the areas from which his proposed reduction of $100 million should be taken?

Mr. CHURCH. No. I have left this to the discretion of the administrators, believing that they should have the flexibility to make that decision, since they know most about the details of the program.

Mr. ELLENDER. I wish to say to the Senator from Idaho that I have an amendment similar to that offered by him, except that instead of $100 million, I propose a cut of $75 million. Nevertheless I hope that the amendment offered by the Senator from Idaho is en-

acted and I wish to state that I will support his amendment.

In my presentation which I will make later, I shall suggest where cuts may be made.

For instance, the Senator from Idaho previously discussed the war between Pakistan and India. In this connection, I am sorry to see that in this bill there is a proposal to provide further military assistance to those two countries. I believe that it is shameful for the Senate to countenance such a proposal.

I notice, also, that notwithstanding, the fact that we may have to withdraw permanently from France, money is provided in the bill for NATO Infrastructure in Western Europe. It is my belief that before any more money should be appropriated for Western Europe by this Congress, a complete study of NATO should be made.

I want to point out that the pending bill contains a proposal to spend $90 million for NATO Infrastructure in fiscal year 1967. This sum is $20 million more than was appropriated last year for NATO Infrastructure and almost twice as much as was used in fiscal year 1965. I submit, Mr. President this $90 million for NATO Infrastructure cannot be justified as I shall show later when I speak to my amendment.

Mr. CHURCH. I say to the Senator that I shall listen with great interest to his argument on behalf of his own amendment.

Mr. ELLENDER. The arguments I shall make shall be equally applicable to the amendment offered by the Senator from Idaho. The Senator from Idaho would leave the matter of applying the cut to the Defense Department. I shall simply make suggestions as to where the funds might be cut.

Mr. CHURCH. I believe it is perfectly proper for Congress to indicate where cuts should be made. Thus far, Congress has proved unwilling to do so. In the hope of making a modest reduction in the program and obtaining some results, I believe it best to frame the amendment as a simple reduction in overall authorization.

Mr. ELLENDER. My amendment would do the same as does the amendment of the Senator from Idaho. I am not specific in the amendment, but in my presentation I will make suggestions as to where I believe the cuts could be made, just as I have done in the case of NATO Infrastructure.

Mr. CHURCH. I thank the Senator from Louisiana.

FORCES BEHIND OUR ARMS TRAFFIC

As the Senator from Louisiana has mentioned, we have stopped military assistance—temporarily, at least—to India and Pakistan, although we continue to pour arms, by gift and sale, into the highly inflammable situation in the Middle East. And so does the Soviet Union.

The Russians must find this situation about as unsatisfactory as we do. Why, then, do we not seek an agreement for mutual abstinence along the lines that I mentioned moments ago, in discussion with the distinguished Senator from Missouri? Why do we not strive on the diplomatic front to find some kind of mutual limitation in the general input of arms into the Middle East?

Is it compeletly out of the question that NATO could arrive at a common policy regarding arms sales to underdeveloped countries?

How hard have we tried to bring this about?

How much are our diplomats—some of whom I know would like to bring it about—inhibited by subtle, countervailing pressure from the military-industrial complex that President Eisenhower warned us against so prophetically in his farewell address?

From the standpoint of our stated foreign policy goals, the sowing of arms to the four winds makes so little sense that one must discard the proffered justifications and look for a more reasonable explanation—namely, as was earlier suggested by the distinguished chairman of the committee that these programs are a means of surplus disposal, a grim Public Law 480 spreading death-dealing weapons instead of life-giving food.

Modern armed forces throughout the world—preeminently those of the United States, the Soviet Union, and Western Europe—have a severe problem of obsolescence because of the rapid pace of technogolical advance. As new models are developed, it becomes very tempting to dispose of the still-serviceable old ones at bargain prices. Does anyone suppose that the Soviet Government is under similar pressures from the Soviet armed forces? What is the power of the military-industrial complex in Western Europe? Why do we not try to find out by making some modest proposals for limitations on arms shipments?

The extent of the involvement of our Government in the feverish competition to sell arms abroad is betrayed by a Defense Department pamphlet entitled "Information and Guidance on Military Assistance." This directive contains the following sentences:

> Foreign customer preference for U.S. material is being generated by developing an appreciation of its technical superiority, price, availability, and the offer of follow-on support through U.S. logistics systems. In many cases, credit arrangements may be made to facilitate military sales, on short or long term basis as needed.

Delete "military," substitute "Ford" for "U.S.," and the pamphlet could just as well be promoting the sale of a well-known line of cars and trucks.

In a revealing article in the July 9 issue of the Saturday Review, our distinguished colleague, the Senator from Minnesota [Mr. McCARTHY], estimates that U.S. industry has realized a profit of nearly $1 billion on export sales of some $9 billion worth of American-manufactured armaments since mid-1961. That is a very satisfactory ratio of profits to sales, but the transactions are of a magnitude which should give us pause.

What is even more unsettling is that these arms sales should so frequently be touted by Defense Department spokesmen for the contribution they make to our balance of payments. But, Mr. President, the balance of payments, as the committee report points out, "is not in such a perilous condition that it has to be salvaged by taking blood money from poorer countries."

I repeat, this is amoral. I hope that next year the Senate Foreign Relations Committee will see fit to undertake a searching study of the military assistance and sales program. For the time being, we may be unwilling to tamper with the prodigious sale of arms abroad by American manufacturers—which has made the United States the leading munitions supplier for the world—but certainly we should do no less than to start applying the brakes on our giveaway program for arming the indigent.

The modest cut proposed by my amendment is the only effective way to cause a reappraisal to begin. It is long overdue.

Mr. CLARK. Mr. President, I rise to support the position of the Senator from Idaho [Mr. CHURCH] on the pending amendment to cut $100 million from military assistance in the so-called foreign aid bill.

Rarely in the 10 years that I have served in the Senate have I read as cogently presented and as closely reasoned an argument in support of a cut in authorization as that made a few minutes ago by the Senator from Idaho.

To me, the whole concept of administration policy in the area of military assistance is as wrong as it can be. It would never have been supported if John Fitzgerald Kennedy were in the White House. He knew the need for arms control. He knew the need for disarmament. He knew the requirement that we should be working for peace in the world and not for war. He made his views eloquently apparent in three great speeches in the days shortly before his assassination, speeches to which I have often referred.

Instead of giving arms to Latin America, we should be in the forefront of negotiations to sanitize the continent by disarmament. We should be doing the same thing in Africa. We should be doing the same thing in the Near East. Instead of which, the military-industrial complex is in the saddle and the Pentagon is boasting of the millions of dollars in profits the military industrial complex is making by selling arms to countries which, no doubt, will soon be using them to breach the peace.

I would hope that in a brief moment of sanity, the Senate would turn its back on military aid and support the amendment of the Senator from Idaho.

Mr. President, I yield the floor.

(At this point, Mr. GRIFFIN assumed the chair.)

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

Mr. CHURCH. I yield.

Mr. MORSE. Mr. President, I wish to say to the Senator from Idaho [Mr. CHURCH] that there is not a word in his great speech this morning to which I do not say "amen." I associate myself completely with him here, as we were associated together in the Committee on Foreign Relations when both of us voted against this bill. Ours were the two dissenting votes in opposition to even sending the bill to the floor of the Senate.

Mr. President, because of the pressure of time—I have to be in the Labor Committee hearings for the hearing on the airlines strike at 1:30—I wish to make a very brief statement, setting forth my reasons why I oppose the huge sum contained in this bill.

The only difference I have with the Senator from Idaho is that I feel his amendment does not go far enough. If we cannot do better, I shall support his amendment.

However, I send to the desk an amendment on behalf of myself, the Senator from North Dakota [Mr. BURDICK], the Senator from Indiana [Mr. HARTKE], and the Senator from Alaska [Mr. GRUENING], in which we propose to amend the Church amendment No. 711 on page 1, line 2, in lieu of "$792 million", to insert "$692 million", which means that we propose a $200 million cut from the committee bill instead of a $100 million cut.

The PRESIDING OFFICER (Mr. TYDINGS in the chair). Is the Senator offering his amendment?

Mr. MORSE. Mr. President, I am offering my amendment. I want it to be pending.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

Amendment offered by Senator MORSE in behalf of himself, Senator BURDICK, Senator HARTKE, and Senator GRUENING, to the Church amendment No. 711:

"On page 1, line 2, in lieu of '$792 million', insert '$692 million'."

Mr. MORSE. Mr. President, the separation of military from economic assistance will be the second step in funding all foreign military aid out of the Defense Department budget unless Congress puts the two bills back together. The first step was taken when the financing of all foreign military forces in South Vietnam was put under the Defense Department budget in the supplemental military authorization of February 1966. Congress, the public, and the world have now lost sight completely of how much it is costing the United States to finance these foreign armies and the manner of its administration.

That undoubtedly was a major purpose of this technique.

I believe it also was intended to push Congress in the direction of reviewing and authorizing military aid through its Armed Services Committees and not through the Foreign Affairs and Foreign Relations Committees. Yet military aid was, and is, basically a foreign policy matter. Once it becomes a part of the Defense Department budget, it will be considered only in military terms.

A second result of the supplemental military authorization was to remove military aid to South Vietnam and others in South Vietnam from the pending military aid bill. Yet the request for $917 million scarcely reflects the omission from this year's bill of military assistance to South Vietnam and others fighting there.

As with economic assistance, it is becoming the practice to maintain the level of the regular assistance measure, while getting additional funds through separate legislation. The separate spigot for military aid will cost in the magnitude of $630 million in fiscal 1967.

EFFORT TO RESTRICT GAO AND CONGRESSIONAL REVIEW

Another example of the desire of the Defense Establishment to free itself from congressional supervision was the provision in the bill it drafted that would have omitted the present requirement that it furnish information, upon request, to the General Accounting Office and the committees of Congress.

Over the years, the GAO, an arm of Congress, has been the public's watchdog over foreign aid expenditures. Its reports on mismanagement and misuse of military assistance are numerous. In the last 2 years, they have dealt with such episodes as:

Deficiencies in the military assistance program for the Spanish Army.

Lack of effective action by the military services to obtain NATO cost sharing of military construction projects in Europe.

Ineffective and overly costly aspects of military and economic assistance provided to Thailand.

Need for improvement in supply support for aircraft under the military assistance program for the Republic of China.

Inadequate administration of military budget support funds provided to Pakistan under the foreign assistance program.

Ineffective and inefficient administration of the training of foreign personnel under the military assistance program for Greece.

Inadequate planning, programing, and contracting for a fixed communications system for the Government of Indonesia under the military assistance program.

On my insistence, the Foreign Relations Committee reinstated this provision. The committee bill retains the requirement that information be furnished Congress and the GAO. But the fact that the Defense Department omitted such a provision from the bill it sent to Congress is indicative of the military autonomy from congressional control that the administration seeks.

It argues for vigilance on the part of Congress. It argues for insistence that military and economic aid be considered together, and by the Foreign Affairs and Foreign Relations Committee.

TRUE COST OF MILITARY AID

The request of the administration for $917 million has been reduced slightly by the committee. But the $25 million cut is far from commensurate with the military air to Vietnam in last year's bill that is now coming out of the Defense budget and does not show up in this bill at all. The true expenditure by the taxpayers for military assistance in fiscal 1967 will be around $1.5 billion unless this bill is severely cut. This means that many countries unaffected by Vietnam are getting their military aid increased under this bill.

A reduction here is one way that the burden of the Vietnam war could be shared by the 55 nations on the list to receive military assistance.

Only South Vietnam and Korea of these have troops fighting. Proportionate reduction in programs for the other 53 would be little enough for them to contribute to the war in Vietnam, a war advertised as necessary to protect them all. If this is in the fact their war, and if they do not care to contribute manpower to it, at least they can contribute a cut in their military hardware from the United States.

No more than with economic assistance, can we have "business bigger than usual" in military gifts. A reduction of at least $100 million from the committee bill is not only justified but would still maintain them all at roughly last year's level.

The device of increasing military aid to 53 noncombatant countries by funding Vietnam separately is one more long step down the road to militarization of American foreign policy. It must be resisted by Congress.

CONFLICTS INSTIGATED BY MILITARY AID

The case against raising military aid funds is further supported by the poor results from our policy of indiscriminate arms aid. Ambassador Galbraith laid direct blame upon U.S. military aid for the war between India and Pakistan. He told the committee:

The full consequences of the policy of indiscriminate arms aid have revealed themselves with a kind of heroic clarity in south Asia. Rarely, I think, does history work itself out with such majestic, and also ironic, completeness. When I went to that part of the world in 1961, I pled with some fervor and even a certain acerbity for a reconsideration of the policy of shipping arms into the region. There is something intrinsically obscene in the combination of ill-fed people and well-fed armies deploying the most modern equipment. In the spring of 1961 we gave a dozen supersonic planes to Pakistan and a half billion dollars in economic aid to India. The first got more attention from the Indian press than the second. And, most important, while it was our intention that the arms be used against Communists (where they would have counted for little) it was evident that the local citizenry saw them all but exclusively as ways of advancing their own more ancient and more compelling animosities.

I was rebuffed, at the time, not so much in contempt as in pity. It was impossible that anyone should be so retarded that he could not see that this was the policy. Perhaps in my case there was an explanation. Not only was I an amateur ambassador but also a professor, of whom little could be expected. Other members of the new administration, including, I may say, the Assistant Secretary, who was brought in to breathe new life into our policy, were far more sensible. They made haste to embrace the old line and were very helpful in explaining why it was necessary, even if unwise. As late as last spring a spokesman for the old policy advised the Congress that our arms aid to Pakistan was designed to arrest the historic movements of the Soviets down through the Khyber Pass. The Soviets seem not to have reacted either to this slander on the competence of the Red Army vis-a-vis the local opposition or this reconstruction of history. Given a little time, they may have thought we would get them a Kipling.

The arms we supplied under this policy caused, and I underline that word, the war last autumn between India and Pakistan. I do not pass on the merits of the Kashmir dispute or the rights of Pakistan in this regard. I have a great deal of sympathy with the position of Pakistan in this dispute. But if we had not supplied arms, Pakistan would not have sought one thing we wanted above all to avoid; namely a military solution.

That beyond the slightest possibility of doubt was the price of the Dulles policy. And of the policy of his disciples in continuing it. As the crowning irony, the Soviets, at whom these arms were meant to be pointed, stepped in and obtained a settlement of the conflict. Meanwhile, at long last, we stopped the shipment of arms into the area.

I believe it is well that we have this history down in black and white. For I have little doubt that, at this moment, somewhere in the nether recesses of the bureaucracy, someone has a well-argued paper on resuming arms aid to Pakistan and India. We can only be unalterably opposed to both.

We must anticipate further conflict in Cyprus, since we have increased our military aid to Greece on the slightly ridiculous argument that she is threatened by Bulgaria.

What is happening, and the Congress and the American people should realize it, is that the U.S. Government has become the No. 1 promoter of the sale and gift of military equipment abroad. If we can't give military assistance to a developing country and thus get our military foot in the door, we try to sell military hardware and thus not only get a foot in the door, but help our balance of payments as well. And if for some reason we can neither give nor sell military equipment, then our economic aid programs often provide sufficient budgetary assistance to developing countries so that they can—at the expense of their own development—buy their own military equipment.

WE SHOULD STOP ARMING THE INDIGENT

There is only one solution to this miserable business. That is to terminate all military assistance to countries likely to use that equipment against each other and, just as important, decline to send military assistance to the poorest of the underdeveloped countries.

In my opinion, no military aid should be sent to any nation having a per capita gross national product of less than $300 a year. If the American people were fully aware of the implications of military assistance, and the relationship of economic assistance to the production of military equipment, they would be revolted by the ill will which shortsighted policymakers are storing up for this Nation with their "arming the indigent" policy.

As for those who will argue that if we do not supply military assistance the Soviets will, I would answer: "Let the Soviet Union reap the consequences of the torrent that will be unleashed." As former Ambassador Galbraith observed during the hearings of the committee, the recurring argument that if the United States does not provide arms the Soviets will, is "another example of that curious obtuseness which excessive preoccupation with cold war strategy produces in otherwise excellent minds. It was Soviet tanks that surrounded Ben Bella's palace in Algiers when that Soviet-supported leader was thrown out. It was a Soviet and Chinese equipped army which deposed the Indonesian Communists. It was a Soviet-trained praetorian guard which was expected to supply the ultimate protection to the government of President Nkrumah and did not."

MILITARY AID TO LATIN AMERICA

The benign American attitude toward Latin American military establishments has just helped deprive Argentina of a constitutional government. The pattern whereby the United States extended both economic and military aid to juntas in the Dominican Republic, Guatemala, Honduras, Ecuador, and El Salvador helped bring about the Castelo Branco coup in Brazil. And when we rushed to approve and to stake the Castelo Branco junta with vast new sums of aid, we encouraged the Argentine military establishment to take over its Government.

Argentine generals are quoted as believing that U.S. support of the Brazilian military junta meant that formal U.S. opposition to a coup in Argentina was "just window dressing." They are right. It is just window dressing. We have been proving by our actions for 3 years that we have little interest in constitutionalism. Whatever our military missions in Latin America are teaching the Latins, it is encouraging and not discouraging their coups against constitutionalism.

The whole rationale that our military aid tends to teach civilians control of the military, and to interest them in civic action, has been totally refuted by events. It was bad enough when these coups occurred in the small nations of central America. Now they have engulfed Brazil and Argentina. They are fed by our military aid, and they are destroying the objectives of the Alliance for Progress in country after country.

Mr. President, as I have said, the request of the administration for $917 million has been reduced slightly by the committee. But the $25 million cut is far from commensurate with the military aid to Vietnam in last year's bill that is now coming out of the Defense budget and does not show up in this bill at all.

It should be understood that the $917 million that the administration asked for in this bill is separate from the billions that we are pouring into South Vietnam to conduct this undeclared war. When we take into account what the administration will receive separately for Vietnam and so-called free world forces there, the administration is not asking for less military aid this year, but more.

Yet the propaganda that has been issued by the administration has created the impression on the part of many Americans that this is a barebones military aid bill and is lesser in amount than last year's military aid bill. That is not the case. This bill really provides more military aid when there is taken into account the countries outside of Vietnam.

The true expenditure by the taxpayers for military assistance in fiscal 1967 will be around $1.5 billion unless this bill is severely cut. This means that many countries unaffected by Vietnam are getting their military aid increased under this bill.

A reduction here is one way that the burden of the Vietnam war could be shared by the 55 nations on the list to receive military assistance.

I am at a complete loss to understand why the administration would propose this additional military aid to other countries that are not helping us one whit in Vietnam. At the same time the administration, through Bureau of the Budget recommendations, cuts domestic program after domestic program that it promised the American as a part of the Great Society program.

The Senator from Idaho [Mr. CHURCH] has on past occasions pointed out the very point which I now make. What the administration is really asking for—and I speak for myself on this point—is that the schoolchildren of America pay the untold cost of the Vietnam war; that the funds for the poverty-stricken people in this country in the antipoverty program be cut back and that the poverty stricken pay for the cost of the war; that the underprivileged, who are living in the ghettoes of this country, whose skins are black, pay for the cost of this war, by the reduction of this administration in funds for the Great Society program.

I support the Great Society program, but I wish to say that the cost of the Vietnam war should not be paid by those who sorely need the Great Society program. It should be paid by those who are making the blood money out of the war. It should be paid for by a tax increase program. It should be paid for by protecting the economy of this country which is going ahead into an inflation unless the administration changes its economic policy.

Only South Vietnam and Korea of military aid recipents have troops fighting in Vietnam. Proportionate reduction in programs for the other 53 would be little enough for them to contribute to the war in Vietnam, a war advertised as necesary to protect them all. If this is in the fact their war, and if they do not care to contribute manpower to it, at least they can contribute a cut in their military hardware from the United States.

No more than with economic assistance, can we have "business bigger than usual" in military gifts. A reduction of at least $100 million from the committee bill is not only justified but would still maintain them all at roughly last year's level.

I am not in favor even of leaving them at last year's level. The military aid to non-Vietnam countries should be reduced, not continued as before.

The device of increasing military aid to 53 noncombatant countries by funding Vietnam separately is one more long step down the road to militarization of American foreign policy. It must be resisted by Congress.

Mr. President, I want to say to my majority leader that when the time comes this afternoon for a vote on my amendment I shall ask for a yea and nay vote. There do not appear to be enough Senators in the Chamber at the present time, although if staff members could get them in, it would be appreciated. Then I can ask for a yea and nay vote before I leave for the airlines hearing.

Mr. President, if there are now enough Senators in the Chamber, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. ELLENDER. Mr. President, I rise in support of the amendment that is now pending.

As my distinguished friend from Idaho [Mr. CHURCH] stated, on many occasions I did my level best to prevent the wholesale grants of military equipment to various countries throughout the world. It is my belief that our losses which have resulted from the military assistance program are immeasurable now.

A classic example is what is going on now in South Vietnam. It will be recalled that on several of the journeys I made to South Vietnam I sought to give good advice to my colleagues in the Senate, as well as to the Eisenhower, Kennedy, and also the Johnson administrations.

I happened to be in South Vietnam soon after Mr. Diem was sworn in as President. I pointed out to him the difficulties he might be confronted with in the future unless efforts were made to satisfy the belligerent South Vietnamese located in two pockets in South Vietnam, one located northeast of Saigon, and the other in the delta south of Saigon.

It was my belief then, and I made it known to Mr. Diem, that if we were to assist South Vietnam, our aid should be limited to technical assistance. In other words, it was my idea to teach these people to do a little better what they already could do.

Instead of pursuing that policy, President Eisenhower saw fit to send military advisers to South Vietnam, who were engaged in the training of soldiers in South Vietnam.

As I recall, when President Eisenhower's term expired, we had between 8,000 and 9,000 such advisors in South Vietnam. I did all I could to have the Secretary of State, as well as the President, refrain from undertaking the task of training soldiers in South Vietnam. Needless to say, my arguments were to no avail.

Subsequently, the late President Kennedy came on the scene and extended this program to the point where, at his death, as I recall, there were in excess of 18,000 advisors in South Vietnam.

Of course, as the buildup in South Vietnam mounted, as I predicted, we could expect North Vietnam to build up her arms.

When the late President Kennedy died, Mr. Johnson came into the picture, and we finally got into a hot war.

I was not at all surprised, because many years before I predicted that if we continued to build up in that area, it would lead to a hot war.

The senior Senator from Louisiana has never opened his mouth in opposition to what Mr. Johnson has been doing in the past 12 months, for the simple reason that since my visits to South Vietnam, in 1955 and 1956, our government made certain promises and commitments to the peoples of that area. We became deeply involved there through SEATO, and we reached the point from which there was no turning back.

It is my feeling that, since we are there, since we have committed ourselves to form an independent government in South Vietnam, we have no other recourse now than to try to attain our objective and get out of there honorably.

For the first time in 15 years, earlier this year I voted for a foreign aid bill to provide assistance South Vietnam. My reason for doing this is simple. I wanted to give our boys, who are fighting and dying there, the maximum amount of assistance.

Whether or not the people of America know it, our marines in South Vietnam in many instances are serving more or less as wet nurses to the people of South Vietnam. As they take over its provinces, they find many of the inhabitants poorly clad, hungry, and diseased. Under these circumstances, it is impossible to give too much aid. Our boys need all the help we can muster.

It is my feeling that if we provide funds to assist these people in getting back on their feet, we not only assist our fighting men, but we might also get the South Vietnamese on our side and thereby have them form a stable government.

It is my belief that, unless we are able to establish a stable government in South Vietnam, we will have a most difficult time in ending the war in a reasonable length of time.

It is my sincere belief that, if, as, and when a stable government can be established in South Vietnam, this shooting war could possibly end within the next 9 to 12 months.

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

Mr. ELLENDER. I yield.

Mr. GRUENING. I am wholly sympathetic and in accord with the views of the distinguished Senator from Louisiana that it is desirable to establish a stable government in South Vietnam, but does he think it is possible to establish a stable government in Vietnam under the 10-general junta that now rules it? Does he realize that out of the 10 members of that government, 9 of them fought against the Vietnamese people and for the French? Are they the ones to inspire confidence in their people? Is the Senator from Louisiana aware that Marshal Ky, when interviewed by a London newspaper—and this statement was also reported elsewhere—when asked if he had a hero, said, "I have only one, Adolf Hitler"? Does the Senator think that is the kind of government that we should support enthusiastically as our administration has?

Mr. ELLENDER. Mr. President, I do not wish to go into details concerning the personages in South Vietnam. I only say that unless we are able to assist in stabilizing the government in South Vietnam, our task will become impossible. We may have to get out of there, for all I know, because we cannot afford to have the enemy shooting us from the back and pursuing us from the front. That just will not work.

As I have said, that is why I voted, for the first time in 15 years, for $400 million of economic aid to South Vietnam. I want to see a stable government come into being as soon as possible. Unless a stable government can be formed there, who will provide the soldiers in South Vietnam to fight alongside our fighting men? The Filipinos, who may come later, the South Koreans, who are there, the New Zealanders and the Australians? Unless there is stability, I cannot see how the young men of South Vietnam can be conscripted to help organize an army there, to fight the Vietcong and the North Vietnamese.

Mr. GRUENING. Will the Senator yield further?

Mr. ELLENDER. I do not wish to get into an argument with my good friend from Alaska as to whether Ky is the man or Mr. Sambo is the man. The point I am trying to make is that every effort should be made to stabilize the government there. Unless we can obtain a stable government, we are in for a lot of trouble, as I am sure the Senator will agree.

Mr. GRUENING. I fully agree, but I believe it must be a government that has some popular appeal and therefore some popular support which this gang obviously has not. They are held in power by the armed forces and funds of the United States.

Considering that last year, for instance, there were 96,000 desertions from the South Vietnamese Army—and that perhaps is understandable; they do not wish to fight for a government whose self-imposed characters are merely self-seeking, interested only in themselves and their perquisites, and have shown little concern for the welfare of their people. I think, in order to stabilize the government, we would have to have a more popularly based government.

Mr. ELLENDER. I have had occasion to travel, as I recall, on at least five occasions throughout South Vietnam. As the Senator knows, the country is divided into 16 or 17 provinces. At the time I visited, the people in the provinces did not know a thing about Saigon being the seat of government. They looked to their own little local government, their provincial government; and very few of them were aware that Saigon was the seat of the central government.

Of course everything, all the aid that we made available to South Vietnam, was sent to Saigon. Concerning the matter about which I spoke a moment ago, these two pockets of resistance, it would seem to me that in order for Diem to make any kind of success, he should try to unify the country; but I found so many dissidents in those two pockets northwest of Saigon and in the delta that I feared they would grow in intensity and in number, and in time give us trouble; and that is exactly what happened, Mr. President. I merely wanted to point that out.

But as I stated a moment ago, we are there. We have made certain commitments, and it is my belief that it would be tragic for us now to remove ourselves from there, without at least making an effort to obtain an honorable peace.

During the 88th Congress, the 2d session, while the foreign aid bill was under discussion, I authored an amendment which has become section 512 of the foreign assistance bill. This section limits the amount of aid to Africa to $25 million. That was for all of the countries of Africa. It was my feeling that $25 million was a little bit too high; but in order to obtain agreement, so that the

Senate would adopt my amendment, I consented to make the amount $25 million.

But in order to limit the amount to even that figure, I was compelled to agree to language in my amendment that would leave a loophole to enable the President to increase the amount in case he thought it was to our benefit and for our national security.

Mr. President, in addition to that amendment—which was agreed to by the Senate, and which was retained in conference—I submitted another amendment, which was agreed to by the Senate. That amendment cut out all of the new language that was then put in the foreign aid bill for the first time, wherein we agreed to guarantee our munitions manufacturers of this country against losses they might incur on the sales of military equipment to developing nations. This is commonly referred to as the credit assistance program. It was discussed by me earlier and in detail by the Senator from Idaho when he presented arguments in support of his amendment.

Mr. President, it would have been an easy matter for us to retain that provision in the bill. I argued for it. Other Senators did the same. But when the bill was in conference, somehow the administration got busy, and the House refused to accept the amendment which I had proposed and which the Senate had agreed to.

In this bill, we have an item of $50 million to provide for such credit assistance and guarantees.

Mr. President, I wish I could state to Senators and to the people of this country the vast sums that are being spent in countries of Asia, South and Central America and in the Middle East in order to build up their military machines. The argument was advanced by Secretary McNamara some time ago that it was beneficial to America for us to be selling these munitions to countries abroad, because it assisted us in our balance-of-payments problem. I disagreed quite vociferously with Mr. McNamara when he appeared before the Committee on Appropriations; but he insisted that it was good business.

Mr. President, as was pointed out by the Senator from Idaho, we spent in excess of $50 million in order to assist Iraq. And what did we get out of it? The military hardware that we furnished to that country was later used to kill off some of our friends in that area.

Take the case in South Vietnam. We have in excess of 300,000 soldiers there. There are about 1,500 Australians in Vietnam, I think, and they promise to augment that sum to 4,500. The last figures I saw showed that we had about 150 New Zealanders there.

There is, in addition to the Australians and New Zealanders, a division of South Koreans.

But who pays for their upkeep? Who pays for the military hardware used by these South Koreans? Good old Uncle Sam. We even pay for their transportation and part of their salaries there.

I think it is outrageous for our great country to be involved in such a conflict with so little assistance from those whom we have helped until it hurts.

The countries of Western Europe and Japan may have good reason to keep out of there. They may not be in sympathy with what we are doing there. However, we are now in trouble, and when we knock at the doors of our rich friends and ask them to assist us, there is no response. They all say: "It is your baby, and you nurse it." The very countries which tell us that are the countries that we have revitalized since World War II. They are being protected now by good old Uncle Sam and by the taxpayers of this Nation.

We have today in excess of 600,000 Americans in Western Europe in order to hold the umbrella of military protection over our original allies.

Many may have seen in the newspaper, yesterday or the day before, a statement by Mr. McNamara that we have no intention of withdrawing any of our troops from there. This would indicate that we will remain there notwithstanding the fact that France has withdrawn from NATO.

I presume we will continue to build facilities there, and in this connection as I previously indicated there is $90 million in this bill for NATO infrastructure.

It would seem to me that we are being taken for a ride, and it is time that we, in the Senate halt all of this. It is time for the Congress to act and to prevent a further diminution of our resources and spread of war throughout the world.

Mr. TALMADGE. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I yield.

Mr. TALMADGE. Is it not true that at the present time about six divisions of troops are in Western Europe for the purpose of protecting the Europeans?

Mr. ELLENDER. The Senator is correct. I believe it is five and one-half divisions, to be exact.

Mr. TALMADGE. Is it not true that this adds over $2 billion annually to our deficit.

Mr. ELLENDER. It contributes $2.3 billion annually to our deficit.

Mr. TALMADGE. To the dollar deficit.

Mr. ELLENDER. The Senator is correct.

Mr. TALMADGE. Is not a good part of that amount converted into gold, thus further contributing to our gold loss which is now critical?

Mr. ELLENDER. The Senator is correct.

Mr. TALMADGE. Is it not true that those same countries are now trading with our enemy in North Vietnam, which is killing American soldiers?

Mr. ELLENDER. The Senator is correct. I understand, from many articles in the newspaper and many discussions I have had with people who ought to know, that some trading is being conducted by some of those countries with our enemy.

As the Senator knows, we had a little debate here yesterday on the Byrd amendment, which was agreed to by the Senate fortunately, wherein we did not exactly criticize the Germans, the Italians, and the French, but we simply told them that we did not like them to help Red China by building a steel mill there.

There is no doubt that in the last 10 or 15 years there has grown up with the countries of Western Europe and Eastern Europe, including Russia, quite a large trade which amounts, I believe, to more than $2.5 billion per year.

While we are protecting them with this military umbrella, they are building their trade and their own economies. We, of course, will suffer a good deal in the future on account of this situation.

Mr. TALMADGE. Does the able Senator not think that we can perhaps use some of those troops in South Vietnam at the present time to bring the war to a conclusion much more speedily.

Mr. ELLENDER. I suppose that could be done, but as to whether we should have 300,000 or 400,000 boys there, I would not like to pass judgment.

In that area, the terrain is such that we cannot fight the kind of war that was fought during World War I or World War II. It is guerrilla warfare, and whether to send many more troops there remains problematical to me.

Mr. TALMADGE. Certainly, the Senator would agree that it is ironic that we are stepping up the draft materially in our own country to send troops to South Vietnam, while we also have troops in Western Europe at the present time.

Mr. ELLENDER. Yes. But that draft is being put into effect to help not only South Vietnam, but also South Korea and Western Europe.

As the Senator knows, a person cannot be drafted for longer than 2 years. About 9 months is required to train him. Then, by the time he gets across—let us say to South Vietnam—he has perhaps 8 or 9 months remaining as a draftee.

Mr. TALMADGE. The Senator agrees, then, does he not, that this time the countries of Western Europe should be notified that they ought to do more to defend themselves, instead of relying on the Government of the United States to do it for them?

Mr. ELLENDER. I have done that often, as a Senator. I have done it before the Committee on Appropriations. As a matter of fact, I have done it ever since Mr. McElroy was Secretary of Defense. I asked him, and everyone who has succeeded him, "What are you doing in order to get Western Europe to give us more assistance?"

The answer was, "We are doing all we can."

"Well, what is it that you are doing?"

They could not answer that question, except that they were making a try.

Of course, if we continue to permit those people to lean on our shoulders and we remain as soft as we have been with them, they will lean on us as long as we permit them to do so.

Mr. TALMADGE. I am well aware of the efforts of the Senator in that regard, and I compliment and commend him.

Mr. ELLENDER. I thank the Senator.

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

Mr. ELLENDER. I yield.

Mr. FULBRIGHT. Since arguments have been made to cut down on this effort to try to defend everybody, the

logical method to do so would be to cut the authorization for the military aid program; would it not?

Mr. ELLENDER. The Senator is correct.

Mr. FULBRIGHT. That is what the Senator favors?

Mr. ELLENDER. That is what I am in favor of.

Mr. FULBRIGHT. So am I. I congratulate the Senator.

Mr. ELLENDER. I thank the Senator. I am sorry that I was misunderstood by the distinguished Senator from Arkansas.

Mr. FULBRIGHT. The Senator from Louisiana did not make it clear. The Senator said that he had spoken to our officials and tried to persuade them on the merits of his position. The way to accomplish his objective is to withhold the authority they request.

Mr. ELLENDER. The distinguished Senator from Georgia spoke of that, and the fact that we have all these soldiers in Western Europe, and the cost of maintaining them there. That is what we were talking about.

Mr. FULBRIGHT. A great deal more than Western Europe is involved in this matter.

Mr. ELLENDER. I agree with the Senator. But Mr. de Gaulle has thrown a challenge in our direction. I believe he said about 2 or 3 years ago that he thought that France could take care of the economic aspects of the affairs of Western Europe, and that as far as the military aspects were concerned, it would take a little more time.

If I had been President, I would have simply told Mr. de Gaulle, "You take care of all of it, and we will withdraw."

They are horrified when anybody makes that kind of suggestion.

It is terrible that we have to have five and one-half divisions in Western Europe to maintain military support for the rich countries there. We are doing this at our own expense, at our own cost, and our balance-of-payments problem is getting worse while we persist on this course.

Mr. FULBRIGHT. Would it not be in accord with the recent appeal by the President for economy, if we cut this bill a couple of hundred million dollars? Did not the President appeal to members of the Committees on Appropriations to keep the appropriation bills down to help hold the line on the budget?

The amount in the Department of Defense Appropriation bill was increased by the House by approximately the amount in this bill. So it seems to me that if we wish to support the efforts of the President to keep our Federal budget in some kind of reasonable shape, we ought to cut the amount in this bill.

Mr. ELLENDER. I am with the Senator 100 percent.

Of course, my amendment is niggardly compared with that of the Senator from Oregon and that of the Senator from Idaho. But if the matter were left entirely to me, I would cut a good deal more than $200 million.

Mr. McGOVERN. Mr. President, I wish to commend the Senator from Louisiana for what I believe is a very profound explanation of how we became involved in the first place in what seems like an almost hopeless and futile effort in southeast Asia. The Senator from Louisiana is to be commended not only for what he has said today, but also because he said it 10 or 12 years ago.

I well remember reading the reports of the Senator, when he returned from some of his study trips abroad, in which he warned against the kind of commitments that would involve us in exactly the type of conflict we are in today.

In my opinion, the words of the Senator should be heeded. He has been right many times in the warnings that he has made about these commitments of American military aid, that they would draw us into hot wars sooner or later.

We read in the press this morning that General Ky has now laid down an ultimatum that either we invade North Vietnam or we should get ready for a 10- or 15-year war. All of this after some 10 or 12 years of fighting.

We became involved in that situation, as the Senator has said, supposedly to give a little military advice and to send over a little military hardware to help one side of the conflict; and here we are, with a major commitment of American forces, and now being invited to invade North Vietnam.

What concerns me is that we now see the same kind of buildup taking place in Thailand and other places in southeast Asia. I hope that the predictions of the Senator will not prove to be right, or we will be fighting the same kind of war in Thailand a few years hence.

I commend the efforts of the Senator from Louisiana, and I shall stand with him.

Mr. ELLENDER. I thank the Senator from South Dakota.

I may say that I gave warnings over 10 years ago about the difficulties that might occur in the Middle East between the Arabs and the Israelis. Considering the buildup that is occurring there now, in my opinion, it is just a question of time until we will again be involved in a hot war in that area.

As I said before, when we get in, everybody leaves, and we take up the job of doing everything. The same thing happened in South Korea, as the Senator knows.

That was supposed to be a United Nations action. It is still supposed to be that. And in order to give it the semblance of a United Nations action, the record shows that we have there now in excess of two divisions, about 55,000 soldiers. I believe the British have 2 or 3 soldiers there. New Zealand has 2 or 3. I believe Turkey has a brigade, and I believe Ethiopia has a few there.

However, to add insult to injury, we are paying for the logistics of all those soldiers, except the few British, the few Australians, and the few New Zealanders, if they have not left since I last questioned the Secretary of Defense.

Mr. President, before I was interrupted I was leading up to indicating what we are doing as a nation to try to uphold the whole world in contrast to our rich allies in Western Europe.

I have in my hand a table which shows what the countries of Western Europe have contributed to the defense of the free world compared with what we have done. I ask unanimous consent that the table be inserted in the RECORD at this point. It is entitled "'Mutual' security defense expenditures and capacity to pay—United States and Europe."

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

"Mutual" security defense expenditures and capacity to pay—United States and Europe

Calendar year	Gross national product (billions of 1962 dollars)		Defense expenditures (current prices)				Indexes of industrial production (1950=100)	
			OECD [1]		United States			
	OECD [1]	United States	Total (in billions of dollars)	Percent of GNP	Total (in billions of dollars)	Percent of GNP	OECD [1]	United States
1938	180.1	204.0					72	34
1948	182.6	342.2					69	75
1949	198.6	342.6	5.7	4.8	13.5	5.2	79	71
1950	217.4	375.6	6.2	4.8	14.3	5.0	86	82
1951	230.4	405.3	8.6	5.7	33.1	10.0	94	89
1952	237.4	417.7	11.8	6.9	47.6	13.7	95	92
1953	249.9	436.4	12.2	6.7	49.4	13.5	100	100
1954	257.7	430.3	11.6	6.0	42.8	11.8	109	94
1955	278.7	463.1	11.6	5.4	40.4	10.2	119	106
1956	291.8	471.6	12.6	5.3	41.5	9.9	125	109
1957	303.7	478.4	13.4	5.2	44.2	10.0	131	110
1958	310.8	472.9	13.2	4.8	45.1	10.1	133	103
1959	325.9	503.1	14.7	5.0	45.8	9.5	141	116
1960	347.5	515.7	15.6	4.8	45.4	9.0	155	119
1961	365.3	525.7	16.6	4.7	47.8	9.2	162	120
1962	381.6	560.3	18.9	5.0	52.4	9.3	171	129
1963	399.3	581.5	20.4	4.9	52.3	8.9	178	136
1964	422.1	610.6	21.6	4.7	51.2	8.1	191	145
1965	437.7	643.8	22.9	4.7	52.5	7.8	197	155

[1] OECD countries: Austria, Belgium, Denmark, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom. Excludes Japan.

Mr. ELLENDER. Citing from these data for the past few years, I note that all of the countries of Western Europe in 1962 lent 5 percent of their gross national product in contrast to our 9.3 percent.

In 1963 our rich allies put up 4.9 percent in contrast to our 8.9 percent of gross national product. In 1964 our rich allies, combined, put up 4.7 percent of their gross national product and we put up 8.1 percent of ours. In 1965, according to the

last figures available, our rich allies put up 4.7 percent of their gross national product compared to the United States 7.8 percent.

Mr. President, it is my sincere belief that we simply cannot afford to continue carrying the entire world and maintain our way of life. It is impossible to do that.

Mr. President, I ask unanimous consent to have printed in the RECORD the arguments which were advanced by me on the floor of the Senate on August 11, 1964, for an amendment that would have stricken from the military bill the credit assistance program.

The PRESIDING OFFICER (Mr. RUSSELL of South Carolina in the chair). Without objection, it is so ordered.

The excerpt from the RECORD is as follows:

Mr. ELLENDER. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The Chief Clerk stated the amendment as follows:

"On page 6, beginning with line 12, strike out through line 3 on page 7, as follows:

"'(a) Amend section 503, which relates to general authority, as follows:

"'(1) In subsection (c) strike out "and" at the end thereof and in subsection (d) strike out the period at the end thereof and substitute "; and ".

"'(2) Add the following new subsection (e):

"'"(e) guarantying, insuring, coinsuring, and reinsuring any individual, corporation, partnership, or other association doing business in the United States against political and credit risks of nonpayment arising in connection with credit sales financed by such individual, corporation, partnership or other association for defense articles and defense services procured in the United States by such friendly country or international organization."'"

"On page 7, line 4, strike out '(b)' and insert '(a)'.

"On page 7, line 15, strike out '(c)' and insert '(b)'.

"On page 8, beginning with line 3 strike out through line 2 on page 9, as follows:

"'(d) Amend section 509, which relates to exchanges, as follows:

"'(1) The section heading is amended to read as follows: "EXCHANGES AND GUARANTIES".

"'(2) After the section heading insert "(a)".

"'(3) Add the following new subsection (b):

"'"(b) in issuing guaranties, insurance, coinsurance, and reinsurance, the President may enter into contracts with exporters, insurance companies, financial institutions or others, or groups thereof, and where appropriate may employ any of the same to act as agent in the issuance and servicing of such guaranties, insurance, coinsurance, and reinsurance, and the adjustment of claims arising thereunder. Fees and premiums shall be charged in connection with contracts of guaranty, insurance, coinsurance, and reinsurance. Obligations shall be recorded against the funds available for credit sales under this part in an amount not less than 25 per centum of the contractual liability related to any guaranty, insurance, coinsurance, and reinsurance issued pursuant to this part and the funds so obligated together with fees and premiums shall constitute a single reserve for the payment of claims under such contracts. Any guaranties, insurance, coinsurance, and reinsurance issued pursuant to this part shall be considered contingent obligations backed by the full faith and credit of the United States of America."'"

"On page 9, line 3, strike out '(e)' and insert '(c)'.

"On page 9, line 6, strike out '(f)' and insert '(d)'."

Mr. KUCHEL. Mr. President, may we have order.

The PRESIDING OFFICER. The Senate will be in order.

Mr. ELLENDER. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. ELLENDER. Mr. President, I wish to state that a conference will be held, beginning at 2 o'clock, on the independent offices appropriation bill and I am one of the conferees. So if Senators will remain in the Chamber for just a short while, I believe we can easily dispose of my amendment within 15 or 20 minutes.

My amendment will simply delete from the bill the new language that has been included therein to provide for guarantees of credit sales of military equipment. Specifically it deletes the language that has been added under section 503 and section 509 of the act. Section 503, which is concerned with the general authority, includes language under subsection e which authorizes the President to issue guarantees against both political and credit risks of nonpayment in connection with sales of military equipment to eligible foreign and international organizations.

Section 509 of the Foreign Assistance Act of 1961 has been further amended by the addition of a new subsection which authorizes the President to enter into contracts with exporters, insurance companies, financial institutions, and so forth, whereby such groups can be employed to act as agents in the servicing of the aforementioned guaranty contracts. The additional language in this subsection provides that fees and premiums are to be charged for the guaranties; that a reserve of 25 percent is to be established for the contingent liability, and that the guaranty is backed by the full faith and credit of the United States.

Mr. President, there are countless reasons for deleting the military sales guarantee program from the bill.

Among those reasons, it would appear to be a direct contravention of existing American policy toward the granting of military aid to the countries of Africa and Latin America.

As will be recalled, last year's act put a $25 million ceiling on military grant aid to African countries, and a $55 million ceiling on the granting of military aid to Latin American countries. Under the language now in the bill foreign countries in dire economic circumstances could purchase military hardware from our American military industrial complex and have these purchases guaranteed by the full faith and credit of our Government. Naturally this would tend to encourage military arms buildup in Latin American and African countries, while at the same time encouraging American production of these armaments.

Furthermore, on page 20 of the Senate Foreign Relations Committee report in reference to the guarantee provisions, it is stated:

"A number of countries are now capable of purchasing the military equipment that heretofore they have received under the military aid program, but commercial sources of credit are unwilling to extend credit to many of them owing to underlying political instability and uncertainty."

I submit, Mr. President, that we have no business encouraging a further buildup of arms in countries to which this definition applies.

The language in the bill is so broad it would appear that false fronts could be established by foreign governments, perhaps aided and abetted by our own manufacturing concerns, to buy military goods and hardware. Once these were established they could then buy the companies' output with the sales being guaranteed by our Government. This is no doubt open to abuse. In other words, why should Fairchild, Douglas, General Motors or the other large suppliers to our arsenal be allowed to encourage the sales of hardware to foreign nations on their own terms, and with a full guarantee of the U.S. Government?

Needless to say, Mr. President, it is discriminatory against business in general to extend subsidies to our armament manufacturers, which is what would be the case if this guarantee by the Federal Government of privately financed sale of military equipment is permitted to remain in this bill.

In justifying the inclusion of the guarantee provision in the bill, the Senate Foreign Relations Committee pointed out that it is also consistent with efforts to reduce the deficit in the U.S. balance of payments. It is submitted that while the objective of reducing the deficit in our balance of payments is most desirable, it certainly is not necessary for our country to use such a means as is proposed here to obtain this laudable goal. The reduction of the deficit in our balance of payments through the sale of armaments of war, which necessarily amounts to nothing but waste and a depletion of the economic resources of our country, is no way to obtain a better balance-of-payments position.

While there is much concern expressed over obtaining a worldwide disarmament and while in this very connection the Congress has appropriated in the past few years almost $25 million to finance the disarmament agency, it is indeed contradictory to set up in this bill an agency that would further the military industrial complex in our country. There is no question but that if the military industrial complex is permitted to expand thusly, world disarmament will be taken that much further from our grasp.

I believe that we should think a long time before doing such a thing. In the past we have limited the amount of military equipment and hardware that is to be given to the countries of Latin America and Africa. But here we are opening the door wide to permit the military industrial complex to sell military hardware to anyone the President may select.

I believe this is a step in the wrong direction. In the past we have gotten into a great deal of trouble because we gave certain countries military assistance. We are suffering from that in many areas of the world. If the military sales guaranty provisions remain in this bill, I can foresee a great deal of military equipment being sold to Israel and to certain Arab countries, which will no doubt create a situation, whereby we may be called in to try to stop a war.

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

Mr. ELLENDER. I yield.

Mr. AIKEN. I merely wish to say that I did not raise any objection when the bill was reported to the Senate, although, like other members of the committee, I reserved the right to vote for any amendments which might be offered to it.

I am very apprehensive about this new section in the bill, which authorizes the President to guarantee payment for sales made by munitions makers to foreign countries. I believe if we guarantee gun-running, or whatever it may be called, or sales of munitions, or the means of making war by other countries, we will likely find some people encouraging conflicts between countries, possibly between friendly countries, in order to make large sales of munitions and; with this guarantee by the U.S. Government, we can

possibly see them working countries like Turkey and Greece to the limit to increase their sales.

Mr. ELLENDER. The Senator is exactly correct.

Mr. AIKEN. This provision of the bill would guarantee them against loss.

Mr. ELLENDER. That is exactly correct. That was a point I failed to emphasize, but I wish all Senators would take note of it.

Mr. AIKEN. I shall support the Senator's amendment.

Mr. ELLENDER. I hope not only that the Senator from Vermont will support it, but that every Senator will support it.

Mr. AIKEN. We cannot go into the business of guaranteeing people who stir up wars against any loss if some of their equipment becomes lost or destroyed on the way to delivery, or if their customer winds up on the short end of the conflict.

Mr. ELLENDER. The language is so broad that the hardware could be sold to almost any country in Latin America, for example, and then resold to other countries within that area of the world. It could also be done in Africa and in other areas of the world. I say, as the Senator from Vermont has just said, that we should not permit our Government to be an agent of the munitions companies in the movement and sale of their military equipment and hardware. I urge the adoption of my amendment.

Mr. SPARKMAN. Mr. President, I shall speak briefly on the amendment. I am sorry that the Senator from Vermont [Mr. AIKEN] has left the Chamber. I do not believe he has given the proper interpretation to the proposal that is contained in the bill. It is not to assist private gunrunners; it is a part of our regular military assistance program. In other words, these contracts would be let just as they would be let whether there was a guarantee or not, but only to the countries to which we are extending military assistance. Then, when the contract was let, let us say, to an airplane manufacturer to sell airplanes of a certain type to a certain country, under this plan, the Government would guarantee the payment of the contract. Without this plan being written into the law, the Government would pay the company cash. This arrangement would permit more flexibility in the handling of the funds. In my opinion, it is good business.

I am disturbed by the statement of the Senator as to the broadness of the language. The chairman of the committee is away from the Chamber now, but if the Senator from Louisiana will withdraw his request for the yeas and nays, I shall be glad to accept the amendment and take it to conference. I remind him that the language which he proposes to strike out is contained in the House bill and will be in conference regardless. But, at least, it will give us an opportunity to explore the situation more and perhaps agree upon different language.

In that event, we should be glad to have suggestions from the Senator from Louisiana, to help us work out a good business arrangement, for that is what the intent of the language really is. This arrangement is to be used in only certain countries. We have been given a list of the countries in which it is proposed to be used, together with the amount of money that will be allocated to each country. There are only seven: Argentina, Peru, India, Iran, Iraq, Israel, and Saudi Arabia.

Mr. ELLENDER. Some of those are countries that I had named when I spoke on my amendment. The Senator from Alabama knows very well what could happen.

Mr. SPARKMAN. I heard the Senator's remarks. I realize the truth of what he says. But I believe it would be well for us to have in the RECORD a statement of the intent.

It is not a case of saying to gunrunners, "If you sell to this country, that country, or some other country, the United States will guarantee your sales." It is not a gunrunning program. It is a program, first of all, that would have to be authorized under the military assistance progam. Second, export licenses would have to be issued by the government. It could not be a gunrunning program, by any means.

I am willing to let the language be stricken and to go to conference with the situation as it would then be.

Mr. ELLENDER. My purpose in presenting the amendment to the Senate is to have that langauge stricken.

Mr. SPARKMAN. We cannot strike it finally; the Senator understands that, does he not?

Mr. ELLENDER. I understand that; but I wish, at least, to strike the language from the Senate bill. That is my purpose.

Mr. SPARKMAN. I am willing to do that.

Mr. ELLENDER. Mr. President, under those conditions, I ask unanimous consent that the order for the yeas and nays on this amendment may be rescinded and that the Senate may be permitted to vote. In that event, I shall ask for the approval of the amendment.

The PRESIDING OFFICER. Without objection, the order for the yeas and nays is rescinded. The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was agreed to.

Mr. ELLENDER. Mr. President, I move that the Senate reconsider the vote by which the amendment was agreed to.

Mr. MORSE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ELLENDER. Mr. President, as I have said, my amendment cuts a little less from the bill than the amendments offered by the Senator from Oregon [Mr. MORSE] and the Senator from Idaho [Mr. CHURCH]. I would have introduced an amendment proposing a $200 million cut if I thought that it would be adopted. I hope and pray that the amendment of the Senator from Oregon is adopted because if we continue these buildups that are taking place in the countries of South and Central America, in Africa, and the Middle East, it is only a question of time before we will be again called upon to go to the rescue of some of our friends.

Mr. President, it should be remembered what occurred in the Dominican Republic only a few years ago. Again, I wish to say to my good friend, the Senator from South Dakota [Mr. MCGOVERN], that I gave good advice as to what should have been done in that area of the world. I made speeches in the Senate suggesting that although Trujillo was a dictator, it was better to have him there than another dictator whom we did not know anything about, and who possibly was a Communist.

Mr. President, Mr. Trujillo, to my personal knowledge, made great progress in the development of the economy of the Dominican Republic. I was greatly impressed with the huge sugar mill that he built in La Jenia.

Trujillo hired many technicians to teach the people of his country how to grow better crops and to enhance the economy of the country.

Many people still think that we assisted in trying to have Trujillo assassinated. I do not believe that but we caused him a good deal of trouble which, no doubt, led to his assassination.

What has happened since that time, Mr. President? Trujillo may have killed off a handful of people who desired to supersede him, but since his assassination hundreds of people have been killed in that area of the world, and our Government, for the last fiscal year, aside from the funds we are spending there to maintain our troops, has spent over $73 million. Mr. President, we are even called upon to pay the salaries of city officials in little villages and cities scattered throughout the Dominican Republic, and may I add we pay dearly.

It would seem to me that if we had acted firmly in that area of the world we would be better off today. Instead of trying to put Trujillo out we should have tried to let him stay there because he was anti-Communist to the bone. In the Dominican Republic up to the time of the election, there was a very shaky government. I hope that Mr. Balaguer will be able to restore order in that unfortunate nation.

I understand that Balaguer has appointed women governors for all the provinces in the Republic, and that may bring about good government. I hope so. I do hope that we limit our endeavors there militarily and try to let those people work out their own destinies, because they have a wonderful country, richly endowed with good soil.

The people of the Dominican Republic grow many commodities. They grow sugar, coffee, and cocoa beans in abundance. We furnish an excellent market for her crops. We could establish a very viable economy in that area of the world, but my fear is that we will send some of our specialists there under the AID program and assist the people to the point where they will want to be sitting under the trees and resting instead of getting out and scratching.

Mr. President, that has happened in many parts of the world. There is no doubt in my mind that with our AID program we have spoiled many good people by offering them assistance to the point where many of them did not have anything to do in order to make a living.

I speak now authoritatively because I have been there. Much of our money has been used in paying off politicians instead of attempting projects which will be beneficial to our country.

Mr. President, I hope the pending amendment will be adopted. I am satisfied that the $200 million cut could be augmented, but it appears to me that we should at least cut that amount.

As I have said, credit assistance has been raised from last year. With regard to NATO infrastructure, as I pointed out, the amount has been raised. There would not be any loss suffered by us if we cut out the entire amount programed for NATO infrastructure until we are able to settle matters in Western Europe and see what happens to NATO.

Mr. President, I regret that I am unable to go into detail to show what we are doing in certain areas of the world because it is all secret. I would like to be able to cite countries where military assistance is being increased. I would like to cite what is programed for countries in the Middle East, outside of

Greece and Turkey, but this would be a breach of security regulations and I will not do this. Senators should look up the information for themselves.

Then they will be better able to vote intelligently on the amendment that is pending. I repeat, I am hopeful that the amendment submitted by the Senator from Oregon, which is an amendment to the amendment of the Senator from Idaho [Mr. CHURCH], will be adopted.

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. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

THE NONPOLICY OF AMERICAN ECONOMICS

Mr. HARTKE. Mr. President, interest rates are news today. And that itself is news. One year ago, when I rose in this Chamber to deplore the upward pressure of interest rates and the tightening of credit by the Federal Reserve Board, I warned of the financial and economic dislocation which this policy would bring. Today, we are living with the first stage of this dislocation; the recession in the homebuilding industry; the reckless and destructive competition for funds among savings institutions; the now chronic weakness of the national security markets; the rising diversion of Government revenues to pay for the mounting interest cost of the public debt. These are merely some of the domestic symptoms of the growing sickness in the American economy.

There are international symptoms, as well. The interest rate war which we suffer from today is international in scope. Rising interest rates in New York bear much of the responsibility for the latest sterling crisis: the emergency aid we have given Britain to save the pound with one hand has been grabbed back with the other hand in the form of a run on the London money market. The delicate and complex structure of international finance is being upset by competitive interest rate increases in nation after nation. To the extent that high interest rates in this country have attracted short-term funds from the rest of the world, we are becoming dependent upon notoriously unreliable supplies of "Hot Money" to maintain the strength of the dollar.

A new act in what is becoming the tragi-comedy of American economic policy has begun. The authorities responsible for the management of our monetary economy—the Federal Reserve Board and the Treasury Department—have asked Congress to take the initiative in dealing with the results of their stewardship. The time is now appropriate, therefore, for a thoroughgoing review and report on the economic and financial consequences of American policy—in both their international and domestic aspects.

Mr. President, I intend today to offer a report upon the domestic impact of American economic policies. I will follow this with a report upon the international impact of American economic management. And in a third speech I will discuss the implications of the course which we—consciously or unconsciously—are following and offer some commonsense conclusions.

The fact is, Mr. President, that during the past 8 to 12 months, the course of American economic policy has been hard to discover. Rather than being led and guided by a consistent, coordinated body of programs, the American economy has been subject to a partly contradictory and thoroughly uncoordinated set of nonpolicies. The nonpolicies lie in two related fields. There is, first and foremost, the nonpolicy for financing the war in Vietnam. And second, there is the nonpolicy for maintaining sound economic expansion without inflation. Without exception, programs in these two areas do not exist, or are in conflict with other official programs, or are self-defeating.

I

Every American, whatever his view of the rightness or effectiveness of American policy in Vietnam, agrees that Vietnam is the No. 1 problem which we face. During the past year or more, it has become apparent that the administration has worked out and is implementing a long-term military program for waging war. This program has already involved the deployment in the field of some 300,000 servicemen—some say 400,000. That is the figure the President used last week.

It has involved the commitment to combat of thousands of warplanes and helicopters—and the loss of hundreds of each. It has involved the depletion of defense inventories and the retooling of defense plants. It has involved money. We Members of the Senate do not know how much money it has involved, is involving, or is programed to involve. We know that we, as Members of the Senate, have already approved more than $14 billion in supplemental defense appropriations since the long-term military program of escalation began. And we know that this has been the bare minimum cost before the new contracts which have been let to replace our depleted inventories and expended munitions come up for delivery and payment. But we do not know when the next supplemental appropriation will be requested—or how much it will amount to.

But if we know so little of how much money is involved in the administration's military program, how much less do we know of where that money is to come from. During this session, Congress has reinstated some excise taxes, accelerated the collection rate of income taxes, and authorized the sale to private investors of Government-owned debt, thus providing some $6 billion in new revenues. But these were admittedly limited and in the case of the collection speed-up and the sale of Government "participations"—one-shot expedients. The fact is, as I have repeatedly stated, there is no thought-out, long-term program for paying for the war. Or if there is, the Congress has not been informed of it.

What has been the impact of the nonpolicy for financing the war in Vietnam? Before all else, the result has been uncertainty. Uncertainty over the likelihood of a tax increase. Uncertainty over the imposition of wartime price and wage controls. Uncertainty over the volume and cost of war-induced Government borrowings. The barometer of this uncertainty has been the depressed and depressing behavior of the stock market which, if this were a "normal" boom with inflationary overtones, should be booming, too.

Bad as uncertainty alone is for sound and stable economic progress, there have been other serious consequences of the nonpolicy for financing Vietnam. The sale of Government debt "participations" to the public further tightened credit and drove up interest rates to private investors, as well as loading the Treasury with an added drain on its revenues in the form of an interest subsidy to private purchasers of these participations. Even more, the deliberate refusal of the administration to provide a financing plan to pay for its war plan has meant that when the bill finally comes in, the amount involved threatens to stagger the economy as well as the imagination.

We have a $730 billion economy. We have the highest standard of living the world has ever seen. And for 5 years of wise and prudent management, we enjoyed an unprecedented period of sound, noninflationary, economic progress. We can afford to pay for this war. What we cannot afford is the breakdown in the policymaking process and the loss of confidence and credibility associated with it, which has characterized the financial side of our escalating Vietnam involvement.

II

Mr. President, the prime source of the high interest rates and the tight money which are bedeviling to distraction American investors and consumers lies, I believe, in a fundamental misapplication of a basic economic weapon. The weapon in question is monetray policy, specifically, the Federal Reserve Board's power to restrain or reverse economic expansion by squeezing the banking system and credit structure. Now, monetary restraint is a shotgun. It drives up interest rates and rations credit throughout the economy. And, of all economic weapons, it has been the one whose wielders have most often engaged in economic "overkill."

The current tight money policy of the Federal Reserve began more than a year ago—in fact, in the last week of March 1965—when the Federal Open Market Committee decided to throw the banking system into a negative reserve position. Under this pressure, interest rates rose slowly throughout 1965 until, in the first week of December, the Board took more dramatic action. This was the simultaneous increase in the discount rate to 4½ percent and in the permitted limit

for interest rates on time deposits to 5½ percent. This was the move which the President formally deplored as an "action that raises the cost of credit, particularly for homes, schools, hospitals, and factories."

Those were the words of the President when this action was taken.

It is no small part of the growing tragi-comedy of American economic policy that this action, deplored by the President, has set the tone and been the mainstay of our Government's economic policy for the last 8 months.

I joined in the President's regret at the Board's unilateral and uncoordinated action. I agreed, as well, with Secretary Fowler's statement of November 29, 1965, just prior to the Board's action, that:

> It is premature and unwise to call for further restrictive monetary action now, in order to curtail the expansion of money and raise interest rates more than the market has already raised them.

Those were the good words at that time of the Secretary of the Treasury.

During the course of the last 8 months, the result of this unleashing of tight money has been to push interest rates toward historically unprecedented levels.

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

Mr. HARTKE. I am glad to yield to the Senator from Tennessee, who has spoken out so loudly and wisely on the whole question of interest rates.

Mr. GORE. I thank the Senator.

Since these words were spoken by President Johnson, there has been an opportunity to appoint a new member to the Federal Reserve Board. I should like to inquire of the Senator if he has heard anything out of that new member to reverse the disastrous policy, or if that policy is still in effect, or worse.

Mr. HARTKE. I know that the Senator from Tennessee himself knows the answer to that question. The answer to that question is this: This man has not spoken out. The disastrous policy is still in effect. There was an opportunity to appoint a man to that Board who could have reversed the policy of the Board because the vote was 4 to 3. If they really wanted to follow out the statements of the President and the Secretary of the Treasury, they should have put on the Federal Reserve Board a member who believes in the policies that the Secretary and the President said they themselves believed in.

Mr. GORE. Then one can but conclude, it seems to me, that these are policies of President Johnson. I deplore the policies. I would that this disastrous trend had been checked before now. I wish that something would be done immediately to reverse the policy that promotes concentration of wealth and brings hardships to many.

I wonder if the Senator thinks that the bills that have been suggested, not only to Congress, but to the homebuilding industry that is now in convention in Washington, would provide any real answer to the problem, or are they merely peripheral and palliative treatments which cannot bring about any lasting solution?

Mr. HARTKE. They are minor. They are peripheral. They cannot bring a lasting solution. They do not go to the heart of the problem.

The bills which the homebuilders here are asking Congress to endorse are not really treating the disease. It is rather like putting cold cream on a cancer; it might make it feel good for 2 or 3 hours, but the relief not only is misleading, but will have no permanent effect.

I point out that the homebuilding industry is in a recession right now, today. They are in a recession; it is not that they are moving toward a recession. They are in trouble. I do not criticize them for recommending the approval of these bills. What they want is money to build homes for American families, for the children, so that people can live in decency—as the Senator said the other day, so that the pregnant wife can move away from mom and dad and have a home of her own, and so that her baby can grow up in a normal home, as most of them do.

Mr. GORE. Does the Senator believe that the homebuilders are aware that these are but palliatives, or do they think that these picayune bills would provide some reversal of policy?

Mr. HARTKE. I think they would like to see some relief. The only hope of relief they see is these bills in front of them; and they are rather like a drowning man, they grab for anything before they go out of business.

Mr. GORE. Even a straw.

Mr. HARTKE. Even a straw. If it carried them down to destruction, they would be able to say, "At least we grabbed for something." No one else is offering them anything.

There is the new member, Mr. Andrew Brimmer, but his vote has been consistently with that of the man who gave us the recession of 1958, Mr. William McChesney Martin, who is following the same policy he did when he gave us the recession of 1958.

Mr. GORE. Perhaps the best way to provide some remedy for the situation is to brand these interest rates for what they are—Johnson interest rates.

Mr. HARTKE. They are.

Mr. GORE. President Roosevelt led this country through a tragic war with a reasonable interest rate structure. President Truman, who succeeded him, brought the country to victory in World War II and led the country through the Korean war with a reasonable interest rate structure. What is the matter with President Johnson?

Mr. HARTKE. We are following the pattern set in World War I. That was a high interest rate period. Does the Senator recall what the aftermath of that was? Trouble. Not alone trouble, but a black market operation. Not alone that, but we had the liberty bond scandals, and the situation arising therefrom.

This war is being fought on a World War I basis, and will have the same aftermath of financial crisis for this country.

Mr. GORE. In other words, the Hoover-Mellon monetary policies that led to a great economic crash are now in effect?

Mr. HARTKE. Unfortunately, the Senator is correct in his assessment.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. HARTKE. I am happy to yield to the ranking minority member of the Committee on Finance.

Mr. WILLIAMS of Delaware. One of the proposals before Congress is that we put a limit of 4.5 percent on certificates of deposit in amounts of less than $100,000, and leave amounts over $100,000 either with no ceiling, or with a ceiling of 5.5 percent. Would not the adoption of that proposal have the effect of placing the penalty for high interest rates on the small depositors?

Mr. HARTKE. Absolutely.

Mr. WILLIAMS of Delaware. Would it not be more fair to allow the fellow who has only a few thousand dollars in the bank at least to reap the benefits of these interest rates, if we are going to have the high interest rates?

Mr. HARTKE. What the Senator says is correct, and it points up the truth of what the Senator from Tennessee has said, that is, that this is no cure, no answer to the problem.

What the homebuilder wants is money to build homes with. He wants the money in the savings and loan associations. This action will not put money in the savings and loan associations. It is no help at all. If the proposal were adopted, the money would then probably flow into the bond market.

Mr. WILLIAMS of Delaware. That is correct. Today it is expected that the Federal Treasury will refinance $8 to $9 billion of maturing obligations; and according to all estimates, they will be paying around 5 percent, or greater, interest rates. At the same time that the Federal Government will be paying around 5⅛ percent interest, they will be asking the small depositors and the workers to buy E-bonds with 4.15 percent interest, which is not right. The administration is asking the small investors of America to finance their part of the war at 4.15 percent interest, whereas they are willing to pay others from 5 to 5½ percent. I think it is the complete reverse of the practice that should be followed.

Mr. HARTKE. I thank the Senator for his comments, and I say he is completely correct.

Mr. President, Government bonds cannot be floated today because medium- and long-range interest rates in the market are far above the 4½-percent interest ceiling set on Government bonds by Congress; so Government financing to roll over the public debt and finance the continuing deficit has had to be through short-term instruments, leading to a potentially dangerous shortening of the national debt structure. Mortgage rates have risen even higher, transforming the already depressed state of the homebuilding industry into a near disaster area. Perhaps most dangerous of all, the raising of the ceiling on time deposits has set off a full-scale interest rate war between the commercial banks, savings banks, and savings and loan associa-

tions, with a destabilizing impact on the entire, underlying financial structure of our Nation.

The fact is, Mr. President, American policy has fallen between two stools. On the one hand, there has been a stubborn refusal to propose a full-fledged program for dealing with the domestic, economic impact of our rapidly rising expenditures on Vietnam. On the other hand, the authorities have proved unable to leave well enough alone. Rather, instead of a carefully calculated plan for breaking war-induced bottlenecks and for spotting and eliminating war-induced excesses, near total reliance has been placed on the shotgun overkill of high interest rates.

The administration, which officially deplored the Federal Reserve Board's unleashing of the interest rate war, has stepped aside, as the Senator from Tennessee pointed out, and has offered no alternative. As a matter of fact, I think now they have endorsed the Board's policy. War-induced excesses have been attacked with a weapon which historically, as today, is the least discriminatory in its destructive, deflationary impact. Better no attempt to control limited excesses of new war spending than the reckless interest rate escalation.

The misapplication of the monetary hatchet is clear. Instead of dealing with limited and specific war-induced excesses, the authorities have once again, as so often during the recession ridden years of the 1950's, set out to fight inflation. And once again, the result has been inflation of the cost of money and threatened deflation for the economy and those who work in it.

The misapplication of monetary policy, it must be noted, has taken a peculiar course. As the Federal Reserve Board has been the first to point out, the supply of money has been expanding almost as quickly as interest rates have been rising. The Board's explanation is that rates have been rising because the demand for credit has been excessive, despite the fact that the Board has deliberately allowed the supply of money to rise. The Board argues that because the demand for money and credit has been so great, its policy of restraint has been appropriate. For, by the Board's reasoning, the unquestionably high demand for money has reflected and indicated that old bugaboo—general inflation.

But the truth is, Mr. President, that any upward movement of interest rates sets off a wave of demand for money as everyone seeks to get his hands on cash before the cost of doing so rises further. This is normal; this is typical. There should be no surprise about it at all. And, furthermore, when interest rates start to rise at the time of the biggest private investment program in our Nation's history, continued high demand for money is normal, typical, and unsurprising, to say the least. Massive investment projects in the pipeline must be financed, or otherwise they must be written off. But while the initial impact, to which the authorities are still reacting, may be to augment the demand for credit, sooner or later high interest rates must and will choke off investment in everything from houses—which is already in effect—to steel mills. This is what is in the cards for America today, unless swift and sure action is taken to ease the money squeeze and end the interest-rate war.

Already the homebuilding depression is being paralleled in other key industries. Automobile manufacturers are both cutting planned production runs on new models and reducing new investment programs. And the latest report of the Commerce Department on the critical durable goods industry makes sobering reading for all who want to read it:

> Durable goods manufacturers' shipments and new orders for June amounting to $22.8 and $24.1 billion respectively after seasonal adjustment have remained at about the same levels for the third consecutive month, the U.S. Department of Commerce announced today. Excluding transportation equipment, June shipments showed little change from last month, while new orders were 2 percent lower.

New orders for durable goods in June reflected a large increase in bookings for defense products.

In the last few days, the President, the Secretary of the Treasury, and the Federal Reserve Board have joined together to demand that Congress relieve the American economy of the high interest rate burden which the responsible authorities, not Congress, have allowed and even fostered. In effect, Congress has been asked to set price controls right now on the price of money. But we all know what the effect of price controls is if the underlying relationship between supply and demand remains distorted: the result is, inevitably, a black market and further distress. When supply is insufficient to meet the demand for any commodity—including money—the price will rise and legislation against such rises will prove either ineffective or, if effective at all, certainly unfair. This was clearly recognized by Sherman J. Maisel, Governor of the Federal Reserve, in his speech of July 11, when he justified the Board's refusal to reduce the permissible interest rate ceiling on negotiable certificates of deposit when he said:

> It was clear that the ceiling on large CD's could not be rolled back without drastically curtailing the credit lifeline of millions of borrowers. Between $15 and $20 billion are out-standing in time deposits paying over 5 per cent. Almost all this money could easily flee to other instruments. No one can say with assurance what the results of such a rollback would have been, but clearly the market for mortgages, construction loans, state and local bonds, and similar items held by banks would have suffered tremendous shocks.

Mr. President, the answer here is not to play King Canute and attempt to roll back the tide of higher interest rates by legislation, any more than by Federal Reserve fiat. The answer—to restore sound equilibrium to the financial underpinnings of our prosperity—is to restore balance to the supply-and-demand relationship in the marketplace. And this the Federal Reserve Board can accomplish alone and with speed. This is the function of the Federal Reserve. And then, if the exigencies of the undeclared and uncosted war emergency in Vietnam require moderation of excess demand, let Congress consider a candid and consistent program of emergency measures.

Mr. President, I have said that we do not know the price we are being asked to pay for the war in Vietnam. Expensive as that price may be in terms of dollars alone, shocking as the real dollar cost of escalation may be, let us have it out in the open. If we do not, if expediency is allowed to continue to rule, we are threatened with a far more terrible cost in terms of financial distress and economic decline. This need not be so. It is no more destined to be than that the gathering international money storm must break upon the free world. Failure to prevent trouble of today from becoming the disaster of tomorrow will be a human failure. It will be our failure. That is why I have made this report. That is why I will speak next on the gathering clouds in the free world economy. For I believe that reasoned and coordinated action—within America and throughout the free world—can still restore to us the magnificent promise of those years of economic and social progress which we have so recently enjoyed.

Mr. President, if we are in session on Friday, it is my intention at that time to present to the Senate a report on the international impact of our American international policy.

Mr. WILLIAMS of Delaware. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll, and the following Senators answered to their names:

[No. 160 Leg.]

Aiken	Ervin	Russell, S.C.
Bible	Gore	Russell, Ga.
Boggs	Hartke	Saltonstall
Byrd, Va.	Holland	Simpson
Byrd, W. Va.	Jordan, Idaho	Sparkman
Carlson	Kuchel	Talmadge
Church	Magnuson	Williams, Del.
Dirksen	Mansfield	
Ellender	Montoya	

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Arizona [Mr. HAYDEN], and the Senator from Arkansas [Mr. MCCLELLAN] are absent on official business.

I also announce that the Senator from Texas [Mr. YARBOROUGH], is necessarily absent.

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

The PRESIDING OFFICER (Mr. RUSSELL of South Carolina in the chair). A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, the following Senators entered the Chamber and answered to their names:

Anderson	Hickenlooper	Mundt
Bartlett	Hill	Murphy
Bayh	Hruska	Muskie
Bennett	Inouye	Nelson
Brewster	Jackson	Neuberger
Burdick	Javits	Pastore
Cannon	Jordan, N.C.	Pell
Case	Kennedy, Mass.	Prouty
Clark	Kennedy, N.Y.	Proxmire
Cooper	Lausche	Randolph
Cotton	Long, Mo.	Ribicoff
Curtis	Long, La.	Robertson
Dodd	McCarthy	Scott
Dominick	McGee	Smathers
Douglas	McGovern	Smith
Eastland	McIntyre	Stennis
Fannin	Metcalf	Symington
Fong	Miller	Thurmond
Fulbright	Mondale	Tower
Griffin	Monroney	Tydings
Gruening	Morse	Williams, N.J.
Harris	Morton	Young, N. Dak.
Hart	Moss	Young, Ohio

The PRESIDING OFFICER. A quorum is present.

THE MILITARY ASSISTANCE AND SALES ACT OF 1966

The Senate resumed the consideration of 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.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending amendment and the substitute therefor be laid aside temporarily and that the amendment of the Senator from South Dakota [Mr. McGOVERN] be open for consideration.

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

AMENDMENT NO. 701

Mr. McGOVERN. Mr. President, I call up my amendment No. 701.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 33, lines 17 and 18, strike out "$892,000,000" and insert in lieu thereof "$642,000,000".

Mr. McGOVERN. Mr. President, I do not see any point in laboring the argument for the amendment. The reasons for this amendment have been thoroughly discussed on the floor of the Senate and I think that if Members will remain in the Chamber we can vote on the amendment shortly.

Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. McGOVERN. Mr. President, this amendment simply reduces the authorization for foreign military aid from $892 million, as recommended by the committee, to a figure of $642 million, which would be a reduction of $250 million in the amount recommended by the Senate Committee on Foreign Relations.

In other words, I propose to reduce our foreign military aid by the same amount that the Senate reduced the Development Loan Fund a few days ago. I think the arguments for my amendment have been made very well by the Senator from Idaho [Mr. CHURCH], the Senator from Louisiana [Mr. ELLENDER], and the Senator from Oregon [Mr. MORSE].

Let me summarize quickly my reasons for offering the amendment.

First, I have been convinced for some time that far from adding to the security of the United States and to the cause of peace in the world, shipping military hardware to unstable countries with unstable governments, with an uncertain future, into areas where there is already tension and conflict, only adds to the danger of international strife.

The classic example of that, of course, is the war between India and Pakistan which was caused in large part by American military hardware that went to both sides before that tragic war.

As the Senator from Indiana [Mr. HARTKE], pointed out a while ago, we were treated to the spectacle of American Sherman tanks being used by the Indians against American Patton tanks used by the Pakistanis. Thus, it turned out to be a contest between the relative merits of two different types of American military aid.

To our chagrin, the country that the military equipment was aimed at, the Soviet Union, ended up being the peacemaker which intervened and settled the war—a war well on the way to becoming a major conflict. That left us red-faced and embarrassed as the broker, financier, and supplier of a war which was settled by our chief competitor and rival in the world; namely, the Soviet Union.

Mr. FULBRIGHT. Mr. President, will the Senator from South Dakota yield on that point?

Mr. McGOVERN. I yield.

Mr. FULBRIGHT. Why does the Senator say "red-faced and embarrassed"? I have not noticed any red faces or any embarrassment.

Mr. McGOVERN. I am red-faced and embarrassed.

Mr. FULBRIGHT. Oh, the Senator is.

Mr. McGOVERN. I cannot speak for anyone else, but I would hope that we would learn a lesson in humility and judgment from that sad experience.

Mr. FULBRIGHT. Does the Senator think it is only coincidence that earlier this year we sold 50 planes to Argentina, and that later they had another military coup?

Mr. McGOVERN. That only points up the need for the amendment I am offering. It is my understanding that there have been some eight different military takeovers in Latin America that were caused in considerable part by American military equipment. In other words, some of the constitutional governments that we have a stake in perpetuating and strengthening have been overthrown by military juntas that used our equipment to do it.

Mr. FULBRIGHT. We provide military aid to practically every country in Latin America, either by sale or grant, do we not?

Mr. McGOVERN. My amendment, I would hope, would result in some——

Mr. FULBRIGHT. All except Cuba and Haiti, in other words, receive assistance under the program.

Mr. McGOVERN. I want to make it clear to the Senator that my amendment does not seek to determine which countries shall receive military aid.

Mr. FULBRIGHT. I understand that.

Mr. McGOVERN. I would leave to the judgment of the administrators of the program the flexibility to decide where the cuts could most efficiently be made. Personally, I would hope that we could eliminate much of the military aid going to Latin America.

Mr. FULBRIGHT. Is it not a fact that we give away much military hardware and that we are the largest manufacturer and seller of military weapons in the world today?

Mr. McGOVERN. That is true.

Mr. FULBRIGHT. Or that the world has ever seen; is that not correct?

Mr. McGOVERN. The Senator from Minnesota [Mr. McCARTHY] authored an interesting article in a leading national publication a few weeks ago which spelled out the whole story. I think that it weakens the position of the United States in the world, as a power interested in peace and international security, when we become the principal supplier of armaments around the globe, the principal supplier of armaments in poverty-stricken areas which should be devoting their efforts, manpower, and resources, to raising their standards of living and not to getting into wars with each other.

Mr. FULBRIGHT. I think the Senator is quite right.

Mr. PASTORE. Mr. President, will the Senator from South Dakota yield for a question?

Mr. McGOVERN. I am happy to yield to the Senator from Rhode Island.

Mr. PASTORE. The thing that concerns me is, if the Senator's rationale is correct, why do we not cut it out altogether, if we are faced with the question of military equipment being given to one people to fight another people. However, this thinking does not subscribe to the presentation made by the Joint Chiefs of Staff. The Chiefs maintain that providing military equipment is absolutely necessary. If the Senator's argument is correct, why do we not cut it all out?

Mr. McGOVERN. It might not be a bad idea to do so.

Mr. PASTORE. Then we should be honest and cut it all out and so prove how ridiculous we can get.

Mr. McGOVERN. If we approve my amendment, we are still going to have $642 million left in the bill for aid to countries which can be determined by the administrator of the program. I think that if there are any real emergencies where the Senator's argument is valid, there will be enough funds left in the bill to take care of that.

I am sure that the Senator from Rhode Island would agree that it was not in our interest, no matter what the Joint Chiefs of Staff said, to finance the war between India and Pakistan a year ago.

Mr. PASTORE. All Senators know that the purpose of sending military equipment to India and Pakistan is to protect them from Red China. The Senator knows that as well as I do. It is unfortunate that this age-old conflict

over Kashmir, which is older than our own Republic, is revived and puts these two countries in conflict with one another. But after all let us not always point out the things that can impair a program. Let us consider that which is good for the security of this country by testimony of the Joint Chiefs of Staff. I mean, let us point out the good in some of these programs. Let us look at the condition of the world today. Let us recount some of the favorable facts, the fact that we have supremacy in the world today, the fact that we are the most affluent society in the world today and the fact that we are respected throughout the world—regardless of what some Members of the Senate have to say about it. I mean, let us look at the good side of the coin, too.

Mr. FULBRIGHT. Mr. President, will the Senator yield right there?

Mr. PASTORE. I yield.

Mr. FULBRIGHT. Does the Senator argue that our affluence is based upon the sale of arms? Is that the meaning of the Senator's statement?

Mr. PASTORE. I did not say that.

Mr. FULBRIGHT. Is the sale of arms to anyone——

Mr. PASTORE. I did not say that, and the Senator knows that I did not say that.

Mr. FULBRIGHT. The Senator said the fact that we are so affluent and that we are——

Mr. PASTORE. We should state that we have done some things which are good.

Mr. FULBRIGHT. We sell more arms than anyone.

Mr. McGOVERN. I do not want the Senator to leave me in the position of implying that the United States does no good in the world. As I said in my remarks earlier, I have supported the economic and technical assistance program of the United States because it has accomplished much that is worthwhile, but I think we have accomplished more harm than good by shipping military hardware into unstable areas of the world. If there is need for military aid, even if my amendment is adopted, there will still be $642 million in the bill. If my recollection on that is correct, that is more than was left in the Economic Development Loan Fund which is a much more valuable program.

Mr. PASTORE. Mr. President, will the Senator from South Dakota yield at that point?

Mr. McGOVERN. I am happy to yield to the Senator from Rhode Island.

Mr. PASTORE. The major objection I have is to the meat-ax cuts we are making. In my humble opinion, such action, proves nothing at all. The fact remains that when General Wheeler, Chairman of the Joint Chief of Staff, came before my committee, I made it my business to interrogate him exhaustively on this question of military assistance. He said in unequivocal terms that this money was absolutely necessary to guarantee the security of America in the world today. The general maintains that it does maintain peace, and it does serve a good purpose. I am saying that if the program is wrong, then let us cut it all out. But the idea that we try $250 million and if that does not work, then perhaps $200 million, and if that does not work, then try $100 million, I do not agree that that is the right way to legislate. If there is anything wrong with this program, let us find it out and let us cut it out. But this idea that if we chop off $250 million maybe they will spend the money more wisely is a sad commentary on what makes America click.

Mr. DIRKSEN. Mr. President, will the Senator from South Dakota yield?

Mr. McGOVERN. I am happy to yield to the Senator from Illinois.

Mr. DIRKSEN. I want to comment, if the Senator will permit me to talk long enough, on what was said here about the sale or grant of weapons to other countries.

We on this floor have seen the time when the Foreign Assistance Act contained training planes for Tito. The then leader of this side refused to defend it. The chairman of the policy committee refused to defend it. It became my duty to defend it. I got a beautiful criticism in one of the big Midwestern newspapers, which, in a lead editorial, called me "Tito's No. 1 Senator." I said to the managing editor, "Why did you not get the whole story?"

The point was that the military had planes to be manufactured in Canada. When they were ready, we looked at them, and found they were obsolete. So we tried to peddle them. Canada said, "We want our money." So we shipped them to England. We put up another $75 million to build some more. When the delegation went up to Canada to look at them, they were still obsolete, and we tried to sell them. We got Portugal to look at the planes. Portugal did not want them. We asked Spain to take them for nothing. Spain looked at them and said it did not want the planes. We asked Italy to take them. Italy said it did not want them.

So when one talks about a sale and a giveaway of equipment, he had better be sure we are not the gainers because we test to obtain better, speedier, and more efficient equipment.

There was another example with respect to training planes for Yugoslavia. I remember the great wrath that came down on me for defending it. But I went to its defense. I defended it.

So we must be sure that by the sale of equipment this country is not the gainer in doing it.

When we talk about sending planes or equipment to Argentina, how can we be so sure it is not in the best interests of that country and this country?

I am opposed to the cut proposed by the Senator from South Dakota [Mr. McGOVERN], the Morse proposed cut of $200 million, and the Church proposed cut of $100 million.

This bill came to us after it was cut from the original requested level of $917 million. I think the majority leader will be able to refer to a letter from Secretary McNamara with respect to a $62 million item affecting three countries. The committee cut it by $25 million. Now it is proposed to cut it more. Yet the Defense Department had its request reduced by $62 million.

I have kept my hands off military assistance. I was ready to cut economic assistance, but I am not ready to jeopardize any single soldier abroad in any country which needs the military assistance that the Chiefs of Staff and the Secretary say is necessary.

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

Mr. DIRKSEN. I yield.

Mr. MANSFIELD. I would like to aline myself with the distinguished minority leader and state that, despite the fact that this comes at a time when, under the circumstances, we are considering today the Morse, Church, and McGovern amendments, because of the extraordinary situation which confronts this country, since the original request in the bill of $917 million was cut, the Department of Defense has informed me that there is a need for an additional $62 million, as has been stated, in southeast Asia countries which are important at this particular time.

I hope it will be possible to come to a vote on this and other amendments shortly.

Mr. McGOVERN. Mr. President, in reply to the Senator from Illinois, I wish to say, very briefly, that the Senator from Illinois thinks military aid is sacred and is something that should not be cut. He offered a cut of $250 million for the Development Loan Fund, as he had a right, although some people think that is a sacred fund. I think we should take every opportunity to eliminate unneeded expenditures. I do not regard military assistance in many instances sacred, essential, or even wise. Consequently, I feel it is my duty to propose a cut here.

The Senator from Illinois recently said that "this global dole must be stopped." The Senator from Illinois attempted to do something about it by offering a $250 million cut a couple of days ago in the Development Loan Fund. Now it is my turn to offer a $250 million cut, not only of a dole but of a program which has caused trouble in many parts of the world.

It should be clear that this cut does not affect our effort in Vietnam. It is not a cut that will be to the disadvantage of our boys in Vietnam. It relates to financing of military juntas in Latin America and military juntas in other countries, the financing of wars like the one between Pakistan and India last summer, and the unstable warring governments in the Middle East. That is my intention. The Senator from Illinois is entitled to what he considers as priorities.

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

Mr. McGOVERN. I yield.

Mr. McGEE. I do not think we should make a case for this cut by paralleling it with another wrong cut. I think a fine case could be made for helping economic development of underdeveloped nations. That is why I opposed the cut proposed by the minority leader, which cut was sustained.

Mr. McGOVERN. I also opposed it.

Mr. McGEE. But let me point out that we are still in a lawless world. No one as yet has found a substitute for anarchy. Men are still living by the rule of force. We cannot eliminate force with an economic appropriation or with a cut. We must live by the facts of life. A part of the facts of life is that we are living in a world where the only way to restrain some people is by the use of force. That is a part of the program.

The Senator from South Dakota has suggested that his cut does not affect Vietnam. Every bit of it affects Vietnam.

Korea is approaching having 40,000 troops in Vietnam, at a cost in excess of $12 million. In Thailand, where we have troops, we must develop our bases. That is estimated to cost $15 million. In Laos, for the first time in a long time, the Laotians are trying to protect themselves by realizing that they cannot survive if the Ho Chi Minh trail remains as an invitation to invade them.

So aid in those areas cannot be divorced from what is going on in Vietnam.

The Senator loses sight of one point, and it is important. It is that we do not have a monopoly of arms. If we had, we would have been able to shut arms off and let them fight with bows and arrows or rocks.

We are able to control, in large measure, what happens in the militarization of a developing country, by not supplying submarines or aircraft, for example, but only something that can be used in mere policing. By so supplying, it may have a restraining application, if we are to have any part in maintaining peace in the world. We must also consider the mileage we have received from the military assistance program. It is based on the harsh fact that the cost of equipping a foreign soldier anywhere is in our interest because it is so much less than the cost of equipping an American soldier anywhere in the world. That is also true in southeast Asia.

And so, for those several reasons, I hope that the suggestion of the Senator from South Dakota will not prevail. I think it is desperately important that we live with the realities of today, and not be caught up in our dreams that we hope will come true sometime in the future.

The PRESIDING OFFICER. The Senate will be in order.

Mr. McGOVERN. I say to the Senator, first of all, that I agree entirely with the position he took on economic development. My approach there is the same as that of the Senator from Wyoming.

But as to his arguments on the importance of the military aid program, the first thing I wish to say is that I am not proposing to eliminate the program. I am proposing to cut it by one-fourth. That reduction need not in any way affect our commitments to Korea, to Thailand, to Laos, or to the other areas, but it will serve as some expression from the Senate that we do not want the military aid funds used loosely to finance the kind of internal conflicts that have been taking place in Latin America, which have led to the subversion, by armies, of a good many constitutional governments; that we do not want those funds used for war between two of our supposed allies, as in Pakistan and India; that we do not want the peace of the Middle East disturbed by a war between the Israeli and the Arabs. None of that serves the cause of ending the lawlessness in the world to which the Senator has referred.

So again I stress that what I am trying to do by this amendment is not to decrease the security of the United States, but to decrease some of these commitments that involve us in futile military operations in various parts of the world. The Senator has spoken of our involvement in Vietnam. Earlier this afternoon, the distinguished senior Senator from Louisiana [Mr. ELLENDER] at great length and with great care developed a convincing case that we got into Vietnam in the first place because of what looked like an innocent commitment of military advisers from the United States plus limited aid that we sent to Premier Diem. Before anyone realized what was happening, we had an investment out there that today has mushroomed into 300,000 American men.

So what I am suggesting here is that, far from adding to the security of the United States by shipping military hardware all over the world, we may very well be adding to the insecurity and the danger to the American people.

Mr. McGEE. I say to the Senator from South Dakota, I think we have worked rather conscientiously at holding back and attempting to cut down the military assistance program, overall. All of us have been conscious of that effort. But we also are obligated to be responsible in the way we do it. We are obligated to see that we try to make as much opportunity as possible for headway in a world that knows no law while looking forward to a world in which we hope some day we will have a system, under law, by which men can live in peace. But we are not there yet, and we cannot forsake our responsibility.

I can recall when, early in my days as a member of the Appropriations Committee, the size of our appropriations for military assistance was much greater. It has been steadily trimmed back. This year the amount was at a new low, with the exception that the crisis in Vietnam caused us to lift those commitments outside of the program. But the program was pared. The program was trimmed. We have no other pressures upon us at the present time; and we brought the bill to the Senate with a substantial cut to that amount which the best minds assigned to the task could recommend.

Now it is proposed to cut it still further. I do not see how we can justify this kind of approach at a time like this in our history.

Finally I say to the Senator from South Dakota that I do not happen to belong to that group who think we just made a small commitment in Vietnam, and imperceptibly it grew bigger the next year, and bigger the next year, and suddenly we found ourselves in a war. It seems to me our interest was clearcut there from the very beginning. We should have been there at the start. Our hope was that the situation might not become serious, and that therefore, our very minimal original commitment would be all that would be necessary for that troubled part of the world to get on its own feet.

It did not happen to work out that way, not because of something we did or did not do, but because others decided they ought to have it all for themselves; and we have to rise to the consequences of the aggressions of other individuals or other governments.

This will happen all over the world. In many parts of the world, we have lucked out. In some African countries we have lucked out, where our commitment was small, and nothing of any consequence transpired. We will probably make steady headway in some of those areas.

Vietnam happens to be the place where the other side chose to call the shots and make it a test case. It could have happened in Thailand, it could have happened in Cambodia, it could have happened in Burma. It did happen in Vietnam.

I hope we are not guilty, continually, in this body, of putting the cart before the horse. The fact is that this is a strategically significant area of the world. We were there because we had to be there. It was a heritage from the history of the last war that, as the only surviving great power in the East, we had some obligation to try to create a climate of orderliness, in order to try to put the pieces back together again.

The assistance provided in this bill is a part of that task. Let us not reverse the order of things in southeast Asia.

Mr. McGOVERN. Does the Senator from Wyoming, as a defender of our Vietnam war, agree with the terms laid down by our ally out there, Premier Ky, who told us yesterday that we now have two choices; either we can fight a 10-year war—which he says might continue up to 20 years—or we can invade North Vietnam? Does the Senator believe that is a fair description of the two prospects before us?

Mr. McGEE. I think the prospects before us are far from clear. I do not happen to think that Mr. Ky is making policy in southeast Asia. This, again, points up a very simple truth as to our position in that part of the world. We have become so obsessed with Vietnam——

Mr. McGOVERN. I agree that we have become obsessed with Vietnam.

Mr. McGEE. So obsessed with what happens in South Vietnam, that we lose sight of southeast Asia.

The issue is that part of the world. Vietnam is the test case. I think we have to keep it down to size. For that reason, I do not attach as much significance as does the Senator from South Dakota to something Mr. Ky says. Mr. Ky is not the first head of a government who has sometimes said things better left unsaid. The Ky position—with no pun intended—is not the key position, fortunately. He happens to be the head of the government that is the center of the conflict, but what has happened there could have happened to the head of a govern-

ment almost anywhere else in that part of the world.

I think we had better listen to the words of the Prime Minister of Singapore, Mr. Lu Ky, who said just recently that the position of the United States—and we are not among his favorites, incidentally; he has been a constant critic of ours—that the position of the United States in southeast Asia has in fact carried with it the hopes of all southeast Asia, and that if we were to withdraw, they would all go down the drain.

I think it is imperative that we keep the perspective of these things in proper order, that we keep the priorities arranged in the right sequence, rather than get them turned topsy-turvy, as we are prone to do from time to time in our dialogs on this floor.

Mr. McGOVERN. I am glad to be reassured by the Senator that General Ky is not in charge of our policy out there.

Mr. McGEE. The Senator knows he is not in charge of our policy. He does not need any reassurance.

Mr. McGOVERN. I am reassured, because I would hate to think we are investing $2 billion a month and the lives of our men trying to save a leader who says his only hero is Adolph Hitler. So it is reassuring to know that he has only very limited influence on our policy.

Mr. McGEE. The Senator from South Dakota is a historian in his own right, and a very distinguished historian. He knows the history of this area, and he realizes better than most of us that we are talking about an entire part of the world over there, that we are not talking about minutiae of the regime of one man, or a single government.

We have to take these things as they occur. We cannot prevent them. We cannot pre-set them. We cannot predate them. That is a part of the price we pay for world leadership. Unless we are willing to be an aggressor, unless we are willing to try to make the world over in our image, we have to take our chances as a sort of policeman and arbiter of the world—particularly a world in which some still find some reward for the use of force.

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

Mr. McGEE. I yield first to the Senator from Idaho, and then I shall be happy to yield to the Senator from Massachusetts.

Mr. CHURCH. Mr. President, I have listened with great interest to the discussion that has been taking place. I wish to say that, as my good friend, the Senator from Wyoming, is well aware, I sometimes find it difficult to follow his arguments on Vietnam.

I find it puzzling, for example, to know what he means when he says that "the Ky position is not the key position in southeast Asia."

I prefer to direct my remarks, however, not to the continuing debate on the wisdom of our involvement in that tragic war, but rather to the thrust of the Senator's amendment.

I simply must take exception to some of the factual assertions that the distinguished Senator from Wyoming has just made. He has said, for example, that he thinks this program should be tapered down. I think so, too. The Committee on Foreign Relations has thought so for years. We have undertaken in various ways to try to trim back the program.

We have attempted to set standards without effect. We have attempted to set ceilings. Yet, the program continues to grow like crabgrass.

Once we supplied 17 foreign countries. The number now exceeds 50 foreign countries. Our arms aid is proliferating all over the world.

I say again that the Senator from Wyoming is incorrect on his facts when he suggests that this program is being cut back owing to the tremendous cost of our involvement in Vietnam. It is not.

As recommended by the administration, the program this year, outside of Vietnam, is larger than last year, and even with the modest cut adopted by the Committee on Foreign Relations, the program remains larger than it was last year for all other foreign countries, apart from Vietnam.

I have listened to the discussion concerning the military assistance program in Latin America. Let me say that I think there are places in Latin America where military assistance might be indicated, and wherever reasonably indicated, I would be for it.

I think, for example, of Venezuela where there is a Castroite problem, and where there is a fine government. I think it is perfectly appropriate for us to help that government, even to the point of supplying arms and equipment to help deal with the threat. However, our institutionalized military assistance program is being applied indiscriminately in Latin America. The arguments that have been offered over the years to sustain the program, the rationale that has been presented to the committee, has changed completely during the time that I have served as a member.

We were first told that the program was necessary because of overall hemispheric defense plans, that if another world war should occur, various Latin American countries had assigned roles to play in freeing the sea lanes so that U.S. forces could be committed elsewhere.

This line of argument reached a ludicrous point, when the Pentagon once sent to the committee, as justification for our military assistance to Uruguay, the explanation that Uruguay was to help defend the Panama Canal. We sent back a map, and we have not heard that argument since.

But we have heard new arguments, and these new arguments, once scrutinized, do not hold up well, either.

I tried to mark out these arguments in the speech I made earlier today on behalf of my own amendment to cut the bill by $100 million. Copies of that speech are available to Senators who may be interested.

But the fact is that we are, through the proliferation of this program, encouraging regional arms contests that make no sense. The fact is that, by credit made available through this program, we have only recently financed the procurement by Argentina, of all countries, of 50 jet fighter planes. We now have the head of the Chilean Air Force here in Washington, without doubt bargaining for jet fighter planes for Chile.

I say to the Senate that Argentina and Chile are not going to go to war. This is a senseless competition in the regalia of war, and it is being financed and encouraged by the Government of the United States. This makes no sense. It cannot be reconciled with the foreign policy objectives of the United States in Latin America.

We are now—in the middle of 1966—paying for a $2-billion-a-month war in Asia, with precious little help from other countries. Yet, we are being asked to carry on business as usual everywhere else, including a bigger military assistance program in other parts of the world.

I am going to support the amendment of the distinguished Senator from South Dakota. It makes sense. If it is rejected, I would hope that the Senate would consider favorably the amendment that I have offered which is more modest in its size and, when taken in consideration with the levels of authorization approved by the House of Representatives, would, in effect, do no more than hold the line on military assistance for the coming year.

I commend the Senator from South Dakota for going further, for saying: "That is not enough. I am not content with it."

The case for justifying this program, as it is offered to us from year to year by administration witnesses, falls short, particularly where military assistance is directed into little countries in Africa, Latin America, and places remote from the Communist world.

I think that until Congress takes the kind of action that the Senator from South Dakota advocates, we will see this program continue to grow everywhere, carried on by the very momentum of the bureaucracy that administers it.

I think the time has come, in view of the cost of our involvement in the Vietnamese war to begin to trim back military aid elsewhere.

I hope the Senate will agree to the forthright amendment offered by the Senator from South Dakota.

Mr. McGOVERN. Mr. President, I thank the Senator from Idaho for his remarks.

I again commend him on the cogent statement he made on the floor earlier today.

I cannot understand how anyone could carefully read the Senator's seven-page statement which he delivered on the floor earlier today and still see the logic in maintaining this military aid program at its present size.

I have been puzzled for a long time why it is, in the face of the obvious fiascos of the kind we saw in India and Pakistan last year, that so many people continue to support almost unlimited funds for the shipment of military hardware all over the world.

I think one explanation is the one that the Senator from Wyoming gave

a few moments ago, that many people are afraid that if we do not send the arms, either the Soviets or the Chinese will. The best answer that I know to that argument was delivered by former Ambassador Galbraith, our Ambassador to India, testifying before the Committee on Foreign Relations, when he pointed out that in one instance after another when the Soviets and Chinese have sent in arms, they have had the same dismal experience that we have, in which the governments which they tried to assist have turned against their interests.

He cited numerous examples, Indonesia, and countries in Africa, in which that has happened and they had the same experience that we had.

For those of us who are concerned about the Soviets picking up the check on the military shipments, it would be to our interest to let them do it.

Mr. President, I yield to the senior Senator from Massachusetts.

Mr. LAUSCHE. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. LAUSCHE. There are other Senators waiting for the floor. I object to yielding to other Senators except for a question.

The situation now prevails that where the Senator who now holds the floor continues to hold it, while others who are waiting to speak——

Mr. McGOVERN. I shall be happy to yield the floor.

The PRESIDING OFFICER. If the regular order is called for, the Senator can yield only for a question.

Mr. SALTONSTALL. I believe the Senator has yielded to me.

Mr. McGOVERN. I yield to the Senator from Massachusetts for a question.

Mr. SALTONSTALL. I thank the Senator. I shall be very brief, if the Senator yields to me for a question.

Mr. McGOVERN. I wish I could yield.

Mr. LAUSCHE. I withdraw my objection, as far as the Senator from Massachusetts is concerned.

Mr. SALTONSTALL. Mr. President, I say to the Senator from South Dakota that I came to the Senate this morning, when we started our debate on this subject, with the thought that I would vote for the amendment of the Senator from Idaho. I have since changed my mind, and I shall support the committee. I shall support the committee because I have spoken with the Defense Department—specifically, with the Secretary of Defense—and I quote one paragraph from the letter of the Secretary of Defense:

> Since the bill was submitted requesting the $917 million of new obligatory authority, it has become apparent that the amounts required for three countries will be increased by a total of approximately $62 million.

Those countries are in the Far East. If we vote for the amendment of the Senator from Idaho, we simply will have to put the matter on the supplementary budget, if the other figures for the other countries are carried out.

As the Senator knows, these figures are classified and cannot be used, but the totals can be used. I call to the attention of the Senator that the substantial amounts of military aid are in the Far East. The biggest countries are Korea, Formosa, Turkey, Greece, and one other which skips my mind for the moment. We support those countries in the Far East by our military aid.

This bill does not include the Vietnam war and what goes on there. Forty-thousand Koreans are now fighting in Vietnam. Those men are supported by our military establishment from the time they move out of Korea until they get to Vietnam. But in doing that, they leave vacancies, they leave responsibilities in Korea which have to be filled by this bill and from this military aid. Consequently, the military aid for Korea is increased as the troops move out and are taken over by the military establishment. I call this to the attention of the Senator.

I know that the Senator has been very keen over the years in discussing these military establishments. He has studied it very hard.

This is an authorization bill. The Committee on Appropriations will have another opportunity to deal with this matter in the consideration of individual amounts to the individual countries. A very small amount, comparatively speaking, would go to Europe and to Africa, and not a very large amount would go to South America. The great body of this authorization would go to the Near East, South Asia, and the Far East. That is where the problems are today.

I agree with the Senator that we do not have to furnish money to countries to shoot at each other. We desire to carry out, to the best advantage we can, our obligations in Vietnam and those we have assumed in the Far East.

I shall support the committee report, because I believe that although $62 million has already been added, a substantial amount more will be added by the time we are through with this bill and appropriations are being received. I shall vote for the committee report and against the amendments that have been offered.

I appreciate the opportunity given to me by the Senator from South Dakota to speak.

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

Mr. McGOVERN. I yield.

Mr. MANSFIELD. I can well understand the feelings of the distinguished Senator from South Dakota, who is well versed in the field of military affairs, based on personal experience.

There are questions which could be raised about the military appropriation, and I am sure the Senator knows that I share them, as does he.

I believe that in view of the difficulties which confront the Nation at this time, discretion might well be the better part of valor. I hope that when this matter comes before the Committee on Appropriations, they will see to it that there are no new allocations to new countries; because we have a habit of trying to get our fingers into every corner of the globe. I think we do that too often, sometimes too heavily, and perhaps a little restraint in the other direction might be beneficial in the years ahead.

While I do not favor this amendment or the other amendments, I hope that the Committee on Appropriations—of which I am a member, also—will see that something is done in the way of pruning where pruning can be achieved.

Mr. McGOVERN. Mr. President, I wish to make one brief point on the comment made by the distinguished Senator from Massachusetts. The Senator, of course, is an authority on these matters of military affairs, and all Senators respect his judgment. I wish to remind the Senator that nothing in my amendment affects the aid that we are sending to Vietnam. It has nothing to do with that. That is a separate matter that we will be dealing with in the Senate as the months go by. Nor is there anything in this amendment to prevent the transfer of funds within the military assistance program.

In other words, in some of the countries we have been assisting, which I have indicated here today, and about which the Senator from Idaho has spoken, it would be a highly questionable if not an unwise investment. In those cases, funds could be transferred to take care of some of the commitments the Senator referred to in southeast Asia and Korea.

Even if this amendment were adopted, three-quarters of the amount recommended by the committee would still be authorized by our action.

I appreciate the points the Senator has made, and I believe they are covered by the terms of the amendment.

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

Mr. McGOVERN. I yield.

Mr. SALTONSTALL. I should be very happy to go over this matter with the Senator from South Dakota when it comes before the Committee on Appropriations. I have been a member of that committee for quite some time. I should be happy to go over with the Senator the various items to the various countries, which are classified and cannot be used on the floor in debate, to see if the Senator has any pertinent suggestions with relation to any one.

Mr. McGOVERN. I do not have to tell the Senator that one matter that is not classified is that a number of countries are getting military aid from both Russia and the United States. I am curious how contributing to the arming of such countries provides protection to the free world. It might be that some of those countries should be given careful consideration before funds go to them.

It is that kind of situation that I believe opens the way for us to make a 25-percent cut in this military authorization.

I thank the Senator from Massachusetts.

Mr. SALTONSTALL. I thank the Senator.

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

Mr. McGOVERN. I yield.

Mr. LAUSCHE. Is the Senator going to make a speech?

Mr. McCARTHY. I thought that since the Senator from Ohio made an exception for two Senators, he would make an exception for me.

Mr. LAUSCHE. The Senator from Minnesota is too affable for me.

Mr. McCARTHY. Mr. President, I supported some of the limitations which were imposed on this section of the bill in committee. I do not intend to support this reduction. It is my general position that the Senate really ought to act to give direction with reference to policy, rather than to adopt what has been suggested here—the device of cutting appropriations in order to influence policy.

However, I believe that the arguments made by the Senator from South Dakota and by the Senator from Idaho deserve the full consideration of the Senate, since what has been happening in the area of arms distribution and arms sales, and some of the consequences of that distribution, do have very serious bearing upon the foreign policy of the United States and upon world peace.

I should like to make one or two observations.

First, newly independent countries are frequently anxious to acquire arms for prestige purposes. The Massachusetts Institute of Technology, in a study prepared for the Arms Control and Disarmament Agency, had this to say about the practice of newly independent countries securing new and additional arms.

They say that these countries regard the first function of their armed forces to be a symbol of sovereignty, and that—

> Their security requirements tend to be shaped by this type of irrational consideration in seeking aid from external sources: supersonic jet planes for flyovers, tanks for parades, and the like. They are by the same token unlikely to use as justification for the major portion of their security forces counter-insurgency needs (which place high priority on relatively unsophisticated equipment).

It has been suggested that nations can be listed first-, second-, third-, fourth-, or fifth-class nations on the basis of the kind of weapons they have. In order to be first class, a nation must have nuclear weapons and a delivery system. A second-class nation must have nuclear weapons but not a delivery system. A third-class nation must have jet airplanes—at least—of the kind that reflects the mistakes made in the Pentagon. None of the three branches of our armed services insofar as I know has approved the TFX. We have already begun to sell a version of the TFX to foreign countries. The TFX may become a kind of Edsel for international air defense, something which will satisfy the needs of all the nations around the world but is not satisfactory to any one of the branches of our own Defense Department. A fourth-class nation must have a boat or boats—preferably a submarine. A fifth-class nation must have tanks, at least.

Second, supplying arms opens the way to influence on the military and also on the political policies of the recipient countries.

I am not going to make an argument of my own but I quote Secretary of Defense McNamara who said:

> Our training program provides unique opportunities to expose potential leaders of the developing nations to our institutions, goals and ideals and thereby to develop valuable understanding and friendship.

I believe it is important that the military leaders of foreign countries and the potential military leaders of foreign countries become exposed to our ideas, to the principles which govern our military, but I suggest that this should not be the only force or the principal influence of America in developing countries. More and more it has developed that our Military Establishment is the principal agency through which American ideals and objectives are presented in these developing countries.

The evidence is quite clear in country after country that the way to political power is through control of military strength.

The Committee on Foreign Relations has a primary responsibility for the foreign policy of the United States and must be concerned about the way in which distribution of, not only military equipment, but military advisers and military influence has a bearing on the course of world events.

I hope that institutions in the U.S. Government other than the Military Establishment will be given or will take more responsibility for developing understanding with the future leaders of the developing world and acquainting them with our goals and ideals. But as the Director of Military Assistance for the Defense Department has stated:

> Military assistance provides first of all a lever to get our ideas across.

Third, arms sales have been promoted and defended in terms of financial and budgetary consequences. That should be the last consideration in arms distribution and should be presented as an argument of last resort.

The Secretary of Defense has frequently suggested the bearing of sales on the balance of payments almost as a justification for increasing arms sales. On the contrary, the Committee on Foreign Relations in its report on this bill states:

> The U.S. balance of payments is not in such a perilous condition that it has to be salvaged by taking blood money from poorer countries.

There is a curiously circular quality about this balance-of-payments argument.

As stated by the Defense Department's Deputy Assistant Secretary for International Logistics Negotiations, the Pentagon's chief arms salesman:

> Receipts from military sales account for about one-half of the deployment costs of our forces, measured in balance-of-payment terms. The ability of this country to follow a forward strategy is heavily influenced by the balance-of-payments costs attributable to such a strategy.

I suggest that everyone in the Senate reread and reconsider that statement:

> The ability of this country to follow a forward strategy is heavily influenced by the balance-of-payments costs attributable to such a strategy. Thus foreign military sales are of major interest to the Nation because they facilitate arrangements for our security throughout the world.

I am quoting the Deputy Assistant Secretary.

Unmentioned in this argument is any reflection on the way in which the further proliferation of conventional arms throughout the world makes the deployment of troops and our forward strategy necessary.

I will not talk about the situation in Latin America at length. It has been discussed by others.

In Latin America, the major purpose of our assistance is supposed to be to build up internal security capacity. In this respect, there appears to be little harm in the substantial cutback in the Latin American program the committee has proposed. In the absence of a massive inflow of sophisticated weapons to insurgency groups in Latin America—of which the United States would be aware—it would appear likely that the Latin American countries have at their disposal at present sufficiently sophisticated weaponry to assure internal security. A study prepared for the Arms Control and Disarmament Agency stated:

> U.S. military security interests would on balance certainly not be hampered by a program of regulation and limitation of arms and armed forces in Latin America; U.S. political interests would benefit by the continued existence at low levels of both.

Of growing concern in the past several months has been the spiraling arms build-up in the Middle East, where tensions among the Arab states and between the Arab states and Israel have long threatened to explode. Between 1950 and 1965, we supplied relatively small amounts of grant military assistance to the area. Now, however, Saudi Arabia is buying $400 million worth of British supersonic fighters and U.S. Hawk missiles. Jordan has received U.S. tanks and is buying a limited number of supersonic fighter bombers, reportedly Lockheed F-104's. The Army equipment for Jordan is being supplied under a credit arrangement, and the aircraft under a cash arrangement, paid in dollars. It is difficult to understand how Jordan, which has an annual per capita gross national product of $233 and which is almost entirely dependent on outside financial assistance—from the United States and the United Kingdom—will pay for these planes, which cost some $2 million each. The $4 million annually provided by the United Kingdom for budget support to Jordan would cover only two of them. Of further concern is the fact that in the recent arms sale to Israel, the United States for the first time introduced offensive weapons into the area. Yet the State Department still persists in maintaining that our policy is to refrain from becoming a major supplier of arms to the Middle East.

Even countries where our military assistance program has been very large, such as Iran, press us for more arms and threaten to go elsewhere if we will not supply them.

The case of India and Pakistan has frequently been cited as the outstanding example of the damage the military assistance program can do. It "caused the war" between those two countries, Ambassador J. K. Galbraith told the Foreign Relations Committee. Mr. Galbraith, our former Ambassador to India, is one of those most familiar with that situation. Pakistan, which has recently been receiving military assistance and arms from Communist China, is formally allied to us through SEATO, for whatever that is worth, and is reported to have received from $1.5 to $2 billion in U.S. military assistance over the last decade. India refused U.S. military aid until her borders were attacked, but had been receiving arms from the United Kingdom. U.S. arms deliveries to India and Pakistan, which were suspended at the time of the fighting have been resumed on a limited basis on the strength of the adherence of the two countries to the Tashkent agreement.

Perhaps the most disquieting aspect of the arms sales program has been its tendency to expand. Encouragement of sales as opposed to grants is now our official policy. The administration request is larger this year than last, because the Vietnam assistance program has been put in Defense Department appropriations. In explaining the transfer, Secretary McNamara stated:

> We have relieved the military assistance program of some of the pressures which in recent years have threatened to distort seriously the remainder of the country programs.

Can one then expect that as our effort in Thailand, for example, expands, as it is now expanding, it too will be moved over to another budget if it begins to distort the total picture. It does not matter what budget column you put the figures in, if you are doing the same thing and we should not deceive ourselves.

Some figures recently reported should, in my judgment, make us stop and consider where this program is leading us.

Germany has bought over $3 billion worth of arms from us over the last 4 years. The Germans agreed to these arms purchases to offset the cost to the United States of maintaining our troops in Germany but apparently, when they recently attempted to purchase nondefense articles to fulfill these commitments, the Defense Department insisted they buy the arms even though the Germans felt they did not need them.

The United Kingdom is expected to spend over $2 billion for arms in the United States in future years, a particularly large sum given the economic difficulties Britain is presently experiencing.

Other NATO countries have purchased almost a billion; even Australia has arranged to purchase $800 million worth of arms.

Estimated military sales receipts entering the balance of payments in fiscal year 1966 were $813 million. But the gross sales estimate for 1966, including military assistance sales and commercial sales, is $2.7 billion. The Defense Department estimates that cash receipts for fiscal year 1967 will approximate $1.6 billion, that is, nearly double 1966 receipts. They will not release their estimate on gross sales for fiscal year 1967. One may wonder whether it too will have doubled. Will the United States have sold over $5 billion worth of arms in just 1 year?

Mr. President, I suggest that it is time seriously to consider putting further limitations on this program. At the very least, the limitations suggested by the committee should be sustained. I intend to suggest further limitations, as do other Senators.

Finally, I would repeat the suggestion I have made previously that the administration give serious emphasis to President Johnson's proposal to the Disarmament Conference meeting in Geneva that "countries, on a regional basis, explore ways to limit competition among themselves for costly weapons often sought for reasons of illusory prestige." This, and not further encouragement of the arms sales program, should be our goal.

Mr. McGOVERN. I thank the Senator, not only for his very fine statement which he has made today, but for the article which he wrote for the Saturady Review of Literature a few weeks ago. It was very helpful in guilding my thinking.

(At this point, Mr. KENNEDY of New York assumed the chair.)

Mr. LAUSCHE. Mr. President, I desire to preface my remarks with the proclamation issued by the Tricontinental Conference which met in Havana, Cuba, between the 3d and 14th of January 1966.

At that conference were assembled Communist representatives from 83 countries. The term "Tricontinental Conference" was adopted because it was supposed to advocate primarily the cause of communism in South America, Africa, and Asia.

I read the declaration:

> Imperialism will never voluntarily renounce its policy of exploitation, plunder, aggression and intervention.
>
> The people of Asia, Africa, and Latin America know by their own experience that Yankee imperialism, the implacable enemy of all the peoples of the world, is the main redoubt of colonial oppression and international reaction. Yankee imperialism covers the map with its capital, extracting millions of dollars yearly for its monopolies. Yankee imperialism commits all sorts of abominable crimes against the people and actively prepares attacks against socialist countries and against the world peace.

The proclamation continues:

> The Conference hereby proclaims that the primary task of the peoples of Asia, Africa, and Latin America is to intensify the struggle against imperialism, colonialism, neocolonialism and to win and consolidate national independence especially against the exploitation practiced by the Yankees. The merging of efforts will turn active solidarity on our continent into a new historical force of colossal dimensions.

Mr. President, I repeat that this declaration was issued in Havana, Cuba, at the Tri-Continental Conference with 83 countries represented by delegates from the Communist peoples of the world.

I cannot bring myself to the conclusion that the people of the United States, or Congress, should adopt the attitude that the challenge to the security of our country has come to an end.

It has not. It still faces us. It will face us with continued intensity unless we remain alert to the challenge that stares at us in stark reality.

Mr. President, the fact is that in the past 5 years our military assistance program has been cut from approximately $600 or $700 million since John F. Kennedy became President. The amount was approximately $1.7 billion. It has been reduced to $917 million. It has been stripped to the bone.

Mr. President, in this connection, I ask unanimous consent to have printed in the RECORD a short statement concerning this amount.

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

REBUTTAL OF $150 MILLION CUT IN $917 MILLION NOA

1. Same basic reasons apply as in rebuttal of $100 million cut to $917 million NOA.

2. Reduction of this magnitude (about one-sixth of NOA) would undoubtedly require wiping out smaller programs as well as drastic cuts in larger programs (China, Greece, Turkey, Iran, Korea).

3. Impact of a cut of this magnitude would be particularly significant at this time when the U.S. is under fire in SE Asia. It would signify that the U.S. system is incapable of supporting other Free World friends or that the U.S. has lost interest in other Free World problems.

4. Increased SE Asia requirements in FY 1964 and 1965 required that modernization programs in the key countries of China, Korea, Greece and Turkey be deferred. Equipment is wearing out and modernization is required. The armed forces of these countries are essential elements of the total Free World deterrent. It is in our national interest to see that they do not lack the means to match their will to resist aggression.

Mr. LAUSCHE. Mr. President, there are among us those who would gladly see the Latin American, African, and southeast Asian countries completely stripped of their military forces.

Mr. McGOVERN. Mr. President, will the Senator from Ohio yield at that point for a question?

Mr. LAUSCHE. I yield.

Mr. McGOVERN. The Senator has made reference to the fact that the program has been cut back. As the Senator knows, the Committee on Foreign Relations excluded the Vietnam portion of the military assistance program.

Mr. LAUSCHE. Yes.

Mr. McGOVERN. It was excluded from the overall amount and the figure actually recommended by the committee was $14 million more than was available for the same purpose last year.

Mr. LAUSCHE. Not that much. The fact is, the Vietnam allocation has been cut from this bill——

Mr. McGOVERN. The Senator is correct.

Mr. LAUSCHE. But still, the program has been cut.

Mr. President, I want to put this problem in reverse order.

What will be the reaction of the Communists in Russia and China if we, at this critical period, begin cutting the military assistance program which we have rendered in the past to the nations

of Latin America, Africa, and southeast Asia?

They will applaud it.

The more we strip these countries of the meager military forces they possess, the greater will be the joy of the Communists.

Mr. ERVIN. Mr. President, will the Senator from Ohio yield at that point for a question?

Mr. LAUSCHE. I yield.

Mr. ERVIN. Is it not true that most of the military assistance program which America gives to African countries is given in the nature of rentals for military bases which the United States enjoys the privilege of occupying there?

Mr. LAUSCHE. That is the absolute fact. Our principal military assistance goes to the nations on the periphery of China and Russia. It goes to Turkey, to Greece, and, of course, to Pakistan and to India—also to Korea and to Nationalist China.

Now then, if we cut the program at this critical period, what will be its effect on the Communist world if the cut is instituted?

It will mean more encouragement to Ho Chi Minh and to Mao Tse-tung to contend that we are abandoning our position in southeast Asia.

We have already done enough by inducing Ho Chi Minh to claim that our fliers are criminals. He did not have to say it. The charge has been made here that our country has been a criminal aggressor. I can understand how Ho Chi Minh has now said, "I will execute the American fliers because they have criminally trespassed the lines in southeast Asia." I am amazed that he did not say it at an earlier date. The words coming out of Washington are entirely too frequent, that we are the aggressor, that we are the ones who are killing innocent American fightingmen and civilians, that we are the ones trying to colonize southeast Asia and steal their resources and steal the richness of their manhood and their womanhood.

The charge has been made that we are making prostitutes out of South Vietnamese women and that we are the creators of brothels.

I reject that charge, and I reject it vigorously.

The story has not been told as to how our aid is distributed throughout the world.

I read from page 170 of the transcript of hearings:

Secretary McNAMARA. I think I can summarize the whole $917 program very concisely for you.

Senator SPARKMAN. I would be very glad to hear that.

Secretary McNAMARA. There are 10 countries on the periphery of the Sino-Soviet bloc receiving 75 percent of the total.

If anyone thinks the Sino-Soviet bloc is friendly to our country and that we ought to free their periphery for whatever they want to do, I say reduce the cut.

To continue from the transcript of hearings, Secretary McNamara said:

There are four countries in which we have base rights—

And I read what the Senator from North Carolina [Mr. ERVIN] has just said—

receiving about $23 million. There is $56 million for credit assistance to help finance sales of U.S. military equipment. There are four countries in which we are completing our past commitments. There are 12 countries to which we assign trainers and provide training assistance only, and there are about 27 countries, 10 of which are in Latin America, for which we have very small programs, averaging something on the order of $2 million or less per country per year.

The arguments that have been made would imply and probably express the proposition that we are sending huge caches of military equipment to little nations around the world. That is not the fact.

I continue to read from the transcript of hearings:

Senator SPARKMAN. I notice in your statement that about 10 percent goes to Latin America and to Africa.

Secretary McNAMARA. Yes; that is correct, about $75 million to Latin America, and about $31 million to Africa; and of the African amount, about $19 million is in the nature of rent for our military bases in two countries.

Senator SPARKMAN. Two of the base countries are included?

Secretary McNAMARA. Are in Africa—that is correct, Senator.

The total of African programs, if you exclude the two countries in which we have bases, is on the order of $12 to $13 million.

The cry is about sending military equipment into Africa to induce those nations to engage in combat with each other. I do not recall how many nations are in Africa, but I would say there are 40, and the total amount we are sending is $12 to $13 million, excluding the $19 million which goes primarily as rent for the bases we have there.

I continue to read from the transcript of hearings:

Mr. SPARKMAN. Do I understand the amount requested this year is less than that in previous years?

Secretary McNAMARA. The amount at the time I came into office was $1,700 million in new obligational authority for fiscal 1961. We are requesting $917 million for fiscal 1967, a reduction of about $800 or $900 million.

The fact is that part of the reduction is reflected because we have taken South Vietnam money out of it.

I continue to read from the transcript of the hearings:

Senator SPARKMAN. Of course, we have to keep in mind Vietnam is excluded.

Secretary McNAMARA. In both years. I also excluded it from the base period, fiscal 1962.

That is the situation with respect to Africa. That is the continent about which the main argument is made. I want to repeat it for the RECORD—$31 million is to be given to Africa. Practically $19 million of the $31 million is for rent for our bases, and $12 million to $13 million as military aid to all the nations in that land.

We now come to South America: $55 million is the amount for 19 nations in South America. I think 4 or 5 countries of South America are the principal recipients, and they are the nations with the largest population, Brazil having probably 60 or 70 million.

In my opinion, we have cut the military assistance program to the bone. It is now argued that it should be cut more.

I wish to finally conclude my words.

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

Mr. LAUSCHE. I yield.

Mr. ERVIN. The Senator from Ohio read to the Senate a few moments ago the declaration made by the representatives of 80-odd Communist countries at a meeting in Havana, Cuba, in January.

Mr. LAUSCHE. That is correct.

Mr. ERVIN. When we consider the declaration, which is phrased in the semantics of communism, it amounts to an assertion that one of the purposes of the Communists is to take over the countries of Latin America. Is that correct?

Mr. LAUSCHE. I believe so, but there are many, even in this Chamber, who believe that the Communists have no evil purpose or intention with respect to the nations of the free world, or no evil intentions with respect to the United States.

Mr. ERVIN. I should like to ask the Senator from Ohio if the Communist nations did not furnish arms to Castro, and as a result of their furnishing military aid to Castro we now have a Communist nation only 90 miles from our own coast?

Mr. LAUSCHE. I think the Senator's question answers itself. Communist China aids are in Cuba and Russian aids are in Cuba. Our situation with respect to Cuba is now far worse than it was in 1962.

Mr. ERVIN. I should like to ask the Senator if, as a member of the Foreign Relations Committee, he does not have information that Russia is spending vast sums of money to keep Castro in power in Cuba?

Mr. LAUSCHE. It is spending money.

Mr. ERVIN. Has it not been one of the announced purposes of the Castro government to export what they call revolutionists to the countries of Central and South America?

Mr. LAUSCHE. When Bosch was removed, the information was complete that four things were happening:

First, he was allowing Communists to be used in the Dominican Republic to propagandize for the Communists.

Second, he was allowing school buildings to be used by the Communists to indoctrinate the people.

Third, he was allowing Communists to get into the Dominican Republic.

Fourth, he was allowing Dominican Republic youths to go to Havana to be indoctrinated in the techniques of Communist subversion and pushbutton riots.

Mr. ERVIN. Does not the Senator from Ohio feel, under the existing circumstances, our furnishing of military assistance to Latin American countries is inextricably interwoven with our own national security?

Mr. LAUSCHE. I must say to the Senator from North Carolina that, in my judgment, not only the economic assistance program, but also the military assistance program, are deeply and intimately related with the defense and the national security of our Nation. At least, that has been the primary basis on which I have supported that program.

First. The proposed program is designed to meet only minimum military needs of allied and friendly countries in fiscal year 1967.

Second. The number of recipient countries has already been reduced to those which have need for continued support and which are making maximum use of their own resources.

Third. Only a modest amount has been set aside for credit sales to assist in shifting wherever possible from grant to sales programs.

Fourth. Developments in southeast Asia may impose additional requirements for our support, particularly for Laos and Thailand, beyond those now included in the fiscal year 1967 programs.

Fifth. A reduction of this magnitude would necessitate heavy cuts in assistance to the countries which have been our stanchest allies, and which coincidentally are still most in need of our support, that is, Greece, Turkey, China, Iran, and most importantly, Korea. These countries by themselves account for over 55 percent of this whole military assistance program. Cuts would be highly detrimental to the free world deterrent posture and also psychologically unsound at this time.

Sixth. Reductions in programs for the newly independent and developing nations would have the effect of, in some cases, eliminating these programs completely, and therefore negating our efforts to strengthen internal security and to emphasize civic action.

Mr. President, I have observed rather frequently what is supposed to be a hostility for the man in uniform in foreign countries. That has almost broadened itself, in some instances, to a hostility for the man in uniform in the United States.

In South America, stability in government has been maintained by the military forces. Remove the military from the South American states, and you will produce instability. Challenges to the government will occur. We have witnessed, in the United States, what can happen in riots when National Guardsmen and policemen cannot quell them.

What will happen in these other countries, if we practically strip them of their military strength, which is used primarily for internal security? We will create a fertile field for unrest, protests, riots, demonstrations, and other activities that will incapacitate the Government. Vacuums will occur, and Communists will step in.

Someone today said that this military assistance program produces results far in excess of the costs. I think it has produced better results for us than the economic aid program. For that reason, I shall vote against all of the amendments that are pending to cut the $917 million provided below the amount recommended by the committee. The committee has cut it. The administration has also cut it, and it should not be cut any more.

Mr. President, I yield the floor.

Mr. MANSFIELD. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. MANSFIELD. I ask for the vote.

The PRESIDING OFFICER. The question in on agreeing to the amendment offered by the Senator from South Dakota [Mr. McGOVERN]. 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], and the Senator from Arizona [Mr. HAYDEN], and the Senator from Arkansas [Mr. McCLELLAN] are absent on official business.

I also announce that the Senator from Texas [Mr. YARBOROUGH] is necessarily absent.

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

If present and voting, the Senator from Colorado [Mr. ALLOTT] and the Senator from Kansas [Mr. PEARSON] would each vote "nay."

The result was announced—yeas 23, nays 71, as follows:

[No. 161 Leg.]

YEAS—23

Bartlett	Gruening	Moss
Bayh	Hartke	Nelson
Burdick	Kennedy, Mass.	Neuberger
Church	Kennedy, N.Y.	Proxmire
Clark	McGovern	Symington
Ellender	McIntyre	Tydings
Fulbright	Metcalf	Young, Ohio
Gore	Morse	

NAYS—71

Aiken	Hart	Murphy
Anderson	Hickenlooper	Muskie
Bennett	Hill	Pastore
Bible	Holland	Pell
Boggs	Hruska	Prouty
Brewster	Inouye	Randolph
Byrd, Va.	Jackson	Ribicoff
Byrd, W. Va.	Javits	Robertson
Cannon	Jordan, N.C.	Russell, S.C.
Carlson	Jordan, Idaho	Russell, Ga.
Case	Kuchel	Saltonstall
Cooper	Lausche	Scott
Cotton	Long, Mo.	Simpson
Curtis	Long, La.	Smathers
Dirksen	Magnuson	Smith
Dodd	Mansfield	Sparkman
Dominick	McCarthy	Stennis
Douglas	McGee	Talmadge
Eastland	Miller	Thurmond
Ervin	Mondale	Tower
Fannin	Monroney	Williams, N.J.
Fong	Montoya	Williams, Del.
Griffin	Morton	Young, N. Dak.
Harris	Mundt	

NOT VOTING—6

Allott	Hayden	Pearson
Bass	McClellan	Yarborough

So Mr. McGOVERN's amendment was rejected.

Mr. MORSE. Mr. President, I ask that my amendment to the Church amendment be called up.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT LEGISLATIVE CLERK. On page 1, line 2, in lieu of "$792,000,000" insert "$692,000,000".

Mr. MORSE. Mr. President, I ask unanimous consent that the yeas and nays previously ordered on my amendment be withdrawn.

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

Mr. MORSE. Mr. President, I wish to advise Senators what I propose to do. I intend to make a statement in support of my amendment, and then I shall ask unanimous consent to withdraw the amendment, because I wish to join with the Senator from Idaho in support of his amendment, in preference to mine.

Before I ask for the withdrawal of my amendment, I wish to repeat to Senators that the supplemental military procurement and construction authorization bill, S. 2791, provided that "funds authorized for appropriations for the use of the Armed Forces of the United States under this or any other act are authorized to be made available for their stated purposes in connection with support of Vietnamese and other free world forces in Vietnam, and related costs, during the fiscal years 1966 and 1967, on such terms and conditions as the Secretary of Defense may determine."

It should be made clear that neither my amendment nor that of the Senator from Idaho relates in any way to fighting in Vietnam, whether South Vietnamese, Korean, or anyone else. It deals with cuts in military aid elsewhere in the world. There should be no doubt left to Senators on that score.

The report of the Armed Services Committee says of this provision:

> Additional funds required during fiscal year 1967 for the support of the forces of South Vietnam and other free world forces in that country would be authorized for, and appropriated to, the accounts of the military departments. The military assistance program would continue to be legislated separately for activities not associated with Vietnam.

The figure requested for fiscal 1967 as compared with previous years: Fiscal 1967: $917 million; for 1966: $1,170 million; for 1965: $1,055 million; for 1964: $1,000 million.

Yet since the time $1,170 million was provided last year, we have removed South Vietnam from the program and suspended military aid to Pakistan and India, Pakistan having been beneficiary of one of the largest of all military aid programs.

Where is the saving that should be reflected in this year's military aid? Military aid is on the rise again, exclusive of the war in Asia.

The sum that went to South Vietnam under the fiscal 1966 program, plus the suspended aid to India and Pakistan that was not sent in fiscal 1966, should be deducted from the $1,170 million. That would be a good deal more than the $253 million by which this bill is below last year's figure, and it still would not deduct from military aid elsewhere the amount it is costing us to support "other free world forces" in Vietnam.

Secretary McNamara testified on page 672 of the hearing:

> Military assistance to South Vietnam will amount to about $795 million in the current fiscal year.

The Defense Department figure for Vietnam-associated military aid in fiscal year 1967 is $650 million. However, another supplemental could well come in early next year.

Mr. President, in my minority views I pointed out that a result of the supplemental authorization was to remove military aid to South Vietnam and others in South Vietnam from the pending mili-

tary aid bill. Yet, the request for $917 million scarcely reflects the omission from this year's bill of military assistance to South Vietnam and others fighting there.

As with economic assistance, it is becoming the practice to maintain the level of the regular assistance measure, while getting additional funds through separate legislation. The separate spigot for military aid will cost in the magnitude of $630 million in fiscal 1967.

TRUE COST OF MILITARY AID

The request of the administration for $917 million has been reduced slightly by the committee. But the $25 million cut is far from commensurate with the military aid to Vietnam in last year's bill that is now coming out of the Defense budget and does not show up in this bill at all. The true expenditure by the taxpayers for military assistance in fiscal 1967 will be around $1.5 billion unless this bill is severely cut. This means that many countries unaffected by Vietnam are getting their military aid increased under this bill.

A reduction here is one way that the burden of the Vietnam war could be shared by the 55 nations on the list to receive military assistance.

Only South Vietnam and Korea of these have troops fighting. Proportionate reduction in programs for the other 53 would be little enough for them to contribute to the war in Vietnam, a war advertised as necessary to protect them all. If this is in the fact their war, and if they do not care to contribute manpower to it, at least they can contribute a cut in their military hardware from the United States.

No more than with economic assistance, can we have "business bigger than usual" in military gifts. A reduction of at least $100 million from the committee bill is not only justified but would still maintain them all at roughly last year's level.

The device of increasing military aid to 53 noncombatant countries by funding Vietnam separately is one more long step down the road to militarization of American foreign policy. It must be resisted by Congress.

I also call to the attention of Senators the views filed by five Republican members of the House Foreign Affairs Committee.

They said about military assistance:

MILITARY ASSISTANCE

Since World War II, the United States has been paymaster and armorer for half the countries of the world. Cost to Americans has come to $37 billion. Now, we are being asked to authorize an additional $917 million for military assistance excluding at least a billion more for paying and supplying the South Vietnamese Army.

In past years, while we called attention to deficiences and individual cases of waste on the military side of the aid program, we believed that for the most part, military assistance was basically a wise investment. It was a small price to pay for keeping the peace and keeping American boys off foreign battlefields. Events this past year—De Gaulle's highhanded actions in NATO, a near war on the subcontinent of Asia with both adversaries using American weapons—but most of all the almost complete lack of support by our allies in our struggle in Vietnam, compel us to recommend a reevaluation and major revamping of the military assistance program.

France has been far and away the largest recipient of miliary assistance. Through 1965, France received over $4 billion in grant aid including $4.9 million delivered in fiscal year 1965. Now France has turned its back on us in Vietnam, supports Peking's entry into the United Nations and demands the evacuation of Americans and closing of all our bases on French soil.

The United Kingdom which has received over a billion dollars in American aid continues to run her ships into Cuba. British-flag ships are hauling supplies into North Vietnam ports. Britain has 50,000 jungle-trained troops in Malaysia, relatively idle, which could be used in Vietnam. Reportedly, they will never be used because opposition to the Vietnamese war is so intense in Britain that the Labor Government would have a revolt from its own Members if British troops were used in Vietnam.

Over the years, Nationalist China has received over $2 billion in military aid. Her soldiers are ready and willing to assist us but have not been called upon.

In Latin America, the half a billion dollars we spent on material and equipment, is used in many instances to maintain military dictatorships or help in the overthrow of constitutional governments. Not a soldier has been volunteered for the Vietnamese forces.

Some of the countries which have received American military aid are actively courting the Communists. Cambodia, which is now providing a haven for North Vietnamese forces, and whose army was once equipped and 50 percent subsidized by the United States, is drawing even closer to Peiping.

In Africa, where U.S. military assistance is relatively new and small to date ($138 million), military coups overthrew seven governments since June 1965: Algeria, Central African Republic, Congo (Léopoldville), Dahomey, Ghana, Nigeria, and Upper Volta. In Europe, two of the largest current recipients of military aid—Greece and Turkey—are at each other's throats over Cyprus with an uneasy truce being maintained by U.N. peacekeeping forces, also largely financed with U.S. funds.

The administration argues that to maintain a foreign soldier in the forward defense countries, it only cost the United States one-eighth the cost of paying, feeding and clothing an American soldier. The point is this: Of what value are these foreign armies, largely equipped with material paid for by the American taxpayer, when American boys almost alone are fighting and dying in Vietnam. Of the 55 nations designated for military aid this year, only one—Korea—has sent troops to Vietnam. The Philippines is presently taking steps to furnish a battalion. Australia and New Zealand, where the United States has no aid programs, have also sent troops.

Mr. President, these countries are not helping us in any way in Vietnam, and it seems to me, as I said earlier today, and as I discussed in my minority views, they at least ought to expect to forego some of the military assistance that otherwise would go to them while we are spending these great sums of money in connection with Vietnam. I do not believe they should expect us to continue to give them this high rate of military assistance when we have to spend—the figures seem to vary—huge sums of money every day in Vietnam, when at the same time our administration asks for a serious cutback on a whole series of domestic programs essential to the President's Great Society program, such as education, poverty, public works, and the others in which the President has recommended drastic cuts.

I think the administration has a duty to also cut drastically military assistance to those countries not involved in the Vietnam war.

It seems clear from the last rollcall that the $200 million cut that I have proposed—which I believe we ought to adopt—will not be adopted; I do not wish to in any way weaken the base made by the Senator from Idaho. I supported him in committee. I supported him last year. We have worked together on this for some time.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. MORSE. I yield.

Mr. LAUSCHE. Much has been said about the aid we are granting to the nations of South Africa. I wish to ask the Senator from Oregon, based upon testimony appearing on page 170 of the record, whether it is not the fact that the aid we are granting to all the countries in Africa is $31 million, and of that amount, $19 million goes to two countries in which we have bases—meaning that $12 million goes to 30 countries?

Mr. MORSE. The Senator is correct. But my further reply to the Senator is that we would be better off if we were not spending that money in Africa, and if we looked to others to be of assistance to them, and paid more attention to our needs at home.

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

Mr. MORSE. I yield.

Mr. ELLENDER. Mr. President, the Senator from Oregon answerd that it was true that in Africa the amount programed is a little over $31 million. That results from the fact that the Senate passed an amendment that I put in the bill, limiting aid to the countries of Africa.

Mr. LAUSCHE. But that does not contradict the fact that to all of the nations of Africa—I would say there are 40 of them—we are giving $12 million, and $19 million is going to two nations as rent for bases.

Mr. ELLENDER. The point is——

Mr. LAUSCHE. I am reading from the testimony.

Mr. ELLENDER. The point is that the Senate voted a limitation of $25 million on military aid to all African countries.

Mr. LAUSCHE. The Committee on Foreign Relations is cognizant of the fact that we should keep military aid at a minimum. But it is also cognizant of the fact that we cannot strip them completely of military equipment.

My second question is with regard to 19 nations of South America. Is it not a fact that the military assistance bill puts a limitation of $55 million, and of that $55 million the great majority goes to five countries which have populations probably in the aggregate of about 125 million people?

Mr. MORSE. That is true, but I do not know that it is significant. Even the $55 million should be greatly cut.

Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. CHURCH. Mr. President, I do not intend to detain the Senate more than a few minutes, but inasmuch as I presented the amendment earlier this morning, and much of the debate took place several hours ago, I would like to sum up now the issue that is presented to the Senate by the pending amendment.

The distinguished Senator from South Dakota [Mr. MCGOVERN] offered an amendment to cut the military assistance program by $250 million. The Senate has rejected that amendment. Had the amendment been adopted, an appreciable cut of about 25 percent would have been approved.

The issue presented in the pending amendment is quite different. This amendment would cut $100 million from the bill, or approximately 10 percent.

But because the other body has authorized a larger program than the committee reported to the Senate, and because the two versions of the bill must be reconciled in conference, and because customarily such differences are cut down the middle, the effect of the passage of my amendment, when it comes before the Congress in the final form of a conference report, will most likely be to hold the line.

I believe that if there ever was a time to hold the line it is this year. We are caught in a grave and costly war in Asia which is costing us $2 billion a month. We are paying not only all of our costs, but the costs of the South Vietnamese, and the costs of the other forces which have come from Australia and Korea to participate.

These costs, in their totality, are not affected in any way by the pending amendment. These costs related to Vietnam are not part of the bill, so Senators should be perfectly certain in their minds that, if they vote to hold the line in military assistance elsewhere in the world by supporting the amendment I have offered, they will not, in any way, affect the money allocated to support our forces or allied forces in Vietnam.

I hope the Senate will see fit to approve the amendment.

AUTHORIZATION FOR SECRETARY OF THE INTERIOR TO ENGAGE IN FEASIBILITY INVESTIGATIONS OF CERTAIN WATER RESOURCE DEVELOPMENT PROPOSALS

Mr. JACKSON. Mr. President, I ask that the Chair lay before the Senate a message from the House on Senate bill 3034.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3034) to authorize the Secretary of the Interior to engage in feasibility investigations of certain water resource development proposals, which was to strike out all after the enacting clause and insert:

That the Secretary of the Interior is hereby authorized—

(a) to perform such additional analysis and studies as may be required on the following proposals which are pending before the Congress:

REGION 1

Chief Joseph Dam project, Chelan division, Manson unit, along Lake Chelan in north-central Washington;

Rogue River Basin project, Merlin division, on Jumpoff Joe Creek, a tributary of the Rogue River, in southwestern Oregon;

Tualatin project, first phase, on the Tualatin River, near the city of Portland, Oregon;

Walla Walla project, Touchet division, on the Touchet River in southeastern Washington;

Yakima project, Kennewick division extension, near the mouth of the Yakima River in south-central Washington.

REGION 3

Lower Colorado River Basin project, in the Lower Colorado River Basin in Arizona, California, New Mexico, Nevada and Utah.

REGION 5

Canton project on the Canadian River below the existing Canton Reservoir in northwestern Oklahoma;

Columbus Bend project on the Lower Colorado River Basin in Texas;

Palmetto Bend project on the Lavaca and Navidad Rivers in Texas.

REGION 7

Missouri River Basin project, Midstate division, on the north side of the Platte River in central Nebraska;

Missouri River Basin project, North Loup division, on the North Loup and Loup Rivers in east-central Nebraska; and

(b) to complete his analysis and studies and to prepare and process reports on the following proposals, which he anticipates will be completed or substantially completed on or before June 30, 1966:

REGION 1

Challis project, Challis Creek division, on Challis Creek in southern Idaho;

Rathdrum Prairie project, Prairie division, East Greenacres unit in Idaho, along the Idaho-Washington State line east of Spokane, Washington;

Rogue River Basin project, Illinois Valley division, on the Illinois River, a tributary of the Rogue River, in southwestern Oregon;

Southwest Idaho water development project, Mountain Home division, in the Snake River Basin near the cities of Boise and Mountain Home, Idaho;

Umpqua River project, Olalla division, on Olalla and Lookingglass Creeks in the south Umpqua Basin in southwestern Oregon;

Upper Snake River project; upper Star Valley division, on Salt River and Cow Creek, near the town of Afton, Wyoming;

Willamette River project, Monmouth-Dallas Division, on the west side of the Willamette River in the vicinity of Monmouth and Dallas, Oregon;

Willamette River project, Red Prairie division, along the South Yamhill River near the town of Sheridan, Oregon;

Yakima project, Bumping Lake enlargement, on Bumping River in the Yakima River Basin in Washington.

REGION 2

Central Valley project, Consumnes River division, initial phase, in and adjacent to the Consumnes River Basin east of Sacramento, California;

Central Valley project, Delta division, peripheral canal, in the Sacramento-San Joaquin Delta in California;

Central Valley project, Delta division, Kellogg unit, south of th city of Antioch, California;

Central Valley project, east side division, initial phase, on the east side of the San Joaquin Valley from the American River on the north to the foothills of the Tehachapi Mountains south of the Kern River;

Central Valley project, Sacramento River Division, West Sacramento canal unit, on the west side of the Sacramento River Valley and in the Putah Creek Basin in California;

Central Valley project, San Felipe division, in the Santa Clara and Pajaro River Basins in the central coastal area of California;

Sespe Creek project, on the Santa Clara River and tributaries in southern California;

Walker River project on the Walker River in west-central California and east-central Nevada.

REGION 4

Bear River project, first phase, on the Bear River and its tributaries in north-central Utah and southeastern Idaho.

REGION 5

Chikaskia project on the Chikaskia River in south-central Kansas and north-central Oklahoma;

Cuero project on the Guadalupe River in south-central Texas;

Liberty Bottoms project on the Red River below Denison Dam in south-central Oklahoma;

San Luis Valley project, Closed Basin division, in the Rio Grande Basin in south-central Colorado.

REGION 6

Missouri River Basin project, James division, Oahe unit (exclusive of Mitchell area), involving the diversion of water from the existing Oahe Reservoir into the James River Valley;

Missouri River Basin project, South Dakota pumping division, Tower, Greenwood, and Yankton units, on the Missouri River in southeastern South Dakota;

Missouri River Basin project, South Dakota pumping division, Wagner unit on the Missouri River in the vicinity of Fort Randall Dam in southeastern South Dakota;

Missouri River Basin project, Three-Forks division, Jefferson and Whitehall units on the Big Hole and Jefferson Rivers above Canyon Ferry Dam in southwestern Montana;

Missouri River Basin project, Three-Forks division, West Bench unit, on the Big Hole River in southwestern Montana near the town of Dillon;

Missouri River Basin project, White division, Pine Ridge unit, on the White River in southwestern South Dakota.

REGION 7

Mirage Flats project on the Upper Niobrara River near Hay Springs, Nebraska;

Missouri River Basin project, Cedar Rapids division, on the Cedar and Loup Rivers near Spalding, Nebraska;

Missouri River Basin project, lower Niobrara division, O'Neill unit, on the lower Niobrara River in north-central Nebraska;

Missouri River Basin project, Smoky Hill division, Ellis unit, on Big Creek in west-central Kansas;

Missouri River Basin project, South Platte division, Narrows unit, on the South Platte River near Fort Morgan, Colorado.

Alaska

Devil Canyon project, on the Susitna River about midway between the cities of Anchorage and Fairbanks, Alaska.

SEC. 2. The Secretary is authorized to continue feasibility studies on the following proposals, which are presently under study and which will require further study before completion of such studies:

REGION 1

Burnt River project, Dark Canyon division, on the Burnt River in west-central Oregon;

Chief Joseph Dam project, Okanogan-Similkameen division, Okanogan unit, on the Okanogan River in north-central Washington;

Deschutes project, central division, in the Deschutes and Crooked River Basins in central Oregon;

Flathead River project, encompassing the Flathead River Basin in northwestern Montana;

Grand Ronde project on the Grande Ronde River in northeastern Oregon;

Rogue River Basin project, Applegate Valley division, on Applegate Creek, a tributary of the Rogue River, near the city of Grants Pass, Oregon;

Rogue River Basin project, Medford division, on the Rogue River in the vicinity of the town of Medford, Oregon;

Southwest Idaho water development project, Garden Valley division, along the Payette River and in the general vicinity of Boise, Idaho;

Southwest Idaho water development project, Weiser River division, in the Weiser River Basin in Idaho;

Umatilla Basin project, encompassing the Umatilla River Basin, centering near the town of Pendleton, Oregon;

Upper Snake River project, American Falls Dam replacement on the Snake River near the city of American Falls, Idaho;

Upper Snake River project, Lynn Crandall division, on the Snake River below Palisades Dam in southern Idaho;

Upper Snake River project, Salmon Falls division, south of the Snake River, near the city of Twin Falls, Idaho;

Upper Snake River project, Snake Plains recharge division, encompassing the Snake River Plains area north of the Snake River in southern Idaho;

Walla Walla project, Marcus Whitman and Milton-Freewater divisions, in the Walla Walla River Basin in northeastern Oregon and southeastern Washington;

Willamette River project, Carlton division, on the Yamhill River in northwestern Oregon;

Willamette River project, Molalla division, on the Molalla and Pudding Rivers in northwestern Oregon;

Yakima project, Ahtanum unit, on Ahtanum Creek in the Yakima River Basin in Washington.

REGION 2

Central Valley project, American River division, Placerville Ridge unit, between the South Fork, American River and the North Fork Cosumnes River east of Sacramento, California;

Central Valley project, American River division, Pleasant Oaks unit, between the South Fork American River and the North Fork Cosumnes River east of Sacramento, California;

Central Valley project, Cosumnes River division, Fair Play unit, on the Middle Fork Cosumnes River east of Sacramento, California;

Central Valley project, East Side division, ultimate phase, on the east side of the San Joaquin Valley from the American River on the north to the foothills of the Tehachapi Mountains south of the Kern River;

Central Valley project, Pit River division, Allen Camp unit, on the Pit River northeast of Redding, California;

Central Valley project, Stanislaus River division, Sonora-Keystone unit, on the Stanislaus River in the general vicinity of Sonora, California;

Lompoc project on the lower Santa Ynez River in southern California;

North Coast project, Eel River division, English Ridge unit, on the upper Eel River and in the Putah Creek and adjacent areas north of San Francisco Bay, California;

North Coast project, Eel River division, Knights Valley unit in the Russian River Basin and adjacent areas north of San Francisco Bay, California;

North Coast project, Eel River division, ultimate phase, in the Eel River Basin in northwestern California with facilities for the diversion of excess water into the Central Valley Basin;

North Coast project, Lower Klamath River division, in the Lower Klamath River Basin in northwestern California with facilities for the diversion of excess water into the Central Valley Basin;

North Coast project, Lower Trinity River division (exclusive of Paskenta-Newville Reservoir), encompassing that portion of the Trinity River Basin below the existing Lewiston Dam of the Central Valley project, the the upper portion of the Mad and Van Duzen Rivers and the west side tributaries of the Sacramento River in California;

North Coast project, lower Trinity River division, Paskenta-Newville Dam and Reservoir on Stony and Thomes Creeks in the Sacramento River Basin in California;

Ventura River project extension in the Ventura River Basin near Ventura, California;

Washoe project, Hope Valley division, on the Carson River in California and Nevada;

Washoe project, Newlands extension division, on the lower Carson River near the city of Fallon, Nevada.

REGION 3

Black River-Springerville-Saint Johns project on the Black River and Little Colorado River near Springerville and Saint Johns, Arizona;

Boulder Canyon project, All-American Canal system water salvage, Coachella division, on the Coachella Canal in southern California;

Boulder Canyon project, All-American Canal system water salvage, Imperial division, on the All-American Canal and the Imperial Valley distribution system in southern California;

Flagstaff-Williams project, near the cities of Flagstaff and Williams, Arizona;

Kingman project, on the Colorado River and near the city of Kingman, Arizona;

Moapa Valley pumping project in the Muddy River Basin in southern Nevada;

San Pedro-Santa Cruz project in the San Pedro and Santa Cruz River Basins in southeastern Arizona;

Upper Gila River project on the Gila River and its tributaries in western New Mexico and eastern Arizona.

REGION 4

Bear River project, second phase, on the Bear River and its tributaries in north-central Utah and southeastern Idaho;

Central Utah project, ultimate phase, Uintah unit, on the Whiterock and Uinta Rivers in northeastern Utah.

REGION 5

Brantley project on the Pecos River upstream from Carlsbad, New Mexico;

Cibolo project on Cibolo Creek in the San Antonio River Basin in Texas;

Eastern New Mexico water supply project in northeastern New Mexico;

Nueces River project on Frio River in the Nueces River Basin in the vicinity of Corpus Christi, Texas;

Portales project near the town of Portales in eastern New Mexico;

Rio Grande water salvage project, New Mexico division, on the Rio Grande River between the Colorado-New Mexico State line, and the existing Caballo Reservoir;

Texas Basins project, encompassing the gulf coastal streams of Texas extending from the Sabine River on the north to the Rio Grande on the south.

REGION 6

Missouri River Basin project, Big Horn Basin division, Shoshone extension unit, Polecat Bench area, in northwestern Wyoming near the city of Powell;

Missouri River Basin project, Cannonball division, Mott unit, on the Cannonball River in southwestern North Dakota;

Missouri River Basin project, Helena-Great Falls division, Fort Benton unit, on the Missouri River in north-central Montana near the town of Fort Benton;

Missouri River Basin project, Musselshell division, Lower Musselshell unit, on the lower reaches of the Musselshell River near the town of Mosby, Montana;

Missouri River Basin project, Powder division, Kaycee unit, on the Middle Fork and main stem of the Powder River in northeastern Wyoming;

Missouri River Basin project, Marias division, Marias-Milk unit, in the Marias and Milk River Basins in north-central Montana;

Missouri River Basin project, South Dakota pumping division, Pollock-Herreid unit, on the Missouri River in north-central South Dakota;

Missouri River Basin project, Sun-Teton division, Sun-Teton unit, on the Sun and Teton Rivers in the vicinity of Great Falls, Montana;

Missouri River Basin project, Yellowstone division, Billings pump unit, at the city of Billings, Montana;

Missouri River Basin project, Yellowstone division, Cracker Box and Stipek units, along the Yellowstone River near the town of Glendive, Montana.

REGION 7

Missouri River Basin project, Blue division, Little Blue unit, along the Little Blue River in south-central Nebraska;

Missouri River Basin project, Blue division, Sunbeam unit, on the West Fork of the Big Blue River in southeastern Nebraska;

Missouri River Basin project, Laramie division, Wheatland unit, on the Laramie River in southeastern Wyoming;

Missouri River Basin project, Mount Evans division, Upper South Platte unit, on the South Platte River near the city of Denver, Colorado;

Missouri River Basin project, Oregon Trail division, La Prele unit, on La Prele Creek, near the town of Douglas, Wyoming.

ALASKA

Lake Grace project on Grace Creek on Revillagigedo Island, Alaska;

Takatz Creek project on Takatz Creek on Baranof Island near Sitka, Alaska.

SEC. 3. The Secretary is authorized to engage in feasibility studies on—

(a) the following proposals, presently scheduled for invitation on or before June 30, 1967:

REGION 1

Umpqua River project, Azalea division, on Cow Creek, a tributary of the Umpqua River in southwestern Oregon;

Chief Joseph Dam project, Okanogan-Similkameen division, Oroville-Tonasket unit, Washington.

REGION 2

North Coast project, Eureka division, encompassing the lower reaches of the Mad, Van Duzen, and Eel Rivers in northwestern California.

REGION 3

Boulder Canyon project, All-American Canal system water salvage, East Mesa unit, on the East Mesa of the Imperial Valley in southern California;

Mojave River project in the Mojave River Basin in southern California;

Santa Margarita project on the Santa Margarita River in southern California.

REGION 4

Ute Indian unit, developing waters tributary to the Colorado River in northeastern and north-central Utah.

REGION 6

Missouri River Basin project, James division, Oahe unit, Mitchell section, near the city of Mitchell, South Dakota.

REGION 7

Missouri River Basin project, Bostwick division, Scandia unit, near the town of Belleville in north-central Kansas;

Missouri River Basin project, Oregon Trail division, Glendo inundated water rights irrigation unit, near Glendo Reservoir in eastern Wyoming;

Missouri River Basin project, Smoky Hill division, Kanopolis unit on the Smoky Hill River below the existing Kanopolis Dam in central Kansas; and

(b) the following proposals, presently scheduled for initiation after June 30, 1967:

REGION 1

Chehalis River Basin, Adna division, in the Upper Chehalis River Basin near the cities of Centralia and Chehalis, Washington;

Upper Owyhee project, Jordan Valley division, on Jordan Creek in the Upper Owyhee River Basin in southeastern Oregon and southwestern Idaho;

Upper Snake River project, Big Wood division, in southern Idaho in the Big Wood River Basin near the towns of Ketchum and Sun Valley;

Upper Snake River project, Oakley Fan division, south of the Snake River near Burley, Idaho;

Tualatin project, second phase, in the Tualatin River Basin twenty miles west of Portland, Oregon.

REGION 2

Lake Tahoe project in the Lake Tahoe Basin in eastern California and western Nevada and the American River Basin in California.

REGION 3

Morongo-Yucca-Upper Coachella Valley project in Riverside County, California.

Little Rock Dam and Reservoir, Little Rock, California.

REGION 4

Colorado River Basin, power peaking capacity, in the Colorado River Basin in Arizona, Colorado, and Utah, and in the eastern part of Bonneville Basin along the Wasatch Mountains in Utah;

Grand County development, in the Colorado River Basin in southeastern Utah;

Gray Canyon project, on the Green River in eastern Utah;

Price River development, in the Price River Basin in eastern Utah;

San Juan County development, in the Colorado River basin in southeastern Utah;

Ute Indian unit of the Central Utah project, ultimate phase.

REGION 5

Mimbres project in the Mimbres River Basin in southwestern New Mexico.

REGION 6

Missouri River Basin project, North Dakota pumping division, Horsehead Flats and Winona units on the east side of the Missouri River in the general vicinity of Linton, North Dakota;

Missouri River Basin project, South Dakota pumping division, Grass Rope and Fort Thompson units on the Missouri River in the vicinity of the towns of Lower Brule and Fort Thompson, South Dakota.

REGION 7

Missouri River Basin project, Elkhorn division, Highland unit, on the Upper Elkhorn River in northeastern Nebraska;

Missouri River Basin project, Solomon division, Glen Elder irrigation unit, on the Solomon River in the vicinity of the towns of Downs and Delphos, Kansas;

Missouri River Basin project, Marais des Cygnes River Basin project.

SEC. 4. The Secretary, pursuant to the authority contained in sections 2 and 3 of this Act, shall submit to the Committees on Interior and Insular Affairs of the Senate and House of Representatives within one year after completion of the final feasibility plan those studies of proposals determined to be feasible, with alternate studies for the construction, operation, and maintenance of each water resource project or proposal in all instances where practical alternatives are known to the Secretary. The Secretary shall provide in the initial and/or alternate studies all the data and information on short-term benefits and costs necessary for the comprehensive and integrated development of each water resource project or proposal, including any and all factors directly, indirectly, ancillary and/or incidental to the comprehensive development of each water resource project or proposal.

SEC. 5. The Secretary is authorized to engage in feasibility studies on additional proposals when and to the extent that the costs of such studies shall have been advanced by non-Federal sources.

Mr. JACKSON. Mr. President, I move that the Senate disagree to the House amendments and ask for a conference with the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. CHURCH, Mr. ANDERSON, Mr. JACKSON, Mr. KUCHEL, and Mr. ALLOTT conferees on the part of the Senate.

THE MILITARY ASSISTANCE AND SALES ACT OF 1966

The Senate resumed the consideration of 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.

Mr. ELLENDER. Mr. President, I wish to take about 2 minutes to reiterate what I have stated before. If the amendment now pending is adopted it will in no manner affect the military assistance program for South Vietnam. It will not disturb the amount that was made available last year for Korea, Taiwan, and for NATO infrastructure. The same amounts made available last year for these programs will be continued available if the Church amendment is adopted.

However, if the amendment is adopted the administration should eliminate the aid that is programed in the pending measure for India and Pakistan. It will not be possible to increase the amount for NATO infrastructure to $90 million which is $20 million more than was made available in fiscal year 1966 and almost twice the sum made available for this purpose in fiscal year 1965.

As the Senator from Idaho has stated, if his amendment is adopted it will permit us to hold the line in the military assistance program. It will in no way affect aid that is to be given to those countries on the periphery of the Sino-Soviet bloc.

I hope the amendment is adopted.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Idaho [Mr. CHURCH]. 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 minority leader, the Senator from Illinois [Mr. DIRKSEN]. If he were present and voting, he would vote "nay"; if I were at liberty to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. LONG of Louisiana. I announce that the Senator from Tennessee [Mr. BASS], the Senator from Arizona [Mr. HAYDEN], and the Senator from Arkansas [Mr. MCCLELLAN], are absent on official business.

I also announce that the Senator from Texas [Mr. YARBOROUGH], is necessarily absent.

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

The Senator from Illinois [Mr. DIRKSEN] is detained on official business, and his pair has been previously announced.

On this vote, the Senator from Colorado [Mr. ALLOTT] is paired with the Senator from Kansas [Mr. PEARSON]. If present and voting, the Senator from Colorado would vote "yea" and the Senator from Kansas would vote "nay."

The result was announced—yeas 55, nays 37, as follows:

[No. 162 Leg.]

YEAS—55

Bartlett	Hart	Muskie
Bayh	Hartke	Nelson
Bible	Hill	Neuberger
Boggs	Holland	Pell
Brewster	Hruska	Prouty
Burdick	Inouye	Proxmire
Byrd, Va.	Jordan, Idaho	Randolph
Byrd, W. Va.	Kennedy, Mass.	Robertson
Church	Kennedy, N.Y.	Russell, S.C.
Clark	Magnuson	Russell, Ga.
Cotton	McCarthy	Symington
Curtis	McGovern	Talmadge
Dominick	McIntyre	Tydings
Ellender	Metcalf	Williams, N.J.
Fannin	Mondale	Williams, Del.
Fulbright	Monroney	Young, N. Dak.
Gore	Morse	Young, Ohio
Griffin	Moss	
Gruening	Mundt	

NAYS—37

Aiken	Hickenlooper	Murphy
Anderson	Jackson	Pastore
Bennett	Javits	Ribicoff
Cannon	Jordan, N.C.	Saltonstall
Carlson	Kuchel	Scott
Case	Lausche	Smathers
Cooper	Long, Mo.	Smith
Dodd	Long, La.	Sparkman
Douglas	Mansfield	Stennis
Eastland	McGee	Thurmond
Ervin	Miller	Tower
Fong	Montoya	
Harris	Morton	

NOT VOTING—8

Allott	Hayden	Simpson
Bass	McClellan	Yarborough
Dirksen	Pearson	

So Mr. CHURCH's amendment (No. 711) was agreed to.

Mr. CHURCH. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. FULBRIGHT and Mr. ELLENDER moved that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

LEGISLATIVE PROGRAM

Mr. KUCHEL. Will the Senator from Alaska yield briefly so that I might inquire of the majority leader as to his plans for the remainder of the day?

Mr. GRUENING. I am happy to yield for that purpose.

Mr. MANSFIELD. Mr. President, in response to the question raised by the acting minority leader, the Senator from California [Mr. KUCHEL], it is the hope that the Senate will continue the pace which it has now set and will be in a position to consider as many amendments tonight as possible, and perhaps finish the bill; but we will have to let the situation take its course.

Mr. KUCHEL. Otherwise, at what time does the majority leader contemplate having the Senate convene tomorrow?

Mr. MANSFIELD. Because of the progress made today, I would say at 12 o'clock.

Mr. KUCHEL. I thank my friend.

AMENDMENT NO. 705

Mr. GRUENING. Mr. President, I call up my amendment No. 705, and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Alaska will be stated.

The assistant legislative clerk read the amendment (No. 705), as follows:

On page 6, line 22, strike out the semicolon and substitute a colon and the following: "*Providing*, That with respect to the North Atlantic Treaty Organization maximum effort should be made to obtain multilateral rather than unilateral financing of such facilities: *Provided further*, That in connection with the forthcoming removal of North Atlantic Treaty Organization military bases and facilities from France, the President shall report to the Congress on October 1, 1966, and each sixty days thereafter until June 30, 1967, what arrangements have been made with each of the remaining North Atlantic Treaty Organization allies for each of them to bear their fair share of the costs of moving North Atlantic Treaty Organization bases and facilities from France and of establishing equivalent bases and facilities in other North Atlantic Treaty Organization countries."

Mr. GRUENING. Mr. President, the NATO infrastructure program which was started in 1951, provides fixed defense installations and facilities required for the training of NATO forces in peacetime and for their operational use in wartime. Funds required to construct facilities approved for construction in the NATO infrastructure program are provided through international cost sharing, and each member nation's share is determined on the basis of periodically negotiated cost-sharing agreements. U.S. contributions have varied from about 43 to 31 percent in more recent years. The United States has incurred financial commitments in excess of a billion dollars as its share of the cost of the NATO infrastructure program.

Concomitantly with this program the U.S. military forces in Europe have been spending large amounts of appropriated funds for the construction of facilities for U.S. forces which are utilized as part of the NATO organization.

A limited review by the General Accounting Office uncovered about $200 million in construction costs which were borne entirely by the United States because the Department of Defense had not sought to obtain NATO funding for these projects. The projects included air weapons control systems, missile facilities, airfield facilities, petroleum storage facilities, ammunition storage facilities, and war headquarters construction. The GAO report notes that the unilateral construction of military facilities in Europe by the U.S. military services without requesting NATO funding has been a common practice. All of these facilities were constructed to support NATO committed forces and were being used for this purpose.

This matter is of particular importance at this time. President de Gaulle has requested the United States to remove its bases and all of its forces from France by April 1967, and the U.S. officials are at present hunting for other sites for NATO bases in the Netherlands and in Belgium and elsewhere. I ask unanimous consent to include at the conclusion of my remarks a newspaper article from the Christian Science Monitor on the search that is now underway for new sites to relocate NATO bases.

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

(See exhibit 1.)

Mr. GRUENING. Mr. President, Congress can take action now to prevent the waste of funds that occurred earlier when the U.S. military services bore the entire cost of the construction of bases for NATO uses without seeking NATO funding and the proration of costs in accordance with existing NATO agreements.

Early last week in connection with the work of the Subcommittee on Foreign Aid Expenditures of the Senate Committee on Government Operations, I returned from Europe where I received extensive briefings on the impending moves of bases out of France. From what I could determine no effort has as yet been made to explore with the remaining NATO countries the possibility of cost sharing either in the expenses of moving the existing bases or of establishing new bases.

Congressional action is needed immediately. It is necessary that there be a periodic review of cost sharing.

EXHIBIT NO. 1

NATO UNITS HUNT NEW QUARTERS

(By Robert R. Brunn)

WASHINGTON.—Special American teams are criss-crossing the Low Countries, West Germany, Italy, and the United Kingdom these days. They are examining facilities, railroad networks, population densities, leasing and sale arrangements, costs, and national legal restrictions.

It's all part of American and NATO efforts to plan for a shift in personnel, headquarters, supply depots, oil lines, and air bases out of France in the wake of President de Gaulle's decision to withdraw his nation from an active role in NATO.

Pentagon planners admit the De Gaulle decision leaves them with monumental problems.

Intricate discussions with the French, already begun on an exploratory basis, will try to pin down details of a proposed NATO-French strategic link-up. But Pentagon officials believe little can be achieved until after President de Gaulle's June visit to Moscow.

WEAKNESS IMPENDING?

One general says unless President de Gaulle "gives us a certain promise of specific action and we believe in the credibility of the French assurances" a military weakness will exist fairly soon. He indicated that a military stand at the Rhine River would hardly be feasible without the backing of French territory, manpower, and industrial resources.

Any new strategy could be bolstered in the 1970's by the planned advent of new C-54A jet transports. Each could carry 1,000 troops, or 110 tons of cargo, across the Atlantic.

The Pentagon assesses current Soviet policy in Europe as relatively moderate, but does not take it for granted this moderation necessarily will continue.

A few years ago Pentagon intelligence listed the Soviet Union's armed force as 5,750,000; this estimate now has been scaled down to 3,150,000.

Soviet ground combat troops are estimated at 2,000,000; East European nations have another 1,000,000. NATO nations have 2,200,000 troops in uniform, including the French. Citing these statistics Assistant Secretary of Defense Alain C. Enthoven said recently, "It certainly cannot be said that we are hopelessly outmanned or outgunned."

COMPARISON DRAWN

This comparison is offered in the Pentagon as evidence that the Soviet Union, despite the French semidefection, will not be able to take military advantage of Western Europe.

This past week the Pentagon revealed plans to reassign 15,000 highly skilled American soldiers from the seventh Army in Western Europe to undermanned units in the United States. Some offer this as evidence of American confidence in the moderation of the Soviets' European stance.

At this stage of relations with France, Pentagon officials insist the "forward strategy" will remain—the strategy of defending West Germany close to the Iron Curtain.

The French indicate they will keep their 75,000 troops in West Germany. Yet Pentagon planners realize that the joint Chiefs of Staff and the West German military, not to mention the Erhard government, must be reassured.

COOPERATION UNCERTAIN

Will the French actually participate in the "forward strategy," promising to move their troops up from the Rhine Valley toward the East German border should a crisis arise? Would the French, in event of a conflict, coordinate their strategy with NATO?

The American military is trying to work out a compromise with the French. The Americans, for example, know that the French have no early radar warning system. The Americans wonder if the French would continue to allow American planes to fly over France—a question that soon will come up for review—if the United States were to provide France with an early warning system.

Faced with a plethora of questions like this, Pentagon officers and officials often argue they literally do not know what the French plan to do, that strategic and organizational decisions must wait, and that every effort should be made not to isolate the French.

High-level Pentagon figures agree that even if the French cooperate to some degree with NATO after pulling out of it officially, NATO will have less viability, less resiliency, and less cohesion.

FRENCH IMPORTANCE STRESSED

NATO reviews its strategic plans every year. And every year Pentagon officials feel NATO's military structure could easily be weakened if the French are not with them on a day-to-day working level.

Officers who are dealing with the NATO crisis insist that they will not, and cannot, second-guess the French. What they can do is decide whether or not the NATO Council will remain in Paris, and what happens to the NATO military standing group which met in Washington and was made up of the British, the Americans, and the French.

The French will remain in the council and informed guessing is the council will remain in Paris.

But the standing group has no meaning with the French "outside." One solution might be to make the group a NATO committee of the whole, and shift its operations to Western Europe.

As for shifting other NATO operations headquarters out of France, the Pentagon is talking about placing the Supreme Headquarters Allied Powers in Europe (SHAPE) in London. Domestic politics eventually will be the critical factor.

Central group headquarters, now at Fontainebleau, may be placed in Luxembourg. Some lower-level command groups may end up in West Germany.

Warehouse facilities are being sought in Belgium, the Netherlands, and even in Italy.

Already many of NATO's supplies funnel through Antwerp, Rotterdam, and Bremen, not through France. A slow, steady movement of NATO and American personnel and functions out of France has been going on for several years.

U.S. FORCE REDUCED

About 26,000 American military men, and 30,000 wives and children, remain in France. In 1961 close to 40,000 military men alone were there.

Chateauroux, an air field 70 miles south of Paris, will be missed. Close to 500 Americans direct military air transport operations into Europe, Africa, and Asia west of Calcutta. Transport planes have also worked out of Evreux.

Five of 10 air bases designed for use by bombers and fighters have already been turned back to the French. The French long ago banned all foreign nuclear weapons from their soil. Reconnaissance planes remain, but also must be removed.

A five-year-old complex of hospitals near Croix Chapeau has never been used. It includes vast warehouses full of medical supplies. The United States Army planned to build its main European repair shops at Fontenet, but built only a costly steam boiler and left it idle.

Six huge American ammunition dumps are located in France.

If the French force the removal of a complex communications line across France into West Germany the replacement cost will be high.

Oil is stored in tanks in St. Nazaire. From there it is pumped at about five miles an hour across France to West Germany. Six or seven tankers call monthly at St. Nazaire. The Pentagon is arranging alternative routes and fuel routes in case the French make it clear the oil pipeline must "go."

How much of the maze of NATO and American bases in France, totaling about 40, will be completely phased out? Will some be placed on a stand-by basis with skeleton crews ready for a Soviet threat? Will the French allow NATO to keep some facilities operating such as the oil pipeline? American officials wish they knew.

Mr. FULBRIGHT. Mr. President, I agree with the Senator that our allies should pay their fair share of the expenses for NATO facilities. I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alaska.

The amendment (No. 705) was agreed to.

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

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

AMENDMENT NO. 707

Mr. GRUENING. Mr. President, I call up my amendment No. 707, and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Alaska will be stated.

The assistant legislative clerk read the amendment (No. 707), as follows:

On page 26, at the end of line 12, add the following: "The terms of payment shall include a provision for the payment of interest at a rate not less than the average interest rate paid by the United States on its long-term indebtedness."

Mr. GRUENING. Mr. President, S. 3583 provides no limits on the terms of credit sales to foreign governments for military supplies and equipment insofar as interest rates are concerned. I believe the Congress should make it clear that these credit sales are not meant to be an additional subsidy for governments purchasing defense supplies from the United States.

I, therefore, am proposing an amendment to S. 3583 which would require that interest be paid on credit sales at a rate not less than the average interest rate paid by the United States on its long-term indebtedness.

Mr. FULBRIGHT. Mr. President, as the Senator has explained, the amendment would require that the average interest rate paid on the Federal Government's long-term indebtedness be charged on these sales. I think that it is a good amendment and I am willing to accept it.

Mr. GRUENING. Mr. President, I move that the amendment be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 707) was agreed to.

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

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

AMENDMENT NO. 709

Mr. GRUENING. Mr. President, I call up my amendment No. 709, and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Alaska will be stated.

The assistant legislative clerk read the amendment (No. 709), as follows:

On page 36, line 16, insert the following: "subject to any future action of the Congress". After the word "shall" the following: "be subject to any future action of the Congress and shall".

Mr. GRUENING. Mr. President, section 91(b) of S. 3583 provides that the duration of a contract which entails commitments for the expenditure of funds under the military assistance program shall be for not more than 5 years at any time. This is the same provision contained in existing legislation under section 635(h) of the Foreign Assistance Act of 1961, as amended, with one notable exception. Section 635(h) gives the President the authority to enter into contract of up to 5 years' duration subject to any future action of the Congress.

I am proposing this amendment to section 91(b), which would provide the same limitation as contained in existing legislation.

Mr. FULBRIGHT. Mr. President, there is some question about the wording of the Senator's amendment. I have no objection to the objective of the amendment but I have reservations about the wording.

Mr. GRUENING. I suggest that the technical language be worked out by the committee staff, if the Senator accepts the amendment.

Mr. FULBRIGHT. I think I understand the Senator's objective, and I approve of it.

Mr. GRUENING. Would the Senator have any objection to having the committee staff work out the language?

Mr. FULBRIGHT. I will take it to conference, and the language can be worked out then.

Mr. GRUENING. Mr. President, I move that the amendment, with that provision, be accepted.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 709) was agreed to.

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

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 702

Mr. McGOVERN. Mr. President, I call up my amendment No. 702, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 33, section 83, strike the caption on line 11 and substitute "UTILIZATION OF FUNDS".

On page 33, lines 14 and 15, strike the words "there is hereby authorized to be appropriated to the President" and substitute "the President is authorized to utilize,".

On page 33, line 17, insert a comma before the word "not".

On page 33, lines 18 and 19, strike the words "for use beginning in the fiscal year 1967, which shall remain available until expended." and substitute "out of any funds appropriated in the Department of Defense Appropriation Act, 1967.".

Mr. McGOVERN. Mr. President, I ask unanimous consent, in view of the action just taken by the Senate which changed the figure authorized in the bill to $792 million, that that correction be made in the amendment, so that the figure will read "$792 million" instead of "$892 million."

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

Mr. McGOVERN. Mr. President, last week President Johnson urged the Congress to do everything possible to hold the line on spending. The President is obviously very much concerned about the inflationary pressures of the war in Vietnam, our balance-of-payments situation, and the strains upon our resources and our economy resulting from increased expenditures.

Therefore, at a meeting last week with congressional leaders, the President called upon Congress to hold down legislative expenditures.

I asked the chairmen of the committees to meet with the chairmen of their subcommittees and their ranking minority members and scrutinize every proposed add-on to the budget—

President Johnson said at a news conference on July 19. The President added significantly—

I hope Members of Congress will do what they can to be helpful.

During the same week, the distinguished minority leaders of the Senate and the House, Mr. DIRKSEN and Mr. FORD, issued a statement urging even greater economy efforts by the administration and the Congress.

In an effort to translate the requests of President Johnson and the minority leadership into meaningful action, my amendment proposes to authorize the financing of the military assistance bill now before us from funds appropriated in the 1967 Department of Defense Appropriation Act. My amendment is a simple one. It strikes the provision in section 83 of the bill before us for a separate authorization of funds for the Military Assistance and Sales Act, and provides instead that the President is authorized to utilize funds appropriated to the Defense Department in excess of need to carry out the provisions and purposes of the Military Assistance and Sales Act.

As Members of the Senate doubtless know, the House of Representatives has recently appropriated $58.6 billion in new funds for the Department of Defense activities for fiscal 1967. This was nearly a billion dollars above the amount requested by the administration.

Beyond that, the Defense Department currently has $42 billion in carryover funds from previous authorizations. Therefore, with the additional $58.6 billion, they would have approximately $100 billion to spend in the fiscal year 1967. Although much of this huge total is already obligated, the Department of Defense estimates that by June 30, 1967, $8.4 billion of funds will still not be obligated.

The action by the House would give the Department nearly a billion dollars more than the administration wanted. The House added funds for several questionable items not requested by the President or his able Secretary of Defense, Mr. McNamara. Perhaps the most striking of these additions was that of $163,300,000 for the development and preproduction activities in connection with the Nike-X anti-ballistic-missile system. I earnestly hope, and everything seems to indicate that, the Defense Department will not be spending these funds during the current fiscal year. Other substantial amounts were added by the House above administration requests, for a nuclear-powered frigate, F-12 interceptor aircraft, and advanced manned strategic aircraft, as well as other items.

Recognizing that the House has now given the administration a full billion dollars more than requested, I do not believe it would be sound, from an economic viewpoint, to authorize separately another $892 million to carry out the military assistance program. It seems to me that it is only the better part of prudence for us to provide that the military assistance in the bill now before us should be financed during fiscal year 1967 out of excessive Defense Department funds. This course of action seems all the wiser in light of the fact that there are probably many other excess funds in a program as large as that of the Defense Department. It is inconceivable that there is not at least a billion dollars surplus fat in the $100 billion now available to the Department of Defense. Why not earmark enough of that fat to finance the military assistance bill now before us instead of authorizing new funds that increase the Federal budget, add to the load on our taxpayers, strain the national debt and weaken the dollar. We owe it to our men fighting in Vietnam to be as valiant in defending the economic strength of the Nation at home as they are in defending our interests abroad. It would be shocking for us to waste Federal funds on a needlessly swollen budget when our fighting men are investing their lives trying to save the interests of the Nation.

Secretary McNamara has repeatedly said that the military assistance bill is more important to the defense and security of the United States than a comparable amount of funds in the Defense Department budget for other items. Thus, I feel sure that the Department of Defense would welcome the opportunity to utilize some of the surplus funds appropriated to them to underwrite the military assistance program during the current fiscal year.

Let me add at this point that my amendment is in no way intended to question the fact that military aid is essentially a foreign policy matter. It has always been considered by the Foreign Relations Committee, and rightly so. The administration of the program would be untouched by this amendment. The amendment simply authorizes a transfer of funds from an overloaded Pentagon budget so that we can save the $792 million new burden on our taxpayers proposed in the bill before us.

Permit me in closing to reemphasize that this is an "economy" amendment, designed to prevent a separate, unneeded authorization. I urge its approval by the Senate. I ask unanimous consent that these explanatory items and articles be printed in the RECORD.

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

Upon Adoption of the McGovern Amendment No. 702 to S. 3583, the New Section 83 would read as follows:

"SEC. 83. UTILIZATION OF FUNDS.—In addition to such amounts as may be otherwise authorized to support Vietnamese forces and other free world forces in Vietnam, the President is authorized to utilize, to carry out the provisions and purposes of this Act (excluding the support of Vietnamese forces and other free world forces in Vietnam), not to exceed $792,000,000 out of any funds appropriated in the Department of Defense Appropriation Act, 1967."

[From the Washington Post, July 21, 1966]

HOUSE VOTES $58.6 BILLION FOR DEFENSE

(By Richard L. Lyons)

The House passed a $58.6 billion appropriation bill yesterday to finance the Nation's defense for the next year—almost $1 billion more than the Administration had requested.

The only concern expressed was whether it was big enough.

The largest money bill since World War II was approved, 393 to 1, and sent to the Senate. The "no" vote was cast by Rep. GEORGE E. BROWN, JR. (D-Calif.), who was registering his opposition to the war in Vietnam.

The new funds plus unspent money carried over from previous years would make about $100 billion available for defense. And the House was told that if the Vietnam fighting continues another appropriation, perhaps as much as $10 billion, will be needed before the fiscal year ends next June.

The House voted funds the Administration had not requested to speed development of the Nike-X anti-ballistic-missile system and to build one nuclear-powered frigate and start a second.

The only lively debate during the two-day discussion came on an amendment by Rep. JEFFERY COHELAN (D-Calif.) to knock out $153.5 million added by the Appropriations Committee for Nike-X. The Administration had requested nearly half a billion dollars for more research on anti-missile defense, but the Committee wanted to move faster toward actual production.

SCIENTISTS QUOTED

COHELAN said the extra funds would press the Administration to make a decision on a $30 billion program that it has not yet thoroughly researched. It would, he said, add fuel to the arms race and further strain the international "balance of terror." He quoted scientists as being dubious of the effectiveness of Nike-X in shooting down missiles.

Rep. ROBERT L. SIKES (D-Fla.) replied that there are indications the Soviet Union is "two or three years or more ahead of us" in developing an anti-missile system. The United States can't wait any longer, he said.

"If we operate on the premise that we can't provide for the defense of the country because it might make the Russians mad, we might as well defeat this bill," said SIKES.

Rep. GEORGE H. MAHON (D-Tex.), chairman of the Appropriations Committee, supported the extra funds on grounds that the Soviet Union "may be" building such a system. But he added that, "Frankly, I don't have much faith in any of these systems."

LIFE BECOMES UNSTABLE

Rep. WESTON E. VIVIAN (D-Mich.) said adding an anti-missile system to stockpiles of nuclear weapons would be like two men facing each other with shotguns and believing themselves protected by bullet-proof vests. In such a situation, he said, "life becomes very unstable."

A standing vote of 74 to 20 defeated an amendment by Rep. CHARLES E. CHAMBERLAIN (R-Mich.) to add $12 million for more airborne telecasting stations in Vietnam. CHAMBERLAIN said the present system, which provides limited programs for morale and propaganda purposes, has been successful and should be enlarged.

The President would not be required to spend the extra funds voted by the House.

[From the Washington Star, July 22, 1966]

JOHNSON BLASTED BY GOP ON SPENDING

Senate and House Republican leaders today assailed President Johnson for blaming Congress for excessive spending which could lead to another tax increase.

At a joint news conference, Sen. EVERETT M. DIRKSEN of Illinois and Rep. GERALD R. FORD of Michigan said the inflation the President now fears stems from excessive federal spending which from the first days of his administration "has been planned, proposed and pushed."

FORD said the spending could be curtailed overnight with a word from the President to the Democratic-controlled Congress. Both promised to support reductions in spending and cited foreign aid as one area where cutbacks could be achieved.

Speaking of the aid program, DIRKSEN said: "This global dole must be curtailed. The time to start is now."

This week DIRKSEN pushed through a $250 million slash in foreign aid funds in the economic assistance authorization bill now before the Senate. He said, however, he planned to ask no further cuts.

Both leaders questioned the U.S. benefits from foreign aid assistance and the theme of their press conference was posed in their question of the week: "Mr. President, why are we losing our money and our friends?"

In other comments:

1. Both FORD and DIRKSEN said they opposed the compromise housing provision in the civil rights bill approved by a House committee with the backing of Rep. WILLIAM M. MCCULLOCH, R-Ohio. FORD said this provision banning discrimination in the sale and rental of housing was not much better, if any, than what the administration had proposed.

2. FORD charged that statements by Vice President HUBERT H. HUMPHREY may have been a factor in Negro riots and unrest in several cities. HUMPHREY has denied that a statement he made in New Orleans, La., last week indicated any sympathy for mob lawlessness.

FORD also said one riot factor may have been that the administration had promised too much in the way of the poverty program and other undertakings.

3. FORD accused Secretary of Defense Robert S. McNamara of "phony" claims of saving $4.5 billion in defense spending. He added that hearings now being conducted by a House Armed Services Subcommittee revealed that the secretary had "ballooned" savings beyond any reasonable criteria.

(The ACTING PRESIDENT pro tempore (Mr. BYRD of Virginia) assumed the chair at this point.)

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from South Dakota.

Mr. FULBRIGHT. Mr. President, this amendment, if I understand it correctly, gives the President authority to transfer funds from Department of Defense appropriations in order to finance the military assistance program.

Mr. McGOVERN. It is authority to use funds from Defense appropriations.

Mr. FULBRIGHT. I personally do not have any objections to the amendment. But I do not know whether other Senators may object. The Senator from Georgia has expressed some views about it; perhaps he should comment on it.

Mr. RUSSELL of Georgia. Mr. President, I am very much opposed to this amendment. It permits the President—and I say this with due deference to the present President; I would feel the same way about any other President—to go into the appropriations made by Congress for the Department of Defense, veto individual items, and take the funds provided for those items and transfer them to the military assistance program.

For example, he could close any base he saw fit, anywhere, and transfer the funds provided for the operation of that base to the military assistance program. He could change any specific Defense appropriation that Congress might make, and transfer the funds provided to this purpose.

We permit very sweeping powers of transfer within appropriations, but this is the first time, to my knowledge, that a proposal has been made to authorize the President to transfer funds provided in a bill for the Military Establishment of the United States to the foreign assistance program.

Of course, it is well known that the executive department has not expended all of the funds that have been appropriated by Congress for the Department of Defense for the past several years. I doubt very much that the amendment, if agreed to, would have any material impact on the operations of the Department of Defense. But it certainly would vitally affect the authority of Congress, in undertaking to establish and to provide specific programs for the Department of Defense. I do not think the Defense Department should become involved in the military assistance program.

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

Mr. RUSSELL of Georgia. I am happy to yield to the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, I have been a member of the Department of Defense Subcommittee of the Committee on Appropriations for a number of years. We have always been very careful, if there is to be a transfer of funds from one appropriation to another, that there is a limit placed on the amount to be transferred. We have provided that not more than 10 percent of the appropriation should be transferred, as well as other restrictions.

In the Department of Defense, there is always reprograming, and if the Department wishes to change the use of money from one purpose to another, for procurement of some kind, they must come to our committee and obtain authority, stating where the money is coming from and what they intend to use it for.

As I listen to this discussion, it seems to me that the amendment would simply turn over $892 million, or whatever the proper figure is now, to the Department of Defense, which would mix up their accounts as to what goes into military assistance and what kind of weapons are to be provided; and particularly it would take away the authority of Congress over appropriations, in at least that amount.

Mr. RUSSELL of Georgia. As the Senator has stated, transfer provisions have heretofore been adopted by Congress, not only with respect to military appropriations, but in Department of Agriculture and other appropriations; and there is flexibility in practically all of the bills; but the transfer provisions provide that by the transfer, the Executive cannot completely wipe out any activity by transferring 100 percent of the money.

Under the provisions of this amendment, the President would have complete leeway to transfer up to $892 million as he saw fit.

Mr. McGOVERN. Seven hundred and ninety-two million dollars.

Mr. RUSSELL of Georgia. Seven hundred and ninety-two million dollars. He could wipe out completely any one item; whereas, under the present appropriations practice, whenever there is a transferability clause, he cannot completely eliminate any one project.

I think the amendment, if agreed to, would represent the most monumental surrender of whatever little power of the purse is left in this parliamentary body that it would be possible to make; and I hope the Senate will reject the amendment.

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

Mr. RUSSELL of Georgia. I yield to the Senator from Arkansas.

Mr. FULBRIGHT. I wish to clarify a point I did not understand a while ago. I was thinking of another amendment.

The effect of the Senator's amendment would be to eliminate the authorization carried in the bill, so that any funds spent for the military assistance program would be taken from appropriations for the Department of Defense; is that correct?

Mr. McGOVERN. That is correct.

Mr. FULBRIGHT. That is what I did not understand at first. There is a mandatory aspect to it, in that there would be no additional authorization for separate appropriations for the military assistance program?

Mr. McGOVERN. The Senator is correct.

Mr. FULBRIGHT. The House recently voted to appropriate approximately a billion dollars more than the administration requested for the Department of Defense. The net effect of adopting this amendment would be to utilize for this purpose the excess billion dollars that the House approved, so that our action would be in accord with the President's recent request to hold the budget in line.

Mr. McGOVERN. The Senator is correct.

Mr. RUSSELL of Georgia. How would that save a nickel? The money that he does not spend stays in the Treasury.

Mr. FULBRIGHT. But since $792 million would not be authorized to be

appropriated, there would be that much less authorization.

When the Senator said the amendment was entirely permissive, I thought he meant that the President might or might not proceed to obtain a separate appropriation for military assistance. What he is doing in this amendment is eliminating any separate authorization for an appropriation of $792 million for the program.

Mr. SALTONSTALL. Mr. President, as I understand it, the foreign aid now is administered by the foreign aid group headed by Mr. Bell and others.

Mr. FULBRIGHT. It is administered by the Defense Department.

Mr. SALTONSTALL. The money would go to the Defense Department.

Mr. FULBRIGHT. And it is administered by the Department of Defense.

Mr. SALTONSTALL. If it is administered by them, it is kept in a separate category on the books. If this is eliminated, it would simply mean that $792 million would go to the various agencies of the Department of Defense with no particular control over them, as I see it, except by the President.

Mr. RUSSELL of Georgia. Reading the measure, as I see it, if the President wanted any of this money, he would be compelled to take it out of the military appropriation bill, and we have no military assistance program unless the President is willing to take it out of the Defense appropriation for the United States.

Mr. FULBRIGHT. It looks like the President will have a billion dollars more than he asked for.

Mr. RUSSELL of Georgia. How does the Senator know that?

Mr. FULBRIGHT. I thought that was reported.

Mr. RUSSELL of Georgia. We have not reported the bill or even concluded hearings on the bill.

Mr. FULBRIGHT. The House passed the bill.

Mr. RUSSELL of Georgia. I am not certain about that. I think it was some $600 or $700 million over and above the budget request that the House appropriated.

Mr. FULBRIGHT. That would be about enough to pay for this program.

Mr. RUSSELL of Georgia. It would still mean that the President would have to take additional funds from somewhere, out of the military defense of the United States. I am aware of the fact that there is a very strong feeling on the part of some Senators against the Military Establishment of the United States, and that they are willing to take funds away from the military appropriation for any purpose on earth.

Mr. FULBRIGHT. That is not so.

Mr. RUSSELL of Georgia. This is certainly an oblique and flank attack on the military appropriations to sustain the military forces of the United States.

Mr. FULBRIGHT. That is not so. The administration itself asked for a certain amount and it appears that Congress is now going to say: "No, you have got to take more than that—$600 or $700 million more." I do not see where it can be said that it is an oblique attack on the military.

Mr. RUSSELL of Georgia. It is not oblique; it is a direct attack.

Mr. FULBRIGHT. It is not an attack at all.

Mr. RUSSELL of Georgia. The Senator does not know, and neither do I know, what will be appropriated for the Department of Defense for the year 1967. The committee has not concluded its hearings.

There is no way on earth to tell what it will do. But this will force the President to the necessity of taking it out of the Department of Defense appropriations whether he wants to or not. The Senator from Arkansas says that there is more there than he wants.

Mr. FULBRIGHT. That is what was reported in the newspaper.

Mr. RUSSELL of Georgia. The House bill did carry more money than the Department requested, but not that much more. That is my recollection.

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

Mr. RUSSELL of Georgia. I yield.

Mr. McGOVERN. Mr. President, the information contained in the Washington Post article written by Mr. Richard L. Lyons—who was covering the House action—on June 21 states:

> The House passed a $58.6 billion appropriation bill yesterday to finance the necessary defense for the next year, almost $1 billion more than the administration had requested.

He then goes on to say that there was an additional $42 billion carried over in unused funds from previous appropriations, so that the Defense Department now has something over $100 billion available for fiscal year 1967.

In the light of the President's appeal to Congress to take whatever action it can to cut down the spending, it seems to me, at a time when there is a billion dollars more than the administration requested in this Defense Department bill, that this is a good way to utilize that money.

At the Senator knows, Secretary McNamara has testified repeatedly that he would rather have this military assistance money than anything else in the Defense Department budget.

This is an opportunity to utilize what seem to be excess funds in the military appropriations to pay the cost of this military assistance program which Secretary McNamara says is so important.

Mr. RUSSELL of Georgia. That is the conclusion of the Senator. Of course, the Senator has tried to cut the defense appropriation bill every time it has been here, and, having failed in a frontal attack, he now comes in with a flank attack to compel the President to take the total amount of this bill out of the Defense appropriations. Whether he does do it or not, this can seriously impair the defense of the United States at this time.

I understand that the Department of Defense not only does not have a $40 billion surplus, as the Senator says, but is running additional deficiencies under old law in order to carry on the war in Vietnam. Now it is proposed at this late hour of the day, when most Senators thought debate on the bill was concluded, to take the entire amount of this bill out of defense appropriations, without any study.

I do not know whether the committee went into this, or how deeply it probed to ascertain what the effect would be. It seems to me that there was nothing in the paper about any hearings at all. I heard nothing of it. This is a most remarkable procedure, to proceed to cut by $800 million a bill that has not even been before the Senate.

If the Senator from South Dakota and the Senator from Arkansas are so anxious to cut the defense appropriation bill, let them offer amendments to that bill when it is presented to the Senate, and not undertake to cut it even before the bill is brought before the Senate. That would be the effect of this amendment.

No one knows where the cuts will be made. No one knows whether it will have an effect on personnel, or what effect it will have.

This is a most unusual proposition, to attempt to cut a bill before it comes before the Senate, by this kind of indirect action.

Such a proposal, so far as I know, has never been made in the Senate before. It has not been the subject of hearings, and yet we blithely say we will cut the defense appropriation bill almost $1 billion before the Committee on Appropriations has even had chance to examine it themselves.

Mr. McGOVERN. Mr. President, I am sure the Senator knows that this is certainly not any new precedent. Yesterday we agreed to an amendment by the Senator from Virginia [Mr. BYRD] that the chairman of the committee tells me the committee had never heard of before and on which no hearings were held.

Mr. RUSSELL of Georgia. If the Senator cannot see the difference between a little amendment expressing the sense of Congress and an amendment that cuts almost $1 billion out of a bill not yet considered by the Senate, any argument between us would be utterly useless.

I believe there is material difference between an amendment that would express the sense of the Senate and an amendment that would seek to cut almost $1 billion from a bill that has not been considered by the Senate, a bill that in essence would provide sustenance to the 400,000 Americans fighting in Vietnam. I think there is a very material difference involved.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota.

The amendment was rejected.

Mr. JAVITS. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to state the amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER (Mr. CANNON in the chair). Without objection, it is so ordered.

The amendment is as follows:

On page 19, between lines 23 and 24, insert a new paragraph as follows:

"(4) Notwithstanding the provisions of paragraph (2) of this subsection or any other provision of this Act, no assistance shall be furnished under this Act to any member state of the Organization of American States the government of which came into power by the unconstitutional overthrow of a freely elected, constitutional, democratic government which had been acting in accordance with its constitutional mandate, if, in consultation with the members of the Organization of American States, in accordance with applicable resolutions and agreements of the Organization of American States, the President finds that such government does not intend to take appropriate steps, within a reasonable time, for the restoration of constitutional government, the holding of free elections, and the application of human and civil rights and liberties, until (A) the President is satisfied that such government intends to take such appropriate steps or (b) the President has determined that the furnishing of such assistance is essential to the national interest of the United States, and reports such determination and his reasons therefor to the Senate Committee on Foreign Relations and to the Speaker of the House within thirty days accordingly."

Mr. JAVITS. Mr. President, after considerable debate, an amendment to the economic aid bill, dealing with military juntas in Latin America, was agreed to. There was a rollcall vote on the effort of Senator MORSE to make the amendment stronger, in his judgment, than it was. Finally, we arrived at the language which is before the Senate at present.

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

Mr. JAVITS. I yield.

Mr. FULBRIGHT. Is this amendment identical to the one that the Senator from New York offered to the economic aid bill?

Mr. JAVITS. And it was adopted word for word, and it is essential in order to make the two consistent.

Mr. FULBRIGHT. There has been no change?

Mr. JAVITS. No change whatsoever.

Mr. FULBRIGHT. I shall accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York [Mr. JAVITS].

The amendment was agreed to.

Mr. ANDERSON. Mr. President, in order that there be no mistake, I would like to call attention to the fact that under section 2(b), definitions as used in this bill—S. 3583—certain specific materials, facilities, and articles which come under the Atomic Energy Act of 1954, as amended, have been excluded from the definition "Defense article" and thus are not included as articles that can be transferred under this particular bill.

Specifically, I would like to call attention to section 2(b), wherein the definition of "Defense article," which you will note on page 3, lines 10 through 14, states, "shall not include merchant vessels or, as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011 et seq.), source material, byproduct material, special nuclear material, production facilities, utilization facilities, or atomic weapons or articles involving Restricted Data."

The terms "source material, byproduct material, special nuclear material, production facilities, utilization facilities, or atomic weapons or articles involving Restricted Data," are all covered under the Atomic Energy Act of 1954, as amended, and are subject to specific requirements set forth in sections 91, 144, and 123 of the Atomic Energy Act. They cannot be transferred to other nations, nor can classified information relating to them be communicated to another nation unless an agreement for cooperation is submitted to the Congress and referred to the Joint Committee on Atomic Energy.

In addition, certain other requirements must be met before the agreement for cooperation can be entered into. These agreements for cooperation, under the Atomic Energy Act, in the military uses of atomic energy, must lie before the Congress and the Joint Committee for 60 days while the Congress is in session, and are subject to resolutions of disapproval by the Congress.

In this connection I think it should be clearly understood that nuclear submarines are not defense articles within the definition of S. 3583. They are excluded by the language set forth in lines 10 through 14, page 3. I specifically want to emphasize this point because, for many years, I and other members of the Joint Committee have strongly resisted the transfer of nuclear submarine technology and nuclear naval propulsion information to other nations, and I do not want anyone to think they can circumvent the Atomic Energy Act of 1954 through this particular bill.

It is my understanding that the bill, as reported out from the Committee on Foreign Relations, in lines 10 through 14 on page 3, was drafted in consultation with the staff of the Joint Committee on Atomic Energy and the Atomic Energy Commission, to assure that atomic weapons and other atomic facilities which come under the purview of the Atomic Energy Act would in no way be affected by the Military Assistance and Sales Act of 1966.

Mr. FULBRIGHT. Mr. President, when economic assistance fails, the result is a breakdown or delay in some aspect of development; when military assistance goes wrong, the consequences are much more spectacular.

Former Ambassador Galbraith believes that American military aid to Pakistan actually caused the war last year between India and Pakistan, simply because, quite apart from the merits of the Kashmir dispute, if we had not provided the arms, Pakistan would not have been able to seek a military solution.

These arms, of course, were meant to be used for defense against China and the Soviet Union, not against India. The trouble was that Pakistan did not and does not share the American view of Kashmir as a secondary issue, and therefore regards India, not China or Russia, as her principal enemy. American military assistance had been provided on the condition and in the expectation that it would be used only against Communist aggression; but, as might have been expected, these pledges were cast aside in the summer of 1965.

Should this have come as a great surprise? I do not think so. President Ayub Khan said with perfect candor in 1961 that the United States should be "mindful of the fact that if our territory was violated, we would spend our time dealing with the enemy rather than putting the American weapons in cotton wool."—Quoted in the New York Times, September 3, 1965, page 2, column 7.

The mistake the United States made was the common one of assuming that its preoccupations were the preoccupations of everybody else. It seemed to us perfectly obvious that the only real threats in south Asia were the Soviet and Communist China, and that it was absurd for India and Pakistan to be in conflict with each other over a secondary issue like Kashmir. It seemed to us that anyone with sense would share our view that there is only one truly crucial issue in world affairs, the threat of communism, be it in India or Vietnam, in Cuba or the Dominican Republic. The crowning irony of the affair was that this war, which could not have been fought without American military aid, was finally settled through the mediation of the Soviet Union, one of the two countries against which our arms were meant to be directed.

Administration witnesses tell the Foreign Relations Committee every year that military assistance to the countries bordering on the Soviet Union and China is vital to our forward strategy, sustaining some 3½ million men under arms at far lower cost than would be required to sustain comparable American forces. This, of course, is an example of the ancient and sound practice of great military powers, developed by the Romans and the Byzantines, of maintaining foreign mercenaries to do their peripheral fighting while keeping their own main forces as strategic reserves.

The variation introduced by the Americans is that our mercenaries usually remain neutral, while we fight brushfire wars with our own soldiers. Among the countries bordering on Russia and China which receive American military assistance are Greece, Turkey, Iran, Thailand, Laos, Taiwan, and Korea. Of these, only the Koreans have men fighting in Vietnam, and they are receiving a handsome subsidy for their effort.

The Greeks and the Turks are too busy menacing Russia with their military power, to say nothing of each other, while we do not dare to use Chiang Kai-shek's large and well-financed force least bring the Chinese Communist Army swarming into Vietnam.

The result is that we are sustaining over 3 million nonfighting men along the borders of Russia and China, who do guard duty, while American soldiers fight in Vietnam. One wonders whether some of the countries which maintain these forces would not be more stable and secure today if much of the money spent on armaments over the years had been used instead for development and social reform.

America's modest military aid in Latin America is decidedly more effective than its mercenary forces in Europe and Asia, not, however, in holding back Communists, but in holding up military oligarchies.

Mr. John Duncan Powell, a political scientist who has studied the impact of American military assistance in Latin America, points out that the smallness of the sums involved is deceptive; that, measured in terms of their effect on the ability of military forces to apply violence against civilian groups, American arms are very significant, indeed—John Duncan Powell, "Military Assistance and Militarism in Latin America," Western Political Quarterly, June, 1965, pages 382–392.

In countries where per capita income is low, where political institutions are fragile, where great numbers of people are uneducated, unorganized, and often demoralized, even a small amount of military equipment and training, say $10 worth, can give a soldier an overwhelming advantage over a civilian in a conflict situation. Taking AID figures on cumulative U.S. military assistance per soldier as of 1962 and matching these against per capita income, Mr. Powell points out that as of 1962 each member of Nicaragua's Armed Forces represented $930 worth of United States arms and training available for use in possible street fighting against students and workers with a total amount per capita income of only $205, while each member of Guatemala's Armed Forces represented $538 worth of U.S. arms and training as against students and workers with a per capita income of only $185.

Viewed in the physical and economic context of a poor country in Central America, U.S. military assistance no longer appears small and innocent. Under the bill reported by the Committee on Foreign Relations, military grants and sales to Latin America, except for training, would be limited to $55 million in fiscal 1967. It is not a large sum; but, as Mercutio said of his fatal wound:

> No, 'tis not so deep as a well, nor so wide as a church door; but 'tis enough, 'twill serve.[1]

Mr. Powell concludes that, small as it is, the American military assistance program is "a contributory cause of militarism in Latin America," and that—

> The shift in emphasis from hemispheric security to internal security capabilities will make the Latin American military better trained and equipped than ever to intervene in the political systems of their nations. This—

Says Powell—

> may be the hidden price tag on the anti-communist security which the United States seeks in the western hemisphere through the military assistance program.

Events in Brazil and Argentina have certainly borne him out.

Some weeks ago, an American journalist's interview with rebels in the Guatemalan jungle was shown on television. A young rebel leader said he was a Marxist because Marxism, as he understood it, called for giving the land to the peasants; he thought of the United States as an enemy, because, he thought, American arms and power were always placed at the disposal of the oppressors of his people. This view of America is not unknown in other parts of the world; it is one of the rewards of the "forward strategy" of American military assistance.

I ask unanimous consent to have printed in the RECORD an article entitled "Next: A 'Marshall Plan' for Asia?" published in U.S. News & World Report, July 25, 1966.

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

NEXT: A "MARSHALL PLAN" FOR ASIA?

Communists are on notice that U.S. is in Asia to stay. Reds are told if they want more war, they'll get it; if they behave, they can profit with all.

The Johnson Administration is looking beyond the war in Vietnam to the time of a U.S.-financed "Marshall Plan" for all of free Asia.

The cost of such a program, fully developed, can mount into billions once peace is restored.

Over the years, it could far outstrip the cost of the Vietnam war, which is now running a billion dollars a month, at a minimum.

THERE TO STAY

President Johnson, on July 12, publicly declared the U.S. to be a "Pacific power" meaning that this country is notifying the world—and particularly Communist governments—that it is in Asia to stay militarily and economically, in war and in peace.

What officials are thinking of for Asia is a program of area development, rather than concentrating on single nations. They point out that the Marshall Plan that revived Western Europe after World War II actually was area development, although individual countries benefited directly.

These same officials say three factors have encouraged the free nations of Asia to get together on group development: First, the withdrawal of colonial powers after World War II left the new nations individually weak. Second, the new nations want to unite economically as a way to offset the overpowering size of Red China. Third, they fear that the Vietnam war will spread and engulf them singly.

A BEGINNING

A start on some area projects already has been made.

Surveys of the Mekong River in Southeast Asia are under way to develop it as a source of hydroelectric power, irrigation and international river transport. The U.S. is helping finance the surveys, and has offered to put up a billion dollars into joint development projects.

An Asian Development Bank has been set up in Manila, financed by 31 nations and the U.S., to make low-cost loans to provide money for capital improvements throughout the area.

Once peace comes, such projects are likely to be expanded rapidly. Regional shipping systems are under discussion. There are rough blueprints for a regional common market in Asia so food, raw materials and finished goods can move freely from country to country.

ARMS PLAYED DOWN

The Asian "Marshall Plan" now being discussed would consist almost entirely of economic aid. The present thinking does not include expanded military aid on a large scale for individual nations.

The idea is that U.S. military power can serve as an "American shield" to keep the peace. Behind this shield various development programs will move forward. U.S. forces will be ready to strike at any sign of danger.

What this means, according to interpretations being made in Washington, is that the U.S. role in Asia may have to last until the Far East becomes as stable as the continent of Europe—and, even then, American power will be in the background, as it is in Europe, to guard against new aggressions.

At the same time, the U.S. is now making a cautious attempt at a more flexible approach to the Chinese Reds.

On July 12, the President said:

"A hostile China must be discouraged from aggression. A misguided China must be encouraged toward understanding of the outside world and toward policies of peaceful co-operation."

One high Administration official gives this analysis: "The President is saying, in effect: 'Look, we intend to stay in Asia, or at least our power will protect Asia—the free nations of Asia—for years to come.

" 'So come live with us in this small world, renounce your aggression, share in the prosperity of a new Asia.' "

It is being explained that the President's remarks were not an invitation to Red China to join the United Nations, or an offer of trade to mainland China, at least for the present. One official does feel, however, the U.S. would be willing to sell American wheat to the Chinese Reds in the future, if they show more willingness to co-operate. His words:

"Should there be a step here and a step there in the right direction by Red China, then I feel we are willing to meet them halfway—in trade and in other things."

There has been no such step by the Chinese so far. There are no signs that they are willing in any way to dampen down the Vietnam war. They have rebuffed—and denounced—every approach made to them, directly or indirectly.

But they are now on notice that the U.S. does not intend to be outfought in Vietnam and that the Communists there cannot win a military victory. China and North Vietnam have also been assured the U.S. does not intend to defeat or overthrow any Communist government.

Once the Communists realize these things, the U.S., as a self-proclaimed "Pacific power," is getting ready to move in with vast development programs for underdeveloped Asia—programs as ambitious in their way as the Marshall Plan that put Western Europe on the road to its present era of prosperity.

The PRESIDING OFFICER. The bill is open to further amendment.

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

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

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

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 Arizona [Mr. HAYDEN], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from Oregon [Mrs. NEUBERGER] are absent on official business.

I also announce that the Senator from Virginia [Mr. ROBERTSON], the Senator

[1] *Romeo and Juliet*, Act III, Scene 1, Line 100.

from Georgia [Mr. TALMADGE], and the Senator from Texas [Mr. YARBOROUGH] are necessarily absent.

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

The Senator from Vermont [Mr. AIKEN], and the Senator from Illinois [Mr. DIRKSEN] are detained on official business.

If present and voting, the Senator from Vermont [Mr. AIKEN], the Senator from Colorado [Mr. ALLOTT], the Senator from Illinois [Mr. DIRKSEN], and the Senator from Kansas [Mr. PEARSON] would each vote "yea."

The result was announced—yeas 82, nays 7, as follows:

[No. 163 Leg.]

YEAS—82

Anderson	Hickenlooper	Murphy
Bartlett	Hill	Muskie
Bayh	Holland	Nelson
Bennett	Hruska	Pastore
Bible	Inouye	Pell
Boggs	Jackson	Prouty
Brewster	Javits	Proxmire
Byrd, Va.	Jordan, N.C.	Randolph
Byrd, W. Va.	Jordan, Idaho	Ribicoff
Cannon	Kennedy, Mass.	Russell, S.C.
Carlson	Kennedy, N.Y.	Russell, Ga.
Case	Kuchel	Saltonstall
Church	Lausche	Scott
Clark	Long, Mo.	Simpson
Cooper	Long, La.	Smathers
Cotton	Magnuson	Smith
Curtis	Mansfield	Sparkman
Dodd	McCarthy	Stennis
Dominick	McGee	Symington
Douglas	McIntyre	Thurmond
Eastland	Metcalf	Tower
Ervin	Miller	Tydings
Fannin	Mondale	Williams, N.J.
Fong	Monroney	Williams, Del.
Gore	Montoya	Young, N. Dak.
Griffin	Morton	Young, Ohio
Harris	Moss	
Hart	Mundt	

NAYS—7

Burdick	Gruening	McGovern
Ellender	Hartke	Morse
Fulbright		

NOT VOTING—11

Aiken	Hayden	Robertson
Allott	McClellan	Talmadge
Bass	Neuberger	Yarborough
Dirksen	Pearson	

So the bill (S. 3583) was passed, as follows:

S. 3583

An Act 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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The Military Assistance and Sales Act of 1966".

CHAPTER 1—COORDINATION AND DEFINITIONS

SECTION 1. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the chief of the United States diplomatic mission. The chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance (including civic action) or sales programs are coordinated with political and economic considerations, and his comments shall accompany such recommendations.

(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of economic assistance and military assistance and sales programs, including but not limited to determining whether there shall be a military assistance (including civic action) or sales program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.

SEC. 2. DEFINITIONS.—As used in this Act—

(a) "Armed Forces of the United States" means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(b) "Defense article" includes any—

(1) weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war;

(2) property, installation, commodity, material, equipment, supply, or goods used for the purposes of this Act;

(3) machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this subsection; and

(4) component or part of any article listed in this subsection;

but shall not include merchant vessels or, as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011 et seq.), source material, byproduct material, special nuclear material, production facilities, utilization facilities, or atomic weapons or articles involving Restricted Data.

(c) "Defense information" includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, drawing, technical manual, publication, or other recorded or oral information relating to any defense article or defense service, but shall not include restricted data as defined by the Atomic Energy Act of 1954, as amended, and data removed from the restricted data category under section 142(d) of that Act.

(d) "Defense service" includes packing, crating, handling, transportation, and any test, inspection, repair, rehabilitation, technical assistance, training, defense information, or other service used for the purposes of this Act.

(e) "Excess defense articles" means the quantity of defense articles owned by the United States Government and not procured in anticipation of military assistance or sales requirements, or pursuant to a military assistance or sales order, which is in excess of the mobilization reserve at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations under this Act.

(f) "Mobilization reserve" means the quantity of defense articles determined to be required, under regulations prescribed by the Secretary of Defense, to support mobilization of the Armed Forces of the United States Government in the event of war or national emergency.

(g) "Officer or employee" means civilian personnel and members of the Armed Forces of the United States Government.

(h) "Training" includes—

(1) formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses;

(2) technical, educational, or informational publications and media of all kinds;

(3) training aid;

(4) orientation;

(5) training exercise; and

(6) military advice to foreign military units and forces.

(i) "Value" means—

(1) with respect to excess defense articles, the gross cost incurred by the United States in repairing, rehabilitation, or modifying such articles;

(2) with respect to nonexcess defense articles delivered from inventory to countries or international organizations under this Act, the standard price in effect at the time such articles are dropped from inventory by the supplying agency. Such standard price shall be the same price (including authorized reduced prices) used for transfers or sales of such articles in or between the Armed Forces of the United States Government, or, where such articles are not transferred or sold in or between the Armed Forces of the United States, the gross cost to the United States Government adjusted as appropriate for condition and market value; and

(3) with respect to nonexcess defense articles delivered from new procurement to countries or international organizations under this Act, the contract or production costs of such articles.

(j) "United States Government agency" includes any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment of the United States Government.

CHAPTER 2—MILITARY ASSISTANCE

Title I—Scope of assistance authorized

SEC. 11. GENERAL AUTHORITY.—The President is authorized to furnish military assistance on such terms and conditions as he may determine, to any friendly country or international organization, the assisting of which the President finds will strengthen the security of the United States and promote world peace and which is otherwise eligible to receive such assistance, by—

(a) acquiring from any source and providing (by grant, loan, or any other means) any defense article or defense service;

(b) by making financial contributions to multilateral programs for the acquisition or construction of facilities for collective defense: *Provided,* That with respect to the North Atlantic Treaty Organization maximum effort should be made to obtain multilateral rather than unilateral financing of such facilities: *Provided further,* That, in connection with the forthcoming removal of North Atlantic Treaty Organization military bases and facilities from France, the President shall report to the Congress on October 1, 1966, and each sixty days thereafter until June 30, 1967, what arrangements have been made with each of the remaining North Atlantic Treaty Organization allies for each of them to bear their fair share of the costs of moving North Atlantic Treaty Organization bases and facilities from France and of establishing equivalent bases and facilities in other North Atlantic Treaty Organization countries;

(c) providing financial assistance for expenses incident to participation by the United States Government in regional or collective defense organizations; and

(d) assigning or detailing members of the Armed Forces of the United States and other personnel of the Department of Defense to perform duties of a non combatant nature, including those related to training or advice.

SEC. 12. PURPOSES.—Assistance to any country shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security, or for the purpose of assisting foreign military forces in less developed friendly countries (or the voluntary efforts of personnel of the Armed Forces of the United States in such countries) to construct public works and to engage in other activities helpful to the economic and social development of such

friendly countries. It is the sense of the Congress that such foreign military forces should not be maintained or established solely for civic action activities and that such civic action activities should not significantly detract from the capability of the military forces to perform their military missions and should be coordinated with and form part of the total economic and social development effort.

SEC. 13. GENERAL CONDITIONS OF ELIGIBILITY.—(a) In addition to such other provisions as the President may require, no defense articles shall be furnished on a grant basis to any country unless it shall have agreed that:

(1) it will not, without the consent of the President—

(A) permit any use of such articles by anyone not an officer, employee, or agent of that country,

(B) transfer, or permit any officer, employee, or agent of that country to transfer such articles by gift, sale, or otherwise, or

(C) use or permit the use of such articles for purposes other than those for which furnished;

(2) it will maintain the security of such articles, and will provide substantially the same degree of security protection afforded such articles by the United States Government;

(3) it will, as the President may require, permit continuous observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such articles; and

(4) unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interest of the United States, such articles which are no longer needed for the purpose for which furnished.

(b) No defense articles shall be furnished on a grant basis to any country at a cost in excess of $3,000,000 in any fiscal year unless the President determines—

(1) that such country conforms to the purposes and principles of the Charter of the United Nations;

(2) that such defense articles will be utilized by such country for the maintenance of its own defensive strength, and the defensive strength of the free world; and

(3) that such country is taking all reasonable measures, consistent with its political and economic stability, which may be needed to develop its defense capacities.

Title II—Restrictions on assistance

SEC. 21. SPECIAL CONDITIONS OF ELIGIBILITY.—(a) (1) No assistance shall be furnished under this chapter to any economically developed nation capable of sustaining its own defense burden and economic growth, except (A) to fulfill firm commitments made prior to July 1, 1963, or (B) additional training expenses under this chapter during each fiscal year in an amount not to exceed $500,000.

(2) The President shall regularly reduce and, with such deliberate speed as orderly procedure and other relevant considerations, including prior commitments, will permit, shall terminate all further grants of defense articles to any country having sufficient resources to enable it, in the judgment of the President, to maintain and equip its own military forces at adequate strength, without undue burden to its economy.

(3) In furnishing assistance to any economically underdeveloped nation under this Act, the President shall take into account the percentage of the recipient country's budget which is devoted to military purposes, and its capacity to meet any additional budgetary costs which might be occasioned by the assistance in question to the end that military costs do not unduly burden its economy.

(b) Any country which hereafter uses defense articles or defense services furnished such country under this Act or any predecessor foreign assistance Act, in substantial violation of the provisions of this chapter or any agreement entered into pursuant to any of such Acts shall be immediately ineligible for further assistance.

(c) No assistance shall be furnished under this chapter to any country which furnishes assistance to the present Government of Cuba unless the President determines that such assistance is in the national interest of the United States.

(d) No funds authorized to be made available under this Act shall be used to furnish assistance under this chapter to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of the Foreign Assistance Act of 1963—

(A) to prevent ships or aircraft under its registry from transporting to Cuba (other than to United States installations in Cuba)—

(i) any items of economic assistance,

(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

(iii) any other equipment, materials, or commodities, so long as Cuba is governed by the Castro regime; and

(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from Cuba (other than from United States installations in Cuba) so long as Cuba is governed by the Castro regime.

(e) No assistance shall be provided under this chapter to the government of any country which is indebted to any United States citizen or person for goods or services furnished to or ordered where (i) such citizen or person has exhausted available legal remedies, which shall include arbitration, or (ii) the debt is not denied or contested by such government, or (iii) such indebtedness arises under an unconditional guaranty of payment given by such government, or any predecessor government, directly or indirectly, through any controlled entity: *Provided*, That the President does not find such action contrary to the national security.

(f) The President shall suspend assistance under this chapter to the government of any country when the government of such country or any government agency or subdivision within such country on or after January 1, 1962—

(A) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(B) has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(C) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, or has taken other actions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency, or government subdivision fails within a reasonable time (not more than six months after such action, or, in the event of a referral to the Foreign Claims Settlement Commission of the United States within such period as provided herein, not more than twenty days after the report of the Commission is received) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including speedy compensation for such property in convertible foreign exchange, equivalent to the full value thereof, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be; and such suspension shall continue until the President is satisfied that appropriate steps are being taken, and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

Upon request of the President (within seventy days after such action referred to in subparagraph (A), (B), or (C) of this subsection), the Foreign Claims Settlement Commission of the United States (established pursuant to Reorganization Plan Numbered 1 of 1954 (68 Stat. 1279)) is hereby authorized to evaluate expropriated property, determining the full value of any property nationalized, expropriated, or seized, or subject to discriminatory or other actions as aforesaid, for purposes of this subsection and to render an advisory report to the President within ninety days after such request. Unless authorized by the President, the Commission shall not publish its advisory report except to the citizen or entity owning such property. There is hereby authorized to be appropriated such amount, to remain available until expended, as may be necessary from time to time to enable the Commission to carry out expeditiously its functions under this subsection.

(g) No assistance shall be provided under this chapter to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—

(1) the United States,

(2) any country receiving assistance under this or any other Act, or

(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954,

until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this Act.

(h) No assistance shall be furnished under this chapter after December 31, 1966, to the government of any less developed country which has failed to enter into an agreement with the President to institute the investment guaranty program under section 221(b) (1) of the Foreign Assistance Act of 1961, as amended, providing protection against the specific risks of inconvertibility under subparagraph (A), and expropriation or confiscation under subparagraph (B), of such section 221(b) (1).

(i) No funds authorized to be made available under this Act shall be used to furnish assistance under this chapter to any country which has failed to take appropriate steps, not later than sixty days after the date of enactment of this Act—

(A) to prevent ships or aircraft under its registry from transporting to North Vietnam—

(i) any items of economic assistance,

(ii) any items which are, for the purposes of title I of the Mutual Defense Assistance Control Act of 1951, as amended, arms, ammunition and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, or items of primary strategic significance used in the production of arms, ammunition, and implements of war, or

(iii) any other equipment, materials, or commodities; and

(B) to prevent ships or aircraft under its registry from transporting any equipment, materials, or commodities from North Vietnam.

(j) In determining whether or not to furnish assistance under this chapter, consideration shall be given to excluding from such assistance any country which hereafter seizes, or imposes any penalty or sanction against, any United States fishing vessel on account of its fishing activities in international waters. The provisions of this subsection shall not be applicable in any case governed by international agreement to which the United States is a party.

(k) The total number of countries receiving assistance under authority of this chapter in any fiscal year (excluding countries receiving only training in the United States) shall not exceed forty.

SEC. 22. COUNTRIES SPECIFICALLY INELIGIBLE FOR ASSISTANCE.—(a) Except as many be deemed necessary by the President in the interest of the United States, no assistance shall be furnished under this chapter to any government of Cuba, until the President determines that such government has taken appropriate steps according to international law standards to return to United States citizens, and to entities not less than 50 per centum beneficially owned by United States citizens, or to provide equitable compensation to such citizens and entities for property taken from such citizens and entities on or after January 1, 1959, by the Government of Cuba.

(b) No assistance shall be furnished under this chapter to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act 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).

(c) No assistance under this chapter shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is essential to the national interest of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of any assistance furnished to Indonesia under this chapter.

SEC. 23. REGIONAL RESTRICTIONS.—(a) (1) The total value of military assistance and sales (other than training) under this Act or in accordance with section 7307 of title 10, United States Code, for American Republics in each fiscal year shall not exceed $55,000,000, of which $25,000,000 may be used for assistance on a cost-sharing basis to an inter-American military force under the control of the Organization of American States: *Provided,* That the cost of defense articles supplied for use by elements of the Inter-American Peace Force in the Dominican Republic shall not be charged against the $55,000,000 limitation provided by this subsection.

(2) Except (i) to the extent necessary to fulfill commitments made prior to December 16, 1963, or (ii) for civic action assistance, or (iii) to the extent that the President determines, with respect to any Latin American country, that the furnishing of assistance under this Act is necessary to safeguard the security of the United States or to safeguard the security of a country associated with the United States in the Alliance for Progress against overthrow of a duly constituted government, no assistance under this Act shall be furnished to any Latin American country.

(3) To the maximum extent feasible, assistance shall be furnished under this chapter to American Republics in accordance with joint plans (including joint plans relating to internal security problems) approved by the Organization of American States.

(4) Notwithstanding the provisions of paragraph (2) of this subsection or any other provision of this Act, no assistance shall be furnished under this Act to any member state of the Organization of American States the government of which came into power by the unconstitutional overthrow of a freely elected, constitutional, democratic government which had been acting in accordance with its constitutional mandate, if, in consultation with the members of the Organization of American States, in accordance with applicable resolutions and agreements of the Organization of American States, the President finds that such government does not intend to take appropriate steps, within a reasonable time, for the restoration of constitutional government, the holding of free elections, and the application of human and civil rights and liberties, until (A) the President is satisfied that such government intends to take such appropriate steps or (B) the President has determined that the furnishing of such assistance is essential to the national interest of the United States, and reports such determination and his reasons therefor to the Senate Committee on Foreign Relations and to the Speaker of the House within thirty days accordingly.

(b) The value of grant programs of defense articles for African countries in each fiscal year shall not exceed $25,000,000. No assistance shall be furnished under this chapter to any country in Africa except for internal security requirements or for civic action assistance unless the President determines otherwise.

(c) Determinations under this section shall be promptly reported to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives. Reports on the implementation of subsection (a)(3) shall be submitted to such committee and the Speaker of the House of Representatives semiannually.

SEC. 24. CERTIFICATION OF RECIPIENT'S CAPABILITY.—(a) Except as provided in subsection (b) of this section, no defense article having a value in excess of $100,000 shall hereafter be delivered to any country or international organization under the authority of this chapter unless the chief of the diplomatic mission, upon the advice of the chief of the appropriate military assistance advisory group representing the United States with respect to defense articles used by such country or international organization, or the head of any other group representing the United States, with respect to defense articles used by such country or international organization, has certified in writing within six months prior to delivery that the country or international organization has the capability to utilize effectively such article in carrying out the purposes of this chapter.

(b) Defense articles included in approved military assistance programs may be delivered to any country or international organization for which the certification required by subsection (a) of this section cannot be made when determined necessary and specifically approved in advance by the Secretary of State (or, upon appropriate delegation of authority by an Under Secretary or Assistant Secretary of State) and the Secretary of Defense (or, upon appropriate delegation of authority by the Deputy Secretary or an Assistant Secretary of Defense). The Secretary of State, or his delegate, shall make a complete report to the Congress of each determination and approval and the reasons therefor.

SEC. 25. COMMINGLING OF ASSISTANCE.—The President shall adopt regulations and establish procedures to insure that assistance under this chapter is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries.

CHAPTER 3—SALES, BARTER TRANSACTIONS, AND LEASES

SEC. 31. OBJECTIVES.—(a) The aim of this chapter is to facilitate the acquisition on a reimbursable basis of defense articles and defense services by friendly countries having sufficient wealth to maintain, utilize effectively, and equip their own military forces wholly or in part without grant assistance. The Congress urges that, consistent with treaties and other international obligations, emphasis be given to transactions authorized by this chapter in order to promote the defensive strength of the free world. The Congress further declares that, in the administration of this chapter, participation by private enterprise should be encouraged to the maximum extent practical.

(b) This chapter shall be administered so as to encourage regional arms control and disarmament agreements and so as to discourage arms races, especially among less developed countries. In the administration of this chapter with respect to less developed countries, special account shall be taken of the capacity of the country to pay and of the record of the armed forces of such country with respect to civilian constitutional government.

Title I—Cash sales

SEC. 32. SALES FROM STOCK.—(a) The President may sell for United States dollars defense articles from the stocks of the Department of Defense and defense services to any friendly country or international organization eligible under section 11, without reimbursement from funds available for use under this Act, on terms of payment of not less than the value thereof in advance or within one hundred and twenty days after the delivery of the defense articles or the provision of the defense services. Notwithstanding the provisions of section 2(i)(2), nonexcess defense articles may be sold under this subsection at the standard price in effect at the time such articles are offered for sale to the purchasing country or international organization. For the purpose of this subsection, the value of excess defense articles shall not be less than—

(1) the value specified in section 2(i)(1) plus the scrap value, or

(2) the market value, if ascertainable, whichever is greater.

(b) Payments received under subsection (a) of this section shall be credited to the appropriation, fund, or account funding the cost of the defense articles or defense services sold, or to any appropriation, fund, or

account currently available for the same general purpose.

SEC. 33. PROCUREMENT FOR SALE.—(a) The President may, without requirement for any charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles and defense services for sale for United States dollars to any friendly country or international organization eligible under section 11 if such country or international organization—

(1) provides the United States Government with a dependable undertaking which will assure the United States Government against any loss on the contracts, and

(2) agrees to make funds available in such amounts and at such times as may be required to meet the payments required by the contracts, and any damages and costs that may accrue from the cancellation of such contracts, in advance of the time such payments, damages, or costs are due: *Provided*, That the President may, when he determines it to be in the national interest, accept a dependable undertaking to make full payment within one hundred and twenty days after delivery of the defense articles, or the provision of the defense services, and appropriations available to the Department of Defense may be used to meet the payments required by the contracts and shall be reimbursed by the amounts subsequently received from the country or international organization: *Provided further*, That the President may, when he determines it to be in the national interest, enter into sales agreements with purchasing countries or international organizations which fix prices to be paid by the purchasing countries or international organizations for the defense articles or defense services ordered. Funds available under this Act for financing credit sales shall be used to reimburse the applicable appropriations in the amounts required by the contracts which exceed the price so fixed, except that such reimbursement shall not be required upon determination by the President that the continued production of the defense article being sold is advantageous to the Armed Forces of the United States. Payments by purchasing countries or international organizations which exceed the amounts required by such contracts shall be credited to the account established under section 43. To the maximum extent possible, prices fixed under any such sales agreement shall be sufficient to reimburse the United States for the cost of the defense articles or defense services ordered. The President shall submit to the Congress promptly a detailed report concerning any fixed-price sales agreement under which the aggregate cost to the United States exceeds the aggregate amount to be paid by the purchasing country or international organization.

(b) No sales of unclassified defense articles shall be made to the government of any economically developed country under the provisions of this section unless such articles are not generally available for purchase by such countries from commercial sources in the United States. The Secretary of Defense may waive the provisions of this subsection when he determines that the waiver of such provisions is in the national interest.

Title II—Credit sales and guaranties

SEC. 41. GENERAL AUTHORITY FOR CREDIT SALES.—(a) The President may use funds available under this Act to finance sales of defense articles and defense services to friendly foreign countries and international organizations eligible under section 11 on such terms as he may determine, including the prices to be paid by the purchasing countries or international organizations. Reimbursement to supplying agencies shall be governed by section 82. The terms of payment shall include a provision for the payment of interest at a rate not less than the average interest rate paid by the United States on its long-term indebtedness.

(b) In addition, when the President determines it to be in the national interest, sales under section 32 may be made on terms of payment of not more than three years after the delivery of the defense article or the provision of the defense service.

SEC. 42. GUARANTIES.—(a) The President may guarantee, insure, coinsure, and reinsure any individual, corporation, partnership, or other association doing business in the United States against political and credit risks of nonpayment arising in connection with sales financed by such individual, corporation, partnership, or other association of defense articles and defense services procured in the United States by friendly countries and international organizations eligible under section 11.

(b) In issuing guaranties, insurance, coinsurance, and reinsurance, the President may enter into contracts with exporters, insurance companies, financial institutions, or others, or groups thereof, and where appropriate may employ any of the same to act as agent in the issuance and servicing of such guaranties, insurance, coinsurance, and reinsurance, and the adjustment of claims arising thereunder.

(c) Fees and premiums shall be charged in connection with such contracts of guaranty insurance, coinsurance, and reinsurance (excluding contracts with United States Government agencies), and such fees and premiums may be utilized to meet liabilities resulting from such contracts.

(d) Obligations shall be recorded against the funds available for credit sales in an amount not less than 25 per centum of the contractual liability related to any guaranty, insurance, coinsurance, and reinsurance issued pursuant to this section, and the funds so obligated shall constitute a single reserve for the payment of claims under such contracts. Any guaranties, insurance, coinsurance, and reinsurance issued pursuant to this section shall be considered contingent obligations backed by the full faith and credit of the United States of America.

SEC. 43. REIMBURSEMENTS.—(a) Whenever funds available under this Act are used to finance sales, repayments in United States dollars (including dollar proceeds derived from the sale of foreign currency repayments), receipts received from the disposition of evidences of indebtedness, and charges (including fees and premiums) or interest collected shall be credited to a separate fund account, and shall be available until expended solely for the purpose of financing further sales and guaranties, including the overhead costs thereof.

(b) All assets and obligations of the separate fund account established by section 508 of the Foreign Assistance Act of 1961, as amended, including proceeds receivable by that fund account from previous sales transactions and unliquidated balances of funds available under the Foreign Assistance Act of 1961, as amended, heretofore obligated to finance sales, and such amounts of the appropriations made available under this Act as may be determined by the President, shall be transferred to, and merged with, the separate fund account established by section 43(a).

SEC. 44. FOREIGN CURRENCIES.—Sales financed under this title may provide for payment in foreign currencies to the extent that the Secretary of the Treasury determines at the time of each such sale that the existing or anticipated requirements for such foreign currencies for payment of United States obligations abroad are such that an excess of United States Government holdings of any particular foreign currency is not likely to result.

SEC. 45. COLLECTIONS.—In carrying out this title, the President—

(1) may acquire and dispose of, upon such terms and conditions as he may determine, any instrument evidencing indebtedness, and guarantee payment against any such instrument; and

(2) may collect or compromise any indebtedness owed to the Department of Defense by foreign countries or international organizations.

Title III—Barter transactions

SEC. 51. GENERAL AUTHORITY.—(a) The President may, without reimbursement from funds available for use under this Act, barter defense articles which are in the stocks of the Department of Defense or which the Department of Defense is authorized to procure under other provisions of law, and defense services with any friendly country or international organization eligible under section 11 in exchange for other defense articles and defense services of approximately equal or equivalent value for the use of the Armed Forces of the United States.

(b) The President may, subject to the provisions of section 82, also use funds available to carry out this Act to acquire defense articles and defense services from any source and barter such defense articles and defense services with any friendly country or international organization eligible under section 11 in exchange for other defense articles and defense services.

SEC. 52. DISPOSITION OF DEFENSE ARTICLES AND DEFENSE SERVICES RECEIVED IN EXCHANGE UNDER SECTION 51(b).—Defense articles and defense services received by the United States Government from a country or international organization in exchange for defense articles and defense services bartered by the United States Government under section 51(b) may be used to carry out this Act, may be sold (on cash or credit terms, including payment in foreign currencies) to any friendly country or international organization, or may be transferred to any United States Government agency for stockpiling or other purposes. If such disposal or transfer is made subject to reimbursement, the funds so received shall be credited to the appropriation, fund, or account which funded the cost of the defense articles or defense services bartered to the country or international organization, or to any appropriation, fund, or account currently available for the same general purposes.

Title IV—Leases

SEC. 61. LEASES.—(a) The President may, subject to section 82, use funds available to carry out this Act to acquire defense articles from any source and lease such defense articles, on such terms and conditions of payment as he may determine, to any friendly country or international organization eligible under section 11.

(b) Payments received under this section shall be credited to the appropriation, fund, or account funding the cost of the defense articles leased, or to any appropriation, fund, or account currently available for the same general purpose.

Title V—General provisions

SEC. 71. PURPOSES.—Defense articles and defense services may be sold, bartered, or leased under this chapter to eligible countries solely for the purposes specified in section 12.

CHAPTER 4—FISCAL PROVISIONS

SEC. 81. ALLOCATIONS.—The President may allocate or transfer to any United States Government agency any part of any funds available for carrying out the purposes of this Act, including any advance to the United States Government by any country or international organization, for the procurement of defense articles and defense services.

Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the United States Government agencies to which such funds are allocated or transferred.

SEC. 82. REIMBURSEMENTS.—(a) Except as otherwise provided in this Act, reimbursement shall be made to any activity of the Department of Defense and to any other United States Government agency, from funds available for use under this Act for defense articles and defense services furnished to foreign countries and international organizations by, or through, such activity or agency under this Act. Such reimbursement shall be in an amount equal to the value (as defined in section 2) of the defense articles and defense services furnished, plus expenses arising from or incident to operations under this Act (other than pay and allowances of members of the Armed Forces). The amount of such reimbursement shall be credited to the current applicable appropriations, funds, or accounts of such activity.

(b) Orders to a supply agency under this Act shall be based upon the best estimates of stock status and prevailing prices; reimbursements to the supplying agency shall be made on the basis of the stock status and prices determined pursuant to section 2(i). Notwithstanding the foregoing provisions of this subsection, the Secretary of Defense may prescribe regulations authorizing reimbursements to the supply agency based on negotiated prices for aircraft, vessels, plant equipment, and such other major items as he may specify: *Provided*, That such articles are not excess at the time such prices are negotiated: *Provided further*, That such prices are negotiated at the time firm orders are placed with the supplying agency.

SEC. 83. AUTHORIZATION FOR APPROPRIATIONS.—In addition to such amounts as may be otherwise authorized to support Vietnamese forces and other free world forces in Vietnam, there is hereby authorized to be appropriated to the President to carry out the provisions and purposes of this Act (excluding the support of Vietnamese forces and other free world forces in Vietnam) not to exceed $792,000,000 for use beginning in the fiscal year 1967, which shall remain available until expended.

SEC. 84. SPECIAL AUTHORITY.—(a) During the fiscal year 1967, the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purpose of this Act, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders shall not exceed $300,000,000 during such fiscal year. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

SEC. 85. LETTERS OF COMMITMENT.—In carrying out this Act accounts may be established on the books of the Department of Defense (1) against which letters of commitment may be issued which shall constitute recordable obligations of the United States Government and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended (second and third paragraphs of 31 U.S.C. 203 and 41 U.S.C. 15), and (2) from which disbursements may be made to recipient countries or agencies, organizations, or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of funds of the United States Government: *Provided*, That such expenditures for defense articles and defense services procured outside the United States shall be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

SEC. 86. TRANSFER BETWEEN ACCOUNTS.—(a) Whenever the President determines it to be necessary for the purposes of this Act or the Foreign Assistance Act for 1961, as amended, not to exceed 10 per centum of the funds made available for any provision of this Act or the Foreign Assistance Act of 1961, as amended, may be transferred to, and consolidated with, the funds made available for any other provision of this Act or the Foreign Assistance Act of 1961, as amended, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision.

(b) The authority contained in this section and in sections 84 and 92 shall not be used to augment appropriations made available for administrative expenses under this Act or section 637 of the Foreign Assistance Act of 1961, as amended, or used otherwise to finance activities under either Act which normally would be financed from appropriations for administrative expenses.

CHAPTER 5—GENERAL, ADMINISTRATIVE, AND MISCELLANEOUS PROVISIONS

Title I—General provisions

SEC. 91. GENERAL AUTHORITIES.—(a) The President may make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, friendly government or government agency, whether within or without the United States, and international organizations in furtherance of the purposes, and within the limitations, of this Act.

(b) The duration of a contract which entails commitments for the expenditure of funds under chapter 2 of this Act shall be subject to any future action of the Congress and shall be for not more than five years at any time.

(c) The President may accept and use in furtherance of the purposes of this Act, money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purposes.

(d) Any officer of the United States Government carrying out functions under this Act may utilize the services and facilities of or procure defense articles and defense services from, any United States Government agency with the consent of the head of such agency, or as the President shall direct, and funds allocated pursuant to this subsection to any such agency may be established in separate transfer appropriation accounts on the books of the Treasury.

SEC. 92. WAIVER AUTHORITIES.—(a) The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 84 in a total amount not to exceed $125,000,000, without regard to the provisions of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act, or the Mutual Defense Assistance Control Act of 1951, as amended, in furtherance of any of the purposes of such Acts, when he determines that such authorization is important to the security of the United States. Not more than $50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year: *Provided*, That this limitation shall not apply to any country which is a victim of active Communist or Communist-supported aggression. Each determination shall be reported promptly to the Committees on Foreign Relations and Appropriations of the Senate and the Speaker of the House of Representatives.

(b) Whenever the President determines it to be in furtherance of the purposes of this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended (50 U.S.C. App. 1211 et seq.)) regulating the making, performance, amendment, or modification of contracts and the expenditure of funds of the United States Government as the President may specify.

(c) The President is authorized to use amounts not to exceed $25,000,000 of the funds available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts. The President shall promptly and fully inform the Speaker of the House and the chairman and ranking minority member of the Committee on Foreign Relations of the Senate of each use of funds under this subsection.

(d) The functions authorized under this Act may be performed without regard to such provisions as the President may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(e) The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for, or participating in, any operation or transaction arising under this part or from acquiring new obligations issued in connection with any operation or transaction arising under this Act.

SEC. 93. RETENTION AND USE OF DEFENSE ARTICLES.—(a) Any defense articles procured to carry out this Act may be retained by, or transferred to, and for the use of, such United States Government agency as the President may determine in lieu of being disposed of to a foreign country or international organization, whenever in the judgment of the President the best interests of the United States will be served thereby. Any defense articles so retained may be disposed of without regard to provisions of law relating to the disposal of property owned by the United States Government, when necessary to prevent spoilage or wastage of such defense articles or to conserve the usefulness thereof. Funds realized from any transfer or disposal shall revert to the respective appropriation, fund, or account used to procure such defense articles or to the appropriation, fund, or account currently available for the same general purpose.

(b) Funds realized by the United States Government from the sale, transfer, or disposal of defense articles returned to the United States Government by a recipient country or international organization as no longer needed for the purpose for which furnished shall be credited to the respective appropriation, fund, or account used to procure such defense articles or to the appropriation, fund, or account currently available for the same general purpose.

SEC. 94. ORDERLY TERMINATION OF ASSISTANCE.—Funds made available under this Act shall remain available for a period of not to exceed twelve months from the date of termination of assistance or related activities to or with a foreign country or international organization for the necessary expenses of winding up programs related thereto.

SEC. 95. PATENTS AND TECHNICAL INFORMATION.—(a) Whenever, in connection with the performance of functions under this Act—

(1) an invention or discovery covered by a patent issued by the United States Government is practiced within the United States without the authorization of the owner, or

(2) information, which is (A) protected by law, and (B) held by the United States Government subject to restrictions imposed by the owner, is disclosed by the United States Government or any of its officers, employees, or agents in violation of such restrictions,

the exclusive remedy of the owner, except as provided in subsection (b) of this section, is to sue the United States Government for reasonable and entire compensation for such practice or disclosure in the district court of the United States for the district in which such owner is a resident, or in the Court of Claims, within six years after the cause of action arises. Any period during which the United States Government is in possession of a written claim under subsection (b) of this section before mailing a notice of denial of that claim does not count in computing the six years. In any such suit, the United States Government may plead any defense that may be pleaded by a private person in such an action. A Government employee shall have the right to bring suit against the Government under this section except where he was in a position to order, influence, or induce use of the invention by the Government. This section shall not confer a right of action on any patentee or any assignee of such patentee with respect to any invention discovered or invented by a person while in the employment or service of the United States, where the invention was related to the official functions of the employee, in cases in which such functions included research and development, or in the making of which Goverment time, materials, or facilities were used.

(b) Before suit against the United States Government has been instituted, the head of the agency of the United States Government concerned may settle and pay any claim arising under the circumstances described in subsection (a) of this section. No claim may be paid under this subsection unless the amount tendered is accepted by the claimant in full satisfaction.

SEC. 96. SHIPPING ON UNITED STATES VESSELS.—The ocean transportation between foreign countries of defense articles purchased with foreign currencies made available or derived from funds available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1961 et seq.), shall not be governed by the provisions of section 901(b) of the Merchant Marine Act of 1936, as amended (46 U.S.C. 1241), or any other law relating to the ocean transportation of defense articles on United States vessels.

SEC. 97. PROCUREMENT OUTSIDE THE UNITED STATES.—Funds available under this Act may be used for procurement of defense articles outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States.

SEC. 98. SMALL BUSINESS.—The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to this Act, such information to be furnished as far in advance as possible.

Title II—Administrative provisions

SEC. 101. DELEGATION OF AUTHORITY.—The President may exercise any functions conferred upon him by this Act through such agency or officer of the United States Government as he shall direct. The head of any such agency or such officer may from time to time promulgate such rules and regulations as may be necessary to carry out such functions, and may delegate authority to perform any such functions, including if he shall so specify, the authority successively to redelegate any of such functions to any of his subordinates.

SEC. 102. THE SECRETARY OF DEFENSE.—(a) With respect to programs authorized by this Act, the Secretary of Defense shall have primary responsibility for—

(1) the determination of military end-item requirements;

(2) the procurement of military equipment in a manner which permits its integration with service programs;

(3) the supervision of end-item use by the recipient countries;

(4) the supervision of the training of foreign military personnel;

(5) the movement and delivery of military end items; and

(6) within the Department of Defense, the performance of any other functions with respect to programs authorized by this Act.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense.

SEC. 103. MISSIONS AND STAFFS ABROAD.—(a) The President may maintain special missions or staffs outside the United States in such countries and for such periods of time as may be necessary to carry out the purposes of this Act.

(b) Wherever practicable, especially in the case of smaller programs, assistance under this Act shall be administered under the direction of the chief of the United States diplomatic mission by the senior military officer of the mission.

SEC. 104. EMPLOYMENT OF PERSONNEL.—(a) For the purposes of performing functions under this Act outside the United States the President may employ or assign persons compensated at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), together with allowances and benefits thereunder. Persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of that Act for persons appointed to the Foreign Service Reserve, and the provisions of section 1005 of that Act shall apply in the case of such persons, except that policymaking officials shall not be subject to that part of section 1005 of that Act which prohibits political tests.

(b) Notwithstanding the provisions of sections 3544(b) and 8544(b) of title 10 of the United States Code, personnel of the Department of Defense may be assigned or detailed to any civil office to carry out this Act.

SEC. 105. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS.—Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, any officer or employee of any United States Government Agency may be detailed or assigned by the head of the Agency—

(1) to any office or position with any foreign government or governmental agency, where acceptance of such office or position does not involve the taking of an oath of allegiance to another government or the acceptance of compensation or other benefits from such foreign country by such officer or employee; or

(2) to any international organization to serve with, or as a member of, the international staff of such international organization, or to render any technical, scientific, or professional advice or services to, or in cooperation with, such organization.

SEC. 106. STATUS OF PERSONNEL ASSIGNED OR DETAILED.—(a) Any officer or employee, while assigned or detailed under section 105 of this Act, shall be considered, for the purpose inter alia of preserving his allowances, privileges, rights, seniority, and other benefits as such, an officer or employee of the United States Government and of the United States Government agency from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds appropriated to that agency or made available to that agency under this Act.

(b) Any officer or employee assigned, detailed, or appointed under sections 105 or 103 of this Act may receive under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1131). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all of the requirements of section 1765 of the Revised Statutes (5 U.S.C. 70).

SEC. 107. TERMS OF DETAIL OR ASSIGNMENT.—Details or assignment may be made under section 105 of this Act—

(1) without reimbursement to the United States Government by the foreign government or international organization;

(2) upon agreement by the foreign government or international organization, to reimburse the United States Government for compensation, travel expenses, allowances, and benefits, or any part thereof, payable to the officer or employee concerned during the period of assignment or detail; and such reimbursements (including foreign currencies) shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, allowances, or benefits, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services by the foreign government or international organization to the United States Government accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States Government, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the foreign government or international organization; or

(4) subject to the receipt by the United States Government of a credit to be applied against the payment by the United States Government of its share of the expenses of the international organization to which the officer or employee is detailed or assigned, such credit to be based upon the compensation, travel expenses, allowances, and benefits, or any part thereof, payable to such officer or employee during the period of detail or assignment in accordance with section 105 of this Act.

SEC. 108. EXPENSES.—(a) Funds made available for the purpose of this Act shall be available for—

(1) administrative and operating expenses;

(2) extraordinary expenses of not to exceed $300,000 in any fiscal year;

(3) constructing or otherwise acquiring outside the United States essential living

quarters, office space, and necessary supporting facilities for use of personnel carrying out activities authorized by this Act; and

(4) maintenance, repair, alteration, and furnishing of United States-owned facilities in the District of Columbia or elsewhere for the training of foreign military personnel, without regard to the provisions of section 3733 of the Revised Statutes (41 U.S.C. 12) or other provision of law requiring a separate authorization or specific appropriation for such public contracts.

(b) Actual expenses incurred by military officers detailed or assigned as tour directors in connection with orientation visits of foreign military personnel may be reimbursed in accordance with the provisions of section 3 of the Travel Expense Act of 1949, as amended (5 U.S.C. 836), applicable to civilian officers and employees.

SEC. 109. REPORTS AND INFORMATION.—(a) The President shall, while funds made available for the purpose of this Act remain available for obligation, transmit to the Congress after the close of each fiscal year a report concerning operations in that fiscal year under this Act.

(b) The President shall, in the reports required by subsection (a) of this section, and in response to requests from Members of the Congress or inquiries from the public, make public all information concerning operations under this Act not deemed by him to be incompatible with the security of the United States.

(c) None of the funds made available pursuant to the provisions of this Act shall be used to carry out any provision of this Act in any country or with respect to any project or activity, after the expiration of the thirty-five-day period which begins on the date the General Accounting Office or any committee of the Congress charged with considering legislation, appropriations, or expenditures under this Act, has delivered to the office of the head of any agency carrying out such provision, a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material in its custody or control relating to the administration of such provision in such country or with respect to such project or activity, unless and until there has been furnished to the General Accounting Office, or to such committee, as the case may be, (1) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (2) a certification by the President that he has forbidden the furnishing thereof pursuant to request and his reason for so doing.

(d) At the end of each fiscal year, the President shall notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of all actions taken during the fiscal year under this Act which resulted in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or any Act appropriating funds pursuant to authorizations contained in this Act, or which resulted in obligations or reservations greater by 50 per centum or more than the proposed obligations or reservations included in such presentation for the program concerned, and in his notification the President shall state the justification for such changes. There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any substantial changes.

(e) The President shall transmit to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives quarterly reports showing, by country, (1) the number of United States military personnel and the number of civilian employees assigned to duty in foreign countries for the purpose of carrying out programs of assistance under this Act, (2) the number of United States military personnel assigned to duty in foreign countries for other purposes, and (3) estimated changes expected to occur in such numbers during the calendar quarter following the quarter covered by the report.

SEC. 110. Of the personnel employed in the United States to carry out this Act, not to exceed eight may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, but not in excess of the highest rate of grade 18 of such general schedule. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

Title III—Miscellaneous provisions

SEC. 121. PROVISIONS OF LAW REPEALED AND AMENDED.—(a) The Foreign Assistance Act of 1961, as amended, is further amended as follows:

(1) Section 303 is amended by striking out "(other than part II)".

(2) Part II is repealed.

(3) Section 602 is amended as follows:

(A) In subsection (a) strike out ", defense articles," and "(including defense services)".

(B) In subsections (a)(2) and (a)(3) strike out ", articles,".

(C) Strike out subsection (c).

(4) Section 603 is amended by striking out "and defense articles".

(5) Section 605 is amended as follows:

(A) In subsection (a) strike out "and defense articles" in the first sentence and "or defense articles" each time it appears in the second and third sentences.

(B) Strike out subsection (d).

(6) Section 609(a)(3) is amended by inserting "or the Military Assistance and Sales Act of 1966" between "this Act" and "would".

(7) Section 610 is amended as follows:

(A) Subsection (a) is amended by inserting after the words "this Act," each time they appear the words "or the Military Assistance and Sales Act of 1966".

(B) Subsection (b) is amended as follows:

(i) Strike out ", 510,".

(ii) Strike out "pursuant to sections 636(g)(1) and 637" and substitute "for administrative expenses under section 637 of this Act or the Military Assistance and Sales Act of 1966".

(iii) Insert "under either Act" between "activities" and "which".

(8) Section 614 is amended as follows:

(A) In subsection (a) strike out "and the furnishing of assistance under section 510".

(B) In subsection (a) strike out "$250,000,000" and substitute "$125,000,000".

(C) In subsection (c) insert "on or after July 1, 1966" after "authorized to use", and strike out "$50,000,000" and substitute "$25,000,000".

(9) Section 620(m) is amended by striking out "(1)" and all after "July 1, 1963" and inserting a period after "July 1, 1963".

(10) Section 623 is repealed.

(11) Section 624 is amended as follows:

(A) In subsection (d)(2)(b) strike out "part II of this Act" in each place that it appears and substitute "the Military Assistance and Sales Act of 1966".

(B) In subsection (d)(4) strike out "under this Act".

(C) In subsections (d)(5) and (7) strike out "or II" and after the words "of this Act," insert "the Military Assistance and Sales Act of 1966,".

(D) In subsection (d)(6) strike out "part II of this Act" and substitute "the Military Assistance and Sales Act of 1966".

(12) Section 625 is amended as follows:

(A) In subsection (b) strike out "part II" and substitute "the Military Assistance and Sales Act of 1966".

(B) Strike out subsection (c).

(C) In subsection (f) in the parenthetical phrase substitute "agency" for "agencies" and strike out "or part II".

(13) Section 631(d) is amended by striking out all after "economic officer of the mission".

(14) Section 632 is amended as follows:

(A) In subsection (a) strike out ", defense articles," and "(including defense services)".

(B) In subsection (b) strike out "(including defense services)" and the words "and defense articles".

(C) Strike out subsection (d).

(D) In subsection (e) strike out "defense articles", and "(including defense services)".

(15) Section 633 is amended by striking out subsection (b).

(16) Section 635(h) is amended by striking out "and under part II".

(17) Section 636 is amended as follows:

(A) In subsection (a) strike out "(except for part II)".

(B) Strike out subsection (g).

(18) Section 640 is repealed.

(19) Section 644 of the Foreign Assistance Act of 1961, as amended, which relates to definitions, is amended by striking out subsections (d), (e), (f), (g), (i), (m), and the final full paragraph.

(b) References to the statutory provisions of part II of the Foreign Assistance Act of 1961, as amended, contained in other Acts shall hereafter be considered to be references to the appropriate provisions of this Act.

SEC. 122. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by this Act or Acts superseded by those provisions, shall continue in full force and effect until modified by appropriate authority.

(b) Wherever provisions of this Act establish conditions which may be complied with before use may be made of authority contained in, or funds authorized by this Act, compliance with, or satisfaction of, substantially similar conditions under provisions of law repealed by this Act, or Acts superseded by those provisions shall be deemed to constitute compliance with the conditions established by this Act.

(c) Funds made available pursuant to provisions of law repealed by this Act shall, unless otherwise authorized or provided by law, remain available for their original purposes in accordance with the provision of law currently applicable to those purposes.

SEC. 123. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to this Act, or to carry out part II of the Foreign Assistance Act of 1961, as amended, are hereby authorized to be continued available for the general purposes for which appropriated.

SEC. 124. CONSTRUCTION.—If any provisions of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of this Act, and of the applicability of such provision to other circumstances or persons, shall not be affected thereby.

Mr. MANSFIELD. Mr. President, for the past week and a half the Senate has

been considering the annual aid authorizations. The consideration of economic and military aid to foreign nations always generates wide and profound discussion. This year's debate was no exception. And perhaps it was even more provocative than in years past.

One thing is certain. A discussion of this nature is always healthy and, in my opinion, finds the Senate at its best.

Much of the credit for bringing together the strong and enlightening views of so many Senators goes to the distinguished chairman of the Committee on Foreign Relations, the able junior Senator from Arkansas [Mr. FULBRIGHT]. His thoughtful position on matters involving our foreign assistance programs was most welcome and, characteristically, was presented articulately and with typical forthrightness. But Senator FULBRIGHT has a flair for provoking serious and deep thought on the vital issues of the day. For this, the Senate and indeed the Nation owe him a debt of gratitude. Consistently has he contributed his broad knowledge to the dialog which assesses the role of the United States in the ever changing world. And always he has offered his strong and sincere views with clarity, with devotion, and importantly, with skill and courage. For these virtues we all are deeply grateful.

The completion of the aid measures with reasonable dispatch was a fine tribute to the entire Senate. I hope that the momentum achieved today presages expeditious and orderly action for the remainder of the session.

LEGISLATIVE BRANCH APPROPRIATION BILL, 1967

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 15456, the legislative branch appropriation bill, 1967. I do this so that the bill will become the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 15456) making appropriations for the legislative branch for the fiscal year ending June 30, 1967, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

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

PRINTING OF 8,000 COPIES OF FINAL REPORT TO CONGRESS ON ORGANIZATION OF CONGRESS

Mr. MONRONEY. Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated for the information of the Senate.

The legislative clerk read the resolution (S. Res. 290), as follows:

Resolved, That there be printed for the use of the Joint Committee on the Organization of the Congress eight thousand additional copies of its Final Report to the Congress pursuant to Senate Concurrent Resolution 2, Eighty-ninth Congress, First Session.

The PRESIDING OFFICER. Is there objection to the consideration of the resolution?

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

Mr. MONRONEY. Mr. President, I have cleared this matter with the chairman of the Joint Committee on Printing, and with the distinguished Senator from North Carolina [Mr. JORDAN], and I have also discussed it with the majority and minority leaders.

We can have these documents printed at this time at a much cheaper rate. The number of copies to be printed have already been requested by both Houses. This is the Joint Committee on the Organization of the Congress submitting its final report to Congress.

The resolution was considered and agreed to.

ADJOURNMENT

Mr. MANSFIELD. Mr. President, I move that the Senate stand in adjournment until 12 o'clock tomorrow noon.

The motion was agreed to; and (at 6 o'clock and 28 minutes p.m.) the Senate adjourned until tomorrow, Thursday, July 28, 1966, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 27, 1966:

U.S. COAST GUARD

Rear Adm. Paul E. Trimble, U.S. Coast Guard, to be Assistant Commandant of the U.S. Coast Guard with the rank of vice admiral.

ENVIRONMENTAL SCIENCE SERVICES ADMINISTRATION

Subject to qualifications provided by law, the following for permanent appointment to the grades indicated in the Environmental Science Services Administration:

To be captains

Harry D. Reed, Jr.
Emerson E. Jones
William E. Randall
Allen L. Powell

To be lieutenant commander

Walter L. Bradley

To be ensigns

Jeremy R. Hutt
Willis J. Kircik
Phillip B. Clark
Peter F. MacDoran
Donald R. Askew
Charles Y. Molyneaux

EXTENSIONS OF REMARKS

Remarks of Hon. John E. Fogarty Before the Rhode Island Heart Association

EXTENSION OF REMARKS

OF

HON. JOHN E. FOGARTY

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 27, 1966

Mr. FOGARTY. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

CONGRESSMAN JOHN E. FOGARTY, RHODE ISLAND HEART ASSOCIATION, PROVIDENCE, R.I., FEBRUARY 28, 1966

It is always a much appreciated privilege and abiding pleasure to meet with my friends and colleagues of the Rhode Island Heart Association.

Every event in which I have been associated with you, and they are many, has been a memorable one. But his evening's occasion surely outranks every one so far, because we are celebrating the twenty-fifth anniversary of our heart association.

This quarter of a century has meant much for us. When the Rhode Island Heart Association was beginning, I was myself new in Congress; and we have grown and developed together.

Let me recall a talk I made here in 1958 at a special educational meeting involving the heart surgery club. I was able then to recount dramatic advances in heart surgery, new drugs for high blood pressure, rheumatic fever prevention programs, cardiac rehabilitation and work evaluation services, and other areas.

The heart association had transformed apathy into interest, given new hope to people, and begun to provide urgently needed services.

As a needed service, the heart association—in partnership with physicians, local and state official agencies, and the National Heart Institute—was giving people vital public information about heart disease: what it was, what could be done, and how and where they could get help.

In the light of these achievements, which continue today just as vitally and needfully, a recent attack on the heart association stands revealed as utterly off-track and about as intelligent as the actions of the villains in the current TV program called "Batman."

This was published in the Washington, D.C. *Post*, February 8, reporting a talk by Mr. Cleveland Amory before a women's group. The charge, as reported, was that the American Heart Association was spending more money on raising funds than on anything else and that over half of the funds raised last year went for "administration and public information."

Everyone who takes the trouble to become informed, knows that the charge is wrong and vicious.

The heart association accounts to the people for its stewardship of voluntary contributions. This is just as important for a voluntary agency as it is for the National Heart Institute, for example, to account for its tax funds.

The heart fund dollars go in appropriate proportions for research, education, and community services. The proportions for administration and fund raising are in reasonable percentages. They are kept at minimal levels.

When it comes to expenditures for public information, it seems to me that what really