5029 South Ashland Avenue, Chicago, Ill. 60609 at a nominal cost. Further details may be obtained from the numismatic association itself.

In view of the availability of these handsome medallions and their truly reasonable cost, I do not believe it will be necessary for our U.S. Treasury Department to strike similar medallions to commemorate Poland's millenium, as authorized by the Congress in Public Law 89–527. While I am grateful to Congress for making it possible for the U.S. Mint to strike the medallions, I would not want to see the Government in effect competing with the very beautifully designed medallion being sold by the Polish American Numismatic Association.

I am sure the Polish American Numismatic Association deserves our highest commendation for its initiative.

SENATE

THURSDAY, NOVEMBER 16, 1967

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

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

O God of all truth, judge of all men, grant us the grace to keep our hearts with diligence, knowing that out of them are the issues of life.

When harsh voices are strident and cruel, may we know that the wisdom of the ages is in the affirmation of the Book that reveals Thy heart—he that ruleth his spirit is better than he that taketh a city.

Thou who committest to us the swift and solemn trust of life, teach us to number our days that we may apply our hearts unto wisdom. Consecrate with Thy presence the way our feet may go, and the humblest work will shine and the roughest places be made plain.

To Thee who knowest the secrets of our hearts, we commit ourselves and our Nation. We acknowledge our love of ease, our pride of race and place and possession, our hard, ruthless competition, our failure to take account of the needs of others, and to realize that in very truth humanity is one.

We ask it in the name of that One who is the kingdom, and the power, and the glory. Amen.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House had passed the bill (S. 2388) to provide an improved Economic Opportunity Act, to authorize funds for the continued operation of economic opportunity programs, to authorize an Emergency Employment Act, and for other purposes, with amendments, in which it requested the concurrence of the Senate; that the House insisted upon its amendments to the bill, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. PERKINS, Mrs. GREEN of Oregon, Mr. THOMPSON of New Jersey, Mr. DENT, Mr. PUCINSKI, Mr. DANIELS, Mr. ALBERT, Mr. GIBBONS, Mr. AYRES, Mr. QUIE, Mr. GOODELL, Mr. ASHBROOK, Mr. ERLENBORN, and Mr. DELLENBACK were appointed managers on the part of the House at the conference.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 780) to amend the Clean Air Act to authorize planning grants to air pollution control agencies; expand research provisions relating to fuels and vehicles; provide for interstate air pollution control agencies or commissions; authorize the establishment of air quality standards, and for other purposes, and it was signed by the President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, November 15, 1967, be dispensed with.

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

LIMITATION ON STATEMENTS DURING TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that statements in relation to the transaction of routine morning business be limited to 3 minutes.

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

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nominations on the Executive Calendar.

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

DEPARTMENT OF JUSTICE

The legislative clerk read the nomination of James M. Carter, of California, to be U.S. circuit judge for the ninth circuit.

Mr. KUCHEL. Mr. President, the Senate is about to confirm, as a U.S. circuit court judge for the ninth district, a distinguished judge and lawyer whom I am privileged to call my friend.

This will be the third occasion on which the U.S. Senate has passed its judgment on the Honorable James M. Carter. He was a U.S. attorney under former President Truman. Subsequently, he was appointed to the U.S. district court by President Truman. He presently is chief judge of the U.S. district court serving southern California.

I ask unanimous consent that a biographical sketch of Judge Carter be printed at this point in the RECORD.

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

BIOGRAPHICAL SKETCH OF JAMES M. CARTER

Born: March 11, 1904, Santa Barbara, California.

EDUCATION

Pomona College, Claremont, California, A.B. degree, 1920–1924.

Harvard Law School, Cambridge, Massachusetts, 1924–1925.

University of Southern Calif. Law School, Los Angeles, Calif., JD degree, 1925–1927.

Bar: 1928, California.

EXPERIENCE

McKinley High School, Los Angeles, Calif., Part-time Instructor of Physical Education, 1925–1927.

Los Angeles Police School, Department of Police and Board of Education Instructor, 1930–1934.

Harry Irwin & John Packard, Los Angeles, Calif., Attorney, 1928.

Howard Shepherd, Los Angeles, Calif., Attorney, 1929–1930.

Stanley A. Phipps, Los Angeles, Calif., Attorney, 1931–1933.

John C. Packard, Los Angeles, Calif., Attorney, 1934–1940.

Director of Motor Vehicles, State of California, 1940–1943.

Assistant U.S. Attorney, Southern District of California, Los Angeles, Calif., 1943–1946

U.S. Attorney for the Southern District of California, Los Angeles, Calif., 1946–1949.

U.S. District Judge for the Southern District of California, At San Diego, October 18, 1949 to present.

Marital status: Married, three children.

Office: 325 West F St., San Diego, Calif.

Home: 1219 Coast Boulevard, La Jolla, Calif.

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

U.S. CUSTOMS COURT

The legislative clerk read the nomination of Herbert N. Maletz, of Virginia, to be a judge of the U.S. Customs Court.

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

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

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

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to, and the Senate resumed the consideration of legislative business.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees be authorized to meet during the session of the Senate today.

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

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

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. 733.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Without objection, it is so ordered.

IMPROVING THE ADMINISTRATION OF ESTATES IN SUPERSEDING BANKRUPTCY PROCEEDINGS

The bill (H.R. 2517) to amend sections 64a, 238, 378, and 483 of the Bankruptcy Act and to repeal sections 354 and 459 of the act 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 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. 2517 is to improve the machinery for processing debts in superseding bankruptcy proceedings that were incurred in debtor relief proceedings under chapters X, XI, and XII of the Bankruptcy Act.

STATEMENT

The bill, with others, was the subject of a hearing before a subcommittee of the Senate Committee on the Judiciary on April 3, 1967.

In its favorable report, the Committee on the Judiciary of the House of Representatives said:

"Chapters X, XI, and XII of the Bankruptcy Act provide debtor relief proceedings wherein the object is to reorganize and rehabilitate a business rather than to liquidate it. A debtor in possession, a receiver, or a trustee generally operates the business and manages the property of the debtor under these chapters. Under existing law, where debtor relief under chapters X (corporate reorganizations), XI (arrangements), or XII (real property arrangements) is terminated, and a bankruptcy proceeding supervenes, administration of the estate is difficult because there is a lack of definitive information as to the nature and extent of obligations that were incurred in the prior proceedings. Although it is not uncommon for some courts to require the bankrupt to file an accounting for the superseded proceeding, at present there is no such express statutory requirement.

"H.R. 2517 amends sections 238, 378, and 483 of the Bankruptcy Act in a similar fashion. The amendments to these three sections require that a separate schedule listing all unpaid obligations incurred during the debtor proceeding and a statement of all contracts, executory in whole or in part, assumed or entered into after the filing of the petition initiating such debtor proceeding, be filed with the court within 30 days after adjudication. Such schedule is to be filed by the debtor before the qualification of a receiver or trustee and if a receiver or trustee has qualified, then the schedule and statement shall be filed by him for any obligations incurred and contracts assumed or entered into by him.

"Additional language to these sections provides for the rejection of any contract entered into or assumed in a debtor relief proceeding unless expressly assumed within 60 days after entry of an order directing that bankruptcy be proceeded with or the qualification of the trustee in bankruptcy, whichever is later. The resulting liability of such rejected contract is deemed a cost of administration of the superseded proceeding.

"The proposed amendments further provide for the statutory equivalent of the now existing bar order, for which there is no statutory authority in existence. These provisions specifically mandate the making of an order directing the filing of claims against the debtor in possession, receiver, or trustee in a debtor proceeding within 60 days from the date of the order and provide for the giving of requisite notice. Claims not contained in the schedule prepared by the debtor or trustee and claims arising from the rejection of executory contracts may be filed within such further time as the court may direct. Claims not filed in accordance with these sections shall be barred and the debtor in possession, receiver, or trustee shall be discharged therefrom.

"The proposed amendment to section 64 simply permits the allowance of expenses necessarily incurred in preparing the schedule and statement required to be filed by proposed sections 238, 378, and 483 and, thus, aids implementation of the proposed amendments of those sections. In view of the fact that the content of sections 354 and 459 of the act is embraced within the proposed amendments to sections 378 and 483, respectively, sections 354 and 459 are repealed.

"H.R. 2517 was introduced at the request of the National Bankruptcy Conference. A predecessor bill (H.R. 291, 89th Cong.) received the approval of the Judicial Conference of the United States. The committee believes that H.R. 2517 will have a salutary effect and recommends that it receive favorable consideration."

The committee believes that the bill, as recommended by the Administrative Office of the U.S. Courts and passed by the House of Representatives, is meritorious and reports it favorably.

CREDITOR COMMITTEE FUNCTIONS AND EXPENSES UNDER CHAPTER XI OF THE BANKRUPTCY ACT

The bill (H.R. 2518) to amend section 337 of the Bankruptcy Act and to add new section 339 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 explaining the purposes of the bill.

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

PURPOSE

The purpose of the bill is to delineate creditor committee functions and to simplify the recovery of costs and expenses of such committees in arrangement proceedings under chapter XI of the Bankruptcy Act.

STATEMENT

The bill, with others, was the subject of a hearing before a subcommittee of the Senate Committee on the Judiciary on April 3, 1967.

In its favorable report, the Committee on the Judiciary of the House of Representatives stated:

"Chapter XI of the Bankruptcy Act provides a procedure by which a debtor may effect a composition or an extension settlement of his obligations while remaining in possession of his business. H.R. 2518 amends sections 337 and 338 and adds a new section 339 in chapter XI of the act.

"The proposed amendment of section 337(1) is intended (1) to expand by the addition of the debtor the persons eligible to serve as disbursing agent, and (2) to restrict the amount or rate of compensation which may be allowed to a person especially appointed as disbursing agent in a chapter XI proceeding. Under the proposed amendment, if no trustee has been elected or receiver appointed, then the judge or referee may designate the debtor as a disbursing agent or may specially appoint another as such agent. Only the latter would receive compensation for serving as disbursing agent, and the bill limits the rate to a minimal amount. Since the debtor is the ultimate beneficiary of the arrangement, he should not be paid any compensation for services as disbursing agent. Under section 337(1), as amended, a trustee or receiver, if any, would receive no additional compensation for serving as disbursing agent, thus eliminating any "double commission." The appointment of another person to serve as disbursing agent rests in the sound discretion of the judge or referee; however, the bill fixes the maximum compensation which may be allowed and thereby eliminates ambiguities now present in the existing statute. The proposed change affords the court an alternative to the designation of the debtor and is in accord with the general purpose of the act in that its purpose is the economical administration of the debtor's estate.

"The proposed amendment to section 338 of the act substitutes the word 'elect' for the term 'appoint or designate' in order to conform the statutory language to actual practice in arrangement proceedings. In such cases creditors elect—they do not appoint—the committee and the trustee.

"H.R. 2518 also proposes the adoption of a new section 339. Section 339(1) delineates the functions of a creditors' committee elected as provided in section 338 and thereby fills a void in existing law as to the duties of such committees.

"Section 339(2) relates to the expenses which may be incurred by a creditors' committee elected in accordance with section 338. Such expenses, including those incurred by the employment of agents, attorneys, and accountants, 'as may be necessary to assist in the performance' of the committee's functions, are to be allowed as an expense of administration as deemed reasonable and necessary by the court and provided further that the arrangement is confirmed. In addition, subdivision (2) provides that such expenses are not to be denied because they were incurred before the filing of a petition under chapter XI or because of a change in the committee's composition, provided a majority of the committee continue as members of the elected committee. This provision recognizes that some arrangements are the result of negotiations, compositions, and extensions which were initiated or entered into before the actual filing of the arrangement petition and must be considered as 'one ball of wax.'

"Committees in chapter XI are referred to colloquially as 'unofficial' or 'official.' They are deemed official if they have been appointed (elected) at a meeting called pursuant to the provisions of section 338 or designated in writing as set forth in section 337(2). Informal committees are deemed unofficial if they are formed prior to such appointment (election) or designation.

"The decision in *Lane* v. *Haytian Corporation of America*, 117 F. (2d) 216 (2d Cir. 1941), limited compensation to a committee's attorneys and agents from the time it became official, i.e., the initial meeting of creditors (now the first meeting of creditors), and restricted such compensation to passing judgment on the plan and making that judgment known to the debtor and creditors. It also provided very narrow areas for the committees' activities.

"In 1952, section 337(2) was amended with the purpose of overcoming the effects of the *Haytian* case. However, the designation in writings provided for in section 337(2) has not remedied the weakness of the *Haytian* case, because as a practical matter these

designations were only possible in a limited number of cases where there were few creditors and in a cohesive industry which had a cooperative working group of creditors. Thus the two objectives of compensating a committee's attorneys, accountants, and agents, whether the committee was official or unofficial, and the broadening of the base of service to be performed, i.e., services which contributed to the confirmation of the plan, were not realized, even though the purpose of the amendments was to overcome the effect of the *Haytian* case.

"The proposed section 339, subdivision (1), defines a realistic area of activity by a committee, by delineating its functions. The purpose of this delineation is to set guideposts for the court which will indicate the type of work a committee is to perform in the ultimate consummation of an arrangement. These, in effect, are services which will contribute to the confirmation of a plan, and for which compensation should be allowed.

"In addition to this new feature, the amendment provides for compensation to the unofficial committee but only if a majority of its members become the official committee. Experience has shown that the unofficial committee is generally elected as the official committee. However, if a majority of the unofficial committee is not elected as the official committee, there is no reason for the official committee's being compensated for services not rendered by it.

"The proposed amendments will carry out the purposes of dealing fairly and realistically with the creditor's committee which performs a most important function in arrangement proceedings, i.e., in passing judgment on a plan and making that judgment known to the creditors. Without the countervailing position of a creditors' committee, chapter XI would be a unilateral proceeding proposed by a debtor and approved by an uniformed creditor group. The only method of strengthening the powers of the committee is to insure that its attorneys, accountants, and agents are compensated for their services.

"H.R. 2518 is designed to carry forward the congressional objective of permitting unofficial creditor committees to recover actual and necessary expenses, including the fees and expenses of attorneys, accountants, and agents. The bill proposes amendments to simplify the procedure for the recovery of costs and expenses of a representative committee and does not modify the substantive law. What is more, the bill does not make expenses of a creditor's committee recoverable as a first priority when an arrangement is denied confirmation; such expenses would continue to enjoy a third priority (sec. 64a (3)) as at present. This legislation was introduced at the request of the National Bankruptcy Conference. A predecessor bill, H.R. 293, 89th Congress, received the aproval of the Judicial Conference of the United States. The committee is persuaded that these amendments will expedite the administration of arrangement proceedings under chapter XI with a maximum of economy, and recommends that H.R. 2518 receive favorable consideration."

The committee believes that the bill, as approved by the Administrative Office of the U.S. Courts and passed by the House of Representatives, is meritorious and recommends it favorably.

FILING OF CLAIMS IN CHAPTER XI PROCEEDINGS UNDER THE BANKRUPTCY ACT

The bill (H.R. 2519) to amend sections 334, 355, 367, and 369 of the Bankruptcy Act 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 explaining the purposes of the bill.

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

PURPOSE

The purpose of the bill is to amend the Bankruptcy Act with respect to the filing of claims in arrangement proceedings under chapter XI.

STATEMENT

The bill, with others, was the subject of a hearing before a subcommittee of the Senate Committee on the Judiciary on April 3, 1967.

In its favorable report on the bill, the Committee on the Judiciary of the House of Representatives said:

"In 1963, the Congress enacted an amendment to the Bankruptcy Act (Public Law 88-175) which required that creditors file their claims in order to participate in distributions under chapter XI of the Bankruptcy Act. It also required that such claims must be filed within 6 months. The 1963 amendment corrected the prior practice of making distribution solely on the basis of the debtor's schedule which had permitted the filing of inflated or fictitious debts. The purpose of the 1963 legislation was to assure that distributions would be made on the basis of a comparative examination of the debtor's schedule with the claims of the creditors. By limiting the time in which creditors could file such claims, the 1963 amendments intended to assure expedition in the administration of chapter XI cases.

"The objectives of the 1963 legislation were salutary. However, the committee has learned that the time limitations imposed have created difficulties and confusion where reasonable certainty previously existed. H.R. 2519 retains the objectives of Congress as expressed in 1963 by permitting only those creditors who file claims to participate under the arrangement. However, in order to avoid imposing onerous and unrealistic burdens on creditors which may prevent them from participating and thereby provide a windfall or undeserved benefit to the debtor, the bill enables creditors to file their claims up to the date of confirmation. In some cases confirmation may occur before the expiration of the 6-month period. In others, it may come later, but by adopting the day of confirmation as the closing date for filing claims, much of the confusion and inconsistent application of chapter XI may be prevented.

"The principle of the 1963 amendment to chapter XI with respect to filing of creditor claims is retained in the bill. Creditors are still required to file a claim to participate. Two exceptions to the requirement that claims be filed by the date of confirmation are (1) a claim arising from the rejection of an executory contract of the debtor may be filed within such time as the court may allow, and (2) a claim may be filed late by a creditor—that is, after date of confirmation—if scheduled by the debtor but in that case shall not be allowed in an amount in excess of that set forth in the debtor's schedule.

"H.R. 2519 would restore the law as it existed prior to the 1963 amendment except that it would carry out the congressional objective of that amendment by requiring every creditor to file a claim before being permitted to participate under a confirmed arrangement. Furthermore, the bill would protect creditors listed on the debtor's schedule who failed to file their claims within the specified period and thus prevent the debtor from obtaining an undeserved windfall. The bill would also protect holders of claims that arise from the rejection of executory contracts.

"The purpose and effect of the proposed legislation is discussed in greater detail in the following memorandum submitted to the committee by the National Bankruptcy Conference:

"'The National Bankruptcy Conference recommends that sections 334, 355, 367, and 369 of the Bankruptcy Act be amended as proposed by it, for the reasons hereafter stated.

"Section 334 presently provides that within 10 days after a chapter XI petition is filed the court shall give notice by mail to interested parties of a first meeting of creditors to be held not less than 15 days nor more than 30 days after the mailing of such notice. It also provides that the last date for filing claims shall be set forth in such notice. It is proposed to amend section 334 so as to require that a first meeting of creditors be held not less than 25 nor more than 40 days after the arrangement petition is filed and to eliminate the provision that notice must be given of the last date for filing claims.

"'Except with respect to the requirement that the court must set forth in the notice of the first meeting the last date for filing claims, existing section 334 is unrelated to the purposes of the other sections of chapter XI sought to be modified. The requirement in the present act that the court must give notice within 10 days after the petition is filed imposes a heavy burden upon the referees and this requirement is unnecessary. The theme of chapter XI is expedition but a modification of section 334 as proposed will not unduly delay the chapter XI proceeding and will relieve referees of a heavy burden which in many cases simply cannot be sustained. At the present time a first meeting of creditors must be held not more than 40 days after the arrangement petition is filed. The proposed amendment retains this 40-day period. But under existing law the referee must send out notice within 10 days whereas under the amendment the notice can be sent out after the expiration of the initial 10-day period provided the meeting is held not more than 40 days after the petition is filed and provided further that at least 10 days' notice is given to parties in interest. It is true that the act as presently worded insures at least 15 days' notice to parties in interest of the date of the first meeting. However, creditors only receive 10 days' notice of a first meeting under section 55 by virtue of section 58a(3) and that would seem to be adequate notice in the light of the present speed in the delivery of mailed matter. Section 58a(3) would be applicable to amended section 334 since it is not inconsistent with or in conflict with the provisions of chapter XI.

"'The proposed deletion of the last sentence of section 334 which requires that the last date for filing claims shall be set forth in the notice of the first meeting of creditors is designed to eliminate problems which have arisen in regard to its application. It is difficult, if not impossible, for the referee to state with certainty in the notice the last date for the filing of claims. The statute as it now reads would seem to apply to original cases under section 322 of the act as well as to cases initiated under section 321 in a pending bankruptcy. It is doubtful that Congress intended that the first meeting of creditors called pursuant to section 334 should, in respect of section 321 cases, be substituted for the first meeting of creditors called under section 55a. A host of questions arise in the determination of the last date for filing claims. (See Seligson, Creditors' Rights, 1963 Annual Survey of American Law.)

"'Section 355 now provides that where a petition is filed under section 322, subdivision n of section 57 of the act shall apply. This is a new section which was added by H.R. 1049, Public Law No. 88-175, 88th Congress, first session (Nov. 13, 1963). It was undoubtedly designed to fix a 6-month limitation for the filing of claims in a section 322 case and it probably was thought that this section would bring the filing period for claims in section 322 cases in harmony with the filing period for section 321 cases. Unfortunately, the filing requirements of

section 57n do not automatically have application in every section 321 case. It is questionable that the time limitation fixed in section 57n is operative while a section 321 case is pending.

" 'Moreover, section 57n speaks only of provable debts. It does not apply to nonprovable debts which in ordinary bankruptcy cases cannot be filed and are not released by a discharge. In an arrangement proceeding there may be an arrangement providing for an extension of time for payment of debts in full, whether or not provable under section 63. The holder of a nonprovable debt would be materially and adversely affected by the arrangement but there would not be any prescribed time under section 57n for the filing of his claim. There are other problems in respect of section 355 which cannot be easily resolved. (See Seligson, Creditors' Rights, 1963 Annual Survey of American Law.)

" 'It is proposed to amend section 355 so as to require all claims to be filed before confirmation except that if a claim is scheduled it may be filed within 30 days after the date of mailing notice of confirmation to creditors but that claim shall not be allowed for more than the amount set forth in the schedules and except that a claim arising from the rejection of an executory contract may be filed within such time as the court may direct. Under the proposed amendment section 355, as amended, would apply generally, that is to cases under section 321 as well as cases under section 322.

" 'The proposed amendment rejects the 6-month period for the filing of claims and in place thereof requires that claims be filed before confirmation. As a practical matter, the filing time has not been shortened to any material extent, if at all, because under the law which obtained prior to the enactment of H.R. 1049, very few arrangements were confirmed within 3 or 4 months after the date of the filing of the original petition. The dilatory creditor or the creditor who failed to learn of the arrangement petition in time to file a claim is protected to the extent of being permitted to have a claim allowed in an amount not exceeding that in which his claim was scheduled. In effect the proposed amendment would restore the law as it existed prior to the 1963 amendments with the important proviso that it would carry out the congressional desire to safeguard the rights of legitimate creditors by requiring every creditor to file a claim before being permitted to participate under a confirmed arrangement. The proposed amendment also takes care of claims arising from the rejection of executory contracts and unliquidated claims which in many cases cannot be filed within the statutory 6-month period.

" 'Section 367(3) states that the consideration shall be distributed to creditors who have filed their claims within the 6-month period whether prior or subsequent to confirmation. This poses many practical problems particularly in the area of financing arrangements. It is extremely difficult for a debtor to raise money to finance a settlement where claims may be filed after confirmation. This section also imposes a duty upon the referee to determine the amount to be deposited and this duty cannot be discharged with safety to the creditors if claims can be filed after an arrangement is confirmed.

" 'It is proposed to modify section 367(3) so as to make distribution consistent with the provisions of section 355 in regard to the filing of claims.

" 'Section 369 provides for the retention of jurisdiction by the court. That jurisdiction is limited to claims proved before confirmation, to disputed or unliquidated claims filed within the 6-month period and to claims arising from the rejection of executory contracts which are filed within the 6-month period. There is no retention of jurisdiction with respect to unscheduled debts which are disputed or unliquidated even though they are filed within the 6-month period but after confirmation. The holder of a claim arising from the rejection of an executory contract pursuant to the provisions of an arrangement is given no protection whatever if the arrangement is confirmed after the expiration of the 6-month period.

" 'It is proposed to amend section 369 so as to retain jurisdiction until the final allowance or disallowance of all claims which have been filed as prescribed by amended section 355. This takes care of the disputed and unliquidated claims as well as claims arising from the rejection of executory contracts.

" 'The problems created by the enactment of H.R. 1049 are outlined and fully discussed by Referee Asa S. Herzog in an excellent article appearing in the January 1964 issue of the Referees' Journal. These problems are as follows:

" '1. In instances where confirmation of a plan must take place less than 6 months after the date set for the first meeting of creditors, questions arise as to the amount and extent of claims which may be filed after confirmation but within 6 months of the first meeting in all the foregoing categories. Investment of new money into the debtor company might well be restricted or withheld altogether until the 6 months have elapsed so that liabilities may be definitively fixed.

" '2. A corollary of "1" above is that provision must be made in the order of confirmation retaining jurisdiction of disputed, unliquidated claims and claims resulting from rejection of executory contracts. Since the consideration required for confirmation under section 367(3) must be deposited for all claimants who have filed claims, whether disputed, unliquidated or are damages arising from a breach of contract, it is clear that this provision requires the debtor to liquidate these claims prior to confirmation, or else he will not have deposited the consideration necessary for confirmation. Another incidental problem under this section is the requirement that the claim be "scheduled by the debtor." Assume a case where there is no scheduling but a filing. Does this result in a situation where the court cannot retain jurisdiction?

" '3. Although executory contracts may be rejected in two ways, section 313(1) upon notice, and section 353 (in the arrangement), the person injured by such rejection is a creditor and unless he files his claim prior to the time limit provided by section 355 or confirmation, he will not participate. Retention of jurisdiction is therefore meaningless under section 367(2) and section 367(3).

" '4. Moreover, the amendments do not provide for payment of the consideration to those creditors who file after confirmation but before the time provided for by section 355. It would appear sound that the deposit of the consideration for confirmation, include a deposit of the consideration to the post-confirmation creditors.

" '5. The amendment adding section 355 refers only to an original petition filed under section 322 of the Bankruptcy Act, and no reference is made for proceedings pursuant to section 321. Although there is no reason for a distinction in treatment between chapter XI proceedings under these sections, at least a question is raised as to the applicability of the amendment.

" 'The proposed amendments would bring an orderly procedure out of section 355 which is presently confusing; they would protect scheduled creditors who fail to file their claims within the specified period and thus prevent the debtor from obtaining an undeserved windfall; they would eliminate doubt as to whether sovereigns are included in the filing requirements; they would give necessary assurances with respect to the totality of claims to underwriters of proposed plants of arrangement; and they would provide adequate protection for the holders of claims arising from executory contracts and the holders of disputed and unliquidated claims.'

"H.R. 2519 was introduced at the request of the National Bankruptcy Conference. A predecessor bill, H.R. 5646, in the 89th Congress, received the approval of the Judicial Conference of the United States.

"The committee believes that H.R. 2519 embodies desirable amendments to chapter XI of the Bankruptcy Act and recommends that the bill receive favorable consideration."

The committee believes that the bill, as approved by the Administrative Office of the U.S. Courts, and passed by the House of Representatives, is meritorious and recommends it favorably.

REALLOCATION OF PART OF THE BANKRUPTCY FILING FEE

The bill (H.R. 8632) to amend section 40c(1) of the Bankruptcy Act so as to reallocate part of the filing fee from the clerk's earnings to the referees' salary and expense fund 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 explaining the purposes of the bill.

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

PURPOSE

The purpose of the bill is to reduce from $5 to $3 the clerk's portion of the filing fee for bankruptcy and to allow the remaining $5 to the referees' salary and expense fund.

STATEMENT

A similar Senate bill, S. 1893, has been introduced by Senator Burdick and is pending before the committee.

In its favorable report on the House approved bill, the Committee on the Judiciary of the House of Representatives said:

"The services required of the clerk of the Federal district court with respect to bankruptcy litigation have been substantially reduced since July 1947 when the present division of bankruptcy filing fees was established. Improvements in the reference of bankruptcy cases as well as simplified accounting, deposit and docketing procedures have relieved the clerk of the maintenance of active bankruptcy files and dockets. However, the expenses charged to the referees' salary and expense fund have significantly increased. Obligations have exceeded receipts into the fund during the fiscal years 1966 and 1967. In order to bring receipts into balance with obligations, the Judicial Conference of the United States recommended the reallocation of a portion of the filing fee. H.R. 8632 embodies this recommendation.

"On the basis of 1967 figures, it is estimated that allocating $5 of the present $8 clerk's fee to the salary and expense fund will increase the fund by approximately $825,000 annually. The reallocation proposed by the bill will obviate the possible need for increasing percentage charges against assets of bankrupt estates. H.R. 8632 will increase the income of the referees' salary and expense fund without increasing the cost of bankruptcy proceedings to bankrupts or creditors. It is believed that with this additional income to the fund our system for processing bankruptcy matters on a self-sustaining fee basis will be assured.

"The Treasury Department has informed the committee that it has no objection to the enactment of H.R. 8632.

"The committee believes that H.R. 8632 serves meritorious purpose, and accordingly, recommends its favorable consideration."

The committee believes that the bill, as approved by the House of Representatives, is meritorious and reports it favorably.

RESOLUTION PASSED OVER

The resolution (S. Res. 154) to refer the bill (S. 2224) entitled "A bill for the relief of N. M. Bentley, a partnership consisting of N. M. Bentley and George Markwalter," to the Chief Commissioner of the Court of Claims for a report thereon, was announced as next in order.

Mr. MANSFIELD. Over, Mr. President.

The PRESIDING OFFICER. The resolution will be passed over.

TIN SHIK CHIN

The bill (S. 687) for the relief of Tin Shik Chin was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 687

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the provisions of paragraph (19) of section 212(a) of the Immigration and Nationality Act, Tin Shik Chin may be issued an immigrant visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of such Act. This Act shall apply only to the grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of the bill is to waive the excluding provision of existing law relating to one who has attempted to obtain a visa or other documentation by fraud in behalf of Tin Shik Chin.

ROBERTO PERDOMO

The bill (S. 964) for the relief of Roberto Perdomo was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 964

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Roberto Perdomo shall be held and considered to have been lawfully admitted to the United States for permanent residence as of March 31, 1962.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report 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 beneficiary to file a petition for naturalization.

IDA GROUP OF MINING CLAIMS IN JOSEPHINE COUNTY, OREG.

The bill (S. 1470) for the relief of the Ida group of mining claims in Josephine County, Oreg., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 1470

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That failure of the claimants to comply with the labor and improvement requirements of section 2324 of the Revised Statutes, as amended (30 U.S.C. 28), upon the Ida group of mining claims in Josephine County, Oregon, shall not, during the pendency of the case of C. F. Pruess, Sr., Executor et al., against Stewart L. Udall (civil numbered 1331–62, in the United States District Court for the District of Columbia) and for six months after final decision in any subsequent court action involving that suit, open such claims to relocation or otherwise jeopardize whatever rights the claimants may have in the claims.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 755), explaining the purposes of the bill.

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

PURPOSE

The purpose of the bill is to provide that the failure of the claimants to comply with the labor and improvement requirements of section 2324 of the Revised Statutes, as amended (30 U.S.C. 28), upon the Ida group of mining claims in Josephine County, Oreg., shall not open such claims to relocation or otherwise jeopardize whatever rights the claimants may have in the claims during the pendency of civil No. 1331–62 in the U.S. District Court for the District of Columbia, and for 6 months after the final decision in any subsequent action involving that suit.

STATEMENT

The Department of the Interior has no objection to the enactment of this legislation.

The report of the Department of the Interior sets forth the following:

"After a decision by the Secretary of the Interior declaring invalid the Ida group of mining claims because there was no discovery of a valuable mineral deposit within the meaning of the mining laws, the claimant filed suit in the U.S. District Court for the District of Columbia, contending the Secretary's decision was arbitrary, capricious, and contrary to evidence. The district court sustained the Secretary's decision. However, the U.S. Court of Appeals for the District of Columbia remanded the case. The court made no effort to review the administrative record. It held only that the district court had the obligation of determining whether the Secretary's decision was based upon substantial evidence; that the district court so determined; but that the record in the case showed that the district court had not consulted the administrative record prior to making that determination and, therefore, the district court's finding was improper (123 U.S. App. D.C. 301, 359 F. 2d 615 (1965)).

"Since the judgment was being reversed, the appellate court went into the question of venue. At the time the claimant originally filed his action on April 25, 1962, the only proper venue was in the District of Columbia. Subsequently on October 5, 1962, a new section added to 28 U.S.C. 1391 made it possible and proper to bring new suits of the type involved here in Oregon. The court concluded that 28 U.S.C. 1391(e) applied also to cases pending at the time of its passage and said:

"'If the trial judge finds that the convenience of the parties and the interest of justice would be served by transferring the case to Oregon, the policies of section 1391(e) and section 1404(a) would be furthered by permitting transfer in this case.'

"The case was 'remanded for further proceedings not inconsistent with this opinion.'

"From a February 20, 1967, per curiam decision of the U.S. Court of Appeals for the District of Columbia, September term, 1966 (No. 20,095), it appears that the district court did not transfer the case to the U.S. District Court for Oregon, and the court of appeals remanded the case with instructions to do so.

"Performance or nonperformance of assessment work does not affect the validity of the claim insofar as the United States is concerned. Performance of assessment work merely protects the claimant's possessory interest against relocation of the claim by others. Assessment work does little, if anything, toward development of the mineral interest. The value of one man's labor quickly satisfies the statutory requirement.

"Although we see no reason why the pendency of the litigation should free the beneficiary of this bill from the statutory obligation to perform assessment work, we have no objection to enactment of the bill."

After a study of the Department of the Interior report, the committee believes that the legislation is meritorious, and recommends that the bill, S. 1470, be considered favorably.

CITY OF EL DORADO, KANS.

The bill (S. 1664) for the relief of the city of El Dorado Kans., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 1664

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the city of El Dorado, Kansas, the sum of $10,071.81 in full settlement of all its claims against the United States for payment of civil defense matching funds for a civil defense communication system installed in the El Dorado emergency operating center located in the new public safety building for civil defense purposes: *Provided,* That no part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 756), explaining the purposes of the bill.

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

PURPOSE

The purpose of the bill is to pay to the city of El Dorado, Kans., the sum of $10,071.81 as payment of civil defense matching funds for a civil defense communication system.

STATEMENT

A similar bill for this claimant in the 89th Congress, S. 2510, was approved by this committee and was passed by the Senate but no action was taken on it in the House of Representatives.

The Department of the Army has advised Congress that it has no objection to the enactment of the bill.

In its report to the Congress, dated March 3, 1966, the Department of the Army set forth the facts in the case as follows:

"In January 1965 the city notified the State of plans for the inclusion of a civil defense communications system in the center to be constructed during 1965. On being informed by the State that all but one item of listed communications equipment would qualify for matching funds under the Federal civil defense program (50 U.S.C. App. 2281) the city proceeded to award the procurement contract. When Federal personnel were contacted regarding possible Federal assistance, they found that procurement had been initiated prior to Office of Civil Defense receipt of the project application.

"Published regulations of the Office of Civil Defense (32 CFR 180.8(a)) provide for submission and approval of the project application prior to procurement of the equipment. Accordingly, the project application was disapproved by the Office of Civil Defense and returned to the State.

"Upon review the Office of Civil Defense has found that the 37 line items of communications equipment (including installation and diesel oil) for which a Federal contribution was requested meet civil defense capability requirements. The project application would have been approved if the procurement contract had not been awarded by the city prior to submission of the application to the Office of Civil Defense, regional office.

"However, in the absence of legislation, there is no way that the city of El Dorado can now receive Federal matching funds for one-half the cost of the communications equipment. The Office of Civil Defense is prohibited from making retroactive Federal contributions toward obligations incurred or expenditures made by the States (and political subdivisions) prior to the beginning date of the Federal appropriation available for obligation. (31 Comp. Gen. 308; 32 CFR 180.8(b)).

"The project application totaled $20,143.65 in estimated costs for 37 line items. Federal share $10,071.82. If the project application had been received and approved by the Office of Civil Defense prior to procurement, payment of the Federal contribution would have been limited to one-half the city's expenditure for the approved items. In addition to that regarding expenditures, a certification as to labor standards and advertisement to bid (with Federal share limited to one-half the lowest acceptable bid) requirements would have been required prior to payment of the billing for the Federal share. There having been no approval, such information was not received by the Office of Civil Defense.

"If the committee finds that the sum of $10,071.82 does not exceed one-half the cost of the city of El Dorado of the civil defense communications system for its emergency operating center, the Department of the Army has no objection to enactment of the bill. The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this report for the consideration of the committee."

The committee believes the bill is meritorious and recommends it favorably.

DR. GABRIEL GOMEZ DEL RIO

The bill (S. 1918) for the relief of Dr. Gabriel Gomez del Rio 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, for the purposes of the Immigration and Nationality Act, Doctor Gabriel Gomez del Rio shall be held and considered to have been lawfully admitted to the United States for permanent residence as of March 3, 1961.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report 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 beneficiary to file a petition for naturalization.

DR. RICARDO MARTINEZ SERRARA

The bill (S. 1925) for the relief of Dr. Ricardo Martinez Serrara was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 1925

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Dr. Ricardo Martinez Serrara shall be held and considered to have been lawfully admitted to the United States for permanent residence as of May 10, 1961.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report 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 beneficiary to file a petition for naturalization.

DR. JOSE RAFAEL MONTALVO Y URRUTIBEASCOA

The bill (S. 2153) for the relief of Dr. Jose Rafael Montalvo y Urrutibeascoa was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 2153

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Doctor Jose Rafael Montalvo y Urrutibeascoa shall be held and considered to have been lawfully admitted to the United States for permanent residence as of April 29, 1963.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of the bill is to grant the status of permanent residence in the United States to Dr. Jose Rafael Montalvo y Urrutibeascoa as of April 29, 1963.

DR. JORGE ROLANDO GUERRA-REYES

The bill (S. 2206) for the relief of Dr. Jorge Rolando Guerra-Reyes was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 2206

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Doctor Jorge Rolando Guerra-Reyes shall be held and considered to have been lawfully admitted to the United States for permanent residence as of July 20, 1962.

CHI JEN FENG

The bill (S. 2264) for the relief of Chi Jen Feng was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 2264

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Chi Jen Feng shall be held and considered to have been lawfully admitted to the United States for permanent residence as of August 1, 1954.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report 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 beneficiary to file a petition for naturalization.

DR. FRANCISCO GUILLERMO GOMEZ-INGUANZO

The bill (S. 2301) for the relief of Dr. Francisco Guillermo Gomez-Inguanzo 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, for the purposes of the Immigration and Nationality Act, Doctor Francisco Guillermo Gomez-Inguanzo shall be held and considered to have been lawfully admitted to the United States for permanent residence as of October 20, 1960.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report 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 beneficiary to file a petition for naturalization.

DR. JESUS ADALBERTO QUEVEDO-AVILA

The bill (S. 2381) for the relief of Dr. Jesus Adalberto Quevedo-Avila was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 2381

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Doctor Jesus Adalberto Quevedo-Avila shall be held and considered to have been lawfully admitted to the United States for permanent residence as of June 7, 1961.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report 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 beneficiary to file a petition for naturalization.

JORGE A. MARRERO

The bill (S. 2384) for the relief of Jorge A. Marrero was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 2384

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Jorge A. Marrero shall be held and considered to have been lawfully admitted to the United States for permanent residence as of April 10, 1962.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report 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 beneficiary to file a petition for naturalization.

DR. LUIS F. RODRIGUEZ IZNAGA

The bill (S. 2386) for the relief of Dr. Luis F. Rodriguez Iznaga was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 2386

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Doctor Luis F. Rodriguez Iznaga shall be held and considered to have been lawfully admitted to the United States for permanent residence as of July 3, 1963.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report 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 beneficiary to file a petition for naturalization.

DR. GEORGE S. IOANNIDES

The bill (S. 2468) for the relief of Dr. George S. Ioannides was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 2468

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Doctor George S. Ioannides shall be held and considered to have been lawfully admitted to the United States for permanent residence as of January 18, 1957.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report 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 beneficiary to file a petition for naturalization.

RELIEF OF CERTAIN EMPLOYEES OF GENERAL SERVICES ADMINISTRATION

The bill (H.R. 1963) for the relief of employees of General Services Administration was considered, ordered to a third reading, read the third time, and passed.

HARRY LEROY JONES

The bill (H.R. 3403) for the relief of Harry LeRoy Jones 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. 769), 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 provide that the services of Harry LeRoy Jones as Director of the Commission on International Rules of Judicial Procedure from January 1, 1960, to June 30, 1965, shall be creditable service for the purposes of the Civil Service Retirement Act. The bill would authorize recomputation of his annuity as though he were a voluntary retiree who was reemployed full time for at least 5 years and was paid from appropriated funds, and the recomputation shall be made on the basis that he had been compensated at a salary equivalent of Civil Service General Schedule 18.

STATEMENT

This proposal was introduced in the House of Representatives in accordance with the recommendations of an executive communication from the Commission on International Rules of Judicial Procedure transmitted to the Speaker of the House of Representatives on October 6, 1966, and passed the House in the same form as introduced.

Mr. Jones served as the Director of the Commission on International Rules of Judicial Procedure from January of 1959 until its termination on December 31, 1966. Legislative relief is necessary in this case because Mr. Jones served as a Director of the Commission in the period from January 1, 1960, through December 31, 1966, under circumstances where none of his employment in the period can be credited for civil service retirement purposes.

Mr. Harry LeRoy Jones was appointed Director of the Commission on International Rules of Judicial Procedure at the first meeting of the Commission in January of 1959. His salary was fixed as the equivalent of a GS–18, then being compensation at the rate of $17,500 per year. Mr. Jones took office as the Director of the Commission in April 1959 and served in a full-time capacity in that position up to the time of the termination of the Commission. The Commission was established by Public Law 85–906 by the act of September 2, 1958, and the life of the Commission was extended initially to December 31, 1961, and then twice more to December 31, 1963, and finally to December 31, 1966. Due to a lack of appropriations, the Commission operated with private funds from January 1, 1960, through December 31, 1962. It received an appropriation of $10,000 in 1963 and another of $25,000 in 1965. With the exception of a payment of $14,875.82 from the 1965 appropriation, Mr. Jones' employment was without compensation from Federal funds during that period.

The letter of the Commission summarized the circumstances of Mr. Jones' employment by saying that in the 7-year period from January 1, 1960, to December 31, 1966, Mr. Jones received a salary for only 3 years and 10 months, and only in the latter 10 months was the salary paid from Federal funds. As a result, he served 3 years and 2 months without any compensation at all. The significant point is that none of his employment during the period of January 1, 1960, to December 31, 1966, can be credited for civil service retirement purposes. The bill would grant such credit for the period from January 1, 1960, to June 30, 1965, when Mr. Jones reached compulsory retirement age.

The committee was advised that the Director carried out the duties of his office during this period. He handled correspondence, wrote articles on international procedure, and participated in symposiums sponsored by national and international bar associations and other legal institutions. He also in the course of his duties was required to respond to inquiries from Government departments and agencies and from private practioners on questions relating to international procedure.

The letter of the Commission summarizes the effect of the bill and the way in which Mr. Jones would obtain credit for his services in the following language:

"The draft bill would authorize recomputation of Mr. Jones' annuity as though he were a voluntary Federal retiree who was reemployed full time for at least 5 years and was paid from appropriated funds. The creditable service would extend from the date of Mr. Jones' involuntary retirement on January 1, 1960, to June 30, 1965, the approximate date when he reached the age of compulsory retirement. Mr. Jones would be afforded an annuity at the rate of $1,182 per month, in lieu of his present monthly rate of $697. His wife's potential survivor annuity would be raised from $378 to $708 per month. Payments would begin the first day of the month following enactment of the proposed bill.

"Eligibility for recomputation on this basis is conditioned upon deposit with interest covering the entire period of reemployment service. The approximate deposit payment to the retirement fund for the period from January 1, 1960, to June 30, 1965, would be $7,742. This amount would be paid to the fund by deducting $485 a month (the annuity proposed by this bill of $1,182 a month minus Mr. Jones' present annuity of $697 a month) for 16 months from his annuity payments until the full amount had been collected."

The Chairman of the Civil Service Commission, in reporting on the merits of S. 1041, a bill similar to the House-passed bill, advised that unlike most private relief leg-

islation this bill would not afford one person benefits while discriminating against others similarly situated. The circumstances of Mr. Jones' case are unique and it could not possibly set a troublesome precedent. The Civil Service Commission, therefore, advises that it offers no objection to enactment of legislation for the relief of this claimant.

The committee is of the opinion that this bill has a meritorious purpose and accordingly recommends favorable consideration of H.R. 3403, without amendment.

BILL PASSED OVER

The bill (H.R. 3474) to require the Foreign Claims Settlement Commission to determine the amount and validity of the claim of Ike Ignac Klein against the Government of Hungary, and for other purposes, was announced as next in order.

Mr. MANSFIELD. Over, Mr. President.

The PRESIDING OFFICER. The bill will be passed over.

ELPIDIO DIMACALI DAMAZO

The bill (H.R. 3727) for the relief of Elpidio Dimacali Damazo and Natividad Simsuangco Damazo 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 explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of the bill is to grant the status of permanent residence in the United States to Elpidio Dimacali Damazo and Natividad Simsuangco Damazo as of June 27, 1958, and July 11, 1959, respectively, in order that they may file petitions for naturalization.

CITY OF PAWTUCKET, R.I.

The bill (H.R. 3799) for the relief of the city of Pawtucket, R.I., 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. 772), explaining the purposes of the bill.

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

PURPOSE

The purpose of the proposed legislation is to pay the city of Pawtucket, R.I., $5,313.45, in full settlement of its claims against the United States for the Federal share of the cost of a civil defense rescue truck purchased in March 1964.

STATEMENT

Records of the Department of the Army disclose that the project application of the city of Pawtucket, R.I., for the procurement of rescue tools and equipment was approved prior to the date of June 30, 1963. The Federal share of this purchase was $1,918.86. In March of 1964 the city also procured a rescue truck and was billed for it in October of that year.

However, the billing occurred in a subsequent fiscal year. For the reason that the amount of the Federal share exceeded the amount obligated and since a rescue truck could not be equated with rescue tools, it was impossible to amend the old project application, and since procurement of the truck had occurred in a prior fiscal year and could not support a new project application, the Office of Civilian Defense turned down the request for funds.

Had the project application been properly submitted within the fiscal year in which the equipment was purchased, it would have been approved as all other elements are in order. However, such submissions may not be approved when the procurement has occurred prior to the availability of the Federal appropriations sought to be charged (31 Comp. Gen. 308).

The Army report refers to the fact that relief similar to that provided for the City of Pawtucket, R.I., was extended by the Congress for retroactive Federal contributions for procurements made prior to June 30, 1960, which were ratified and affirmed. This relief was extended by Public Law 87-390 which was approved on October 4, 1961. The Army report also notes that from time to time, bills similar to H.R. 3799 have been approved by the Congress to provide for relief to municipalities.

The House Judiciary Committee had inquired into the circumstances surrounding the purchase of the truck. It appears that through inadvertence, the city failed to include the truck as an item in its project application in 1963 so that the application only related to rescue tools. As has already been noted, the truck was actually acquired by the city in March of 1964, approximately a year after the application has been submitted, and, of course, after it had been approved in June of the same year. By that time the application could not be amended nor could a new application be filed. However, it appears that the city proceeded in good faith and the Army has indicated that had the proper steps been followed, the application would have been approved. Under these circumstances, that committee has determined that relief should be extended to the city of Pawtucket.

This committee is in agreement with the findings of the House Judiciary Committee, and accordingly recommends favorable consideration of H.R. 3799, without amendment.

JOHN A. DANISCH

The bill (H.R. 6324) for the relief of John A. Danisch 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. 773), 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 provide that the period of time served by John A. Danisch with the Provisional Intergovernmental Committee for the Movement of Migrants from Europe (PICMME), a public international organization, from April 15, 1952, to February 9, 1954, shall be held and considered to be leave without pay from Federal employment for retirement purposes.

STATEMENT

The records of the U.S. Civil Service Commission disclose that Mr. Danisch had over 15 years of Federal service on November 1, 1950, at which time he transferred from the Department of the Army to the Department of State to accept an overseas limited appointment. He served with the Department of State in Germany until April 14, 1952, when he was persuaded by the Department of State to accept a position with the Provisional Intergovernmental Committee for the Movement of Migrants from Europe (PICMME), a public international organization as designated by Executive Order 10335 of March 28, 1952. He was with that organization until he returned to the Department of the Army on February 10, 1954. Since that time he has been trying to obtain credit toward civil service retirement for the service with PICMME because he was erroneously advised that such service would be counted as leave without pay.

The Commission, in its report, made it clear that its position with respect to the service in question performed by Mr. Danisch has been that it was not creditable because of the noncareer type of appointment in which Mr. Danisch was serving when he left State Department for employment with PICMME. Executive Order 9721 of May 10, 1946, as amended by Executive Order 10103 of February 1, 1950, grants reemployment rights to a classified career civil service employee who transfers to a public international organization if he makes application for reemployment within 90 days after being separated from the organization. While with the international organization the individual is considered to be in leave-without-pay status. Since Mr. Danisch was serving under a limited appointment, he did not have a classified civil service status within the meaning of the Executive orders when he transferred from the State Department to PICMME and, accordingly, has no reemployment rights with the State Department. Additionally, he was, in fact, not reemployed by the State Department but returned to Government employment under an indefinite appointment (in lieu of reinstatement) with the Department of the Army.

The Civil Service Commission, in its report, points out that they have consistently viewed private relief legislation as undesirable in principle, in exceptional instances where a patent inequity exists such legislation may be warranted. Mr. Danisch's case seems exceptional in this sense. The record shows clearly that he was erroneously advised that if he accepted the PICMME offer he could preserve the continuity of his Federal service by obtaining a position in any Federal agency within 90 days after separation from PICMME. This counsel was based on a memo from Washington signed by "Acheson" (presumably the then Secretary of State) which stated that time with PICMME would be considered leave without pay for retirement purposes if he were "appointed without a break in service to Federal Government agency." It is also clear that the transfer was in the Government's interest and that Mr. Danisch was encouraged by the Department of State to make the change but that he did not want to do so without complete assurance of continuity of Federal service. He agreed to the transfer under the impression that the service would be treated as leave without pay. That agency, therefore, believed that an inequity would exist if Mr. Danisch were penalized for the mistake of those who advised him. Accordingly, that agency states it would have no objection to H.R. 6324 as it was amended by the House of Representatives.

Favorable consideration of this legislation would give the claimant about 13 months creditable service for retirement purposes. Such additional service would increase the annuity payable to Mr. Danisch by an additional 2.16 percent of his average salary.

In view of the facts outlined in this report and the report submitted by the Civil Service Commission, the committee has concluded that this is an appropriate case for legislative relief, and therefore recommends favorable consideration of H.R. 6324, without amendment.

DR. EMANUEL MARCUS

The bill (H.R. 7599) for the relief of Dr. Emanuel Marcus 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. 774), 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 grant Dr. Emanuel Marcus credit for civil service retirement, annual and sick leave, and final salary payment for his employment in the Department of Medicine and Surgery of the Veterans' Administration between October 29, 1946, and April 15, 1966.

STATEMENT

The Veterans' Administration, in its report to the House Judiciary Committee, has recommended favorable consideration of this proposal and the U.S. Civil Service Commission, in its report to the House Judiciary Committee, indicates that it would interpose no objection to the bill's enactment.

The records of the Veterans' Administration disclose that Dr. Marcus was initially appointed as an associate medical officer in the Medical Service of the Veterans' Administration at $3,200 per annum effective August 1, 1941. On April 18, 1944, he went on military furlough. He was separated from military service effective June 14, 1946, and was converted to an excepted appointment probational, physician, full grade $5,905.20 per annum, effective October 29, 1946, under authority of section 6(b), Public Law 293, 79th Congress. He served continuously in the Department of Medicine and Surgery from October 29, 1946, until April 15, 1966, at which time he was separated as a physician, chief grade $18,235 per annum due to "failure to meet statutory requirements of 38 U.S.C. 4105. Not licensed to practice medicine or surgery in a State, Territory, or Commonwealth of the United States or in the District of Columbia."

At the time of Dr. Marcus' initial appointment on August 1, 1941, there was no statutory requirement of licensure as a prerequisite to employment as a physician in the then Medical Service of the Veterans' Administration. The Department of Medicine and Surgery of the Veterans' Administration, established on January 3, 1946, under the provisions of Public Law 293, 79th Congress, replaced the Medical Service of the Veterans' Administration. Section 5 of said act, in force at the time Dr. Marcus was appointed to a position in the Department of Medicine and Surgery on October 29, 1946, established as one of the prerequisites of such appointment that the individual be licensed to practice medicine in a State or the District of Columbia. A similar provision is now contained in section 4105 of title 38, United States Code.

Dr. Marcus has never technically been licensed to practice medicine in a State or the District of Columbia. He did, however, during 1942, apply for and receive a Federal registration certificate dated March 12, 1942, from the Commission on Licensure, Healing Arts Practice Act, District of Columbia, which authorized him to legally practice his profession in the District of Columbia so long as it was confined to Government practice only. Apparently, relying on this registration certificate and on the assumption that he was licensed to practice medicine in the District of Columbia so long as he remained in the Government service, Dr. Marcus executed a "Department of Medicine and Surgery Classification Questionnaire for Professional Service Personnel" on April 25, 1946, and indicated thereon that he was licensed in the District of Columbia. Subsequent to this time and during Dr. Marcus' entire service with the Veterans' Administration, his qualifications were reviewed periodically for promotion and reassignment. In none of these reviews was his licensure ever questioned.

On December 30, 1965, however, a review of Dr. Marcus' personnel folder failed to disclose positive evidence of his license to practice medicine. In response to a request to produce such evidence, he submitted the registration certificate referred to above. Pending consideration of this evidence he was continued on the rolls until April 15, 1966. It was determined that the registration certificate did not constitute a license to practice medicine as required by the statute. Dr. Marcus did not, therefore, meet the statutory criteria for appointment in the Department of Medicine and Surgery. He was separated from employment with the Department of Medicine and Surgery effective April 15, 1966. At the time of separation, Dr. Marcus had 84 days of accumulated annual leave, 66 days of sick leave, and the total amount of his retirement deductions in the civil service retirement fund was $13,329.73.

This matter was submitted to the Comptroller General on June 1, 1966, for consideration and decision as to the proper disposition of the amounts deducted for the civil service retirement fund, the lump-sum payment for annual leave, and a final salary payment withheld from Dr. Marcus at the time of his separation.

The Comptroller General in a decision, B-159325, dated August 1, 1966, concluded as follows:

"On the basis of the facts presented we must conclude that Dr. Marcus did not qualify for appointment as a physician in the Department of Medicine and Surgery by reason of his failure to fulfill the licensure requirement contained in the governing statute. In accordance with the decision of October 8, 1952, B-111684, which you cite, his status while working in the Department as a physician must be considered that of a de facto employee and as such he is entitled to retain the compensation he received while so employed but is not entitled to any additional payments by reason of such service.

"Accordingly, at the time of his separation on April 15, 1966, Dr. Marcus was not entitled to lump-sum leave or final salary payments. Furthermore, he may not be allowed a refund of retirement deductions made during his de facto service (see 38 Comp. Gen. 175)."

The report of the Veterans' Administration on the bill recognized that Dr. Marcus served the Government continuously and faithfully for over 24 years. That report further stated that he is presently afflicted with a coronary disease which has necessitated a long period of hospitalization and convalescence. The Veterans' Administration stated the harshness of the literal application of the rule concerning de facto employment in this particular case becomes manifest when it is considered that Dr. Marcus will be deprived of credit for this long period of Government service for retirement annuity purposes. To compound the unfairness of the situation, he cannot seek a recovery of the amounts paid into the retirement fund. Accordingly, at the age of 58, afflicted with a coronary disease he is faced with a future without the retirement security to which he would otherwise be entitled by reason of his long period of Government service. The Veterans' Administration recognized that this absence of retirement security will have a serious and severe financial impact on Dr. Marcus and his family.

This committee agrees that the information submitted in connection with this case establishes that Dr. Marcus acted in good faith in his employment with the Department of Medicine and Surgery. His apparent failure to be aware of the licensure requirements of the law is understandable in view of the fact that at the time of his initial appointment with the Medical Service there was no statutory requirement for licensure as a prerequisite to such appointment. Upon his return from military service and subsequent thereto, he was apparently not apprised as to the licensure requirements by appropriate officials of the Department of Medicine and Surgery.

In view of the facts outlined above and the favorable recommendation of the Veterans' Administration and the indication of the U.S. Civil Service Commission that under these particular circumstances, they have no objection to enactment of the bill, the committee has determined that this is a proper subject for legislative relief. Accordingly, it is recommended that the bill be favorably considered.

RICHARD ALAN WHITE

The bill (H.R. 7811) for the relief of Richard Alan White 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. 775), explaining the purposes of the bill.

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

PURPOSE

The purpose of the bill is to provide that Richard Alan White, for the purposes of subchapter III of chapter 83 of title 5 of the United States Code, shall be held and considered to be the adopted son of Benny R. White, a deceased former employee of the Rural Electrification Administration, U.S. Department of Agriculture.

STATEMENT

In its favorable report on the bill the Committee on the Judiciary of the House of Representatives said:

"The U.S. Civil Service Commission in its report to the committee on the bill stated that it had no objection to its enactment and the Department of Agriculture in its report indicated that it would be guided by the recommendation of the Civil Service Commission.

"On July 2, 1965, Mr. Benny R. White, an employee of the Rural Electrification Administration, and his wife, Ruth, filed a petition to adopt Richard Alan White, who is the beneficiary of this bill. When the adoption petition was filed, Richard Alan White was about 1 month old; however, before the adoption could become final, Mr. Benny R. White died on November 13, 1965. Following his death his widow was granted a survivor annuity under the civil service retirement system which provided for $123 a month, a figure which included $72 for herself and $51 for her minor child, Nancy. Her claim in behalf of her adopted child, Richard Alan White, was disallowed because the adoption did not become final until after Mr. White's death. As is noted in the Civil Service Commission report, the fact that the adoption proceedings had not been completed on the date of Mr. White's death made it impossible for Richard Alan White to be considered the surviving child of a former Federal employee within the meaning of the civil service retirement law.

"This bill would make it possible to have Richard Alan White recognized as the adopted son of Mr. White for civil service retirement purposes. The effect of this bill

would be to authorize an additional $56 a month benefit to the widow on the child's behalf from the date of enactment until the child marries, dies or reaches age 18, or 22 if he is a full-time student. The benefit would terminate upon the happening of any of the events just mentioned.

"This committee feels that this is clearly a proper subject for legislative relief. It would carry forth the intent of the deceased Federal employee when he with his wife initiated adoption proceedings. The widow completed the adoption proceedings after her husband's death and it is clearly just and equitable that the provisions of law which are intended to provide for children left in this manner upon the death of their parent be made applicable in this case. As is noted in the Civil Service Commission report, similar relief was granted in the 88th Congress by the enactment of Private Law 88-337. In that connection the Commission stated that cases such as this are most unusual and concluded with the words: '* * * we do not believe that the enactment of H.R. 7811 could possibly establish a troublesome or costly precedent.'

"In indicating that it has no objection to the bill, the Commission further observed that the evidence in the case justified the conclusion that Mr. Benny White intended to adopt this child. In this connection the Commission stated:

" 'The Commission has no objection to the enactment of this bill. We conclude from the information furnished by Mrs. White that her husband intended to adopt this child. Accordingly, enactment of H.R. 7811 is necessary to provide equitable relief in this case and to give the child the annuity which has been denied him because Mr. White died before actually entered the adoption decree.'

"In view of the facts outlined in this report and in the report of the Civil Service Commission and the position taken by that Commission it is recommended that the bill be considered favorably."

The committee believes that the bill is meritorious and recommends it favorably.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, in view of the fact that some Senators are waiting to be recognized to transact routine business, I ask unanimous consent that we conclude the call of the calendar for the time being.

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

DONALD A. WILLIAMS, ADMINISTRATOR OF DEPARTMENT OF AGRICULTURE'S SOIL CONSERVATION PROGRAM, RECEIVES ROCKEFELLER PUBLIC SERVICE AWARD

Mr. ELLENDER. Mr. President, it was with great satisfaction that I learned that Donald A. Williams, administrator of the Department of Agriculture's Soil Conservation Service, is a recipient of the Rockefeller Public Service Award this year.

In my estimation, no better choice could have been made. For 15 years Dr. Williams has directed the operations of one of this Nation's largest and most important agencies. He has done so with dignity and intelligence. During this time his dedication to the cause of resource conservation has never wavered, his integrity has never been questioned.

A career civil servant, he started with the Soil Conservation Service at its beginning in 1935 working in the field as a conservation engineer. He came up through the ranks and became head of the agency in 1953.

At that time, the needs of this Nation were changing. It was necessary to give the Soil Conservation Service, still a fledgling agency, new direction to successfully meet those needs. Under Dr. Williams' leadership, SCS immediately took on new and challenging tasks—and it is still doing so today.

The Soil Conservation Service remains one of the most effective and efficient agencies in the Federal Government. Its staff, numbering more than 16,000, is made up primarily of professional people with specialities in soil and water conservation, hydrology, agronomy, soil science, biology, forestry, engineering, and range management.

Their technical competence is highly regarded throughout the Federal Government and—most important—by the farmers, ranchers, and others who operate the three-fourths of our land in private ownership.

Let me give just one example.

It was my privilege this past September to share the speakers' platform with Don Williams at the dedication of the privately owned 90,000-acre Homer Mitchell Tree Farm in Rapides Parish, La.

This was an exciting occasion for both of us for this dedication was a tribute to the type of professionalism that makes up the Soil Conservation Service. Homer Mitchell was a SCS woodland specialist who devoted his life in making the cutover, erosion-prone lands of the South once again a productive asset to the Nation. He was a soil conservationist of the first order and his contributions to forestry management will long be remembered.

In a way, the dedication was also a tribute to Don Williams, who has the facility of drawing top caliber men into SCS and getting the best out of them.

The mark of the SCS technicians can be seen throughout the countryside. Working through local soil and water conservation districts and with State and other Federal conservation agencies, they have had a profound influence in preserving and developing our natural resources of soil, water, woodlands, and wildlife for the good of all our people.

I see it every time I return to Louisiana.

Thirty years ago much of Louisiana was barren cutover hillside. Erosion was rampant, and rich topsoil muddied streams and choked waterways. Today most of this land is protected by tall trees and lush pastures.

This has come about largely through a unique cooperative venture between the Soil Conservation Services and locally governed soil and water conservation districts. These same districts may sponsor Public Law 566 small watershed projects and resource conservation and development projects.

In Louisiana, 20 small watershed projects are in operation on 1.8 million acres of land and 17 more are in the planning stage on 2 million acres of land.

These projects combine conservation measures and flood detention reservoirs on the upland streams where half of our annual flood damage occurs.

The small watershed program has been one of the most effective methods of stimulating rural area development. From its inception, Don Williams has played a most important role in the success of this program.

As chairman of the Senate Committee on Agriculture and Forestry, I have had the opportunity to work closely with Don Williams on resource conservation programs and policies over the past 15 years.

I am well aware of his outstanding administrative abilities, and I applaud his selection as one of the Rockefeller Public Service Award winners for 1967.

Mr. President, I ask unanimous consent to have printed in the RECORD a release from Princeton, N.J., dated November 13, 1967.

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

PRINCETON, N.J., November 13.—Donald A. Williams, Administrator of the Soil Conservation Service of the U.S. Department of Agriculture, who was named today as winner of the 1967 Rockefeller Public Service Award in the field of Administration, sees his job as serving equally the rural and urban population.

The honor, made possible by funds granted by John D. Rockefeller 3rd and administered by Princeton University as a national trust, recognizes his 31 years of Government career service with a tax-free cash award of $10,000. The presentations will be made at a luncheon in Washington on Dec. 6th.

As the third head of the Soil Conservation Service since its establishment by Congress in 1935, Mr. Williams has guided the agency's program through its great change from "the dustbowl age" when erosion control was its primary responsibility, to current additional responsibilities for water conservation, flood control and land use planning.

"Soil and water have to be treated together," said Mr. Williams. "Conservation is everybody's business because it affects everybody—in the cities as well as on the farms.

"For example, it is necessary to keep silt out of harbors, in addition to keeping topsoil on the land. As early as 1948, water conservation activities were added to the technical programs of irrigation and drainage. A few years later it was recognized that much of the choicest agricultural land was being diverted to other uses—subdivisions, factories, airports, housing developments. So we began to classify soils for non-agricultural as well as agricultural uses.

"Today this work involves metropolitan planning and zoning boards, the blending of rural and urban interests in land use. Many watershed projects now are under the direction of state and local divisions of government, who seek technical and financial assistance from the Federal Government. Some 800 projects in actual operation in the United States receive advice and assistance from our technicians."

Mr. Williams was born in Clark, South Dakota, 62 years ago and received his B.S. in civil engineering from South Dakota State College. He later did postgraduate work at the same college and at the University of South Dakota. In 1956 he received an honorary degree of Doctor of Agriculture from South Dakota State University, the first such degree ever awarded to a civil engineer.

He is married to the former Ruth Christianson of Volga, South Dakota. They have one daughter, Mrs. Mary Cathryn Weir, of Edinburgh, Scotland, who is a Presbyterian minister and wife of a minister. His brother, Ross Williams, a farmer, still resides in Clark, S.D.; another brother, Clifford Wil-

liams, is a consulting civil engineer in Augusta, Ga., and a third brother, Reginald S. Williams, is a retired banker living in Toronto, Canada.

Despite his agricultural beginnings, Mr. Williams has spent most of his life in urban areas. He joined the SCS in 1935, holding various field jobs as a conservation engineer, but has lived in big cities many more years than on the farm. Among the cities in which he lived and worked are Spokane, Washington; Portland, Oregon; and for the last 17 years, Washington, D.C.

Mr. Williams also serves as a consultant to the Ford Foundation and has been adviser to the governments of seventeen countries, including India, Turkey, and New Zealand, on soil and water conservation problems, programs and organization. He has been consultant to the Agency for International Development in Latin America and in Asia and directs SCS projects in several countries for them. He left on Oct. 17th of this year for three weeks in India, where he is reviewing the Soil Conservation Service technical assistance program for India, and will return on November 20.

Mr. Williams received the Distinguished Service Award of the National Association of Soil and Water Conservation Districts in 1957 and the Distinguished Service Award of the U.S. Department of Agriculture in 1958.

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate return to the consideration of the calendar, beginning with Calendar No. 760.

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

CERTAIN EMPLOYEES AT THE NAVAL AIR TEST CENTER, PATUXENT RIVER, MD.

The Senate proceeded to consider the bill (S. 2031) for the relief of certain employees at the Naval Air Test Center, U.S. Naval Air Station, Patuxent River, Md., which had been reported from the Committee on the Judiciary, with an amendment, on page 3, in the material, at the beginning of line 27, from the top of the page, strike out "Jamek T. Smith," and insert "James T. Smith,"; so as to make the bill read:

S. 2031

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That each individual named in section 2 of this Act is relieved of all liability for repayment to the United States of the amount set forth opposite his name, which amount represents an overpayment of salary paid to each individual as a civilian employee of the Naval Air Test Center, United States Naval Air Station, Patuxent River, Maryland, as the result of administrative error. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, full credit shall be given for the amounts for which liability is relieved by this Act.

SEC. 2. The individuals referred to in the first section of this Act and the amount of the liability of each of them waived by this Act are as follows:

	Amount
James G. Adams, September 12, 1965 through October 23, 1965	$26.40
Helen Baroniak, January 19, 1964 through January 16, 1965	231.60
Patrick E. Beveridge, May 10, 1964 through June 7, 1964	17.60
Joseph T. Bradburn, January 17, 1965 through November 20, 1965	193.60
Elliot Bray, July 5, 1964 through September 10, 1965	$346.80
Samuel Brown, March 1, 1964 through April 12, 1964	26.40
Franklin L. Carroll, August 29, 1965 through November 20, 1965	57.60
Paul C. Chesnut, May 10, 1965 through December 4, 1965	112.00
Philip G. Clements, May 24, 1964 through November 20, 1965	364.00
Glenwood J. Coombs, May 24, 1964 through November 20, 1965	364.00
James W. Davis, September 27, 1964 through September 26, 1965	249.60
John Dawson, Junior, September 2, 1962 through September 1, 1963	204.16
George E. Denton, Junior, December 8, 1963 through November 20, 1965	460.60
Robert H. Dorsch, Junior, October 10, 1965 through October 23, 1965	16.80
Veronica D. Dorsey, May 24, 1964 through November 20, 1965	364.00
Lester R. Draheim, October 13, 1963 through December 7, 1963	102.40
Lois M. Field, March 1, 1964 through November 20, 1965	166.40
James M. Goldsborough, February 2, 1964 through January 31, 1965	283.40
Francis B. Gough, June 21, 1964 through November 20, 1965	348.00
John C. Groom, May 9, 1965 through November 20, 1965	113.32
Thomas F. Hammett, July 19, 1964 through November 20, 1965	392.80
Varner D. Henderson, March 29, 1964 through May 10, 1964	26.40
Jack L. Holcomb, July 5, 1964 through November 20, 1965	387.20
Norvall A. Hugg, March 15, 1964 through December 4, 1965	486.40
Francis L. Hurry, December 9, 1962 through December 6, 1964	457.60
Benedict P. Jarboe, January 17, 1965 through December 20, 1965	211.20
Edward P. Jaxtheimer, February 2, 1964, through January 31, 1965	282.40
Grady C. Jenkins, July 5, 1964, through November 20, 1965	523.20
Donald L. Jones, April 14, 1963, through May 9, 1965	440.37
Roy A. Longanecker, September 1, 1963, through December 4, 1965	442.40
Peter Lopitz, February 16, 1964, through December 4, 1965	420.06
Herman H. Martin, August 2, 1964, through November 20, 1965	326.40
Ralph M. Messick, March 31, 1963, through October 10, 1965	527.20
Jacob Nemerow, July 5, 1964, through November 20, 1965	371.20
Francis F. Nevins, January 19, 1964, through December 4, 1965	357.60
Harold L. Payne, March 3, 1963, through February 28, 1965	457.60
Luther L. Peterson, June 7, 1964, through December 27, 1965	366.40
Charles P. Pilkerton, March 3, 1963, through November 20, 1965	621.20
Samuel L. Porter, Junior, May 10, 1964, through November 20, 1965	403.20
James A. Ridgell, October 27, 1963, through October 10, 1965	464.80
Robert A. Russell, July 5, 1964, through November 8, 1965	392.00
William P. Russell, July 5, 1964, through November 20, 1965	404.00
Francis H. Smith, October 13, 1963, through November 20, 1965	428.16
James T. Smith, July 5, 1964, through November 20, 1965	678.40
Robert D. Strain, September 1, 1963, through January 20, 1965	$446.00
William R. Thompson, December 8, 1963, through November 20, 1965	460.00
Stephen E. Wathen, December 20, 1964, through December 4, 1965	192.40
Robert F. Wigginton, July 19, 1964, through November 20, 1965	386.40
Carroll M. Wilkes, December 8, 1963, through December 6, 1964	228.80
Leroy Willenborg, December 9, 1962, through December 6, 1964	457.60
Herman O. Wood, April 12, 1964, through November 20, 1965	388.00

SEC. 3. The Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to each individual named in section 2 of this Act, the sum of any amounts received or withheld from him on account of the overpayments referred to in the first section of this Act. No part of the amounts appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with any of these claims, and the same shall be unlawful, regardless of any contract to the contrary. Any person violating the provisions of this section shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for 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. 776), explaining the purposes of the bill.

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

PURPOSE

The purpose of the bill, as amended, is to relieve certain named individuals of liability for repayment to the United States of the amounts listed, which represent overpayment of salaries as a result of an administrative error.

The Department of the Navy recommends enactment of the bill.

In its favorable report on the bill, the Department of the Navy sets forth the facts in the case as follows:

"The records of this Department show that GAO payroll audit revealed certain administrative errors resulting in overpayments to 51 Naval Air Test Center employees. The overpayments of 28 of the employees were a result of erroneous interpretation of regulations concerning the appropriate waiting period for step increases in graded positions for professional employees paid special rates under 5 U.S.C. 5303. The remaining overpayments of 23 of the employees were a result of the delayed receipt of a change to applicable regulations concerning employees in ungraded positions being reassigned or promoted to graded positions after the personnel actions were effected. The overpayments range from $16.80 to $678.40. The total amount of all overpayments is $16,476.47."

The committee has in the past granted individuals relief in similar cases where overpayments were made through an administrative error and were received in good faith by the employees.

The committee believes the bill to be meritorious and recommends it favorably.

CHRISTOPHER NICHOLAS RUSHTON

The Senate proceeded to consider the bill (S. 2265) for the relief of Christopher

Nicholas Rushton, which had been reported from the Committee on the Judiciary, with an amendment, in line 6, after the word "of" strike out "June , 1947." and insert "July 1, 1947, upon payment of the required head tax."; so as to make the bill read:

S. 2265

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Christopher Nicholas Rushton shall be held and considered to have been lawfully admitted to the United States for permanent residence as of July 1, 1947, upon payment of the required head tax.

The amendment was agreed to.

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

DR. JOSE R. SANCHEZ

The Senate proceeded to consider the bill (S. 2382) for the relief of Dr. Jose R. Sanchez, which had been reported from the Committee on the Judiciary, with an amendment, in line 6, after the word "of" strike out "September 21, 1961" and insert "September 21, 1962."; so as to make the bill read:

S. 2382

Be it enacted by the Senate and House of Representatives of the United States of American in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Doctor Jose R. Sanchez shall be held and considered to have been lawfully admitted to the United States for permanent residence as of September 21, 1962.

The amendment was agreed to.

The bill was ordered to be engrossed for 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. 778), explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of the bill, as amended, is to enable the beneficiary to file a petition for naturalization. The bill has been amended in accordance with the suggestion of the Commissioner of Immigration and Naturalization to reflect the proper date upon which the beneficiary was paroled into the United States.

MARIA KOLOMETROUTSIS

The Senate proceeded to consider the bill (H.R. 7427) for the relief of Maria Kolometroutsis which had been reported from the Committee on the Judiciary, with an amendment, on page 1, at the beginning of line 9, strike out "the natural brother of the beneficiary shall not" and insert "no brothers or sisters of the beneficiary shall thereafter".

The amendment was agreed to.

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

The bill was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of the bill, as amended, is to facilitate the entry into the United States in an immediate relative status of the alien child adopted by citizens of the United States. The purpose of the amendment is to conform the language of the proviso to prior enactments.

RELIEF OF CERTAIN EMPLOYEES OF THE U.S. NAVAL AMMUNITION DEPOT, BREMERTON, WASH.

The Senate proceeded to consider the bill (S. 1040) for the relief of certain civilian employees of the U.S. Naval Ammunition Depot, Bangor, Bremerton, Wash., which had been reported from the Committee on the Judiciary, with amendments, strike out all after the enacting clause and insert:

That each individual named in section 2 of this Act is relieved of liability to pay to the United States the amount set forth opposite his name in such section. Such amounts represent overpayments of compensation made to such individuals as a result of administrative error while they were employed at the naval installations listed in such section. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, credit shall be given for amounts for which liability is relieved by this section.

SEC. 2. The names of each individual referred to in the first section of this Act, the amount of overpayments made to each individual, the period during which the overpayments were made, and the naval installation employing each individual, are as follows:

(1) United States Naval Ammunition Depot, Bangor, Bremerton, Washington.

Name of employee and period of overpayment:	*Amount overpaid*
Frank Grey, Junior, from December 23, 1962, through October 10, 1964	$607.20
Carroll L. Klieves, from April 16, 1963, through April 25, 1964	452.00
Helen M. Morehouse, from April 16, 1963, through Ocotber 9, 1965	1,391.10
Jerome R. Weathermon, from February 19, 1963, through October 9, 1965	1,063.93

(2) United States Polaris Missile Facility, Pacific.

Name of employee and period of overpayment:	*Amount overpaid*
George C. Solman, from November 22, 1964, through September 11, 1965	$235.20

(3) United States Torpedo Station, Keyport, Washington.

Name of employee and period of overpayment:	*Amount overpaid*
Howard K. Asher, from May 24, 1964, through September 25, 1965	228.80
Charles A. Bary, from December 23, 1962, through October 9, 1965	668.80
James L. Dalton, from January 19, 1964, through October 9, 1965	432.00
Francis J. Hedeen, from August 2, 1964, through March 2, 1965	109.45
Richard M. Lynch, from November 29, 1964, through January 2, 1965	$28.80
Douglas P. McAllister, from September 15, 1963, through September 11, 1965	459.60
Amos J. Pickrell, from January 19, 1964, through January 16, 1965	228.80
Robert B. Stewart, from February 2, 1964, through October 9, 1965	492.80
Richard L. Thompson, Senior, from July 19, 1964, through July 17, 1965	210.20

SEC. 3. The Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to each individual named in section 2 of this Act, the sum of any amounts received or withheld from him on account of the overpayments referred to in the first section of this Act. No part of the amounts appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with any of these claims, and the same shall be unlawful, regardless of any contract to the contrary. Any person violating the provisions of this section shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.".

The amendment was agreed to.

The bill was ordered to be engrossed for 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 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 AMENDMENTS

The purpose of the amendments is to include all employees similarly situated, as recommended by the Department of the Navy.

STATEMENT

The bill, S. 1040, was introduced to relieve four civilian employees of the U.S. Naval Ammunition Depot, Bangor, Bremerton, Wash.

In reporting on the bill, the Department of the Navy advised the committee that it would have no objection to the enactment of the bill provided that it was amended to relieve all other employees similarly situated.

In its report on the bill, the Department of the Navy advised the committee that as a result of a Government Accounting Office payroll audit of August 31 through September 14, 1965, it was found that 14 civilian employees had received salary overpayments as a result of administrative errors made by the Consolidated Industrial Relations Office of the U.S. Naval Torpedo Station, Keyport, Wash.

The committee believes that the bill, as amended in accordance with the Department of the Navy recommendation, is meritorious and recommends it favorably.

The title was amended so as to read: "A bill for the relief of certain employees of the Department of the Navy."

ANASTASIA D. MPATZIAN

The Senate proceeded to consider the bill (S. 1652) for the relief of Anastasia D. Mpatzian, which had been reported from the Committee on the Judiciary, with amendments on page 1, line 5, after "Anastasia D." strike out "Mpatzian"

and insert "Mpatziani"; so as to make the bill read:

S. 1652

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of paragraph (25) of section 212(a) of the Immigration and National Act, Anastasia D. Mpatziani may be issued an immigrant visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of such Act. This Act shall apply only to the grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act.

The amendment was agreed to.

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

The title was amended so as to read: "A bill for the relief of Anastasia D. Mpatziani."

OSCAR J. ENRIQUEZ

The Senate proceeded to consider the bill (S. 2199) for the relief of Oscar J. Enriquez which had been reported from the Committee on the Judiciary with amendments, in line 4, after the word "Act," strike out "Oscar J. Enriquez" and insert "Oscar Juan Enriquez-Santos"; so as to make the bill read:

S. 2199

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Oscar Juan Enrique-Santos shall be held and considered to have been lawfully admitted to the United States for permanent residence as of August 29, 1961.

The amendment was agreed to.

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

The title was amended so as to read: "A bill for the relief of Oscar Juan Enriques-Santos."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of the bill, as amended, is to enable the beneficiary to file a petition for naturalization. The bill has been amended in accordance with the suggestion of the Commissioner of Immigration and Naturalization to correct the beneficiary's name.

PARTICIPATION OF UNITED STATES IN THE INTERNATIONAL CRIMINAL POLICE ORGANIZATION

The bill (H.R. 2834) to amend the act of June 10, 1938, relating to the participation of the United States in the International Criminal Police Organization 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 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. 2834 is to substitute $28,500 for the present statutory ceiling of $25,000 on the total annual dues authorized to be paid for the membership of the United States in the International Criminal Police Organization.

STATEMENT

The act of June 10, 1938 (52 Stat. 640; 22 U.S.C. 263a), as amended, authorizes the Attorney General to accept and maintain on behalf of the U.S. membership in the International Criminal Police Organization (commonly called "Interpol"), and to designate departments and agencies which may participate in the U.S. representation with that Organization.

The United States, through the Department of Justice and the Department of the Treasury, has been participating in this Organization since 1938. At present, the Treasury Department is the only Federal agency designated by the Attorney General for participation in Interpol. The participating agencies within the Treasury Department are the Bureau of Narcotics, the Bureau of Customs, the Secret Service, and the Intelligence Division of the Internal Revenue Service. Through its office in Paris, Interpol assimilates and distributes information and reports regarding international criminals and criminal activities.

The Treasury Department reports that it receives valuable assistance from the Organization, especially in the area of combating international narcotics traffic, smuggling, and counterfeiting. U.S. membership in the Organization is considered vital.

The bill as introduced was amended by the House of Representatives. As introduced, the bill proposed to eliminate all statutory limitations on the amount of U.S. membership dues. The House amended the legislation by placing the statutory limitation as $28,500 in lieu of the present $25,000.

In 1965, the Organization increased the assessment for group I countries (which includes the United States, the United Kingdom, France, Italy, and the Federal Republic of Germany) to approximately $28,500 a year. The Treasury Department has advised the committee that the other group I countries have been paying the full amount of the assessment, but that the United States is unable to do so because of the statuory limitation.

The Treasury Department has advised the committee that it concurs in the amendment made by House and urges that the legislation, as amended, be enacted.

The committee concludes that the proposed legislation as passed by the House of Representatives in meritorious and recommends that it be favorably considered.

ESTABLISHMENT OF A JUDGE ADVOCATE GENERAL'S CORPS IN THE NAVY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 732, which will be the last bill to be called on the calendar.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 12910) to establish a Judge Advocate General's Corps in the Navy, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Armed Services, with amendments.

Mr. ERVIN. Mr. President, as referred to the committee this bill proposed to establish two new statutory positions of Assistant Judge Advocate General of the Navy. One of these positions would have been filled by a Navy officer with the rank and grade of rear admiral, lower half, and the other would have been filled by a Marine Corps officer with the rank and grade of brigadier general.

The Committee on Armed Services consolidated these two positions into one and provided that the occupant could be either a Navy officer in the grade of rear admiral, lower half, or a Marine Corps officer in the grade of brigadier general. The committee decided not to increase the number of flag officers in the Navy or general officers in the Marine Corps whose confirmations it would recommend to the Senate. Accordingly, the one additional flag or general officer involved in the committee version of the bill would have caused the Navy or the Marine Corps to accommodate this additional flag or general officer within the limitations now applicable.

After the committee's action the line officers of the Navy and the Marine Corps protested their inability to accommodate an additional uniformed lawyer as a rear admiral or a brigadier general and I have agreed to sponsor an amendment that establishes the two new statutory positions of Assistant Judge Advocate General of the Navy on a permissive basis instead of requiring that they be filled by a flag officer of the Navy or a general officer of the Marine Corps. If those in power in the Navy and the Marine Corps are later persuaded that additional flag or general officer positions should be filled by uniformed lawyers, the authority for flag and general officer grade for the occupants of these offices will exist.

My personal view is that the powers that be in the Navy and the Marine Corps are being somewhat shortsighted in their unwillingness to share the flag and general officer positions with uniformed lawyers. This unwillingness will undoubtedly make it more difficult for the Navy to attract and retain an adequate number of uniformed lawyers with the desired competence and qualifications.

Hence, I hope the Navy may alter its present position and share its prescribed flag and general officer positions with uniformed lawyers.

I shall be glad to attempt to answer any questions about these amendments.

The PRESIDING OFFICER. The clerk will state the first committee amendment.

The legislative clerk read, as follows:

On page 4, after line 7, strike out:

"(b) An officer of the Judge Advocate General's Corps who has the qualifications prescribed for the Judge Advocate General in section 5148(b) of this title shall be detailed as Assistant Judge Advocate General of the Navy. While so serving he is entitled to the rank and grade of rear admiral (lower half), unless entitled to a higher rank or grade under another provision of law. An officer who is retired while serving as Assistant Judge Advocate General of the Navy under this subsection or who, after serving at least twelve months as Assistant Judge Advocate General of the Navy, is retired after comple-

tion of that service while serving in a lower rank or grade, may, in the discretion of the President, be retired with the rank and grade of rear admiral (lower half). If he is retired as a rear admiral, he is entitled to retired pay in the lower half of that grade, unless entitled to higher pay under another provision of law."

And in lieu thereof, insert:

"(b) A judge advocate of the Navy or the Marine Corps who has the qualifications prescribed for the Judge Advocate General in section 5148(b) of this title shall be detailed as Assistant Judge Advocate General of the Navy. While so serving, he is entitled to the rank and grade of rear admiral (lower half), or brigadier general, as appropriate, unless entitled to a higher rank under another provision of law. An officer who is retired while serving as Assistant Judge Advocate General of the Navy under this subsection or who, after serving at least twelve months as Assistant Judge Advocate General of the Navy, is retired after completion of that service while serving in a lower rank or grade, may in the discretion of the President, be retired with the grade of rear admiral (lower half), or brigadier general, as appropriate. If he is retired as a rear admiral, he is entitled to retired pay in the lower half of this grade, unless entitled to higher pay under another provision of law. If he is retired as a brigadier general he is entitled to the retired pay of a brigadier general."

Mr. ERVIN. I shall offer these amendments with the approval of the chairman of the Committee on Armed Services for the purpose of accomplishing the overall objective of the Committee on Armed Services in approving the bill.

Mr. President, I offer an amendment to the committee amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 4, beginning with line 24, strike out all down through line 17 on page 5 and insert in lieu thereof the following:

"(b) An officer of the Judge Advocate General's Corps who has the qualifications prescribed for the Judge Advocate General in section 5148(b) of this title may be detailed as Assistant Judge Advocate General of the Navy. While so serving he is entitled to the rank and grade of rear admiral (lower half), unless entitled to a higher rank or grade under another provision of law. An officer who is retired while serving as Assistant Judge Advocate General of the Navy under this subsection or who, after serving at least twelve months as Assistant Judge Advocate General of the Navy, is retired after completion of that service while serving in a lower rank or grade, may, in the discretion of the President, be retired with the rank and grade of rear admiral (lower half). If he is retired as a rear admiral, he is entitled to retired pay in the lower half of that grade, unless entitled to higher pay under another provision of law.

"(c) A judge advocate of the Marine Corps who has the qualifications prescribed for the Judge Advocate General in section 4158(b) of this title may be detailed as Assistant Judge Advocate General of the Navy. While so serving he is entitled to the rank and grade of brigadier general, unless entitled to a higher rank or grade under another provision of law. An officer who is retired while serving as Assistant Judge Advocate General of the Navy under this subsection or who, after serving at least twelve months as Assistant Judge Advocate General of the Navy, is retired after completion of that service while serving in a lower rank or grade, may, in the discretion of the President, be retired with the rank and grade of brigadier general. If he is retired as a brigadier general, he is entitled to the retired pay of that grade, unless entitled to higher pay under another provision of law."

The PRESIDING OFFICER. The question is on agreeing to the amendment to the committee amendment.

The amendment was agreed to.

The committee amendment, as amended, was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The legislative clerk read as follows:

On page 5, after line 17, strike out:

"(c) A judge advocate of the Marine Corps who has the qualifications prescribed for the Judge Advocate General in section 4158(b) of this title shall be detailed as Assistant Judge Advocate General of the Navy. While so serving he is entitled to the rank and grade of bridadier general, unless entitled to a higher rank or grade under another provision of law. An officer who is retired while serving as Assistant Judge Advocate General of the Navy under this subsection or who, after serving at least twelve months as Assistant Judge Advocate General of the Navy, is retired after completion of that service while serving in a lower rank or grade, may, in the discretion of the President, be retired with the rank and grade of brigadier general. If he is retired as a brigadier general, he is entitled to the retired pay of that grade, unless entitled to higher pay under another provision of law."

The committee amendment was agreed to.

The PRESIDING OFFICER. The next committee amendments, on page 6, will be stated.

The legislative clerk read as follows:

On page 6, at the beginning of line 10, strike out "(d)" and insert "(c)"; at the beginning of line 16, strike out "(c)" and insert "(d)"; in the same line, after the word "subsection" strike out "(d)" and insert "(c)"; in line 18, after the word "Judge", strike out "Advocates" and insert "Advocate".

Mr. ERVIN. Mr. President, I move that these committee amendments be rejected.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from North Carolina.

The motion was agreed to.

The PRESIDING OFFICER. The remaining committee amendments will be stated.

The legislative clerk read as follows:

On page 12, line 5, after the word "grade" strike out "all provisions of title 10, United States Code, not inconsistent with this Act, relating to officers of the Medical Corps of the Navy shall apply to officers of the Judge Advocate General's Corps of the Navy."; on page 13, at the beginning of line 6, insert "Redesignation of an officer under section 8(b) of this Act shall not operate to change the computation of his service for any purpose."; and, after line 12, insert a new section, as follows:

"SEC. 12. Title 10, United States Code, is amended by inserting the words, 'the Judge Advocate General's Corps,' after the words 'the Medical Corps' in section 5652a and by inserting the words 'the Judge Advocate General's Corps,' after the words 'the Medical Corps,' in sections 5581, 5702(b), 5708(c)(1), 5753(b), 5896(a) (3) and (4), 5897(c)(1), and 6378(b)(7)."

The committee amendments were agreed to.

Mr. ERVIN. Mr. President, the purpose of the amendments which I have offered is to make the assignment of a flag officer or general officer to the positions of Assistant Judge Advocate General of the Navy, which are created by the bill, permissive rather than mandatory; and it is merely to take care of the present objection of the Navy that it is unable to subtract from present authorized flag officers and general officers for these posts. The amendments would make it permissive rather than mandatory.

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

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 12910) was read the third time, and passed.

PROPOSED LEGISLATION GRANTING MASTERS OF CERTAIN U.S. VESSELS A LIEN ON THOSE VESSELS FOR THEIR WAGES AND FOR CERTAIN DISBURSEMENTS

Mr. BARTLETT. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 162.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 162) to grant the masters of certain U.S. vessels a lien on those vessels for their wages and for certain disbursements, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BARTLETT. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. MAGNUSON, Mr. BARTLETT, Mr. BREWSTER, Mr. GRIFFIN, and Mr. COTTON the conferees on the part of the Senate.

ENROLLED BILL SIGNED

The PRESIDING OFFICER announced that on today, November 16, 1967, the President pro tempore signed the enrolled bill (S. 1556) for the relief of Dr. Orlando O. Lopez, which had previously been signed by the Speaker of the House of Representatives.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDING OFFICER laid before the Senate the following letters, which were referred as indicated:

REPORTS OF THE COMPTROLLER GENERAL

A letter from the Comptroller General of the United States transmitting, pursuant to law, a report on improved inventory controls needed for the Departments of the Army, Navy, and Air Force and the Defense Supply Agency, Department of Defense, dated November 1967 (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States transmitting, pursuant to law, a report on the need for improvement in the management of equipment for the military assistance program, Department of Defense, Department of the Army, dated November 1967 (with an accompanying report); to the Committee on Government Operations.

PROPOSED AMENDMENT OF SECTION 1072(2), TITLE 10, UNITED STATES CODE

A letter from the Under Secretary of the Air Force, transmitting a draft of proposed legislation to amend section 1072(2) of title 10, United States Code, to include a foster child within the definition of dependent (with an accompanying paper); to the Committee on Armed Services.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BARTLETT, from the Committee on Commerce, without amendment:

S. 2152. A bill to authorize the vessel *Orion* to engage in the coastwise trade (Rept. No. 786);

H.R. 168. An act to amend the act of June 20, 1918, relating to the retirement age requirements of certain personnel of the Coast Guard (Rept. No. 787);

H.R. 1006. An act to provide an increase in the retired pay of certain members of the former Lighthouse Service (Rept. No. 788); and

H.R. 3351. An act to amend the act of August 19, 1950, to provide annuity benefits for an additional number of widows of employees of the Lighthouse Service (Rept. No. 789).

By Mr. BARTLETT, from the Committee on Commerce, with an amendment:

S. 2247. A bill to amend the Merchant Marine Act, 1936, to increase the Federal ship mortgage insurance available in the case of certain oceangoing tugs and barges (Rept. No. 790); and

H.R. 169. An act to increase the amount of benefits payable to widows of certain former employees of the Lighthouse Service, and thereafter to provide for cost-of-living increases in benefits payable to such widows and to such former employees (Rept. No. 791).

By Mr. BARTLETT, from the Committee on Commerce, with amendments:

S. 2140. A bill to authorize the exchange of certain vessels for conversion and operation in nonsubsidized service between the west coast of the United States and the territory of Guam (Rept. No. 792).

By Mr. ELLENDER, from the Committee on Agriculture and Forestry, without amendment:

H.R. 10442. An act to facilitate exchanges of land under the Act of March 20, 1922 (42 Stat. 465), for use for public schools, and for other purposes (Rept. No. 793).

By Mr. TALMADGE, from the Committee on Agriculture and Forestry, with amendments:

S. 2565. A bill to amend the Federal Farm Loan Act and the Farm Credit Act of 1933, as amended, and for other purposes (Rept. No. 794).

BILLS INTRODUCED

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

By Mr. KUCHEL (for himself, Mr. COOPER, and Mr. MURPHY):

S. 2668. A bill to amend section 402 of the Agricultural Trade Development and Assistance Act of 1954, as amended, in order to remove certain restrictions against alcoholic beverages under title I of such act; to the Committee on Agriculture and Forestry.

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

By Mr. JAVITS (for himself, Mr. BREWSTER, Mr. COOPER, and Mr. HARTKE):

S. 2669. A bill for the establishment of a Commission on Revision of the Antitrust Laws of the United States; to the Committee on the Judiciary.

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

By Mr. GORE:

S. 2670. A bill to authorize the Secretary of the Air Force to convey certain lands in Tennessee to the Industrial Board of Coffee County, Tenn., Inc.; to the Committee on Armed Services.

RECTIFYING AN INJUSTICE UNDER THE FOOD-FOR-PEACE PROGRAM

Mr. KUCHEL. Mr. President, in August of 1966, the Senate passed an amendment specifically excluding the sales or gifts of alcoholic beverages under Public Law 480—the food-for-peace program. This amendment became law in November of 1966.

It is clear that the Congress never intended that the donation of tobacco or the sale or gift of alcoholic beverages be included within the noble purposes of a program aimed at combating hunger and malnutrition in the underdeveloped nations of the world. This amendment served to clarify and strengthen that intent. But it also resulted in an effect which was not intended. The amendment was so drafted as to prohibit the alcoholic beverage industry from participating in another important aspect of the food-for-peace program; namely, the promotion of American agricultural commodities abroad. Such a consequence was never intended by the author of the amendment, the distinguished senior Senator from Kentucky [Mr. COOPER] nor by the Senate or the Congress in adopting that amendment.

One of the principal purposes of Public Law 480 was to increase the consumption of U.S. agricultural commodities in foreign countries. Pursuant to this authorization, the U.S. Department of Agriculture through its International Trade Fairs Division and the Department of Commerce sponsor trade fairs and promotions in various countries of the world. The American wine industry has only in recent years started to develop foreign markets. The industry has been requested by the U.S. Government to participate in such fairs and promotions. Such participation has not been deemed feasible until an actual placement of our products has been made in an area served by such a trade fair.

Mr. President, California is renowned for its wine industry. Our wines presently are in over 50 countries. It is imperative that if the wine industry and, for that matter, the entire alcoholic beverage industry, is to develop a proper foreign market, all vehicles of promotion should be available to it. Even more important, is the need to be sure that there are no restrictions placed against the promotion of such products through a definition such as that unintentionally written into Public Law 480 last year.

Such a definition not only jeopardizes the treatment of alcoholic beverages under the food-for-peace program but could well threaten its treatment as an agricultural commodity by other governmental agencies. A question is also raised as to the effect of an extension of this definition on the Marketing Act programs of the U.S. Department of Agriculture.

In August of 1967, the U.S. Department of Agriculture determined that the amendment had this unintended effect of prohibiting the promotion of any alcoholic beverages in the market development program. The Department recommended the need for legislative action. With the cooperation of the distinguished author of the original amendment, Senator COOPER, with the assistance of counsels at the Department of Agriculture, and with the advice of representatives of the Wine Institute of California, I have prepared a brief proposal to correct the injustice created by the 1966 proposal. It would allow representatives of the alcoholic beverages industry the right to participate in "market development activities carried out under title I of this act which have as their purpose the expansion of export sales of U.S. agricultural commodities."

I am hopeful that because of the overwhelming support and need for such a correction, this bill can be expeditiously acted upon by the Senate Agriculture Committee and the Senate.

I therefore introduce for myself, the distinguished Senator from Kentucky [Mr. COOPER], and my distinguished colleague from California [Mr. MURPHY], a bill to amend section 402 of the Agricultural Trade Development and Assistance Act of 1954, as amended, in order to remove certain restrictions against alcoholic beverages under title I of such act.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 2668) to amend section 402 of the Agricultural Trade Development and Assistance Act of 1954, as amended, in order to remove certain restrictions against alcoholic beverages under title I of such act, introduced by Mr. KUCHEL (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

Mr. KUCHEL. Mr. President, the Senator from Kentucky [Mr. COOPER] is necessarily absent today. However, we discussed this matter earlier, and he has asked me to place in the RECORD his statement on this subject. I ask unanimous consent that it be included at this point in the RECORD.

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

STATEMENT OF SENATOR COOPER IN SUPPORT OF S. 2668

I am very glad to join with the senior Senator from California (Mr. KUCHEL) in sponsoring Senate bill 2668.

The purpose of the bill is to correct an unintended result of an amendment which I offered when extension of P.L. 480, the Food for Peace Act, was before the Senate

last year—which was adopted by the Senate and became law. I am sure that any effect on the promotion of California wines at international trade fairs, which the Senator from California has referred to, was never intended when the Senate considered the amendment—and certainly was not intended by me.

The amendment which I secured arose in this way. The Senator from Delaware (Mr. Williams) had offered an amendment excluding from the definition of the term "agricultural commodity," alcoholic beverages and tobacco. That proposal would have prevented the sale of tobacco to other countries under title I of the Act, as well as prohibiting the donation of alcoholic beverages and tobacco under title II of the Act.

I offered a substitute amendment, limiting the application of the Williams amendment, so far as tobacco was concerned, to title II. In doing so, I pointed out that no tobacco had been given away under Public Law 480, and that it was not intended to do so. But tobacco is sold under the program, and the purpose of my amendment was to make clear that tobacco could continue to be sold for dollar credits or for local currencies under that program. I stated in the Senate:

"We propose in this amendment to make clear that it was not intended to sell or give away alcoholic beverages under this bill. Of course, it never was so intended.

"Our amendment would permit the sale of tobacco and its products, but it would not permit the charitable gift of tobacco. Tobacco is not given away now; it is sold.

"So when the vote comes upon our amendment, the Senate will be voting whether or not to continue the same program that we have known since 1954, when Public Law 480 was first enacted."

I think the legislative history is clear that no change was intended in the operation of the PL 480 program, or in the policies or practices of the Department of Agriculture in carrying out that program. Rather, the effect of my substitute was to remove the practical effect of the amendment of the Senator from Delaware, which would have been to prohibit the sale of tobacco. In fact, during the debate on August 31, 1966, the Senator from Delaware stated, and I think I quote him correctly:

"Mr. President, the adoption of the amendment of the Senator from Kentucky would nullify any effect whatsoever of the Williams amendment now pending."

He stated further:

"The fact is that its purpose is to defeat the original amendment. As I stated earlier, alcoholic beverages never have been in the bill and are not in the bill now. No one ever had any intention of putting them in.

"I am also advised that tobacco has not been given away under title II of the bill and outright gifts are not contemplated now.

"Therefore, adoption of the amendment which would prohibit giving away tobacco means nothing.

"There is no argument about the purpose of the Cooper amendment—it is intended to nullify the Williams amendment."

My amendment was adopted by the Senate by a vote of 50 to 16, and was maintained in the Senate-House Conference.

As I understand, the problem which the bill introduced today by the Senator from California is designed to correct arises because both the Williams amendment and my substitute for it, were directed to the definition of terms applicable to the Act. I am informed that the General Counsel of the Department of Agriculture has ruled that exclusion of agricultural beverages from the term "agricultural products" inhibits the authority of the Department of Agriculture under the Act to encourage or assist in the promotion by representatives of the California wine industry, of their product at international trade fairs.

I believe the amendment now proposed would correct this unintended result, and am glad to join as a cosponsor of the bill. I hope it may be promptly considered by the Committee on Agriculture, and that it will be adopted.

NEEDED REVIEW OF THE U.S. ANTITRUST LAWS

Mr. JAVITS. Mr. President, on behalf of myself, the Senator from Maryland [Mr. BREWSTER], the Senator from Kentucky [Mr. COOPER], and the Senator from Indiana [Mr. HARTKE], I introduce, for appropriate reference, a bill to establish a Federal Commission to carry out a much needed review of the antitrust laws of the United States, and I ask unanimous consent that the bill be printed in the RECORD.

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

The bill (S. 2669) for the establishment of a Commission on Revision of the Antitrust Laws of the United States, introduced by Mr. JAVITS (for himself and other Senators), was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

S. 2669

Whereas the antitrust statutes of the United States are in certain major areas of their application in need of revision; and

Whereas there exists under the antitrust statutes of the United States conflicts in policy as to the proper standards of conduct required to be observed by American business; and

Whereas a thorough examination is essential in order to determine the impact of such statutes upon the productivity and long-range economic growth of the United States and upon United States foreign trade, investment, and economic policy: Therefore,

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DECLARATION OF POLICY

SECTION 1. It is hereby declared to be the policy of the Congress to promote the economy of the United States, to increase the efficiency of the United States business (which is defined to include management, labor, investors, farmers, and consumers), to improve quality, stabilize prices, and increase output and real wages, to promote the free flow of goods and services to the American people and to enable United States business to play its proper role in the preservation and development of freedom and well-being at home and abroad by (1) improving the laws prohibiting monopoly and unreasonable restraints on trade and commerce; (2) clarifying standards of conduct under the antitrust laws in domestic and foreign business; (3) adjusting the antitrust policies of the Federal Government as they affect the productivity and long-range economic growth of the United States and United States foreign trade, investment, and economic policy; (4) eliminating conflicts in policy and inconsistencies in the said antitrust laws as interpreted by the courts, administrative and regulatory agencies; (5) providing limits upon the responsibility under said laws of business for acts performed at the request of duly authorized United States Government authorities; (6) revising Federal antitrust laws where their effect is to impair initiative and business development in the public interest; (7) coordinating the activities of the Government in relation to the administration and enforcement of the antitrust laws; and (8) improving the methods and procedures of administration and enforcement of such laws.

ESTABLISHMENT OF THE COMMISSION ON REVISION OF THE ANTITRUST LAW

SEC. 2. For the purpose of carrying out the policies set forth in section 1 of this Act, there is hereby established a bipartisan commission to be known as the Commission on Revision of the Antitrust Laws (in this Act referred to as the "Commission").

MEMBERSHIP OF THE COMMISSION

SEC. 3. (a) NUMBER AND APPOINTMENT.—The Commission shall be composed of twenty-four members as follows:

(1) Eight appointed by the President of the United States, four from the executive branch of the Government and four from private life.

(2) Eight appointed by the President of the Senate, four from the Senate and four from private life.

(3) Eight appointed by the Speaker of the House of Representatives, four from the House of Representatives and four from private life.

(b) POLITICAL AFFILIATION.—Of each class of four members mentioned in subsection (a), not more than two members shall be from each of the two major political parties.

(c) VACANCIES.—Vacancies in the Commission shall not affect its powers but shall be filled in the same manner in which the original appointment was made.

ORGANIZATION OF THE COMMISSION

SEC. 4. The Commission shall elect a Chairman and a Vice Chairman from among its members.

QUORUM

SEC. 5. Thirteen members of the Commission shall constitute a quorum.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 6. (a) MEMBERS OF CONGRESS.—Members of Congress, who are members of the Commission, shall serve without compensation in addition to that received for their services as Members of Congress, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(b) MEMBERS FROM THE EXECUTIVE BRANCH.—Any member of the Commission who is in the executive branch of the Government shall receive the compensation which he would receive if he were not a member of the Commission, plus such additional compensation, if any, as is necessary to make his aggregate salary not exceeding $30,000; and he shall be reimbursed for travel, subsistence, and other necessary expenses incurred by him in the performance of the duties vested in the Commission.

(c) MEMBERS FROM PRIVATE LIFE.—The members from private life shall each receive not exceeding $75 per diem when engaged in the performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

STAFF OF THE COMMISSION

SEC. 7. The Commission shall have power to appoint and fix the compensation of such personnel as it deems advisable in accordance with the provisions of the civil service laws and the Classification Act of 1949.

EXPENSES OF THE COMMISSION

SEC. 8. There is hereby authorized to be appropriated out of any money in the Treasury, not otherwise appropriated, so

much as may be necessary to carry out the provisions of this Act.

EXPIRATION OF THE COMMISSION

SEC. 9. Sixty days after the submission to Congress of the report provided for in section 10(b), the Commission shall cease to exist.

DUTIES OF THE COMMISSION

SEC. 10. (a) INVESTIGATION.—The Commission for the purpose of recommending to the Congress measures required under and amendments to the antitrust laws to accomplish the policy declared in section 1 of this Act, and other measures deemed by the Commission necessary or appropriate thereto shall study and investigate and shall hear evidence with a view toward determining, but without limitation, (1) the effect of the existing price systems and pricing polices of trade and industry upon the general level of trade, employment, profits, production, and consumption; (2) the effect and operation of existing antitrust statutes as interpreted by and administered under judicial decisions and administrative regulations, decisions, and orders, upon competition, price levels, employment, profits, production, and consumption; (3) the extent and causes of concentration of economic power and financial control and their effect on competition and the public interest; and (4) the capability of trade and industry to assist our Nation in meeting its responsibilities at home and abroad.

(b) REPORT.—The Commission shall make a report of its findings and recommendations to the Congress on or before February 1, 1967, and may submit interim reports prior thereto.

POWERS OF THE COMMISSION

SEC. 11. (a)(1) HEARINGS.—The Commission or, on the authorization of the Commission, any subcommittee thereof, may, for the purpose of carrying out its functions and duties, hold such hearings and sit and act at such times and places, administer such oaths, and require, by subpena or otherwise, the attendance and testimony of such witnesses, and the production of such books, records, correspondence, memorandums, papers, and documents as the Commission or such subcommittee may deem advisable. Subpenas may be issued under the signature of the Chairman or Vice Chairman, or any duly designated member, and may be served by any person designated by the Chairman, the Vice Chairman, or such member.

(2) In case of contumacy or refusal to obey a subpena issued under paragraph (1) of this subsection, any district court of the United States or the United States court of any possession, or the District Court of the United States for the District of Columbia, within the jurisdiction of which the inquiry is being carried on or within the jurisdiction of which the person guilty of contumacy or refusal to obey is found or resides or transacts business, upon application by the Attorney General of the United States shall have jurisdiction to issue to such person an order requiring such person to appear before the Commission or a subcommittee thereof, there to produce evidence if so ordered, or there to give testimony touching the matter under inquiry; and any failure to obey such order of the court may be punished by the court as a contempt thereof.

(b) OFFICIAL DATA.—Each department, agency, and instrumentality of the executive branch of the Government, including independent agencies, is authorized and directed to furnish to the Commission, upon request made by the Chairman or Vice Chairman, such information as the Commission deems necessary to carry out its functions under this Act.

Mr. JAVITS. Mr. President, our basic antitrust laws were written in the latter part of the 19th century and the early part of this century and, with few exceptions have not been overhauled since.

The bill I have introduced today is identical to a bill I introduced in the last Congress. It would establish a 24-member bipartisan Commission composed of 8 Members of Congress, four members of the executive branch, and 12 experts from the private sector. The Commission would be charged with the duties of examining the antitrust laws and making recommendations for revising them. Among other matters which the Commission would specifically be asked to investigate are first, the effect of the existing price systems and pricing policies of trade and industry upon the general level of trade, employment, profits, production, and consumption; second, the effect and operation of existing antitrust statutes as interpreted by and administered under judicial decisions and administrative regulations, decisions, and orders, upon competition, price levels, employment, profits, production, and consumption; third, the extent and causes of concentration of economic power and financial control and their effect on competition and the public interest; and fourth, the capability of trade and industry to assist our Nation in meeting its responsibilities at home and abroad.

Mr. President, in the 77 years since the Sherman Act was initially passed vast changes have taken place in the economic structure of America, changes which could hardly been foreseen at that time. The changes in our economy that have taken place during the past 77 years naturally have given rise to a whole host of specific questions, not resolved by the construction given the broad language in which our basic antitrust legislation is couched. I am particularly concerned that the manner in which the antitrust laws are now being applied may be having an adverse effect upon our domestic productivity, on our long-range economic growth, and on our foreign trade policy generally.

For the past few years we have been preoccupied not only with the question of the growth rate of the domestic economy, but with our balance-of-payments problems. Although the balance-of-payments problem is not as crucial now as it was a few years ago, it is still with us. In my opinion the problem is aggravated by the fact that our antitrust laws, as they operate abroad today, materially prejudice the ability of U.S. concerns to deal across national boundaries. It is well recognized that in order to meet our balance-of-payments problems we must keep our exports at the highest possible level. To do this our exporters must have a fair competitive status in relation to their competitors abroad. In my judgment and that of many experts in the field, our antitrust laws put our companies at a serious competitive disadvantage abroad. At home many of our businesses seek an expression of the Nation's antitrust philosophy and goals. Some legal experts have stated that the existing laws have contributed to rigid domestic price structures and prevented innovation of marketing techniques.

No less pressing is the need to encourage the investment of private capital of the United States and other developed countries in the underdeveloped countries. Again it is widely felt that our antitrust laws are an inhibiting factor, particularly to the establishment of consortia of United States and other private companies from industrialized countries grouping to invest in less-developed countries. In both instances, there is a deep conflict between our antitrust philosophy and other major national policies when there should be coordination and thoughtful accommodation between them.

The many experts who have called for reexamination of antitrust policy in the foreign field in recent years comprise an impressive array, including the Committee on International Trade Regulation of the Section of International and Comparative Law of the American Bar Association, 1953; the National Foreign Trade Council and the U.S. Council of the International Chamber of Commerce, 1955; the report of the Subcommittee on Subsidiaries in Foreign Trade of the Committee on Antitrust Problems in International Trade, Antitrust Section of the American Bar Association, 1955; the Special Committee on Antitrust laws and Foreign Trade of the Association of the Bar of the City of New York, 1957; the President's Committee on World Economic Practices, 1959; former Gov. Thomas E. Dewey, 1961; former Attorney General Herbert Brownell, 1962; the White House Conference on Foreign Trade, 1963; and the Committee on International Trade Regulation of the Section of International and Comparative Law of the American Bar Association, 1963.

All these experts have concluded that uncertainty about enforcement of U.S. antitrust laws extraterritorially is the greatest single inhibitor to increased foreign trade and investment. The report of the ABA Committee on Trade Regulation in 1963, for example, highlighted the following principal specific areas of uncertainty in this field:

First, uncertainty as to the terms under which a U.S. business may enter into a joint venture with a competitor, either American or foreign, to engage in business abroad;

Second, uncertainty as to the extent to which U.S. business may cooperate in association with foreign competitors, even when the association is required or permitted by the laws of the foreign country where the activity takes place;

Third, uncertainty as to the extent to which a U.S. business may include territorial and other limitations in patents, trademarks, and know-how licenses;

Fourth, uncertainty due to conflicts between antitrust laws of the United States and the laws of foreign countries and most unfortunately, economic communities, such as the European Common Market; and

Fifth, protests by foreign governments due to extraterritorial application of U.S. antitrust laws to their nationals.

Other areas for study include first, the extraterritorial application of the antitrust laws where potential United States and European private enterprise cooper-

ate for development of underdeveloped nations; second, the development of business organizations along the lines of the Communications Satellite Corp., including the possibility of wide-scale joint cooperative efforts by Government and industry in partially public, partially private, corporations to undertake vast ventures in the realm of space and atomic technology. The size and complexity of the subject matter and the public interest involved in such undertakings may make wholly private ownership unfeasible and the productive capacity of private ownership and technological risks involved make wholly public ownership unsatisfactory. Numerous other potential applications of this novel and very hopeful technique make a thorough study of antitrust implications highly important.

Some legal experts, for example, have stated that the existing laws have contributed to rigid domestic price structures and prevented the innovation of marketing techniques and the full utilization of research and development. Others claim the uncertainties of post facto antitrust suits or prosecution is very inhibiting to business progress in the public interest.

The list of critical cases which the proposed Commission would be charged with studying could be elaborated at much greater length. But these are some of the major areas of concern.

In the last analysis the enormous job of studying, recommending, and enacting the antitrust laws is with the Congress. The tendency has been in recent years for a major part of antitrust policy to be articulated by the enforcement agencies and the courts. The Commission, I propose, would reassert a firm congressional voice in basic antitrust policy. I offered a similar bill in the 89th Congress and other Congresses and I hope action will now be taken.

SOCIAL SECURITY AMENDMENTS OF 1967—AMENDMENTS

AMENDMENT NO. 441

Mr. METCALF submitted an amendment, intended to be proposed by him, to the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT NO. 442

Mr. MILLER submitted amendments, intended to be proposed by him, to House bill 12080, supra, which were ordered to lie on the table and to be printed.

AMENDMENT NO. 443

Mr. MOSS submitted an amendment, intended to be proposed by him, to House bill 12080, supra, which was ordered to lie on the table and to be printed.

AMENDMENT NO. 444

Mr. KUCHEL submitted an amendment, intended to be proposed by him, to House bill 12080, supra, which was ordered to lie on the table and to be printed.

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

AMENDMENT NO. 445

Mr. PROUTY (for himself and Mr. COTTON) proposed an amendment to House bill 12080, supra, which was ordered to be printed.

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

ADDITIONAL COSPONSORS OF BILLS

Mr. HANSEN. Mr. President, I ask unanimous consent that at its next printing, the name of the Senator from Wyoming [Mr. McGEE] be added as a cosponsor of the bill (S. 2645) to authorize the distribution of certain funds on deposit in the Treasury of the United States to the credit of the Arapahoe Tribe of the Wind River Reservation.

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

Mr. KUCHEL. Mr. President, I ask unanimous consent that, at its next printing, the name of the distinguished junior Senator from Pennsylvania [Mr. SCOTT] be added as a cosponsor of the bill (S. 644) to prohibit the transportation or shipment in interstate commerce of master keys to persons prohibited by State law from receiving or possessing them.

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

Mr. LONG of Louisiana. Mr. President, on behalf of the Senator from Minnesota [Mr. MONDALE] I ask unanimous consent that, at the next printing, the name of the Senator from South Dakota [Mr. MUNDT] be added as a cosponsor of the bill (S. 2527) to encourage the movement of butter into domestic commercial markets.

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

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, November 16, 1967, he presented to the President of the United States the following enrolled bills:

S. 780. An act to amend the Clean Air Act to authorize planning grants to air pollution control agencies; expand research provisions relating to fuels and vehicles; provide for interstate air pollution control agencies or commissions; authorize the establishment of air quality standards, and for other purposes; and

S. 1556. An act for the relief of Dr. Orlando O. Lopez.

THE CONTINUING MENACE OF WEEDS TO AGRICULTURE, HUMANS, AND LIVESTOCK

Mr. CARLSON. Mr. President, although weed control operations on privately owned lands in the United States is enormous, weeds continue to be a menace to our Nation's agricultural economy and a threat to the health of humans and livestock.

The scope of the weed menace is far more broad and serious than the average layman realizes. Weeds are a serious threat to food and fiber production. They reduce yields and lower the quality of crops and livestock.

Weeds lower the productivity and efficiency of land use and reduce the efficiency of water management. They impair human health and reduce the efficiency of labor. Weeds harbor insects and disease-producing organisms and reduce the efficiency of production and harvesting equipment. Weeds also ruin lakes, ponds, parks, and recreation areas; they are an unsightly blight on America's beautification program.

Faced with this menace, private interests have literally waged a war on weeds. Cultural, mechanical, ecological, and other biological methods of weed control are used on more than 400 million acres of cultivated crops each year. Weed control practices are also utilized on more than 1 billion acres of hay, pasture, and rangelands and millions of acres of nonagricultural lands, aquatic sites, and rights-of-way. Herbicides are now used as a standard farm practice on more than 120 million acres at a cost of $400 million each year.

Yet, despite significant developments in chemical and nonchemical methods of weed control, the annual losses caused by weeds are intolerable. The U.S. Department of Agriculture estimates that weeds reduce agricultural production on all levels about 8 percent each year.

Farmers spend about $2.5 billion each year to control weeds. Nevertheless, the losses caused by weeds and the cost of their control is estimated at $5 billion each year; a loss our country should not and cannot continue to bear.

Private interests have done much concerning weed control, however their fight against this agricultural menace is only one-half of the picture. Federal agencies are responsible for the management of about 1 billion acres of public land; land closely associated with private land used for crop production, grazing, and forestry.

Most of the public land is infested with one or more species of weeds, more than 10 million acres classified as noxious. Many States have enacted noxious weed control laws, however, State programs are ineffective unless noxious weeds are controlled on public lands.

The losses caused by weeds on privately owned lands cannot be reduced unless weeds on federally managed public lands are controlled. Weeds on public lands and nonagricultural lands are a constant source of reinfestation of privately owned farmlands. Annual reinfestation increases the cost of control by all methods. The burden becomes endless for those who produce our Nation's food and fiber supply.

The loss to farmers is only a part of the total picture concerning the national weed menace. Many acres of public land are infested with poisonous plants. In many of our national parks, poison ivy, poison oak, and other poisonous plants are a menace to many unsuspecting persons seeking recreation. Each year poison ivy, poison oak, and similar plants cause nearly 2 million cases of skin poisoning and other skin irritations, all of

which adds up to an annual loss of 333,000 working days. In addition, these poisonous weed plants cause 3.7 million days of restricted activity and one-half million days spent in bed. We do not have statistics on the reduced efficiency, cost of medical care, and other information related to losses caused by ragweed and by other weed pollens to which hundreds of thousands of people are allergic. Weed pollens are a constant and expensive irritation to thousands of citizens who suffer from allergies.

I would like to stress that today's modern technology can provide us with the means of effectively winning the war against weeds. Recent advances in chemical and nonchemical weed control technology make it possible to control weeds effectively, safely, and economically on federally managed public lands.

We can win the war against noxious and other weeds that pose such a serious threat to health and agriculture. We must provide adequate authority and the resources needed to accomplish this important objective.

I would also like to insert in the RECORD two resolutions that expressly point out the importance of weed control; the resolution adopted by the National Association of State Departments of Agriculture and the resolution adopted by the Western Governors' Conference. Both resolutions demonstrate the growing national awareness over the need for action concerning noxious weed control. I ask unanimous consent that these two resolutions and a copy of the bill be printed in the RECORD.

There being no objection, the two resolutions and the bill were ordered to be printed in the RECORD, as follows:

RESOLUTION XXII—PLANT INDUSTRY: WEED CONTROL ON FEDERALLY OWNED LANDS

Whereas, the American farmer has been beset by continually increasing production costs in producing a bountiful food supply for the American public as well as a large part of the world; and

Whereas, noxious weeds and especially the perennial type annually cut production of crops a considerable amount; and

Whereas, the farmer through assessment in weed districts and personal expense has expended almost prohibitive sums of money in attempting to control and eradicate perennial weeds; and

Whereas, especially in our mountainous areas of the western states much of the land on the upper reaches of our rivers is federally owned; and

Whereas, much of this type of federal land is not easily accessible and is difficult to treat for perennial weed control and eradication; and

Whereas, the seed from perennial weeds on the upper reaches of our rivers is carried downstream and reinfests areas upon which private and public funds have been expended and negates much of the progress made in weed control: Therefore be it

Resolved, That The National Association of State Departments of Agriculture in convention assembled in Atlanta, Georgia, October 1–5, 1967, through its Board of Directors, lends its support to legislation now before the Congress to appropriate necessary funds that will enable the treatment of federally-owned lands for weed eradication and control; and be it

Resolved further, That The National Association of State Departments of Agriculture requests the Agricultural Research Service of the U.S. Department of Agriculture to increase its activities in the field of research on chemicals and methods to control perennial weeds on the upper reaches of our rivers.

VII. NOXIOUS WEED CONTROL

(Resolution adopted by 1967 Annual meeting Western Governors' Conference, June 28, 1967, West Yellowstone, Mont.)

Whereas, Noxious weeds are a problem in all states of the United States and it is difficult for states individually to control noxious weeds without interstate cooperation; and

Whereas, A large part of the land in many states is controlled by the federal government and therefore federal cooperation is essential to effective weed control; and

Whereas, Noxious weeds do invade the states from other states and foreign countries; and

Whereas, The United States Department of Agriculture is limited in its authority of noxious weed control to the protection and improvement of future productivity of range lands;

Now, therefore, be it resolved, By the 1967 Annual Meeting of the Western Governors' Conference at West Yellowstone, Montana, that the Secretary of Agriculture be urged to obtain a noxious weed control law affecting federally-owned lands.

S. —

A bill to provide for the control of noxious plants on land under the control or jurisdiction of the Federal Government.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the heads of Federal departments or agencies are authorized and directed to permit the commissioner of agriculture or other proper agency head of any State in which there is in effect a program for the control of noxious plants to enter upon any lands under their control or jurisdiction and destroy noxious plants growing on such land if—

(1) such entry is in accordance with a program submitted to and approved by such department or agency;

(2) the means by which noxious plants are destroyed are acceptable to the head of such department or agency; and

(3) the same procedure required by the State program with respect to privately owned land has been followed.

SEC. 2. Any State incurring expenses pursuant to section 1 of this Act upon presentation of an itemized account of such expenses shall be reimbursed by head of the department or agency having control or jurisdiction of the land with respect to which such expenses were incurred: *Provided,* That such reimbursement shall be only to the extent that funds appropriated specifically to carry out the purposes of this Act are available therefor during the fiscal year in which the expenses are incurred.

SEC. 3. There are hereby authorized to be appropriated to departments or agencies of the Federal Government such sums as the Congress may determine to be necessary to carry out the purposes of this Act.

"NORTHERN LINES" RAILROAD MERGER DECISION DUE SOON

Mr. MANSFIELD. Mr. President, yesterday morning, when I picked up the Wall Street Journal, I was quite concerned to read an article reporting that the Interstate Commerce Commission was planning to reverse its 1966 decision and approve the consolidation of the Great Northern, Northern Pacific, Burlington & Spokane, Portland & Seattle Railroads.

The Montana congressional delegation has opposed this plan for many years, and, insofar as my Senate colleague, Senator METCALF, and I are concerned, we will still oppose the merger. In our estimation there is no need or basis for the consolidation and would be an economic blow to the State of Montana.

Yesterday, Senator METCALF and I addressed a strong letter to the Chairman of the Interstate Commerce Commission which I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. MANSFIELD. Mr. President, in addition, I ask unanimous consent to have the November 15 article published in the Wall Street Journal printed in the RECORD.

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

HIGHBALL FOR SIX RAILROADS: ICC SEEN VOTING "NORTHERN LINES" MERGER; DECISION, DUE SOON, WILL REVERSE 1966 RULING

(By Todd E. Fandell)

CHICAGO.—The Interstate Commerce Commission, reversing a ruling it made 19 months ago, has decided to approve the long-pending "Northern Lines" merger, it was learned.

The commission hasn't yet taken its final and official vote, but approval of a lengthy staff-prepared report in favor of the merger is expected to be a formality, it is understood. Announcement of the decision is expected shortly, possibly within less than a week and almost certainly before the end of November, industry sources say.

The merger would create a mammoth 26,500-mile rail system (see map) stretching from Chicago to the Pacific Northwest coast and from the Canadian border to the Gulf of Mexico. It would exceed in rail mileage even the system to be formed by the pending merger of the Pennsylvania and New York Central railroads.

The big system would unify three major carriers: The Great Northern and Northern Pacific railways and the Chicago, Burlington & Quincy Railroad. The latter road is jointly controlled by the two Northern Lines. Also included in the system would be three lesser roads already controlled by the others: The Spokane, Portland & Seattle Railway, Colorado & Southern Railway and Fort Worth & Denver Railway.

In 1966, the six roads involved had combined operating revenue of $853,000,000 and net income of $96,700,000, although these figures aren't on a consolidated or pro-forma basis.

COURT TEST LIKELY

Approval of the merger, in the opinion of most analysts of the nation's muddled railroad-merger picture, will remove what could have been a major impediment to the merger ambitions of a flock of other Western railroads. In its 6-to-5 ruling in April 1966 against the Northern Lines, the commission had taken one of its few relatively recent steps to impede the progress of merger movement and raised issues of concern to other strong Western railroads with merger plans of their own.

The current effort to merge the Northern Lines and their affiliates dates back to 1956, when managements of the two parent companies first announced merger studies were under way. Clearance by the ICC 11 years later, while a key step, won't signal a clear track and make consummation immediately possible, sources say. Officials of the roads remain hopeful they can be united early next year, but the prevailing view among close observers is that, like most railroad mergers, this one still faces a test in the Federal courts.

Candidates among the opposition most likely to take the case to court are the Jus-

tice Department and the Denver & Rio Grande Western Railroad. Other opponents remain, such as a Northern Pacific shareholders committee and certain state government agencies, but they aren't considered likely to carry opposition further on their own. It's possible they would join any court fight instigated by the two primary opponents, however.

Justice Department sources decline any comment on the likelihood of an appeal. The department has been active, however, in proceedings following the Northern Lines' request last year for reconsideration of the original ICC ruling.

G. B. Aydelott, president of the Denver & Rio Grande, says that road will have to study the ICC's report, assuming it is favorable to the merger, before deciding on an appeal. It is expected, however, that the road will appeal unless the commission includes some unexpected surprises in the way of conditions to be attached to the merger. The Denver & Rio Grande wasn't active in the Northern Lines merger case prior to the first ICC decision, but it has since expressed serious concern over possible approval in the light of later merger developments among Western railroads. It believes the Northern Lines merger will touch off a "falling domino effect" by leading to approval of other mergers, to the detriment of the Rio Grande.

A court fight over the ICC's expected decision would delay completion of the merger, assuming it also receives an approval from the courts, for another year or possibly as much as two years, according to close observers.

NO ICC COMMENT

ICC Chairman William H. Tucker declined comment on the report the merger had been approved, strongly emphasizing that no official vote has yet been taken by the commission. While preliminary "straw votes" on pending decisions are made for guidance purposes only in the preparation of a report by the staff, such indications aren't binding and an official decision isn't made until a formal vote is taken at a commission conference just prior to release of a decision. This step hasn't been taken yet in the Northern Lines case, Mr. Tucker and other ICC sources asserted.

Reports that the decision was imminent and favorable have been circulating in the rail industry for several months. "Everybody has simply been assuming this was coming and that it would be favorable," says the chief executive of one big road that isn't involved directly. Reopened hearings in the case were held last March, and oral argument before the full commission took place last June. Later in June, Chairman Tucker, who last week announced he would leave the ICC at the end of the year, said he expected the decision before the end of the summer. In late August, it was still expected shortly after Labor Day.

But a series of subsequent delays postponed the decision several times since early September, leading to some concern on the part of Northern Lines officials. The delays, however, are understood to have been largely the result of ICC staff time required in dealing with new developments and problems in such areas as the Eastern railroad-merger situation. Also contributing to the delays, it's felt, is the commission's desire to fortify legally the grounds for reversing itself as strongly as possible, particularly in the face of possible continued Justice Department opposition.

TOUGH PROBLEM FOR PANEL

Reversing the 1966 decision has been a tough problem for the ICC to wrestle with. With one exception, there have been no new material developments of great significance directly involving the concerned roads. The exception was an agreement reached among the Northern Lines, the Chicago & North Western Railway and the Chicago, Milwaukee, St. Paul & Pacific Railroad. The latter two roads would be those most likely to be harmed by the merger. In return for certain traffic conditions to which the Northern Lines agreed (they had previously been opposed), the two roads withdrew any further opposition. The Northern Lines also agreed it wouldn't oppose the proposed merger of the North Western and Milwaukee if their own merger is approved.

Another important development, though it wasn't directly related, was consummation last year of the merger of the Seaboard Air Line and Atlantic Coast Line railroads. Like the Northern Lines, that merger involved the union of financially strong and competing systems. The merged system, known as the Seaboard Coast Line, survived a strong Justice Department attack in Federal courts that followed lines similar to those the agency would be expected to use in an appeal from a Northern Lines decision. The Supreme Court's ruling supporting the ICC in the Seaboard Coast Line case is said to have strengthened the commission's view that anticompetitive aspects of rail mergers needn't prevail in considering the overall public interest.

Other factors believed to have some bearing in the commission's expected reversal include criticism that its earlier decision hurt the whole merger movement. Also bearing on the case is a sharp decline in the financial condition of the rail industry this year, which has sharpened industry views on the necessity of mergers to preserve the vitality of the rails. Another development was an apparent lessening of the political pressures that are believed to have been a major factor in the first decision. Also, the Northern Lines themselves made peace with a number of previous opponents, including labor groups.

Approval of the Northern Lines merger is expected to insure a similar go-ahead from the ICC for the North Western-Milwaukee Road merger, rail industry sources say. That case is nearing completion of hearings before an ICC examiner and won't reach the decision stage before the full commission for more than a year, perhaps two.

Terms of the proposed merger call for each share of Great Northern stock to be exchanged for one share of common stock and half a share of new 5.5% $10-par preferred stock of a new company, tentatively known as Great Northern Pacific & Burlington Lines. Northern Pacific holders would receive one share of the new common for each of their shares. The railroads are known to be seeking a different name for the merged company.

The terms were agreed upon in July 1960 and approved by shareholders in the spring of 1961. Hearings before an ICC examiner were held in 1961 and 1962 and an examiner's report recommending approval was issued in August 1964. After the commission's adverse decision, announced in April 1966, the three roads petitioned for reconsideration in July 1966. The ICC agreed to reconsider the plan last January.

In its 1966 decision, the ICC estimated the merged system could achieve annual savings of $25,487,415 before Federal income taxes, but the lines themselves currently estimate the figure at more than $40,000,000. In addition to ranking first in mileage, the merged system would be among the top three or four railroads in assets, revenue and earnings.

EXHIBIT 1

U.S. SENATE,
OFFICE OF THE MAJORITY LEADER,
Washington, D.C., November 15, 1967.

Hon. WILLIAM H. TUCKER,
Chairman, Interstate Commerce Commission, Washington, D.C.

DEAR MR. CHAIRMAN: The Wall Street Journal reports this morning, "ICC Seen Voting 'Northern Lines' Merger's Decision, Due Soon, Will Reverse '66 Ruling." This report concerns us greatly. We have opposed the consolidation of the Great Northern, Northern Pacific and Burlington Railroads. We continue to object. Such a plan can only be harmful to the people of Montana and the Northwest.

If this report proves to be accurate, the Interstate Commerce Commission is placing itself in a position of subscribing to a railroad industry policy of retreat and withdrawal of services. We know of no compelling reason why the situation has changed since 1966. The approval of this consolidation of financially sound railroad companies would be a serious blow to the economy of the Northwest. The merger would place the largest segment of public surface transportation in the hands of a monopoly, without any guarantee against future service deterioration, abandonment and withdrawal.

Not only are we concerned for Montana, but we feel that the approval of this merger will have national implications of a far reaching nature. We seek assurances from the Commission in this matter.

With best personal wishes, we are,

Sincerely yours,

MIKE MANSFIELD,
U.S. Senator.

LEE METCALF,
U.S. Senator.

THE OKINAWA-BONIN QUESTION—PRIME MINISTER SATO'S VISIT TO UNITED STATES

Mr. MANSFIELD. Mr. President, on yesterday, the distinguished Prime Minister of Japan, Eisaku Sato, addressed the National Press Club in this city. His remarks were directed largely to the situation in the Asian-Pacific region. In particular, he focused on the emergent role of Japan and on the United States-Japanese relationship in which there has been a remarkable content of cooperation for many years.

In this connection, Mr. Sato knows whereof he speaks because out of his understanding, foresight, and acumen, he has made a major contribution to the basic ties between the United States and Japan. He has been a prime mover in the solution of problems of the relationship as they have arisen from time to time.

It is of particular significance, therefore, to note Mr. Sato's observations on the Okinawa-Bonin question which has been the most pressing issue between Japan and the United States. He advocates the return of these Japanese islands to Japanese administration in a most thoughtful and restrained fashion, going to the crux of the problem in the following comment:

> I do not believe that the restoration of the Ryukyus to the Japanese administration and the effective operation of the (U.S.) military bases on the islands are conflicting propositions. On the contrary, the early return of the Ryukyus to Japan, I am certain, would vindicate itself in establishing the relationship between our two countries, Japan and America, on an even firmer foundation and would contribute towards the achievement of security and peace throughout the whole of Asia.

In the light of Mr. Sato's comments, I am delighted that the meetings between President Johnson and the Prime Minister have produced considerable progress on this complex problem. According to press reports this morning, there has

been an agreement to return the Bonins including the Volcanoes to Japan during the coming year. Insofar as the Ryukyus are concerned, there is now even more emphatic recognition on the part of both governments of the desirability of their return and also a promise of further progress in the re-Japanification, so to speak, of the islands on an interim basis. It would be my hope and expectation that both the State Department and the Japanese Foreign Office would proceed without delay to a consideration of the questions of security in the Western Pacific which need to be redefined, on a joint basis, in order that the return of the administration may be effectuated without delay and without danger to either nation or the stability of the Western Pacific. In this connection, I would renew the suggestion which was made in a report to the Foreign Relations Committee, calling for a tripartite exploration of the problems of peace and security in the Western Pacific—that is, an exploration on the part of the Soviet Union, Japan, and the United States.

With respect to Vietnam, Prime Minister Sato's comments seem to me to be most realistic. He is both understanding of Asia and sympathetic to our situation, sharing the view that:

> An unlimited expansion of hostilities in Vietnam would not be conducive to the restoration of peace in Asia.

On the other hand, he emphasizes:

> What we really seek is not the limited objective of the suspension of the bombing of the North but the realization of peace itself.

In pursuit of peace, the Prime Minister commits Japan, in cooperation with other nations, to try to foster the kind of atmosphere in which useful negotiations will become possible.

May I say that the Prime Minister could make no greater contribution to the entire region of Asia and the Western Pacific than to succeed in his efforts to find a basis for negotiations to end the war in Vietnam. In that endeavor, he should have every encouragement—and I have no doubt that he will have it—from this Government. The disciplined and constructive dynamism of Japan is, perhaps, the most important factor in the situation in the Western Pacific at this time. On the Japanese Government, therefore, falls a heightened responsibility in connection with the progress of the region.

I know that the Senate joins me in an expression of pleasure with Prime Minister Sato's visit and also in the fruitful results of his conversations with the President. Finally, his determination to help to bring the fighting in Vietnam to a conclusion at the earliest possible moment is both welcomed and appreciated.

I ask unanimous consent that the address of the Prime Minister at the National Press Club on yesterday be printed in the RECORD, as well as a report entitled "The Rim of Asia" which I made to the Foreign Relations Committee in September 1967. I would call particular attention to section IV, "Japan and the Western Pacific" which makes reference to the Okinawan-Bonin question.

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

ADDRESS BY HIS EXCELLENCY EISAKU SATO, PRIME MINISTER OF JAPAN, AT THE NATIONAL PRESS CLUB, WASHINGTON, D.C., NOVEMBER 15, 1967

Almost three years have passed since I last had the opportunity to address this distinguished forum, and it is a great honor for me to meet you once again. Three years ago, I spoke to you here about the viewpoint of Japan, which stands at the crossroads of East and West in Asia. So, today, too, I would like to start by examining the problems of Asia.

Since last summer, prior to my present visit to the United States, I have visited the Asian and Pacific nations east of Burma with which Japan has diplomatic relations, and have exchanged views freely and frankly with their leaders. Throughout these visits, I was deeply impressed by the fact that these Asian nations are striving for the attainment of true independence and the enhancement of their national dignity, and are moving in the direction of a cooperative effort based on a new sense of solidarity. War still rages in Vietnam, but in contrast, there is this earnest search for construction rather than destruction, harmony instead of strife, in the nations surrounding the area. Asia, indeed is beginning to unfold a new chapter in her history.

During these three years, the armed struggle in Vietnam has grown in depth and intensity. The United States has expended a vast amount of money and has sacrificed a great number of precious lives over a long period of time to protect South Vietnam from external interference. At the same time, as President Johnson recently pointed out in San Antonio, the American Government has time and again made clear its willingness to discuss peace with the North, at any time, at any place and with no conditions whatsoever. America has taken a consistently active and constructive stand in its search for a peaceful solution in Vietnam.

I was deeply impressed during my recent trip that the United States efforts in Vietnam were well understood and appreciated by the Governments and peoples of the Asian countries. I found that they clearly understood that if the United States loses interest in Asia at the present time, not only the peace and security of Asia but also the future of the world would be in serious jeopardy. I was also greatly heartened to observe on the occasion of my visit to Vietnam, that the newly elected leaders of the administration were acting with the utmost sincerity in their search for peace.

The countries in the Asian and Pacific region urgently desire an early restoration of peace in Vietnam. But it should be a durable peace based on justice, which will assure security and prosperity in this region for the years to come. From this point of view, the Asian leaders are convinced that the Asian countries themselves should play a more positive role in solving the Vietnam problem—which is indeed a problem of Asia. It is a matter of great regret that a people and its civilization are in danger of destruction by a conflict among themselves. This is the common sentiment shared by all the other peoples of Asia.

There are some Asian leaders who have hopes that suspension of bombing of the North by the United States might provide the occasion to bring the North Vietnamese to the conference table. I share the view that an unlimited expansion of hostilities in Vietnam would not be conducive to the restoration of peace in Asia. But we should not forget that what we really seek is not the limited objective of the suspension of bombing of the North but the realization of peace itself. There should, therefore, be some response on the part of North Vietnam that the suspension of bombing of the North would lead to meaningful talks that would lead to peace.

It is my conviction that something more than mere action is necessary to bring about a true peace. Be it a suspension of bombing of the North or something else, there must be an additional element, that is, the will and the desire to end the war, and the minimum necessary degree of trust in the other side's sincerity. I am well aware that the present realities of the conflict in Vietnam are too harsh to permit talk of "a minimum degree of trust" between the two sides. We must, nevertheless, continue our patient effort not to overlook the slightest signs of an awakening of this minimum degree of trust on both sides, and, if this is achieved, to try to protect and foster such a process. I am determined to devote my best efforts toward the cultivation of such an atmosphere of mutual trust in close coopertion with other friendly nations in the Asian and the Pacific area.

Although Asia is a collective term, each of the Asian countries has its own historical and cultural background, and the social, political and economic realities in those countries are widely divergent. In the matter of religion alone, Buddhism, Islamism, Hinduism and Christianity not only exist side by side, but many countries have other religions of their own. Some of the languages belong to entirely different linguistic systems from those of the others, and often a number of different languages are in use in one single country. The stages of economic growth also vary greatly from country to country. Politically, some are members of SEATO, others have bilateral security agreements with the United States, while some others advocate the principle of non-alliance and neutrality.

But what is common to all the widely divergent Asian countries is the fervent nationalism characteristic of newly independent countries in their search for freedom, as well as the ardent desire of the leaders and the peoples of these countries to rid themselves of poverty, disease and hunger.

Many of the Asian countries were once colonies of the European powers. Some countries were obliged to have recourse to drastic measures in order to achieve their political independence. However, every Asian country has now come to realize that the shortest road to the achievement of their fundamental national objectives is to promote a policy of moderate and unpretentious nation-building. The most outstanding example of this is the advent of the Government under General Suharto in Indonesia in September, 1965. Thus the dispute between Indonesia and Malaysia, which had long been a cause of tension in that part of the world, was resolved in favor of a peaceful settlement. It can be said that, as Communism in Asia became more and more uncompromising and dogmatic, it has invited the reaction of Asian nationalism.

On the other hand, freedom and democracy are, by their very nature, predicated upon the respect for the "individual" and tolerance towards different standpoints. I am confident that, as long as liberalism and democracy are able to provide workable solutions to the problems of poverty, disease and hunger in Asia, totalitarianism will not find the soil to grow in Asia of today. With such thoughts in mind, we should rather pursue a policy to understand and to support Asian nationalism, than to seek to form an anti-communist crusade or the like.

Even while the hostilities in Vietnam continue, there have been observed encouraging developments to turn the common desire to do away with poverty, disease and hunger into specific programs of regional cooperation in concrete terms. The establishment of the Asian Development Bank is one expression. The Ministerial Conference for Eco-

nomic Development in Southeast Asia, which Japan took the initiative in organizing, is another example. We also note developments of regional solidarity not solely confined to the field of economic development, such as the ASPAC or the ASEAN which the Republic of Korea, or Thailand and Indonesia took the initiative to convene. Japan has either participated in or has rendered support to all of these organzations.

The recent trends toward regional solidarity and the interest in sound and steady nation-building which lies behind them are welcome developments in Asia. However, it is too heavy a task for these countries to try to accomplish on their own the modernization of their political and social systems and, at the same time, to promote their public welfare and economic development. Many of the ventures in the field of regional cooperation as observed in East Asia today are not motivated solely by a high ideal for Asian solidarity. Rather, they should be regarded as a consequence of the recognition by the countries of the region of the limits of their respective capacities and the practical needs to supplement their efforts through cooperation with other countries.

We must, therefore, encourage such efforts of Asian countries, being aware of the importance of self-reliance and regional cooperation, and to enable them to bring about concrete results by providing them with effective and timely international assistance. Otherwise, the welcome new wind in Asia may result in merely strengthening the feeling of despair and frustration of the peoples of Asia.

I have spoken about Vietnam in the broader context of the situation in Asia. Today, Japan and the United States are bound closely in a Pacific partnership. This United States-Japan relationship does not now serve for the respective self-interests of the two countries only. Our relationship has developed to the stage where both countries have to share the responsibility of attaining the common goal of establishing stability and prosperity in the world, especially in Asia. I was deeply impressed in April of the year before last when President Johnson revealed his far-reaching plan to contribute one billion dollars towards the development of Southeast Asia. Again, I felt greatly encouraged last July when President Johnson indicated that the United States was determined to continue its efforts to carry out its responsibility to Asia as a Pacific nation.

For its part, Japan is determined from its own standpoint to make further efforts toward the realization of stability and prosperity in Asia. As the complexity of the Vietnam situation indicates, long, patient efforts are necessary before the Asian problems can be solved. In the course of my recent visits to Asian countries, however, I received the deep personal impression that a strong current has begun to flow, with great intensity, toward overcoming these difficult issues. Recognizing that this strong, new current could lead to permanent peace and stability in the world, I have come to feel even more strongly that Japan and the United States should cooperate with each other to an even greater extent in this field.

As the relationsip between Japan and the United States has developed on the basis of the pursuit of common objectives over a wide field, the reversion of the administrative rights over the Ryukyu and Bonin Islands has come to pose an increasingly serious problem for our country. Today, even 22 years after the War, as many as one million residents in these islands are still under the administration of a foreign power. The islanders of Okinawa, having been unable to fully enjoy the inherent right to live similarly with their fellow nationals in Japan proper, entertain an increasingly fervent desire to attain eventual unification with the homeland. Indeed, the restoration of the Ryukyu and Bonin Islands to the Japanese administration is a nation-wide desire cherished by the entire Japanese people.

The security in the Far East is, of course, of a vital concern to us. We fully recognize the importance of the role played by the Ryukyus in the maintenance of peace and security in the Far East including Japan. However, I am convinced that the perpetuation of this "unnatural" situation in the Ryukyus will not only be a source of dissatisfaction to the Japanese people, but should be terminated if we are to maintain and develop the present happy cooperative relationship between Japan and the United States in all fields of our common endeavor.

I do not believe that the restoration of the Ryukyus to the Japanese administration and the effective operation of the military bases on the islands are conflicting propositions. On the contrary, the early return of the Ryukyus to Japan, I am certain, would vindicate itself in establishing the relationship between our two countries, Japan and America, on an even firmer foundation and would contribute towards the achievement of security and peace throughout the whole of Asia. With the national desire of the entire people of Japan behind me, I shall devote my utmost efforts towards the solving of the Ryukyu problem.

From this standpoint, I have exchanged views with President Johnson freely and frankly on this issue. I have been reassured, as a result, that this problem, though a difficult one, can be solved within the framework of mutual trust between Japan and the United States. By way of concluding my speech, I should like to express my sincere hope that the people of the United States will give their support to the deep desire of the Japanese people, and to the efforts being made by the Governments of both countries, concerning the solution of the Ryukyu and Bonin problems.

Thank you.

LETTER OF TRANSMITTAL

SEPTEMBER 28, 1967.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: An invitation to address the Japanese-American Assembly at Shimoda, Japan, in mid-September, provided me with an opportunity to bring myself up to date on developments in the Western Pacific and to make a brief survey of our relations with the nations of that region. I am transmitting herewith the results of that study, under he title "The Rim of Asia."

In connection with the preparation of this report, I traveled personally to the Philippines, Hong Kong, Macao, and Japan. At my request, Mr. Francis R. Valeo, the Secretary of the Senate, and Mr. James G. Lowenstein, of the Committee on Foreign Relations, went to other places in the Western Pacific.

Throughout the region, U.S. Embassies and missions were most helpful to me. I would like to record my gratitude, in particular, to Ambassador William McC. Blair, Jr. in the Philippines, Minister Edward E. Rice in Hong Kong, and Minister David L. Osborn (who was serving as Chargé d'Affaires in Tokyo at the time of my visit.) These officials and their staffs were of great assistance to me during the course of the study. In addition, I would note the most courteous help of the Embassies in Seoul and Taipeh to members of my party. It was my intention to confer with the distinguished Ambassador to Korea, William J. Porter, but shortness of time prevented me from journeying to Seoul.

Finally I would note the great assistance provided to my party by Gen. Ferdinand T. Unger in Okinawa, the High Commissioner of the Ryukyus, and by Mr. William H. Bruns, political adviser to the High Commissioner and their staffs.

I was deeply impressed by the knowledge and understanding of our Foreign Service officers in the Western Pacific. In particular, I would like to note the steady accretion of a "new breed" of younger officers, many of whom have exceptional linguistic skills. In my judgment, Mr. Chairman, the thorough training which the Department of State now provides in the languages of other nations owes a great deal to the legislation which has been sponsored by the committee under your leadership during the past few years.

I was received by President Marcos and Foreign Secretary Ramos in Manila, Prime Minister Sato and Speaker of the House Ishii in Tokyo, Governor General Cavarlho in Macao and the officer administering the government in Hong Kong, Mr. M. D. I. Gass. I am most grateful to them for permitting me to impose on their busy schedules.

While in Manila, Gen. William C. Westmoreland requested that I meet with him. This dedicated soldier who carries a heavy burden of responsibility gave generously of his time in order to bring me up to date on the situation in Vietnam.

Finally, I would like to thank the Secretary of State for the excellent assistance of his Department in administrative arrangements and for making available Mr. Kenneth R. Calloway as an escort officer.

Before closing I should note for, the record, Mr. Chairman, that I submitted to the President, in confidence, a memorandum of findings and observations, immediately on my return to Washington. That memorandum and the attached report will constitute the only formal issuances in connection with this brief visit to the Western Pacific.

MIKE MANSFIELD.

THE RIM OF ASIA

(Report of Senator MIKE MANSFIELD to the Committee on Foreign Relations, U.S. Senate, on a study mission to the Western Pacific, September 1967)

I. INTRODUCTORY

The eyes of the United States are focused on Vietnam. Indeed, we could hardly direct our attention elsewhere with U.S. forces of over half a million involved in a struggle there. Nevertheless, there is another part of Asia whose importance commends it to the deep concern of the United States. It is the rim of Asia, the stretch of nations which share the waters of the Western Pacific, from the Soviet Union's maritime provinces to the Republic of the Philippines.

We have had a long association with this region. It was there that clipper ships established our first contacts with China and Commodore Perry opened the door to a secluded Japan, over a century ago. It was there that Admiral Dewey, at the end of the 19th century, paved the way for the acquisition of the Philippines in 1898—an adventure in imperialism which came to a close in 1946 when the pledge of political independence to the Filipino people was redeemed. And it was there that were fought many of the major engagements of World War II and the Korean conflict.

The Western Pacific is a crossroads where converge the territories and interests of three major world powers—China, Japan, and the Soviet Union—and into which the military power of the United States was heavily extended by the exigencies of World War II. Great changes are taking place on Asia's rim and it is safe to say of the future only that the more things change in the Western Pacific, the more they will continue to change.

II. THE WAR IN VIETNAM AND THE WESTERN PACIFIC

Every nation on Asia's rim is involved in some fashion in Vietnam. South Korea has in excess of 45,000 combat troops fighting there. The Philippine Army has sent a 2,000-plus civic action group. The Republic of China has farming, medical, and other technical

and advisory groups in Vietnam. Japan has provided medical teams, ambulances, and supplies as well as credits.

On the Communist side, both China and the Soviet Union are engaged as suppliers of North Vietnam. For 2 years, at least, Chinese labor forces, totaling tens of thousands, have been at work in North Vietnam maintaining communications routes from China's southern provinces. There are increasing reports of the presence or the imminent arrival in North Vietnam of volunteers from North Korea and, perhaps, other Communist nations. To reiterate, all of the countries of the Western Pacific—both Communist and non-Communist—are already involved, directly or indirectly, in the war in Vietnam. All are deeply affected by its course.

Among the non-Communist countries on the rim of Asia, there are varying degrees of support for U.S. actions in Vietnam. There is unequivocal official approval from South Korea and strong endorsement from the Republic of China on Taiwan—countries in which every confrontation with communism assumes the character of a crusade and where there is a tendency to see war with China as the best hope of achieving important national goals. In the Republic of China, while it is supported, the conflict in Vietnam is seen as the wrong war in the wrong place. This view stems from the belief that Peking is the root of all trouble in Asia and that the place to strike is at the root.

As has been noted, the Philippines and Japan provide contributions to the defense of South Vietnam. The former's contingent of civic action forces in Vietnam, while small in numbers, represents 15 percent of the Philippine Army's total strength. Indeed, the large proportionate size of the forces gives rise to political criticism on the grounds that they could be better used for civic action at home.

Substantial segments of the Japanese intellectual community and the press as well as various opposition political parties are vehemently critical of the Vietnamese war and of even the restrained support which the Japanese Government gives to the United States in its pursuit. However, the predominant public attitude in Japan, at present, would appear to be one of acquiescence in current policies regarding the war. Nevertheless, the nagging fear persists that the United States may already be involved in an endless and ever-deepening struggle similar to the Japanese experience in Manchuria and on the Chinese mainland during World War II and that every intensification of the war increases the possibility of a conflict between the United States and China, into which Japan will be drawn.

In sum, although criticism of the war in Vietnam is not great along the non-Communist rim of Asia, there is—except in Korea and, possibly, in the Republic of China—little enthusiasm for this conflict. The general attitude is compounded of preoccupation with other matters, uneasiness with the purposes and prospects of the war and fear of their own deeper involvement.

III. THE "CULTURAL REVOLUTION" IN CHINA AND THE WESTERN PACIFIC

The specter of a war with the United States apparently also haunts the Chinese leadership in Peking. By all accounts, that leadership seems to expect such a conflict eventually and to be preparing for it. War with the United States is one of many current specters in China, some of which have precipitated the "great proletarian cultural revolution." This strange ideological disruption has persisted for months, churning a turmoil in all strata of China society and spreading to every part of the Chinese nation.

It should be noted at the outset that along the rim of Asia sources of information about China are severely limited. They include the reports of travelers and refugees, wall posters, the mainland Chinese press and radio, the reports of correspondents and the information gathered by usual diplomatic practices by the small corps in Peking. Much of the information coming out of China is obviously highly colored by the predilections of the source and it is extremely difficult to arrive at conclusions which are much more than uncertain estimates. In embassies and foreign offices, no less than among journalists and scholars, the fact is that what is not known about events in China and their implications far exceeds what is known.

It seems to be generally agreed, however, that the "cultural revolution" stems directly from the last great Chinese political convulsion, the Great Leap Forward in 1958. The Great Leap Forward was a frenetic effort to achieve rapid economic growth in order to constrict the time span for the transition from socialism to communism. When it failed, economic depression settled over China. The policies under which the Chinese economy pulled out of that depression were those of pragmatic economists, managers and regional and local bureaucrats. These policies included such steps as giving private plots to peasants, permitting free or semifree markets to be established and keying pay to productivity.

In this process, however, fears were engendered in segments of the central leadership of the Chinese Communist Party that China was on "the road back to capitalism." The "cultural revolution," in part at least, appears to be a response to those fears. When it began, the movement was simply an attack on old ideology, culture, customs, and habits. It was sanctioned on the grounds of Mao Tse-tung's teachings, and the entire party hierarchy apparently cooperated, or at least gave public endorsement to its purposes. Soon thereafter, however, the active leadership of the cultural revolution appears to have devolved upon a party-faction led by Gen. Lin Piao and Chiang Ching, the wife of Mao Tse-tung. The thrust of the cultural revolution soon centered on Liu Shao-chi, his political associates in Peking, and the organizational structure which his faction has apparently developed by means of local political and other alliances throughout China.

In the course of the "cultural revolution," colleges and middle schools were closed and great numbers of students were organized into Red Guard units. The Red Guards began as an agitational and propaganda corps which converged on the streets of Peking. After mass demonstrations there, the organization spread out to the provinces in an extension of the "cultural revolution" all over the mainland, from Manchuria to Tibet and from Sinkiang to Shanghai and Canton.

To reinforce the Red Guards, people were called upon by the Lin Piao-Chiang Ching groups to rise up within Government offices and economic enterprises throughout the country and to seize power. Countercalls were issued by other groups. The result was an extraordinary confusion of political pressures which led to a series of clashes that disrupted the transportation system, interrupted production in factories, mines and oilfields, and brought about uncertainties in the military establishment as well as in the Government bureaucracies.

How great has been the physical chaos? There has been extensive disruption; there still is. People have been killed but whether the number is 1,000, 10,000, or 100,000 is unknown. On the other hand, China functions as a society. People work in factories and on the farms. Products move in commerce within China and beyond its borders. To the best of anyone's knowledge the nuclear project in Lop Nor is uninterrupted. There are, in short, rumors and reports to fit any predilection or preconception, but the fact is that little firm knowledge exists outside China about what is going on inside China.

In the political turmoil, it is nevertheless, fairly clear that something akin to the historic Chinese phenomenon of war-lordism is reappearing on the Chinese mainland. It is to be noted particularly in border areas and other remote regions which are generally those that were absorbed primarily by political accession rather than military action at the time of the Communist conquest of China. This phenomenon may very well persist, at least until the struggle for the core control of Chinese society is spent and a new leadership emerges which can once again fuse ideology, party organization, and government bureaucracy.

It is the expectation that this inner struggle will go on for a long time, which gives rise to hopes in Taiwan that the Government of the Republic of China will be able to ally with one of the separatist regions and, in this fashion, return one day to the mainland to "pick up the pieces." Nevertheless, there are no indications that the present turmoil poses the prospect of China's imminent political disintegration. There is, as noted, disruption, but as yet there are no signs that it is of a magnitude which will bring on even a persistent debilitation.

The argument that the "cultural revolution" makes Chinese intervention in Vietnam far less likely, or makes it possible for nations to disregard Chinese national interests and concerns with impunity, are, in my judgment, dubious and dangerous assumptions. Indeed, what could be better calculated to restore unity among the quarreling factions than a threat to what is conceived to be the security interests of China or a direct attack on Chinese territory? In this connection it would be wise to recall that, notwithstanding almost unanimous predictions to the contrary, China intervened in Korea as American forces were approaching China's Yalu River boundary. At that time, too, the Peking regime, which had been in full power on the mainland only a short time, faced tremendous economic and political problems—including problems of internal unity.

IV. JAPAN AND THE WESTERN PACIFIC

The events in Vietnam and China which are so important to the future of the rim of Asia are violent and convulsive in nature. There has also been, however, a peaceful eruption of great significance in the Western Pacific. It is the little noted but powerful reemergence of Japan as a major modern industrialized power.

Japan has the highest sustained economic growth rate in the world and a virtually stable population. The Japanese gross national product, which is well over $70 billion, is now fifth highest in the world. According to some estimates, within 5 years Japan will be third highest. Thus, Japan is now the major economic power in Asia and is likely to remain so for a long time to come.

Japan's prosperity has brought in its train a new sense of self-confidence. The Japanese are reaching out in various directions—toward Korea, toward Southeast Asia, toward China, toward the Soviet Union—for broadened opportunities in new relationships. As a member of the Asian and Pacific Council and of the Development Assistance Committee, Japan has pledged 1 percent of its national income in economic aid to developing countries. It has not yet reached that goal but it does rank 10th in the world in economic assistance, as it does, incidentally, in per capita income.

Japan's contribution to the Asian Development Bank is as large as the U.S. contribution, and the first president of the institution is a Japanese banker. Japanese traders go everywhere, as do automobiles and other prized products of Japanese design and industry.

Japan has normalized relations with Korea and is evolving an increasingly important economic relationship with that country. The new Indonesian Government has received a significant helping hand from Tokyo with its difficult financial problems.

The war in Vietnam has benefited Japan. Commercial exports to Vietnam rose from $37 million in 1965 to $138 million in 1966, an increase of 273 percent, and a further substantial increase is anticipated for 1967.

At least until the eruption of the cultural revolution, closer economic ties were being developed with mainland China as well as with the Soviet Union, both of which are natural and traditional economic associates of Japan. Japanese attitudes toward the Chinese reflect a combination of respect for China as a cultural fountainhead of Japanese society, remembrances of World War II, curiosity regarding the operation of its Communist system, anxiety over China's growing modern power, and, more recently, considerable disillusionment stemming from the almost obsessive Chinese tendency towards disorder as evidenced in the "cultural revolution." China ranks fourth among Japan's overseas trading links. This trade is larger than Japanese trade with Taiwan or the Soviet Union. At the same time, Japanese tourism in China is increasing, with 4,000 Japanese having visited the mainland last year.

Japanese commerce with the Soviet Union is also increasing, and there have been developments in other aspects of Japanese-Soviet relations. Even in the absence of a formal peace treaty, a Japanese-Soviet consular agreement has been signed. A recent Japanese-Soviet air agreement has led to direct commercial flights between Tokyo and Moscow. An agreement which was reached in March provides for a 16-percent increase in overall trade. For some time, there has been serious discussion of joint Soviet-Japanese development of the natural resources of Sakhalin Island and Siberia.

Meanwhile, Japanese-American trade continues to be of immense importance to both countries. Japan is second in the world after Canada as a purchaser of American exports. In turn, the United States provided 28 percent of Japan's imports in 1966 and bought 30 percent of Japan's exports. The total United States balance of payments deficit with Japan in 1966 was about $430 million. While there are certain minor disagreements between the two Governments on such matters as trade liberalization and capital import restrictions, these would seem to be more in the nature of removable irritants rather than major headaches.

There is one difficulty in Japanese-American relations, however, which should command prompt and serious attention. That is the problem of the reversion of the Ryukyu and Bonin Islands (including the Volcanos). The issue arises from the fact that certain clauses were left dangling, so to speak, in the Japanese peace treaty of 1951. Under that treaty, Japan retained legal ownership of the Ryukyus and the Bonins, but no date was set for the surrender of administrative control by the U.S. Armed Forces. The United States has stated subsequently, and often, that there is no question of Japanese sovereignty over these islands. The question that remains however, is the reversion of administrative authority to Japan.

It does not seem to me that there are any circumstances so compelling as to require an indefinite postponement of the liquidation of our treaty commitment regarding the Bonins. No major U.S. military installations are located on these islands, and strategic questions do not seem of any great significance. Since the bond of our national word is involved in the matter, it would appear to me that this piece of unfinished business can and should be closed out not only without great difficulty but also without undue delay.[1]

The problem regarding the reversion of Okinawa and the other Ryukyus is much more complicated. The U.S. military installations on Okinawa are massive and immensely costly. They are related not only to Vietnam but to general security needs in the western Pacific—to Japan's needs at least as much as to ours. In the latter connection, a final decision on the Ryukyus therefore involves basic questions of the extent and nature of the military role which is projected for the United States in the western Pacific in the years ahead. It can hardly be made without full understanding and agreement respecting that role.

However, the nonmilitary aspect of the problem—that is a reversion to Japan of administrative powers on Okinawa other than those closely involved with our military base complex—bears only limited relation to these basic security problems of the Western Pacific. It is conceivable that this aspect of the problem, at least, could begin to yield to solution. Indeed, some adjustments have already been made which recognize that the inhabitants of Okinawa and the other islands of the Ryukyus regard themselves as Japanese nationals. Japanese passports, for example, are now being issued to Okinawans when they travel abroad. The Japanese Government itself is making ever larger contributions to the budget of the locally constituted Okinawan Government which still functions, however, under overall U.S. supervisory authority.

Even as increasing Japanese participation in the financing of Okinawa's needs is welcomed, it would seem that consideration could be given to a progressive increase in Japanese participation in the supervision of civilian affairs on Okinawa. What must be borne in mind in this process, however, is the necessity of safeguarding the effectiveness of the U.S. military installations in Okinawa until there is United States-Japanese agreement on the eventual U.S. military role in the Western Pacific.

There is a problem similar, though not analogous, to Okinawa in Japanese-Soviet relations. Under the Yalta agreements of 1945, Southern Sakhalin and the Kurile Islands were consigned to the Soviet Union in return for Stalin's promise to enter the war against Japan. Following the war, Soviet military forces occupied these territories.

Since the peace conference of 1951, Japan has claimed the islands of Etorofu and Kunashiri in the Southern Kuriles and Shikotan Island and the Habomai Island group off the coast of Hokkaido. The Japanese position is that Kunashiri and Etorofu are "inherently Japanese," and that Shikotan and the Habomais are not part of the Kuriles at all and thus are being occupied illegally by the Soviet Union. The Soviet position is that the question of Etorofu and Kunashiri has already been settled. As for Shikotan and the Habomai group, Moscow stated in a 1956 declaration ending the state of war with Japan that they would be returned upon the signing of a formal peace treaty.

As noted, the status of the Soviet held islands is not analogous to the question of the Ryukyus and the Bonins. The return of the latter two island groups has been pledged, and they are being administered only temporarily by the United States. The Soviet Union, however, holds the Japanese islands of Shikotan and the Habomais without the sanction of a treaty or agreement, and in the case of Etorofu and Kunashiri in the southern Kuriles, the Soviet Union has not accepted the contention that they are Japanese.

Nevertheless, both problems are cut from similar cloth in that they involve Japanese interests as well as the imponderable of the security of all three nations in the Western Pacific. In that light it would seem desirable to hold tripartite talks, involving Japan, the Soviet Union and the United States, on security and other major issues which mutually concern them in the Western Pacific. Such talks could bring additional clarity with respect to the positions and policies of the three nations in the region. A tripartite conference, in turn, might lead subsequently on the one hand to a more rapid resolution by Japan and the United States of the Okinawan question and, on the other, to a resolution by Japan and the Soviet Union of the so-called northern problem.

V. HONG KONG AND MACAO

The "cultural revolution" on the Chinese mainland has spilled over into Macao and Hong Kong. The precipitants, however, in both cases appear to have been local issues. In the case of Macao the trouble began last December when Communists rioted in the enclave, plastered the city with posters and defaced the British consulate. The disorder then descended upon Hong Kong and produced the first rioting of great consequence in the colony's history.

In each instance Communists in the colony, with articulate support from mainland Communists, have made a series of political demands in addition to those derived from alleged social or economic grievances which precipitated the disorders. In general, the Government of Macao has accepted these demands in a negotiated settlement of the problem. The response of the British authorities, however, has been to strengthen the Hong Kong military garrison and to direct the Hong Kong police in raids on the offices of Communist and pro-Communist organizations, arresting hundreds and confiscating propaganda material, explosives, and even fireworks.

Macao and Hong Kong are vastly different. One is a quiet, somewhat picaresque enclave of 300,000 which has maintained its identity for several centuries under Portuguese administration. Hong Kong is an assertive bustling metropolis with a population of almost 4 million. It has a growing industrial base and serves as a great entrepot of trade and services.

As there are differences, there are also strong similarities between Macao and Hong Kong. Both are 98 percent Chinese in population. Both depend on China for food and water. Both are essentially self-sustaining economically but do not represent an important economic asset to their home governments. Hong Kong, for example, costs the British Government 11 million pounds a year in defense expenditures and, according to the British Board of Trade, the British trade deficit with Hong Kong ran to about 15 million pounds in 1966. Insofar as China is concerned, Hong Kong is a major external market for its agricultural and other products. It is also a significant source of foreign exchange for the Peking Government, the $500 annual receipts in this connection constituting nearly half of China's total annual foreign exchange earnings.

The situation in Macao is now quiet. In Hong Kong, at least for the present, the riots have ceased. However, an organized pattern of terroristic bombing continues and the daily incidents of terrorism do have serious adverse consequences. In the face of the anxieties which are induced, it should not be surprising that there is some exodus of capital and skills and management and

[1] Some problems of adjustment may be involved in connection with the younger people among the several hundred indigenous inhabitants of the islands, many of whom are descendants of Americans and all of whom have been educated during the past two decades of U.S. military occupation in American schools.

a contraction of income from tourism. Since the terrorists do not appear to enjoy significant popular support, in the end the British policy of no compromise could prevail. In the interim, however, there may well be economic repercussions from which the colony could be a long time recovering.

Thus, Macao and Hong Kong have each responded to the challenge in different ways. Each, in its own way, has developed tactics to contain the threat of extinction which is implicit in any local hostility that has support from China. In Macao, the policy has been to bend "as the bamboo" before strong winds from China. In Hong Kong, policy has more in common with the oak. Each is a traditional approach which is rooted in a separate history, different experiences and dissimilar circumstances. In the end, however, the fate of both may well be intermeshed.

In any event, it is not the business of the United States to disparage either policy. On the contrary, it would seem most advisable to encourage contact, impartially, with both. In that light, it was difficult to understand at the time of our visit what appeared to be a policy of discouraging Americans from visiting Macao. As noted, Macao is quite calm, stable, and secure and has been so for some weeks.

VI. THE PHILIPPINES

By way of background, it should be emphasized that our tie with the Philippines is closer than with any other Asian nation. The tie is full of historic significance and current value for this nation as it is for the Philippines. Between the two countries, no issues exist of a magnitude which should jeopardize the fundamental relationship. The differences that there are have to do with commercial agreements, military bases, veterans benefits, the disposition of American aid and the like. They are, clearly, negotiable differences which should yield readily in an atmosphere of mutual deference. In the negotiation of these differences a wise and understanding attitude can do much to preserve and enhance the foundation of good will which has been earned by the generous gestures and shared sacrifices of the past.

At the present time, the principal inner difficulty of the Philippines has to do with lack of law and order. It centers on the rural areas, even as our similar difficulty has centered on the urban complexes. There has been a resurgence of the Hukbalahap movement in central Luzon which is reportedly led by an uncertain combination of Communist sympathizers and racketeers of one kind or another. The situation is recognized as serious, its dimensions suggested by the fact that over 100 government officials have been assassinated in the past year and a half.

The Government of the Philippines is alert to the problem and remedies are being sought not only by strengthening the capacity for maintaining law and order but also by action to overcome certain economic and social injustices. There are several particularly hopeful developments. The Government's "rice and roads" programs is one. It is a key program of the administration of President Ferdinand Marcos. It is designed to enhance agricultural productivity and to give the rural areas of the country greater accessibility to markets for their products. The basic element in the program is, with U.S. help, to bring about the rapid dissemination of a new hybrid, IR-8, which promises rice yields two or three times higher than at present. Indeed, the prospects are better than at any time in the post World War II years that within 2 or 3 years the Philippines will no longer need to import rice.

In the field of public welfare, a significant effort is under way with the sponsorship of the First Lady of the Philippines, Mrs. Imelda Marcos. A new reception and study center at Bago Bantay, Quezon City, which was dedicated during the time of my visit, is an example of the advanced and creative social work which is being done with children and youth in the Republic. This project is a harbinger of others which it is anticipated will be launched in the field of human service, some of which might well be expected to have relevance outside the Philippines.

In the field of foreign relations, the Philippine Republic has improved its contacts with Japan and Indonesia while restoring diplomatic relations with Malaysia. Unofficial efforts, largely through Filipino journalists, to establish access to the Chinese mainland have met with some success. There is also increasing interest in the Philippines in commercial and other contacts with the Soviet Union and the Eastern European Communist countries. Officially, however, the Philippines still do not have diplomatic relations with any Communist country.

These various new directions are reflective of a general stirring which is taking place within the Philippines. There is a youthful energy in the leadership of the nation which augurs for a continuance of an atmosphere of ferment. There may well be required some adjustments in our policies with respect to the Philippines in order to keep them attuned to the new outlook. It may help to make the adjustments if it is remembered that the emphasis of the historic U.S. effort in the Philippines has been directed at encouraging Filipino self-reliance in independence. The changes which are now taking place appear to be headed in precisely that direction.

VII. KOREA

The war in Vietnam has served to strengthen our relations with the Government of the Republic of Korea. In that conflict, Korean leadership has found an opportunity to fight a Communist enemy from a position of strength, to solidify the relationship with the United States and to make a reputation in the world that South Korea is a nation to be reckoned with. It is an opportunity which apparently is welcomed.

The war in Vietnam has also resulted in economic benefits for Korea, chiefly from procurement and from remittances of about $10 million a month from Korean civilians and soldiers in Vietnam. Nevertheless, there is some feeling that while Korea's contributions to the war are greater, Korea is benefiting less economically than Japan, the Philippines, or the Republic of China.

One other factor accounts for the fact that the war has raised our relations with Korea to a new level. The war is seen in Seoul as a clear indication that the United States does not intend to withdraw its forces from Asia. That is interpreted to mean that South Korea will not be left to the mercy of the North Korean Communists and their Chinese allies.

What opposition is expressed in Korea to sending troops to Vietnam seems to be based on concern with the continuing dangers to security at home which are posed by the uneasy truce line at the 38th parallel. In fact, attacks and penetrations into South Korea from the North have increased greatly this year. They numbered 25 in 1966. In the first 8 months of 1967, they totaled 150.

The Korean attitudes described above are reflective of the country's own experiences. So are Korean views on the present state of affairs in Vietnam. Thus, Korean leaders are not pessimistic about the future of Vietnam (provided the United States continues to lend massive support), because they remember the desperate situation in which they found themselves during the war and immediately after its end. They are enthusiastic about a South Vietnamese Government headed by professional military men, inasmuch as the Government in Seoul is also headed by military men, and in their view the army is the most stabilizing political institution. They are opposed to any negotiated settlement of the war because of what they regard as their own unsatisfactory experience in the negotiations which led to an armistice in Korea.

Korean leaders find fault with the military restrictions and limitations the United States has observed in Vietnam. They would like to see more free world troops in Vietnam, although no additional Korean forces are to be sent at this time. They favor an intensification of the bombing of North Vietnam. Some—both in and outside the Government—wish that the United States would invade the north.

Advocates of such actions tend to dismiss the threat of Chinese intervention, despite their own experience during the Korean war and an apparently contradictory conviction that the Chinese Communists are irrational and bent on the domination of Asia. Others acknowledge forthrightly that it is their hope to see the United States involved in a war with mainland China—a war which it is believed would mean the end of communism in Asia and thus make possible the reunification of Korea.

If participation in the war in Vietnam has been a factor in South Korea's new self-confidence, another is to be found in the country's continued rapid economic growth. Stimulated by more than $3.5 billion of American economic aid in the period 1946 through 1966 ($2 billion since 1953), and now by earnings from the Vietnamese war, the Korean gross national product has risen rapidly. In 1966 the rate of growth was at a record 13.4 percent. Exports increased 355 percent in the period 1962–66 and by the end of 1971 it is estimated that the economy will have exceeded the originally planned targets by 26 percent. The Korean economy has registered these gains despite scarce agricultural land, rapid population growth, few natural resources, and the burden of supporting a large army.

VIII. THE REPUBLIC OF CHINA

It should be noted at the outset that there has been an apparent shift in emphasis on the part of the Government of the Republic of China, from pressing for an armed invasion of the Chinese mainland to what is regarded as the more realistic alternative of political warfare. This change in emphasis was set forth in President Chiang Kai-shek's New Year's Day message on January 1, 1967. In that message he referred to the need for "political measures to take precedence over the military," and he added: "The question now is how to pick up the pieces left by Mao's collapse, not when to launch the counterattack or how to bury Mao's corpse."

On Taiwan, as throughout Asia, there is also a new feeling of confidence stemming from economic progress. It is a confidence which exists despite, or perhaps because of, the termination of American economic aid and a reduction in the American military assistance program. Like other Asian countries, the Republic of China has earned some benefits from the war in Vietnam through increased exports (which in 1966 composed 17 percent of the total exports compared to 11 percent in 1965), expenditures by American soldiers on leave in Taiwan and the remittances of Chinese in South Vietnam. The war, however, is only one reason—and certainly not the major reason—for the excellent state of the economy of Taiwan. Certainly partly responsible is the successful land reform program under which 66 percent of the farmers now own their own farms and 80 percent of the farmland is owner occupied. There has also been a considerable industrial development on the island. Chinese, United States, and other Western capital and, ever-increasingly, Japanese investments have resulted in a substantial growth

of industry. It has been such as to permit, in turn, the export of Taiwanese capital and skills to Africa and other underdeveloped regions.

The future of political developments respecting Taiwan is somewhat more uncertain than the prospects for continued economic progress. Of major importance, for example, is the sensitive issue of relations between Chinese who look to the mainland as home and Chinese whose permanent home is on Taiwan. In the background of this question, of course, is the question of the so-called two-China policy. It should be noted in this connection that the Governments of the Republic of China and the People's Republic of China, which see little else in the same light, do insist with equal fervor that Taiwan is and must remain an inseparable part of China.

IX. CONCLUDING COMMENTS

1. We know little with certainty about developments in China, and the need to learn all that we can is obviously imperative. Size and economic potential alone insure that China's influence will inevitably be felt deeply throughout Asia and the world. What happens in China is bound to touch every Asian nation and the relations among these nations. Indeed, it is likely to be felt throughout the world. It has been said that by the time this century ends one quarter of the 7 billion people who it is estimated will be on the earth will be Chinese.

Whatever the government system under which they live, the Chinese on the mainland are intelligent, industrious, and gifted, as are the Chinese on Taiwan and in Chinese communities all over the world. They are not creatures from another planet. Their lives are marked, as are ours, by the human cycle of birth, marriage, and death. Their government—whatever its character—faces substantially the same problems as the government of other countries.

One path to knowledge between peoples is, of course, trade. Trade is an important medium of communication between countries because it brings an exchange not only of products and information but of people as well. An absence of trade relations distorts the general relationship between countries and constitutes a barrier to communications and to knowledge. And trade has been totally absent from the U.S. relationship with China for a decade and a half. Indeed, we are the only major country in the world today, as we have been for some years, which has maintained not only a total embargo on trade with Communist China but has sought to compound it with a secondary boycott. It is true that the Chinese are aiding the North Vietnamese and the Vietcong military effort and that the circumstances at this time are therefore hardly propitious for even consideration of the resumption of trade with China, however limited or nonstrategic it might be. Nevertheless, it is a good time to note our failure to face up to this question when circumstances were propitious, long before Americans began to die in Vietnam. It might be wise, therefore, to call to mind at an appropriate time the proposition that one of the best ways of helping to prevent future Vietnams may well be to increase communication between ourselves and the Chinese. Through the medium of trade in peaceful goods, as well as by an exchange of journalists and correspondents, it may some day be possible to begin to lower the level of mutual hatred and ignorance.

2. We must be careful to keep under constant review our policies and their administration, respecting countries on the rim of Asia to insure that both continue relevant to our long-run interests, including the most basic interest which is to maintain cordial and cooperative relations with each of these nations.

3. While we are being supported in Vietnam, in one way or another, by every non-Communist country of the Western Pacific, this support has many equivocal aspects. There is no visible prospect of any significant increase in assistance from these countries.

4. The friendly nations of Asia are tending to move toward greater international self-assertion and a diversification of their foreign relationships. It would be both unwise and inappropriate to insist on any pattern of behavior for Asian countries as an earnest of their continued close association with the United States. We could not, for example, block Japan's growing trade with the Soviet Union even if we were so inclined which, I would note, we are not. Similarly, having explored ourselves the prospects of "bridge-building" to Eastern Europe, it should not surprise us if the Philippines do the same. Tendencies of this kind have roots which derive largely from obvious economic motivations, as well as less obvious but no less significant assertions of national independence. Efforts to divert these tendencies would bring, in my judgment, more problems than they could hope to solve. In this light, our trade and aid policies and practices in the Western Pacific need constant reappraisal.

5. Japan is a major constructive force in Asia. The power of Japan will continue to find its primary outlets in economic rather than military efforts. Thus, the greater and more rapid the shift from military confrontation to economic interplay throughout the Western Pacific, the larger and more relevant will be Japan's contribution to the stability and progress of the region. For that reason, if no other, we should lose no opportunity, it seems to me, to shift the present emphasis of interest, and policy in Asia to economic development. It follows that attempts should not be made to urge or stimulate the Japanese to strengthen their defense establishment beyond the point which is determined as appropriate by the normal political processes within Japan. And, in this connection, it is necessary to question most closely the thesis that if Japan were to agree to take up more of the burden of the defense of the Western Pacific, we would be able to reduce our own efforts. The result might well be to create additional tensions and pressures in Asia which would reduce, rather than increase, our flexibility and delay, rather than hasten, the reduction of our own military presence in Asia.

6. Finally, and perhaps most importantly, there is a need to rearrange our attitudes toward the countries of the Western Pacific. The United States has been involved in that area for many years—in the Philippines before the war, all over the Pacific during the war, in Japan and Korea and the Taiwan Straits after the war, and now on the Southeast Asian mainland, notably in Vietnam. Undoubtedly, a massive American presence will persist in Southeast Asia for some time to come, and the United States will remain visible, to say the least, throughout the Western Pacific. At the same time, there is a difference between presence and predominance.

In my judgment, it is characteristic of the new self-confidence of the friendly nations of the region to welcome the first but increasingly to shrink from the second. There is a marked desire for less dependence on the United States which we should acknowledge and welcome. Indeed, we should give every reasonable and sympathetic encouragement to its full realization by generous, timely and understanding adjustments in our policies with respect to the nations on the rim of Asia.

We have a solid base of cordiality among those nations. We have friends everywhere, despite spots of anti-Americanism. We can maintain sound relationships if, on the one hand, we do not precipitately turn our back on our responsibilities and if, on the other hand, we recognize that the time has come when we should help the countries on Asia's rim to follow the path they wish to take and not a path that we think they should take or should want to take.

USE OF EXPORT-IMPORT BANK FUNDS TO FINANCE TRANSACTIONS WITH A NATION WITH WHICH THE UNITED STATES IS AT WAR

Mr. BYRD of Virginia. Mr. President, by a 7-to-7 tie vote, the House Rules Committee yesterday refused to clear the Export-Import Bank legislation for floor action.

I understand the Fino amendment was involved in the committee action.

The Fino amendment combines the Byrd amendment adopted by the Senate on August 10, and the Mundt-Byrd amendment adopted by the Senate on August 11.

The Fino-Byrd-Mundt amendments all do the same thing; namely, prevent the use of Export-Import Bank funds to finance transactions with a nation with which we are at war.

The second thing the Fino-Byrd-Mundt amendments do is to take away discretionary power from the President.

The House Banking Committee, in adopting the Fino amendment by a vote of 17 to 4, modified the Byrd amendment to the extent that the prohibition on the use of Export-Import Bank funds could be set aside by appropriate committees of the Congress 30 days after they determine that any such transaction would be in the national interest.

This modification is completely satisfactory to me. It takes the determination away from the President and invests it in the appropriate committees of the Congress.

I support the Fino amendment, a combination of the Byrd amendment and the Mundt-Byrd amendment.

The close fight in the House Banking Committee and the tie vote in the House Rules Committee indicate that the administration will make a determined effort to kill the Fino amendment when it comes to the floor of the House.

So there will be no misunderstanding, I want to assert on the floor of the Senate this 16th day of November that if the House eliminates the Fino amendment or if the Senate-House conferees eliminate the Fino amendment, I shall use whatever weapons an individual Senator may have to delay or kill the passage of the entire Export-Import Bank legislation.

There are two important principles involved:

The Senate spoke firmly on August 10, and again on August 11, that taxpayers' funds should not be used to finance transactions with nations trading with our enemy.

It simultaneously made clear that it was taking away from the President the right to set aside this prohibition, the President having already publicly stated that he planned to use $50 million of Export-Import Bank funds to help finance the building of a Fiat automobile plant for the Soviet Union.

I want to state frankly that the Fino-Byrd-Mundt amendments may, and possibly will, reduce the profits of some

American companies. But I want to say also that, so long as we are suffering casualties in North Vietnam, I am not concerned about business profits, if these profits must come from using tax funds to finance transactions with nations which trade with our enemy.

So as we go into the final few weeks of this session of the Congress, I want to make clear that I shall use every resource available to me to prevent the enactment of Export-Import Bank legislation unless such legislation contains either the Fino amendment, or the Byrd amendment or the Mundt-Byrd amendment, or an amendment which accomplishes the same dual objective of those amendments.

Mr. President, I ask unanimous consent that the text of the Byrd amendment adopted by the Senate on August 10, the text of the Mundt-Byrd amendment, and the text of the Fino amendment as adopted by the House Banking Committee, be inserted at this point in the RECORD.

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

TEXTS OF AMENDMENTS TO EXPORT-IMPORT BANK ACT

BYRD AMENDMENT

SEC. 2. Section 2 of the Export-Import Bank Act of 1945 is amended by adding at the end thereof a new subsection as follows:

"(d) The Bank shall not guarantee, insure, or extend credit, or participate in an extension of credit (1) in connection with the purchase of any product by any nation with which the United States is engaged in armed conflict (whether or not there has been a declaration of war), or any agency or national thereof; or (2) in connection with the purchase of any product by any nation (or agency or national thereof) the government of which is furnishing goods or supplies to a nation described in clause (1)."

MUNDT-BYRD AMENDMENT

SEC. 3. Section 2 of the Export-Import Bank Act of 1945 is amended by adding at the end thereof a new subsection as follows:

"(d) The Bank shall not guarantee, insure, or extend credit, or participate in an extension of credit in connection with the purchase of any product for the construction of a facility for manufacturing automobiles by the Union of Soviet Socialist Republics, or by any other nation or entity for use (to the knowledge of the Bank) in the Union of the Soviet Socialist Republics."

FINO AMENDMENT WITH COMMITTEE MODIFICATION

The Bank shall not guarantee, insure, or extend credit, or participate in the extension of credit in connection with the purchase of any product by a national or agency of any nation

(A) which engages in armed conflict, declared or otherwise, with armed forces of the United States; or

(B) which furnishes by direct governmental action (not including chartering, licensing, or sales by non-wholly-owned business enterprises) goods, supplies, military assistance, or advisers to a nation described in subparagraph (A);

nor shall the Bank guarantee, insure, or extend credit, or participate in the extension of credit in connection with the purchase by any nation (or national or agency thereof) of any product which is to be used principally by or in a nation described in subparagraph (A) or (B);

Any product which is to be used principally by or in a nation described in subparagraph (A) or (B); except that if the appropriate committees of the Senate and House of Representatives have reported to their respective houses their determination that any transaction would be in the national interest, then after 30 days after the filing of the last of such reports, the prohibitions of this paragraph shall not apply to that transaction.

ANOTHER MORATORIUM ON BOMBING

Mr. MOSS. Mr. President, I ask unanimous consent that I may proceed for 12 minutes.

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

Mr. MOSS. Mr. President, I rise to suggest another moratorium on bombing. As early as May 15, 1965, the United States announced and did stop bombing North Vietnam. It has done so several times since. The last moratorium was observed in February of this year. Most of these pauses in bombing took place during holiday periods such as the Vietnamese Lunar new year. There is no consensus on what these pauses have accomplished for this Nation.

However, I believe the moratorium I now propose would do much to emphasize the determination and unity of purpose of our country. As we approach Thanksgiving Day this year, I consider it timely to suggest another moratorium on bombing, but my suggestion does not relate directly to North Vietnam. A brief review of some recent developments in America appear in order before I suggest this moratorium.

During an address to the United Press International editors and publishers, in New York City last April, White House Correspondent Merriman Smith, a Pulitzer Prize winner, warned:

> President Johnson these days is the object of some of the worst vilification—even obscenity—that I've seen or heard in more than twenty-five years on the White House assignment.

Mr. Smith substantiated this statement by citing examples:

In New Orleans, variety stores sell metal auto license plates vividly associating the President with barnyard filth; in New York, grown men were carrying signs which openly and plainly challenged the President's normalcy; there are buttons around the country saying, "Lee Harvey Oswald, Where Are You Now?" among others.

Mr. Smith rejected such charges as enlightened social change or legitimate dissent or revolution and described them as anarchism—an effort to destroy confidence in Government plus an effort to pull down confidence in the press. He concludes that it is time for the American public to take some responsibility for its own image and stop blaming everything on either "President Johnson or Drew Pearson."

Mr. Smith's warning was echoed by columnists and was the subject of editorials in numerous news media. I had hoped his warning would be heeded.

However, during the past 6 months these attacks have not diminished; to the contrary, they now approach hysteria and seem to be a phobia with all too many Americans. The smut increases, and almost daily we see in print assertions that the President prolongs the Vietnam war because of a sadistic desire to napalm Asian women and children.

The peaceniks, beatniks, and hippies continue to stage their disgusting performance and, because of extensive news coverage, play to a large audience, both in this country and abroad, out of all proportion to the segment of society they constitute in this country. But a new element has been interjected into these attacks, which is even more appalling. I refer to supposedly responsible citizens who hurl charges that the President can end the tragic war in Vietnam anytime and is only waiting until it is politically opportune to do so. Such nonsense is the lowest form of political sniping.

In addition, many of the attacks are uttered under the guise of civil rights. The record will reflect that I steadfastly champion the civil rights cause—but the attacks I deplore are neither "civil" nor "right."

To summarize all of this, the 36th President of the United States is a daily target of vicious, insidious, and sadistic attacks from some Americans who oppose his policies. Recent dissent, in large part, has degenerated into emotional nonsense, void of logic, even decency, and has resulted in irrational condemnation.

Mr. President, I do not rise today to take a stand for or against the President's policies—they have been, are, and will be an area for free debate under our political system. Rather, I wish to endorse and renew the warning of Mr. Smith and others that the pathological attacks are harmful to this country. Against this background, Mr. President, I suggest a moratorium on this type "bombing" of the President, and will attempt to explain what I think such a moratorium would accomplish for our Nation.

It is our lot today to exercise—not what we sought, but what our Government has achieved—our position of world leadership. This burden has been entrusted to others in the past; like it or not, it now is ours. In addition, we are confronted with myriad domestic problems which attend a society such as ours, and for which a solution is not easily found. Thus our President shoulders the most awesome responsibility ever placed on one man. But he alone does not bear responsibility for all that is wrong in this Nation. Responsibility is part, parcel, and inherent in the privilege of being an American citizen. It follows then, that you and I and all Americans have a share of responsibility for the conduct of the affairs of this Nation. We cannot and should not shift our own responsibilities to the President. I think a vast majority of our citizens share this view and will reflect anew on how they can best serve our country in these troubled times.

There can be little doubt that the irrational condemnation I have described adversely affects our fighting men in Vietnam—and raises doubt in the minds of the leaders in Hanoi and elsewhere around the world as to our determination and unity of purpose. Such utterances

obviously undermine confidence in all levels of our government; and they add a useless burden to our President. The time and effort involved in uttering, refuting, analyzing, and reporting this nonsense could be put to more constructive use.

Historically, in time of peril, we have united behind our President, but never, to my knowledge, has a President needed moral support more and received less than Mr. Johnson receives every day. Therefore, I suggest this moratorium as a time during which we should reflect on all the great problems which confront our Nation. We can ponder our own responsibilities, and those of the President, with respect to such issues as Vietnam, crime, poverty, and our role of world leadership, with less emotion and less frustration. From a period of calm deliberation, responsible constructive criticism might emerge which would be helpful to our President and hence to our country.

Anticipating that my remarks today will bring the false cry that this is an effort to stifle dissent, I wish to make it clear that if such were true, I would be as irresponsible as those I condemn. No American should ever challenge this hallowed principle of democracy—our national inheritance—the inviolate right to dissent. But the attacks I deplore are not rational criticism nor honest dissent; rather they are the products of irresponsibility and vulgarity.

The type of responsibility needed in this country today is set forth in the policy statement of the newly formed citizens Committee for Peace with Freedom in Vietnam. This committee, headed by former Senator Paul Douglas and Gen. Omar Bradley, counts among its members our two living former Presidents, Mr. Truman and General Eisenhower, as well as eminent Americans from many walks of life. I applaud the action of this group as being in the highest American tradition.

Other groups and individuals have expressed reasoned opinions—some supporting, some opposing, our presence and efforts in Vietnam, and certainly this is a constructive and healthy situation. Any President expects and accepts criticism when he assumes office. But what alarms me are vicious and irresponsible attacks which seem to arise out of near hysteria and obviously degrade the Office of the President and hence the Nation.

Whether we agree with his policies or not, the traditional sense of American fair play dictates respect for our President. Unfair attacks are repugnant to most Americans; just as the right to dissent is cherished.

We must not fail to keep this distinction in mind. Describe my observations as "patriotic flag waving" if you wish, but credit me with a sincere concern for my country.

Mr. President, these are but some of the areas of concern that compel me to ask all Americans to observe this moratorium, for I believe it would result in a more responsible and constructive dialog in the future—a dialog vital to our way of life and essential under our form of goverment.

Mr. MANSFIELD. Mr. President, will the Senator yield briefly?

Mr. MOSS. I am happy to yield to the majority leader.

Mr. MANSFIELD. Mr. President, I applaud the basic tenet which the distinguished Senator from Utah has brought forth in his comments today. I read the first amendment to the Constitution:

> Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

The first amendment to the Constitution does agree with what the Senator has in mind. He is not talking about those who assemble peacefully to express their feelings through free speech or to petition on a given subject. They have a right to do as they do, but not to do so on the basis of libel, obscenity, vulgarity or violence; nor to do so in the manner chosen by certain very small minorities of late, so as to curtail the desires and the wishes of the great majority of those who participate in the demonstrations. The first amendment grants no license for these highly objectionable actions. These small minorities debase dissent and flaunt the constitutional rights of the majority.

I, for one, am very much disturbed when, for example, lighted torches are thrown into the faces of soldiers and U.S. marshals at the Pentagon. I for one am disturbed when obscenities are printed on walls. I for one am disturbed when vulgarities are addressed to individuals in positions of prominence and responsibility; and I feel that it is about time that something be done to try to bring this matter to a position where it can be better understood.

In this respect I would like to pay my respects to the police of this country who have, by and large, conducted themselves responsibly and with great restraint. They have all too often been subject to abuse, violence, and name calling as they have sought to uphold the law they were sworn to defend.

The Senator has indicated in his remarks that he feels what he has said today may make it possible for some to say that he is endeavoring to stifle dissent. I would disagree with anyone who would make a charge of that nature against the distinguished Senator, because, as he says, if he were to advocate that, he would be as irresponsible as those whom he has condemned.

But he also states that:

> Groups and individuals have expressed reasoned opinions—some supporting, some opposing, our presence and efforts in Vietnam, and certainly this is a constructive and healthy situation. Any President expects and accepts criticism when he assumes office. But what alarms me are vicious and irresponsible attacks which seem to arise out of near hysteria and obviously degrade the office of the President and hence the Nation.
>
> Whether we agree with his policies or not, the traditional sense of American fair play dictates respects for our President. Unfair attacks are repugnant to most Americans; just as the right to dissent is cherished.

Mr. President, I have been disturbed and concerned by the type of attacks which are being directed and have been directed, not only toward the President of the United States, but also toward the First Lady of this country. I have been disturbed and concerned by the type of attacks made against the Secretary of State and the Secretary of Defense. I am all for dissent; provided it is constructive; provided it is reasonable; provided it is within constitutional bounds. But I am not for personal insults, rowdyism, harassment, violence, intolerance and disregard of the law. I believe that this small minority—and it is a very small minority of those who demonstrate—have strayed far, far out of the bounds of decency to vent their twisted personal hatred and their spleen on these people who occupy positions of great responsibility and importance.

I am sure that everyone knows how I stand on Vietnam. But regardless of how I stand, the office of the Presidency must and should be respected by all American citizens. It does not matter who occupies that office, because he occupies it only temporarily. And by the same token, the wife of the Chief Executive should be given the recognition which is her due, and she should not be subjected to abuse and vilification, as has been the case all too often. In my opinion, Mrs. Johnson has been one of the stalwarts in the present administration, and has brought great credit upon the administration and the Presidency.

Nor do I like to see these people who make it a point to walk out on responsible officials who have been requested to come to a university, let us say, to address the students at their commencement or otherwise. After all, there is such a thing as courtesy, good manners, and decency, and if a man is invited, whether it be to your house, to a college or university, or to a gathering in a hotel, it is my belief that that individual, regardless of the views of those in attendance or outside on the street, should be given the right to express his thoughts and to make his case.

I would hope that out of this speech made by the distinguished Senator from Utah there will come a sense of responsibility on the part of all Americans, regardless of how they feel on a particular subject; acknowledging that those who are in office by the will of the people or at the will of the President should be given the consideration, the decency, and the courtesy which is every American's right, whether he occupies the highest position in this land or whether he is the lowliest of our citizens.

Irresponsibility, on either side, has no place in our Nation. Neither does intolerance of one's views.

Mr. MOSS. Mr. President, I ask unanimous consent that I may have 3 additional minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MOSS. Mr. President, I express my appreciation for the very forceful and thoughtful comments of the majority leader. I think he said far more eloquently than I could the things I was

trying to say in my little talk this morning.

I think that when some of our citizens act as they have in the past, such acts are signs of weakness and immaturity and ill manners as the majority leader has stated.

I think the majority leader has, by his own example in speaking out on policies with which he does not agree, or in making suggestions in a rational, straightforward manner, demonstrated the type of criticism to which we are entitled under the first amendment.

I, like the majority leader, want to be among the first to acknowledge that the right to dissent is inviolate, but it must be exercised with reason. In the past people have exceeded the bounds of reason.

I associate myself with all the remarks of the majority leader and thank him.

Mr. YOUNG of Ohio. Mr. President, will the Senator yield?

Mr. MOSS. I yield.

Mr. YOUNG of Ohio. Mr. President, I congratulate the distinguished Senator from Utah on the magnificent address he has made today. He has rendered a real and needed public service to the Nation in saying what should have been said, and in saying it in such a superior manner.

At the same time, I associate myself with the splendid remarks made by the distinguished majority leader, the Senator from Montana [Mr. MANSFIELD].

Mr. MOSS. I thank the Senator for his kind remarks.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. MOSS. I yield.

Mr. BYRD of West Virginia. Mr. President, I have listened to the statements made by the distinguished Senator from Utah [Mr. Moss], and the distinguished majority leader.

The statements, in my opinion, have been thoughtful, forceful, reasonable, responsible, and constructive.

I associate myself with the viewpoints expressed by both Senators, and I congratulate them.

Mr. MOSS. Mr. President, I thank the Senator.

I yield the floor.

SOUP KITCHENS AND BREAD LINES MUST NEVER AGAIN BE TOLERATED: OUR SOCIAL SECURITY SYSTEM MUST BE LIBERALIZED AND EXPANDED

Mr. YOUNG of Ohio. Mr. President, the pending bill, H.R. 12080, as amended in the Senate Finance Committee, is a great advance in social legislation. The 11 members of the Senate Committee on Finance who signed the majority report and reported the bill, as amended, are to be congratulated for the real and needful public service they have performed for the Nation.

Mr. President, more than 32 years ago, the most humane and advanced social legislation in our Nation's history, the Social Security Act, was enacted into law. The man who proposed this legislation and whose signature placed it on the statute books is dead. This is one of many imprints that Franklin D. Roosevelt left upon the pages of American history which will endure forever. I am very happy that during my first term as Congressman at Large from Ohio, I voted for and spoke in favor of passage of the first Social Security law.

Since passage of the Social Security Act of 1935, Congress has made changes in the act in keeping with fast-changing times. We have a duty to further expand and liberalize this program. The Social Security Amendments of 1967 will help assure that millions of Americans will enjoy a measure of security and dignity in their old age.

It is a happy personal recollection that as Congressman at Large from Ohio and a member of the Committee on Ways and Means in the House of Representatives, I helped draft our present liberalized and expanded social security program. Over the years I have always supported and voted for liberalizing amendments. I consider it a privilege to vote this week for this bill as reported by a majority of the Senate Committee on Finance and for some amendments which are among the most far-reaching improvements to our social security insurance program since its enactment more than 32 years ago.

When the Social Security Act became law, there were fewer than 7 million Americans 65 years or older. Today, there are more than 19 million men and women 65 years of age or older. By 1970 there will be more than 20 million.

The majority of men and women beyond 65 years old have inadequate incomes. Most do not receive private pensions. The majority cannot afford proper medical care. Many are ill-housed and, unfortunately, too many lack means to obtain proper diet and are undernourished. It is clear that social security benefits must be greatly increased and the social security program greatly expanded if we are to meet present needs of older Americans.

The proposal reported by the Finance Committee raises average benefits for nearly 24 million social security recipients—men, women, and children—by 15 percent across the board. It increases the monthly minimum benefit from $44 to $70. The optional retirement age is lowered from 62 to 60 at reduced benefits for those who may choose to retire at this earlier age. This will cause 760,000 additional Americans to be eligible for benefits amounting to $524 million during the first 12 months after this act goes into effect. Benefits have been liberalized for disabled widows and for widows of workers covered during their lifetime. This proposal eases eligibility requirements for payments to the blind.

Our social security system, which is actually the old-age, survivors, disability, and health insurance program, is an actuarially sound insurance system. The present surplus in the social security and disability trust funds exceeds $23 billion. Under the bill as amended by the Senate Finance Committee, this program will continue to be actuarially sound without imposing unduly heavy premium payments on Americans.

Mr. President, in the United States we have gone a long way under great leadership since those dark depression days of 1931 and 1932, when a high-placed Government official said, "Relief is a local problem."

The hope we all cherish is an old age free from care and want. To that end people toil patiently and live closely, seeking to save something for the day when they can earn no more. As age creeps on, there is a constantly declining capacity to earn, until at 65 many find themselves unemployable.

There was no more pitiful tragedy than the lot of the worker who had struggled all his life to gain a competence and who, at 65, was poverty stricken and dependent upon charity. The black slave knew no such tragedy as this. It was a tragedy reserved for the free worker in the greatest nation on earth in an era which now seems remote but in fact was as recent as the late 1920's and early 1930's.

Mr. President, back in 1931, in my home city of Cleveland, and in cities throughout the country, there were bread lines and soup kitchens. Unless one lived through and can recall the terrible depression, he would have difficulty in believing the conditions that existed at that time. Banks in 48 States were closed. Many had failed and the savings of millions of citizens were wiped away. In the final months of the administration of President Herbert Hoover, the entire financial structure of the United States had collapsed. Never at any time since the Federal troops streamed back into Washington in panic in July 1861, after the Battle of Bull Run, or Manassas, in the War Between the States, was our Nation so imperiled.

Farmers were not making enough money to pay their taxes and the interest on their mortgages. Groups of farmers gathered on courthouse steps threatening to hang judges, demonstrating against foreclosures of farms, and interfering with the orderly processes of the law. At that time, 14 million worthy and industrious men and women walked city streets jobless. This represented 26 percent of the Nation's workingmen and workingwomen, eager to be gainfully employed but denied any employment whatever. Time and events have proved that since the enactment of the social security law, under which checks totaling more than $20 billion in social security benefits were paid last year to almost 23 million beneficiaries, there has been and is no possibility of a cruel depression such as was experienced commencing in 1930.

Where would the American people have been without that law? Think of the distressful situation of our country during those three recession periods of the Eisenhower administration. Where would they have been except for social security and the payments that came in every month to the beneficiaries of the social security system? Those recessions would have become great, deep and sorrowful depressions. No one today seriously questions the need for our social security system or its importance in promoting economic and social stability.

Americans now know that private charities, bread lines and soup kitchens must never again be the answer of American intelligence and sense of justice to the problems of unemployment and indigent old age.

Mr. President, at present social security recipients may not earn more than $1,500 per year without suffering deductions from their social security benefits. The present limitation imposes a cruel financial burden on people still able to work after 65 and denies them a right which they have earned by their own contributions into the social security fund. It is reasonable to look forward to dramatic new breakthroughs in the search for cures for cancer and heart disease that will push higher and higher the life expectancy of Americans. Men and women of 65 and 70 and 75 will—and many now do—have the ability to participate in gainful employment after retirement.

It is unfair to bar these men and women from receiving social security retirement payments for which they have paid premiums during their more active years. This can be remedied at no cost whatsoever to taxpayers by increasing the earnings limitation.

In four successive Congresses I introduced legislation to increase the earnings limitation for social security recipients. I was very glad that the Senate Finance Committee has recommended that the earnings limitation be increased from $1,500 to $1,680 in 1968, and $2,000 annually thereafter, with no reduction in social security benefits. I am hopeful that in the future the earnings limitation will be increased even further and finally removed altogether.

Social security payments totaling more than $90 million are now delivered each month to 1,250,000, Ohio men, women, and children. With the enactment of the pending bill, this amount will be increased to more than $105 million. Soon, 24 million Americans—children, men, and women—will receive social security checks amounting to $2 billion, or more, each month.

Mr. President, I congratulate our colleagues who serve on the Senate Committee on Finance for their outstanding work. The Nation is indebted to them for the social security bill they have reported to the Senate and which we are considering today. It will truly be a great day in our Nation's history when the Social Security Amendments of 1967 are enacted into law.

ECONOMIC OPPORTUNITY AMENDMENTS OF 1967

Mr. CLARK. Mr. President, I ask that the Chair lay before the Senate a message from the House on S. 2388.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2388) to provide an improved Economic Opportunity Act, to authorize funds for the continued operation of economic opportunity programs, to authorize an Emergency Employment Act, and for other purposes, which was, strike out all after the enacting clause and insert:

That this Act may be cited as the "Economic Opportunity Amendments of 1967."

AUTHORIZATION OF APPROPRIATIONS

SEC. 2. For the purpose of carrying out programs under the Economic Opportunity Act of 1964 (other than part C of title I of such Act), there is hereby authorized to be appropriated for the fiscal year ending June 30, 1968, the sum of $1,600,000,000, of which subject to the provisions of section 616 of such Act, the amounts appropriated or made available by appropriation Act shall not exceed $667,500,000 for the purpose of carrying out the provisions of title I of such Act, $776,500,000 for the purpose of carrying out title II, $47,000,000 for the purpose of carrying out title III, $70,000,000 for the purpose of carrying out title V, $14,000,000 for the purpose of carrying out title VI, and $25,000,000 for the purpose of carrying out title VIII.

TITLE I—AMENDMENTS TO THE ECONOMIC OPPORTUNITY ACT

JOB CORPS AMENDMENTS

SEC. 101. Part A of title I of the Economic Opportunity Act of 1964 is amended to read as follows:

"PART A—JOB CORPS

"STATEMENT OF PURPOSE

"SEC. 101. This part establishes a Job Corps for low-income, disadvantaged young men and women, sets forth standards and procedures for selecting individuals as enrollees in the Job Corps, authorizes the establishment of residential and/or nonresidential centers in which enrollees will participate in intensive programs of education, vocational training, work experience, counseling, and other activities, and prescribes various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps. Its purpose is to assist young persons who need and can benefit from an unusually intensive program operated in a group setting, to become more responsible, employable, and productive citizens; and do so in a way that contributes, where feasible, to the development of National, State, and community resources, and to the development and dissemination of techniques for working with the disadvantaged that can be widely utilized by public and private institutions and agencies.

"ESTABLISHMENT OF THE JOB CORPS

"SEC. 102. There is hereby established within the Office of Economic Opportunity a 'Job Corps'.

"INDIVIDUALS ELIGIBLE FOR THE JOB CORPS

"SEC. 103. To become an enrollee in the Job Corps, a young man or woman must be a person who—

"(1) is a permanent resident of the United States who has attained age fourteen but not attained age twenty-two at the time of enrollment:

"(2) is a low-income individual or member of a low-income family who requires additional education, training, or intensive counseling and related assistance in order to secure and hold meaningful employment participate successfully in regular schoolwork, qualify for other training programs suitable to his needs, or satisfy Armed Forces requirements;

"(3) is currently living in an environment so characterized by cultural deprivation, a disruptive homelife, or other disorienting conditions as to substantially impair his prospects for successful participation in any other program providing needed training, education, or assistance;

"(4) is determined, after careful screening as provided for in sections 104 and 105, to have the present capabilities and aspirations needed to complete and secure the full benefit of the program authorized in this part, and to be free of medical and behavioral problems so serious that he could not or would not be able to adjust to the standards of conduct and discipline or pattern of work and training which that program involves; and

"(5) meets such other standards for enrollment as the Director may prescribe and agrees to comply with all applicable Job Corps rules and regulations.

"SCREENING AND SELECTION OF APPLICANTS—GENERAL PROVISIONS

"SEC. 104. (a) The Director shall prescribe necessary rules for the screening and selection of applicants for enrollment in the Job Corps. To the extent practicable, these rules shall be implemented through arrangements which make use of agencies and organizations such as community action agencies, public employment offices, professional groups, and labor organizations. The rules shall establish specific standards and procedures for conducting screening and selection activities; shall encourage recruitment through agencies and individuals having contact with youths over substantial periods of time and able, accordingly, to offer reliable information as to their needs and problems; and shall provide for necessary consultation with other individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers. They shall also provide for—

"(1) an interview with each applicant for the purpose of—

"(A) determining whether his educational and vocational needs can best be met through the Job Corps or any alternative program in his home community;

"(B) obtaining from the applicant pertinent data relating to his background, needs, and interests for evaluation in determining his eligibility and potential assignment; and

"(C) giving the applicant a full understanding of the Job Corps program and making clear what will be expected of him as an enrollee in the event of his acceptance.

"(2) the conduct of a careful and systematic inquiry concerning the applicant's background for the effective development and, as appropriate, clarification of information concerning his age, citizenship, school and draft status, health, employability, past behavior, family income, environment, and other matters related to a determination of his eligibility.

"(b) The Director shall make no payments to any individual or organization solely as compensation for the service of referring the names of candidates for enrollment in the Job Corps.

"(c) The Director shall take all necessary steps to assure that the enrollment of the Job Corps includes an appropriate number of candidates selected from rural areas, taking into account the proportion of eligible youth who reside in rural areas and the need to provide residential facilities for such youth in order to meet problems of wide geographic dispersion.

"SCREENING AND SELECTION—SPECIAL LIMITATIONS

"SEC. 105. (a) No individual shall be selected as an enrollee unless it is determined that there is reasonable expectation that he can participate successfully in group situations and activities with other enrollees, that he is not likely to engage in actions or behavior that would prevent other enrollees from receiving the benefit of the program or be incompatible with the maintenance of sound discipline and satisfactory relationships between any center to which he might be assigned and surrounding communities, and that he manifests a basic understanding of both the rules to which he will be subject and of the consequences of failure to observe those rules. Before selecting an individual who has a history of serious and violent behavior against persons or property, repetitive delinquents acts, narcotics addiction, or other major behavioral aberrations, the Director shall obtain a finding from a professionally qualified person who knows such potential enrollee's individual situation that there is

reasonable expectation that his conduct will not be inimical to the goals and success of the Job Corps and that the opportunity provided by the Job Corps will help him to overcome his problem.

"(b) An individual who otherwise qualifies for enrollment may be selected even though he is on probation or parole, but only if his release from the immediate supervision of the cognizant probation or parole officials is mutually satisfactory to those officials and the Director and does not violate applicable laws or regulations, and if the Director has arranged to provide all supervision of the individual and all reports to State or other authorities that may be necessary to comply with applicable probation or parole requirements.

"ENROLLMENT AND ASSIGNMENT

"SEC. 106. (a) No individual may be enrolled in the Job Corps for more than two years, except as the Director may authorize in special cases.

"(b) Enrollment in the Job Corps shall not relieve any individual of obligations under the Universal Military Training and Service Act (50 U.S.C. App. 451 et seq.).

"(c) Each enrollee (other than a native and citizen of Cuba described in section 609(3) of this Act or a permanent resident of the Trust Territory of the Pacific Islands) must take and subscribe to an oath or affirmation in the following form: 'I do solemnly swear (or affirm) that I bear true faith and allegiance to the United States of America and will support and defend the Constitution and laws of the United States against all its enemies foreign and domestic.' The provisions of section 1001 of title 18, United States Code, shall be applicable to this oath or affirmation.

"(d) After the Director has determined whether an enrollee is to be assigned to a men's training center, a conservation center, or a women's training center, the center to which he shall be assigned shall be that center of the appropriate type which is closest to the enrollee's home, except that the Director, on an individual basis, may waive this requirement when overriding considerations justify such action. Assignments to centers in areas more remote from the enrollee's home shall be carefully limited to situations in which such action is necessary in order to insure an equitable opportunity for disadvantaged youth from various sections of the country to participate in the program, to prevent undue delays in the assignment of individual enrollees, to provide an assignment which adequately meets the educational or other needs of the enrollee or is necessary for efficiency and economy in the operation of the program.

"JOB CORPS CENTERS

"SEC. 107. (a) The Director may make agreements with Federal, State, or local agencies, or private organizations for the establishment and operation of Job Corps centers. These centers may be residential and/or nonresidential in character and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with education, vocational training, work experience (either in direct program activities or through arrangements with employers), counseling, and other services appropriate to their needs. The centers shall include conservation centers, to be known as Civilian Conservation Centers, to be located primarily in rural areas and to provide, in addition to other training and assistance, programs of work experience focused upon activities to conserve, develop, or manage public natural resources or public recreational areas or to assist in developing community projects in the public interest. They shall also include men's and women's training centers to be located in either urban or rural areas and to provide activities which shall include training and other services appropriate for enrollees who can be expected to participate successfully in training for specific types of skilled or semiskilled employment.

"(b) To the extent feasible, men's and women's training centers shall offer education and vocational training opportunities, together with supportive services, on a nonresidential basis to participants in programs described in part B of this title. Such opportunities may be offered on a reimbursable basis or through such other arrangements as the Director may specify.

"PROGRAM ACTIVITIES

"SEC. 108. (a) Each Job Corps center shall be operated so as to provide enrollees with an intensive, well-organized and fully supervised program of education, vocational training, work experience, planned avocational and recreational activities, physical rehabilitation and development, and counseling. To the fullest extent feasible, the required program for each enrollee shall include activities designed to assist him in choosing realistic career goals, coping with problems he may encounter in his home community or in adjusting to a new community, and planning and managing his daily affairs in a manner that will best contribute to long-term upward mobility, and shall aggregate at least sixty hours a week. Center programs shall include required participation in center maintenance support and related work activity as appropriate to assist enrollees in increasing their sense of contribution, responsibility, and discipline.

"(b) To the extent practicable, the Director may arrange for enrollee education and vocational training through local public or private educational agencies, vocational educational institutions, or technical institutes where these institutions or institutes can provide training comparable in cost and substantially equivalent in quality to that which he could provide through other means.

"(c) Arrangements for education shall, to the extent feasible, provide opportunities for qualified enrollees to obtain the equivalent of a certificate of graduation from high school; and the Director, with the concurrence of the Secretary of Health, Education, and Welfare, shall develop certificates to be issued to enrollees who have satisfactorily completed their services in the Job Corps and which will reflect the enrollee's level of educational attainment.

"(d) The Director shall prescribe regulations to assure that Job Corps work-experience programs or activities do not displace presently employed workers or impair existing contracts for service and will be coordinated with other work-experience programs in the community.

"ALLOWANCE AND SUPPORT

"SEC. 109. (a) Enrollees may be provided with such living, travel, and leave allowances, and such quarters, subsistence, transportation, equipment, clothing, recreational services, medical, dental, hospital, and other health services, and other expenses as the Director may deem necessary or appropriate for their needs. Transportation and travel allowances may also be provided, in such circumstances as the Director may determine, for applicants for enrollment to or from places of enrollment, and for former enrollees from places of termination to their homes.

"(b) The Director shall prescribe specific rules governing the accrual of leave by enrollees. Except in the case of emergency, he shall in no event assume transportation costs connected with leave of any enrollee who has not completed at least six months' service in the Job Corps.

"(c) The Director may provide each former enrollee, upon termination, a readjustment allowance at a rate not to exceed $50 for each month of satisfactory participation in the Job Corps. No enrollee shall be entitled to a readjustment allowance, however, unless he has remained in the program at least ninety days, except in unusual circumstances as determined by the Director. The Director may, from time to time, advance to or on behalf of an enrollee such portions of his readjustment allowance as the Director deems necessary to meet extraordinary financial obligations incurred by that enrollee; and he may also, pursuant to rules or regulations, reduce the amount of an enrollee's readjustment allowance as a penalty for misconduct during participation in the Job Corps. In the event of an enrollee's death during his period of service, the amount of any unpaid readjustment allowance shall be paid in accordance with the provisions of section 5582 of title 5, United States Code.

"(d) Under such circumstances as the Director may determine, a portion of the readjustment allowance of an enrollee not exceeding $25 for each month of satisfactory service may be paid during the period of service of the enrollee directly to a spouse or child of an enrollee or to any other relative who draws substantial support from the enrollee, and any sum so paid shall be supplemented by the payment of an equal amount by the Director.

"STANDARDS OF CONDUCT

"SEC. 110. (a) Within Job Corps centers, standards of conduct and deportment shall be provided and stringently enforced. In the case of violations committed by enrollees, dismissals from the Corps or transfers to other locations shall be made in every instance where it is determined that retention in the Corps, or in the particular Job Corps center, will jeopardize the enforcement of such standards of conduct and deportment or diminish the opportunity of other enrollees.

"(b) In order to promote the proper moral and disciplinary conditions in the Job Corps, the individual directors of Job Corps centers shall be given full authority to take appropriate disciplinary measures against enrollees including, but not limited to, dismissal from the Job Corps, subject to expeditious appeal procedures to higher authority, as provided under regulations set by the Director.

"COMMUNITY PARTICIPATION

"SEC. 111. The Director shall encourage and shall cooperate in activities designed to establish a mutually beneficial relationship between Job Corps centers and surrounding or nearby communities. These activities shall include the establishment of community advisory councils to provide a mechanism for joint discussion of common problems and for planning programs of mutual interest. Whenever possible, such advisory councils shall be formed by and coordinated under the local community action agency. Youth participation in advisory council affairs shall be encouraged and where feasible separate youth councils may be established, to be composed of representative enrollees and representative young people from the communities. The Director shall establish necessary rules and take necessary action to assure that each center is operated in a manner consistent with this section with a view to achieving, so far as possible, objectives which shall include: (1) giving community officials appropriate advance notice of changes in center rules, procedures, or activities that may affect or be of interest to the community; (2) affording the community a meaningful voice in center affairs of direct concern to it, including policies governing the issuance and terms of passes to enrollees; (3) providing center officials with full and rapid access to relevant community groups and agencies, including law enforcement agencies and agencies which work with young people in the community; (4) encouraging the fullest practicable participation of enrollees in programs or projects for

community improvement or betterment, with adequate advance consultation with business, labor, professional, and other interested community groups and organizations; (5) arranging recreational, athletic, or similar events in which enrollees and local residents may participate together; (6) providing community residents with opportunities to work with enrollees directly, as part-time instructors, tutors, or advisers, either in the center or in the community; (7) developing, where feasible, job or career opportunities for enrollees in the community; and (8) promoting interchanges of information and techniques among, and cooperative projects involving, the center and community schools, educational institutions, and agencies serving young people.

"COUNSELING AND JOB PLACEMENT

"SEC. 112. (a) The Director shall provide for the counseling and testing of each enrollee at regular intervals to follow his progress in educational and vocational programs.

"(b) The Director shall counsel and test each enrollee prior to his scheduled termination to determine his capabilities and shall seek to place him in a job in the vocation for which he is trained and in which he is likely to succeed, or shall assist him in attaining further training or education. In placing enrollees in jobs, the Director shall utilize the United States Employment Service to the fullest extent possible.

"(c) The Secretary of Labor shall make arrangements to determine the status and progress of terminees and to assure that their needs for further education, training, and counseling may be met.

"(d) Upon termination of an enrollee's training, a copy of his pertinent records, including data derived from his counseling and testing, other than confidential information, shall be made available immediately to the Department of Labor and the Office of Economic Opportunity.

"(e) The Director shall, to the extent feasible in accordance with section 611(d) of this Act, arrange for the readjustment allowance provided for in section 109(c) of this Act, less any sums already paid pursuant to subsection (d) of that section, to be paid to former enrollees (who have not already found employment) at the public employment service office nearest the home of any such former enrollee, if he is returning to his home, or at the nearest such office to the community in which the former enrollee has indicated an intent to reside. The Secretary of Labor shall make arrangements by which public employment service officers will maintain records regarding former enrollees who are thus paid at such offices including information as to—

"(1) the number of former enrollees who have declined the offices' help in finding a job;

"(2) the number who were successfully placed in jobs without further education or training;

"(3) the number who were found to require further training before being placed in jobs and the types of training programs in which they participated; and

"(4) the number who were found to require further remedial or basic education in order to qualify for training programs, together with information as to the types of programs for which such former enrollees were found unqualified for enrollment.

If the Director deems it advisable to utilize the services of any other public or private organization or agency in lieu of the public employment office, he shall arrange for that organization or agency to make the payment of the readjustment allowance and maintain the same types of records regarding former enrollees as are herein specified for maintenance by public employment service offices, and shall furnish copies of such records to the Secretary of Labor. In the case of enrollees who are placed in jobs by the Director prior to the termination of their participation in the Jobs Corps, the Director shall maintain records providing pertinent placement and follow-up information.

"EVALUATION; EXPERIMENTAL AND DEVELOPMENTAL PROJECTS

"SEC. 113. (a) The Director shall provide for the careful and systematic evaluation of the Job Corps program, directly or by contracting for independent evaluations, with a view to measuring specific benefits, so far as practicable, and providing information needed to assess the effectiveness of program procedures, policies, and methods of operation. In particular, this evaluation shall seek to determine the costs and benefits resulting from the use of residential as opposed to nonresidential facilities, from the use of facilities combining residential and nonresidential components, from the use of centers with large as opposed to small enrollments, and from the use of different types of program sponsors, including public agencies, institutions of higher learning, boards of education, and private corporations. The evaluation shall also include comparisons with proper control groups composed of persons who have not participated in the program. In carrying out such evaluations, the Director shall arrange for obtaining the opinions of participants about the strengths and weaknesses of the program and shall consult with other agencies and officials in order to compare the relative effectiveness of Job Corps techniques with those used in other programs, and shall endeavor to secure, through employers, schools, or other Government and private agencies specific information concerning the residence of former enrollees, their employment status, compensation, and success in adjusting to community life. He shall also secure, to the extent feasible, similar information directly from enrollees at appropriate intervals following their completion of the Job Corps program. The results of such evaluation shall be published and shall be summarized in the report required by section 608.

"(b) The Director may undertake or make grants or contracts for experimental, research, or demonstration projects directed to developing or testing ways of securing the better use of facilities, of encouraging a more rapid adjustment of enrollees to community life that will permit a reduction in the period of their enrollment, of reducing transportation and support costs, or of otherwise promoting greater efficiency and effectiveness in the program authorized under this part. These projects shall include one or more projects providing youths with education, training, and other supportive services on a combined residential and nonresidential basis. The Director may, if he deems it advisable, undertake one or more pilot projects designed to involve youth who have a history of serious and violent behavior against persons or property, repetitive delinquent acts, narcotics addiction, or other behavioral aberrations. Projects under this subsection shall be developed after appropriate consultation with other Federal or State agencies conducting similar or related programs or projects and with the prime sponsors, as described in part B of this title, in the communities where the projects will be carried out. They may be undertaken jointly with other Federal or federally assisted programs, including programs under part B of this title, and funds otherwise available for activities under those programs shall, with the consent of the head of any agency concerned, be available to projects under this section to the extent they include the same or substantially similar activities. The Director may waive any provision of this title which he finds would prevent the carrying out of elements of projects under this subsection essential to a determination of their feasibility and usefulness. He shall, either in the report required by section 608 or a separate annual document, report to the Congress concerning the actions taken under this section, including a full description of progress made in connection with combined residential and nonresidential projects.

"(c) In order to determine whether upgraded vocational education schools could eliminate or substantially reduce the school dropout problem, and to demonstrate how communities could make maximum utilization of existing educational and training facilities, the Director, in cooperation with the Commissioner of Education, shall enter into one or more agreements with State educational agencies to pay the cost of establishing and operating model community vocational education schools and skill centers. Such facilities shall be centrally located in an urban area having a high dropout rate, a large number of unemployed youths, and a need in the area for a combination vocational school and skill center. No such agreement shall be entered into unless it contains provisions designed to assure that—

"(1) a job survey be made of the area;

"(2) the training program of the school and skill center reflect the job market needs as projected by the survey;

"(3) an advisory committee composed of representatives of business, labor, education, and community leaders be formed to follow the center's activities and to make periodic recommendations regarding its operation;

"(4) arrangements have been worked out with schools in the area and the administrator of the skill center for maximum utilization of the center both during and after school hours; and

"(5) such accounting and evaluation procedures as the Director and the Commissioner of Education deem necessary to carry out the purpose of this project will be provided.

"ADVISORY BOARDS AND COMMITTEES

"SEC. 114. The Director shall make use of advisory committees or boards in connection with the operation of the Job Corps, and the operation of Job Corps centers, whenever he determines that the availability of outside advice and counsel on a regular basis would be of substantial benefit in identifying and overcoming problems, in planning program or center development, or in strengthening relationships between the Job Corps and agencies, institutions, or groups engaged in related activities. Nothing in this section shall be considered as limiting the functions of the National Advisory Council, established pursuant to section 605 of this Act, with respect to any matter or question involving the Job Corps; but this shall not prevent the establishment through or in cooperation with the National Advisory Council of one or more boards or committees under this section.

"PARTICIPATION OF THE STATES

"SEC. 115. (a) The Director shall take necessary action to facilitate the effective participation of States in the Job Corps program, including, but not limited to, consultation with appropriate State agencies on matters pertaining to the enforcement of applicable State laws, standards of enrollee conduct and discipline, the development of meaningful work experience and other activities for enrollees, and coordination with State-operated programs.

"(b) The Director may enter into agreements with States to assist in the operation or administration of State-operated programs which carry out the purpose of this part. The Director may, pursuant to regulations, pay part or all of the operative or administrative costs of such programs.

"(c) No Job Corps center or other similar facility designed to carry out the purpose of this Act shall be established within a State unless a plan setting forth such proposed

establishment has been submitted to the Governor, and such plan has not been disapproved by him within 30 days of such submission.

"APPLICATION OF PROVISIONS OF FEDERAL LAW

"SEC. 116. (a) Except as otherwise specifically provided in the following paragraphs of this subsection, enrollees in the Job Corps shall not be considered Federal employees and shall not be subject to the provisions of law relating to Federal employment, including those regarding hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits:

"(1) For purposes of the Internal Revenue Code of 1954 (26 U.S.C. 1 et seq.) and title II of the Social Security Act (42 U.S.C. 401 et seq.), enrollees shall be deemed employees of the United States and any service performed by an individual as an enrollee shall be deemed to be performed in the employ of the United States.

"(2) For purposes of subchapter I of chapter 81 of title 5 of the United States Code (relating to compensation to Federal employees for work injuries), enrollees shall be deemed civil employees of the United States within the meaning of the term 'employee' as defined in sections 8101 of title 5, United States Code, and the provisions of that subchapter shall apply except as follows:

"(A) The term 'performance of duty' shall not include any act of an enrollee while absent from his or her assigned post of duty, except while participating in an activity (including an activity while on pass or during travel to or from such post of duty) authorized by or under the direction and supervision of the Job Corps;

"(B) In computing compensation benefits for disability or death, the monthly pay of an enrollee shall be deemed that received under the entrance salary for a grade GS-2 employee, and sections 8113 (a) and (b) of title 5, United States Code, shall apply to enrollees; and

"(C) Compensation for disability shall not begin to accrue until the day following the date on which the injured enrollee is terminated.

"(3) For purposes of the Federal tort claims provisions in title 28, United States Code, enrollees shall be considered employees of the Government.

"(b) When the Director finds a claim for damage to persons or property resulting from the operation of the Job Corps to be a proper charge against the United States, and it is not cognizable under section 2672 of title 28, United States Code, he may adjust and settle it in an amount not exceeding $500.

"(c) Personnel of the uniformed services who are detailed or assigned to duty in the performance of agreements made by the Director for the support of the Corps shall not be counted in computing strength under any law limiting the strength of such services or in computing the percentage authorized by law for any grade therein.

"SPECIAL LIMITATIONS

"SEC. 117. (a) The Director shall not use any funds made available to carry out this part for the fiscal year ending June 30, 1968, in a manner that will increase the residential capacity of Job Corps centers above forty-five thousand enrollees.

"(b) The Director shall take necessary action to insure that on or before June 30, 1968, of the total number of Job Corps enrollees receiving training, at least 25 per centum shall be women. The Director shall immediately take steps to achieve an enrollment ratio of 50 per centum women enrollees in training in the Job Corps consistent with (1) efficiency and economy in the operation of the program, (2) sound administrative practice, and (3) the socioeconomic, educational, and training needs of the population to be served.

"(c) The Director shall take necessary action to insure that for the first year ending June 30, 1968, the direct operating costs of Job Corps centers which have been in operation for more than nine months do not exceed $6,500 per residential enrollee, or $2,500 per nonresidential enrollee.

"(d) The Director shall take necessary action to insure that all studies, evaluations, proposals, and data produced or developed with Federal funds in the course of the operation of any conservation or training center shall become the property of the United States.

"POLITICAL DISCRIMINATION AND POLITICAL ACTIVITY

"SEC. 118. (a) No officer or employee of the executive branch of the Federal Government shall make any inquiry concerning the political affiliation or beliefs of any enrollee or applicant for enrollment in the Corps. All disclosures concerning such matters shall be ignored, except as to such membership in political parties or organizations as constitutes by law a disqualification for Government employment. No discrimination shall be exercised, threatened, or promised by any person in the executive branch of the Federal Government against or in favor of any enrollee in the Corps or any applicant for enrollment in the Corps because of his political affiliation or beliefs, except as may be specifically authorized or required by law.

"(b) No officer, employee, or enrollee of the Corps shall take any active part in political management or in political campaigns, either partisan or nonpartisan, or in voter registration drives, except as may be provided by or pursuant to statute, and no such officer, employee, or enrollee shall use his official position or influence for the purpose of interfering with an election or affecting the result thereof. All such persons shall retain the right to vote as they may choose and to express, in their private capacities, their opinions on all political subjects and candidates. Any officer, employee, enrollee, or Federal employee who solicits funds for political purposes from members of the Corps, shall be in violation of the Federal Corrupt Practices Act, 1925.

"(c) Whenever the United States Civil Service Commission finds that any person has violated the foregoing provisions, it shall, after giving due notice and opportunity for explanation to the officer or employee or enrollee concerned, certify the facts to the Director with specific instructions as to discipline or dismissal or other corrective actions."

WORK AND TRAINING PROGRAMS

SEC. 102. Parts B and D of title I of the Economic Opportunity Act of 1964 are consolidated as a new part B of such title and amended to read as follows:

"PART B—WORK AND TRAINING FOR YOUTH AND ADULTS

"STATEMENT OF PURPOSE

"SEC. 120. The purpose of this part is to provide useful work and training opportunities, together with related services and assistance, that will assist low-income youths to continue or resume their education, and to help unemployed or low-income persons, both young and adult, to obtain and hold regular competitive employment, with maximum opportunities for local initiative in developing programs which respond to local needs and problems, and with emphasis upon a comprehensive approach which includes programs using both public and private resources to overcome the complex problems of the most severely disadvantaged in urban and rural areas having high concentrations or proportions of unemployment, underemployment, and low income.

"COMMUNITY PROGRAM AREAS AND COMPREHENSIVE WORK AND TRAINING PROGRAMS

"SEC. 121. (a) The Director shall designate or recognize community program areas for the purpose of planning and conducting comprehensive community work and training programs.

"(b) For the purpose of this title, a community may be a city, county, multicity, or multicounty unit, an Indian reservation, or a neighborhood or other area (irrespective of boundaries or political subdivisions) which provides a suitable organizational base and possesses the commonality of interest needed for a comprehensive work and training program. The Director shall consult with the heads of other Federal agencies responsible for programs relating to community action, manpower services, physical and economic development, housing, education, health, and other community services to encourage the establishment of coterminous or complementary boundaries for planning purposes among those programs and comprehensive work and training programs assisted under this title.

"(c) A comprehensive work and training program must seek to provide participants an unbroken sequence of services which will enable them to obtain and hold employment. It shall provide a systematic approach to planning and implementation including the linkage of relevant component programs authorized by this Act with one another and with other appropriate public and private programs and activities. It shall also provide for evaluation.

"PRIME SPONSORS AND DELEGATE AGENCIES

"SEC. 122. (a) For each community program area, the Director shall recognize a public or private nonprofit agency which shall serve as the prime sponsor to receive funds under section 123 (except as otherwise provided in section 123(c)). This agency must be capable of planning, administering, coordinating, and evaluating a comprehensive work and training program.

"(b) The prime sponsor shall provide for the participation of employers and labor organizations in the planning and conduct of the comprehensive work and training programs.

"(c) The prime sponsor shall be encouraged to make use of public and private organizations as delegate agencies to carry out components of the comprehensive work and training program, including without limitation agencies governed with the participation of the poor and other residents of the neighborhoods or rural areas served, educational institutions, the public employment service, the public welfare agency, other health and welfare agencies, private training institutions, and other capable public and private organizations.

"(d) The prime sponsor and delegate agencies shall provide for participation of residents of the area and members of the groups served in the planning, conduct, and evaluation of the comprehensive work and training program and its components. Such persons shall be provided maximum employment opportunity in the conduct of component programs, including opportunity for further occupational training and career advancement.

"(e) The Director shall prescribe regulations to assure that programs under this part have adequate internal administrative controls, accounting requirements, personnel standards, evaluation procedures, and other policies as may be necessary to promote the effective use of funds.

"ELIGIBLE ACTIVITIES

"SEC. 123. (a) The Director may provide financial assistance in urban and rural areas for comprehensive work and training programs or components of such programs, including the following:

"(1) programs to provide part-time employment, on-the-job training, and useful work experience for students from low-income families who are in the ninth through twelfth grades of school (or are of an age

equivalent to that of students in such grades) and who are in need of the earnings to permit them to resume or maintain attendance in school;

"(2) programs to provide unemployed, underemployed, or low-income persons (aged sixteen and over) with useful work and training (which must include sufficient basic education and institutional or on-the-job training) designed to assist those persons to develop their maximum occupational potential and to obtain regular competitive employment;

"(3) special programs which involve work activities directed to the needs of those chronically unemployed poor who have poor employment prospects and are unable, because of age, lack of employment opportunity, or otherwise, to secure appropriate employment or training assistance under other programs, and which, in addition to other services provided, will enable such persons to participate in projects for the betterment or beautification of the community or area served by the program, including without limitation activities which will contribute to the management, conservation, or development of natural resources, recreational areas, Federal, State, and local government parks, highways, and other lands;

"(4) special programs which provide unemployed or low-income persons with jobs leading to career opportunities, including new types of careers, in programs designed to improve the physical, social, economic, or cultural condition of the community or area served in fields including without limitation health, education, welfare, neighborhood redevelopment, and public safety, which provide maximum prospects for advancement and continued employment without Federal assistance, which give promise of contributing to the broader adoption of new methods of structuring jobs and new methods of providing job ladder opportunities, and which provide opportunities for further occupational training to facilitate career advancement;

"(5) special programs which concentrate work and training resources in urban and rural areas having large concentrations or proportions of low-income, unemployed persons, and within those rural areas having substantial outmigration to urban areas, which are appropriately focused to assure that work and training opportunities are extended to the most severely disadvantaged persons who can reasonably be expected to benefit from such opportunities, and which are supported by specific commitments of cooperation from private and public employers;

"(6) supportive and follow-up services to supplement work and training programs under this or other Acts including health services, counseling, day care for children, transportation assistance, and other special services necessary to assist individuals to achieve success in work and training programs and in employment;

"(7) employment centers and mobile employment service units to provide recruitment, counseling, and placement services, conveniently located in urban neighborhoods and rural areas and easily accessible to the most disadvantaged;

"(8) programs to provide incentives to private employers, other than nonprofit organizations, to train or employ unemployed or low-income persons, including arrangements by direct contract, reimbursements to employers for unusual training costs for a limited period when an employee might not be fully productive, payment for on-the-job counseling and other supportive services, payment of all or part of employer costs of sending recruiters into urban and rural areas of high concentrations or proportions of unemployed or low-income persons, and payments to permit employers to provide employees resident in such areas with transportation to and from work or to reimburse such employees for such transportation: *Provided,* That in making such reimbursements to employers the Director shall assure that the wages paid any employee shall not be less than the minimum wage which would be applicable to employment under the Fair Labor Standards Act of 1938 if section 6 of such Act applied to the employee and he was not exempt under section 13 thereof; and

"(9) means of planning, administering, coordinating, and evaluating a comprehensive work and training program.

"(b) Commencing July 1, 1968, all work and training component programs conducted in a community under this section shall be consolidated into the comprehensive work and training program and financial assistance for such components shall be provided to the prime sponsor unless the Director determines there is a good cause for providing an extension of time, except as otherwise provided by subsection (c). After that date, the work and training components of programs authorized by section 502 of this Act and by section 261 of part E of title II of the Manpower Development and Training Act of 1962 shall to the maximum extent feasible be linked to the comprehensive work and training program, including funding through the prime sponsor where appropriate.

"(c) The Director may provide financial assistance to a public agency or private organization other than a prime sponsor to carry out one or more component programs described in subsection (a) when he determines, after soliciting and considering comments of the prime sponsor, if any, that such assistance would enhance program effectiveness or acceptance on the part of persons served and would serve the purposes of this title. In the case of programs under subsection (a)(1) of this section, financial assistance may be provided directly to local or State educational agencies pursuant to agreements between the Director and the Secretary of Labor providing for the operation of such programs under direct grants or contracts.

"SPECIAL CONDITIONS

"SEC. 124. (a) The Director shall not provide financial assistance for any program under this part unless he determines, in accordance with such regulations as he may prescribe, that—

"(1) no participant will be employed on projects involving political parties, or the construction, operation, or maintenance of so much of any facility as is used or to be used for sectarian instruction or as a place for religious worship;

"(2) the program will not result in the displacement of employed workers or impair existing contracts for services, or result in the substitution of Federal for other funds in conjunction with work that would otherwise be performed;

"(3) the rates of pay for time spent in work-training and education, and other conditions of employment, will be appropriate and reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant;

"(4) the program will, to the maximum extent feasible, contribute to the occupational development or upward mobility of individual participants;

"(5) no person charged in whole or in part, with responsibility for administration of the program is, or ever has been, a member of the Communist Party.

"(b) For programs which provide work and training related to physical improvements, preference shall be given to those improvements which will be substantially used by low-income persons and families or which will contribute substantially to amenities or facilities in urban or rural areas having high concentrations or proportions of low-income persons and families.

"(c) Programs approved under this part shall, to the maximum extent feasible, contribute to the elimination of artificial barriers to employment and occupational advancement.

"(d) Projects under this part shall provide for maximum feasible use of resources under other Federal programs for work and training and the resources of the private sector.

"PROGRAM PARTICIPANTS

"SEC. 125. (a) Participants in programs under this part must be unemployed or low-income persons. The Director, in consultation with the Social Security Administrator, shall establish criteria for low income, taking into consideration family size, urban-rural and farm-nonfarm differences, and other relevant factors. Any individual shall be deemed to be from a low-income family if the family receives cash welfare payments.

"(b) Participants must be permanent residents of the United States or of the Trust Territory of the Pacific Islands.

"(c) Participants shall not be deemed Federal employees and shall not be subject to the provisions of law relating to Federal employment, including those relating to hours of work, rates of compensation, leave, unemployment compensation, and Federal employment benefits.

"ELDERLY

"SEC. 126. The Director shall provide that programs under this part shall be designed to deal with the incidence of long-term unemployment among persons fifty-five years and older. In the conduct of such programs, the Director shall encourage the employment of such persons as regular, part-time, and short-term staff in component programs.

"PILOT PROJECTS

"SEC. 127. (a) The Director may provide financial assistance to public or private organizations for pilot projects which are designed to develop new approaches to further the objectives of this part. Such projects may be conducted by public agencies or private organizations.

"(b) The Director shall undertake pilot projects designed to encourage the maximum participation of private employers, other than nonprofit organizations, in work and training programs under this part.

"(c) Before the Director may approve a pilot project, he shall solicit and consider comments on such project from the prime sponsor, if any, in the community where the project will be undertaken.

"TECHNICAL ASSISTANCE AND TRAINING

"SEC. 128. The Director may provide (directly or through contracts or other appropriate arrangements) technical assistance to assist in the initiation or effective operation of programs under this part. He may also make arrangements for the training of instructors and other personnel needed to carry out work and training programs under this part. He shall give special consideration to the problems of rural areas.

"ROLE OF THE STATES

"SEC. 129. The Director may provide financial assistance to appropriate State agencies to—

"(1) provide technical assistance and training, as authorized by section 128, with particular emphasis upon service to rural areas and for this purpose preference shall be given to the State agency which administers programs assisted by section 231;

"(2) assist in coordinating State activities related to this part;

"(3) operate work and training programs in communities which have not yet established an acceptable prime sponsor; and

"(4) provide work and training opportunities on State projects and in State agencies: *Provided,* That these opportunities shall be made available to participants in community work and training programs.

"EQUITABLE DISTRIBUTION OF ASSISTANCE

"SEC. 130. Of the sums appropriated or allocated for any fiscal year for programs authorized under this title, the Director shall reserve not to exceed 20 per centum for the purpose of carrying out section 123(a)(5); but not more than 12½ per centum of the funds so reserved for any fiscal year shall be used within any one State. With respect to the remaining funds appropriated or allocated to carry out the provisions of section 123, the Director shall establish criteria designed to achieve an equitable distribution of assistance among the States. In developing those criteria, he shall consider, among other relevant factors, the ratios of population, unemployment, and family income levels.

"LIMITATIONS ON FEDERAL ASSISTANCE

"SEC. 131. Federal financial assistance to any program or activity carried out pursuant to section 123 of this part shall not exceed 90 per centum of the cost of such program or activity, including costs of administration. The Director may, however, approve assistance in excess of that percentage if he determines, pursuant to regulations establishing objective criteria for such determinations, that this is necessary in furtherance of the purposes of this part. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services. If in any fiscal year, a community provides non-Federal contributions under this title exceeding its requirements under this section, such excess may be used to meet its requirements for such contributions under section 223(c).

"PROGRAM DATA AND EVALUATION

"SEC. 132. (a) The Director shall provide for the development and implementation of a program data system consistent with similar data systems for other relevant Federal programs. Such data shall be published periodically.

"(b) The Director shall provide for the continuing evaluation of the programs under this part, including their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for the delivery of services, and he shall arrange for obtaining the opinions of participants about the strengths and weaknesses of the programs. This evaluation shall include comparisons with proper control groups composed of persons who have not participated in such programs, and shall seek to develop comparative data on the costs and benefits of work and training programs authorized by this Act and by other Acts, including the Manpower Development and Training Act of 1962. He may, for this purpose, contract for independent evaluations of such programs or individual projects. The results of such evaluations shall be included in the report required by section 608.

"(c) The Director shall develop and publish standards for evaluation of program effectiveness in achieving the objectives of this title. Such standards shall be considered in deciding whether to renew or supplement financial assistance provided by sections 123, 128, and 129."

COMMUNITY ACTION AMENDMENTS

SEC. 103. Title II of the Economic Opportunity Act of 1964 is amended to read as follows:

"TITLE II—URBAN AND RURAL COMMUNITY ACTION PROGRAMS

"STATEMENT OF PURPOSE

"SEC. 201. This title provides for community action agenices and programs, prescribes the structure and describes the functions of community action agencies and authorizes financial assistance to community action programs and related projects and activities. Its basic purpose is to stimulate a better focusing of all available local, State, private and Federal resources upon the goal of enabling low-income families, and low-income individuals of all ages in rural and urban areas, to attain the skills, knowledge, and motivations and secure the opportunities needed for them to become fully self-sufficient. Its specific purposes are to promote, as methods of achieving a better focusing of resources on the goal of individual and family self-sufficiency—

"(1) the strengthening of community capabilities for planning and coordinating Federal, State, and other assistance related to the elimination of poverty, so that this assistance, through the efforts of local officials, organizations, and interested and affected citizens, can be made more responsible to local needs and conditions;

"(2) the better organization of a range of services related to the needs of the poor, so that these services may be made more effective and efficient in helping families and individuals to overcome particular problems in a way that takes account of, and supports their progress in overcoming, related problems;

"(3) the greater use, subject to adequate evaluation, of new types of services and innovative approaches in attacking causes of poverty, so as to develop increasingly effective methods of employing available resources;

"(4) the development and implementation of all programs and projects designed to serve the poor or low-income areas with the maximum feasible participation of residents of the areas and members of the groups served, so as to best stimulate and take full advantage of capabilities for self-advancement and assure that those programs and projects are otherwise meaningful to and widely utilized by their intended beneficiaries; and

"(5) the broadening of the resource base of programs directed to the elimination of poverty, so as to secure, in addition to the services and assistance of public officials, private religious, charitable, and neighborhood organizations, and individual citizens, a more active role for business, labor, and professional groups able to provide employment opportunities or otherwise influence the quantity and quality of services of concern to the poor.

"It is further declared to be the purpose of this title and the policy of the Office of Economic Opportunity to provide for basic education, health care, vocational training, and employment opportunities in rural America to enable the poor living in rural areas to remain in such areas and become self-sufficient therein. It shall not be the purpose of this title or the policy of the Office of Economic Opportunity to encourage the rural poor to migrate to urban areas, inasmuch as it is the finding of Congress that continuation of such migration is frequently not in the best interests of the poor and tends to further congest the already overcrowded slums and ghettos of our Nation's cities.

"PART A—COMMUNITY ACTION AGENCIES AND PROGRAMS

"DESIGNATION OF COMMUNITY ACTION AGENCIES; COMMUNITY ACTION PROGRAMS

"SEC. 210. (a) Community action agencies shall be a State or political subdivision of a State (having elected or duly appointed governing officials), or a combination of such political subdivisions, or a public or private nonprofit agency or organization which has been designated by a State or such a political subdivision or combination of such subdivisions, which—

"(1) has power to enter into contracts with public and private nonprofit agencies and organizations to assist in fulfilling the purposes of this title, and

"(2) is designated as a community action agency by the Director.

A community action program is a community based and operated program—

"(1) which includes or is designed to include a sufficient number of projects or components to provide, in sum, a range of services and activities having a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem;

"(2) which has been developed, and which organizes and combines its component projects and activities, in a manner appropriate to carry out all the purposes of this title; and

"(3) which conforms to such other supplementary criteria as the Director may prescribe consistent with the provisions of this title.

"(b) Components of a community action program may be administered by the community action agency, where consistent with sound and efficient management and applicable law, or by other agencies. They may be projects eligible for assistance under this title, or projects assisted from other public or private sources; and they may be either specially designed to meet local needs, or designed pursuant to the eligibility standards of a State or Federal program providing assistance to a particular kind of activity which will help in meeting those needs.

"(c) The community for which a community action agency is designated to carry on a community action program may be a city, county, multicity, multicounty, or other governmental unit, an Indian reservation, or a neighborhood or other area (whether or not its boundaries correspond with those of any political subdivision); but it must in any event provide the organizational base and possess the commonality of interest needed for an efficient and effective program conforming to the requirements of this section.

"(d) The Director may provide financial assistance to a public or private nonprofit agency as a community action agency other than a community action agency designated under subsection (a) for activities of the kind described in this title where he determines that the community action agency serving the community has failed, after having a reasonable opportunity to do so, to submit a satisfactory plan for a community action program which meets the criteria for approval set forth in this title, or that neither the State nor any qualified political subdivision or combination of such subdivisions is willing to be designated as the community action agency for such community or to designate a public or private nonprofit agency or organization to be so designated by the Director.

"(e) No political subdivision of a State shall be included in the community action program of a State, or of any political subdivision or combination thereof, if the elected or duly appointed governing officials thereof do not wish to be so included. Such political subdivision, and any public or private nonprofit organization or agency designated by it, shall be eligible for designation as a community action agency on the same basis as other political subdivisions and their designees.

"(f) For the purposes of this title, a tribal government of an Indian reservation shall be deemed to be a political subdivision of a State.

"COMMUNITY ACTION AGENCIES AND BOARDS

"SEC. 211. (a) Each community action agency which is a State or a political subdivision of a State, or a combination of political subdivisions, shall administer its program through a community action board which shall meet the requirements of subsection (b). Each community action agency which is a public or private nonprofit agency or organization designated by a State or political subdivision of a State, or combination of political subdivisions, or is an agency des-

ignated by the Director under section 210(d), shall have a governing board which shall meet the requirements of subsection (b).

"(b) Each board to which this subsection applies shall consist of not more than fifty-one members and shall be so constituted that (1) one-third of the members of the board are public officials, including the chief elected official or officials, or their representatives, unless the number of such officials reasonably available for such service is less than one-third of the membership of the board, (2) at least one-third of the members are persons chosen in accordance with democratic selection procedures adequate to assure that they are representative of the poor in the area served, and (3) the remainder of the members are officials or members of business, industry, labor, religious, welfare, education, or other major groups and interests in the community. Each member of the board selected to represent a specific geographic area within a community must reside in the area he represents. No person selected under clause (2) or (3) of this subsection as a member of a board shall serve on such board for more than three consecutive years, or more than a total of six years.

"(c) Where a community action agency places responsibility for policy determinations with respect to the character, extent, and administration of programs to be carried on in a particular geographic area within the community in a subsidiary board, council, or similar agency, or where it places substantial reliance on the recommendations of such an agency in making such policy determinations affecting particular areas, such subsidiary board, council, or similar agency shall meet the requirements of subsection (b).

"(d) The Director shall promulgate such standards or rules relating to the scheduling and notice of meetings, quorums (which shall be not less than 50 per centum of the total membership), procedures, establishment of committees, and similar matters as he may deem necessary to assure that boards which are subject to subsection (b) provide a continuing and effective mechanism for securing broad, community involvement in programs assisted under this title and that all groups or elements represented on those boards have a full and fair opportunity to participate in decisions affecting those programs. Such standards or rules shall not preclude any such board from appointing an executive committee or similar group, which fairly reflects the composition of the board, to transact the board's business between its meetings. The quorum requirements for any such committee or group shall be established by the board.

"(e) The powers of every community action agency governing board shall include the power to appoint persons to senior staff positions, to determine major personnel, fiscal, and program policies, to approve overall program plans and priorities, and to assure compliance with conditions of and approve proposals for financial assistance under this title.

"SPECIFIC POWERS AND FUNCTIONS OF COMMUNITY ACTION AGENCIES

"SEC. 212. (a) In order to carry out its overall responsibility for planning, coordinating, evaluating, and administering a community action program, a community action agency must have authority under its charter or applicable law to receive and administer funds under this title, funds and contributions from private or local public sources which may be used in support of a community action program, and funds under any Federal or State assistance program pursuant to which a public or private nonprofit agency (as the case may be) organized in accordance with this part could act as grantee, contractor, or sponsor of projects appropriate for inclusion in a community action program. A community action agency must also be empowered to transfer funds so received, and to delegate powers to other agencies, subject to the powers of its governing board and its overall program responsibilities. This power to transfer funds and delegate powers must include the power to make transfers and delegations covering component projects in all cases where this will contribute to efficiency and effectiveness or otherwise further program objectives.

"(b) In exercising its powers and carrying out its overall responsibility for a community action program, a community action agency shall have, subject to the purposes of this title, at least the following functions:

"(1) Planning systematically for and evaluating the program, including actions to develop information as to the problems and causes of poverty in the community, determine how much and how effectively assistance is being provided to deal with those problems and causes, and establish priorities among projects, activities and areas as needed for the best and most efficient use of resources.

"(2) Encouraging agencies engaged in activities related to the community action program to plan for, secure and administer assistance available under this title or from other sources on a common or cooperative basis; providing planning or technical assistance to those agencies; and generally, in cooperation with community agencies and officials, undertaking actions to improve existing efforts to attack poverty, such as improving day-to-day communication, closing service gaps, focusing resources on the most needy, and providing additional opportunities to low-income individuals for regular employment or participation in the programs or activities for which those community agencies and officials are responsible.

"(3) Initiating and sponsoring projects responsive to needs of the poor which are not otherwise being met, with particular emphasis on providing central or common services that can be drawn upon by a variety of related programs, developing new approaches or new types of services that can be incorporated into other programs, and filling gaps pending the expansion or modification of those programs.

"(4) Establishing effective procedures by which the poor and area residents concerned will be enabled to influence the character of programs affecting their interests, providing for their regular participation in the implementation of those programs, and providing technical and other support needed to enable the poor and neighborhood groups to secure on their own behalf available assistance from public and private sources.

"(5) Joining with and encouraging business, labor, and other private groups and organizations to undertake, together with public officials and agencies, activities in support of the community action program which will result in the additional use of private resources and capabilities, with a view to such things as developing new employment opportunities, stimulating investment that will have a measurable impact in reducing poverty among residents of areas of concentrated poverty, and providing methods by which residents of those areas can work with private groups, firms, and institutions in seeking solutions to problems of common concern.

"ADMINISTRATIVE STANDARDS

"SEC. 213. (a) Each community action agency shall observe, and shall (as appropriate) require or encourage other agencies participating in a community action program to observe, standards of organization, management and administration which will assure, so far as reasonably possible, that all program activities are conducted in a manner consistent with the purposes of this title and the objective of providing assistance effectively, efficiently, and free of any taint of partisan political bias or personal or family favoritism. Each community action agency shall establish or adopt rules to carry out this section, which shall include rules to assure full staff accountability in matters governed by law, regulations, or agency policy. Each community action agency shall also provide for reasonable public access to information, including but not limited to public hearings at the request of appropriate community groups and reasonable public access to books and records of the agency or other agencies engaged in program activities or operations involving the use of authority or funds for which it is responsible. And each community action agency shall adopt for itself and other agencies using funds or exercising authority for which it is responsible, rules designed to establish specific standards governing salaries, salary increases, travel and per diem allowances, and other employee benefits; to assure that only persons capable of discharging their duties with competence and integrity are employed and that employees are promoted or advanced under impartial procedures calculated to improve agency performance and effectiveness; to guard against personal or financial conflicts of interests; and to define employee duties of advocacy on behalf of the poor in an appropriate manner which will in any case preclude employees from participating, in connection with the performance of their duties, in any form of picketing, protest, or other direct action which is in violation of law.

"(b) The Director shall prescribe rules or regulations to supplement subsection (a), which shall include regulations governing matters relating to partisan or nonpartisan political activities and elections referred to in section 603(b) of this Act, and which shall be binding on all agencies carrying on community action program activities with financial assistance under this title. He may, where appropriate, establish special or simplified requirements for smaller agencies or agencies operating in rural areas. These special requirements shall not, however, affect the applicability of rules governing conflicts of interest, use of position or authority for partisan political purposes or participation in direct action, regardless of customary practices or rules among agencies in the community. The Director shall consult with the heads of other Federal agencies responsible for programs providing assistance to activities which may be included in community action programs for the purpose of securing maximum consistency between rules or regulations prescribed or followed by those agencies and those prescribed under this section.

"EVALUATION OF COMMUNITY ACTION AGENCIES AND PROGRAMS

"SEC. 214. (a) In determining whether, in what amount, and on what conditions, to extend financial assistance to a new community action program, the Director shall consider evidence of the extent of poverty in the community and the probable capacity of the agency to undertake an efficient and effective program in full conformity to the purposes of this title. In renewing or supplementing that financial assistance, he shall consider the progress made in carrying on such a program, consistent with needs and with due allowance for the special problems of rural and smaller communities, and the efficiency with which the agency has discharged its specific functions and duties to this end. The Director shall prescribe standards for evaluation of overall effectiveness and specific agency operations in accordance with this subsection. In developing those standards he shall consider, but not be limited to, the use of criteria covering: the number and incomes of persons or families served and seeking to be served and the

length of their participation; the extent to which those persons and families have been aided in establishing specific goals and have in fact attained those goals; the extent to which resources have been committed which are over and above the contributions required by this title; the degree to which full use has been made of sources of financial assistance other than this title; the degree to which agencies, groups, and organizations, including the poor and area representatives, have actively participated in the formulation and implementation of the program in question; the extent and effectiveness of follow-through arrangements among agencies operating different components and related agencies in the community; and the extent to which activities or approaches initiated as part of the program have been incorporated in other ongoing programs in the community.

"(b) In addition to evaluations undertaken directly by him or by community action agencies, the Director may provide for, or require community action agencies to provide for, independent evaluations. Where appropriate, he may also require a community action agency to establish an independent group or committee to provide evaluation and advisory services on either a short-term or continuing basis.

"PART B—FINANCIAL ASSISTANCE TO COMMUNITY ACTION PROGRAMS AND RELATED ACTIVITIES

"DEVELOPMENT OF COMMUNITY ACTION PROGRAMS

"SEC. 220. The Director may provide financial assistance to community action agencies to assist them in developing community action programs in accordance with this title. He may also provide financial assistance to other public or private nonprofit agencies to aid them in planning for the establishment of a community action agency or participation in a community action program, including assistance to local governments in connection with planning activities and organizational changes to support or improve the effectiveness of such programs.

"GENERAL PROVISIONS FOR FINANCIAL ASSISTANCE TO COMMUNITY ACTION PROGRAMS

"SEC. 221. (a) In order to aid in the implementation of community action programs, the Director may provide general financial assistance to those programs in accordance with the provisions of this section. This assistance may be used, as approved by the Director, by community action agencies in order to enable them to carry out their planning, coordination, evaluation, and overall administration responsibilities as described in part A of this title. It may also be used for the development and operation of approved program components which are necessary for a fully effective program and for which assistance is not available, as needed, from other sources. These component projects may involve, without limitation, activities providing services, together with necessary related facilities, designed to assist families and individuals to secure and retain meaningful employment; to make better use of available income in connection with efforts for self-advancement; to attain basic educational skills needed for employment, family self-help, or successful participation in school; to better secure, use, and maintain housing required for a suitable living environment; to undertake family planning consistent with personal and family goals, religious and moral convictions; and to make more frequent and effective use of programs available to help in overcoming specific problems. Components providing these or other services may be focused upon the needs of specific low-income groups, such as the very young, youth, the elderly, the unemployed, and persons receiving public assistance, but shall wherever feasible be structured so as to foster family participation and progress.

"(b) If the Director determines that a limited purpose project or program involving activities otherwise eligible under this section is needed to serve needs of low-income families and individuals in a community, and no community action agency has been designated for that community pursuant to section 210, or where a community action agency gives its approval for such a program to be funded directly through a public or private nonprofit agency or organization, he may extend financial assistance for that project or program to a public or private nonprofit agency which he finds is capable of carrying out the project in an efficient and effective manner consistent with the purpose of this title.

"(c) The Director shall prescribe necessary rules or regulations governing applications for assistance under this section to assure that every reasonable effort is made by each applicant to secure the views of local public officials and agencies in the community having a direct or substantial interest in the application and to resolve all issues of cooperation and possible duplication prior to its submission.

"SPECIAL PROGRAMS AND ASSISTANCE

"SEC. 222. (a) In order to stimulate actions to meet or deal with particularly critical needs or problems of the poor which are common to a number of communities, the Director may develop and carry on special programs under this section. This authority shall be used only where the Director determines that the objectives sought could not be effectively achieved through the use of authorities under sections 220 and 221, including assistance to components or projects based on models developed and promulgated by him. It shall also be used only with respect to programs which (1) involve activities which can be incorporated into or be closely coordinated with community action programs, (2) involve significant new combinations of resources or new and innovative approaches, and (3) are structured in a way that will, within the limits of the type of assistance or activities contemplated, most fully and effectively promote the purposes of this title. Subject to such conditions as may be appropriate to assure effective and efficient administration, the Director may provide financial assistance to public or private nonprofit agencies to carry on local projects initiated under such special programs; but he shall do so in a manner that will encourage, wherever feasible, the inclusion of the assisted projects in community action programs, with a view to minimizing possible duplication and promoting efficiencies in the use of common facilities and services, better assisting persons or families having a variety of needs, and otherwise securing from the funds committed the greatest possible impact in promoting family and individual self-sufficiency. Programs under this section shall include those described in the following paragraphs:

"(1) A program to be known as 'Project Headstart' focused upon children who have not reached the age of compulsory school attendance which (A) will provide such comprehensive health, nutritional, education, social, and other services as the Director finds will aid the children to attain their full potential, and (B) will provide for direct participation of the parents of such children in the development, conduct, and overall program direction at the local level.

"(2) A program to be known as 'Follow Through' focused primarily upon children in kindergarten or elementary school who were previously enrolled in Headstart or similar programs and designed to provide comprehensive services and parent participation activities as described in paragraph (1), which the Director finds will aid in the continued development of children to their full potential.

"(3) A 'Legal Services' program to provide legal advice and legal representation to persons when they are unable to afford the services of a private attorney, together with legal research and information, as appropriate to mobilize the assistance of lawyers or legal institutions, or combinations thereof, in furtherance of the cause of justice among persons living in poverty. Projects involving legal advice and representation shall be carried on in a way that assures maintenance of a lawyer-client relationship consistent with the best standards of the legal profession. The Director shall establish procedures to assure that the principal local bar associations in the area to be served by any proposed project for legal advice and representation are afforded an adequate opportunity to submit comments and recommendations on the proposal before it is approved or funded. No funds or personnel made available for such program (whether conducted pursuant to this section or any other section in this part) shall be utilized (A) to organize or assist in organizing any unlawful demonstration or civil disturbance, or (B) for the defense of any person charged with participating therein or with the commission of a crime committed in the course thereof, if such person organized, or assisted in organizing any such demonstration, or civil disturbance.

"(4) A 'Comprehensive Health Services' program to aid in developing and carrying out comprehensive health services projects focused upon the needs of urban and rural areas having high proportions of poverty and a marked inadequacy of health services for the poor. These projects shall be designed—

"(A) to make possible, with maximum feasible use of existing agencies and resources, the provision of comprehensive health services, including but not limited to preventive medical, diagnostic, treatment, rehabilitation, mental health, dental, and follow-up services, together with necessary related facilities and services, except in rural areas where the lack of even elemental health services and personnel may require simpler, less comprehensive services to be established first; and

"(B) to assure that these services are made readily accessible to the residents of such areas, are furnished in a manner most responsive to their needs and with their participation and wherever possible are combined with, or included within, arrangements for providing employment, education, social, or other assistance needed by the families and individuals served.

Funds for financial assistance under this paragraph shall be allotted according to need, and capacity of applicants to make rapid and effective use of that assistance, and may be used, as necessary, to pay the full costs of projects. Before approving any project, the Director shall consult with appropriate Federal, State, and local health agencies and take such steps as may be required to assure that the program will be carried on under competent professional supervision and that existing agencies providing related services are furnished all assistance needed to permit them to plan for participation in the program and for the necessary continuation of those related services.

"(5) A program to be known as 'Upward Bound' designed to generate skills and motivation necessary for success in education beyond high school among young people from low-income backgrounds and inadequate secondary school preparation. Projects must include arrangements to assure cooperation among one or more institutions of higher education and one or more secondary schools. They must include a curriculum

designed to develop the critical thinking, effective expression and attitudes toward learning needed for post-secondary education success, necessary health services and such recreational and cultural and group activities as the Director determines may be appropriate.

"(6) A program to be known as 'Emergency Food and Medical Services' designed to provide on a temporary emergency basis such basic foodstuffs and medical services as may be necessary to counteract conditions of starvation or malnutrition among the poor. The Director shall arrange with other Federal and State agencies or officials to insure the availability of such foodstuffs and services through a community action agency where feasible, or by other means if no such agency exists or is able to administer such foodstufs and services to needy individuals. Each community action agency shall be encouraged to develop projects such as the furnishing of information on nutrition, as will assist the poor to maintain an adequate and nutritious diet.

"(7) A 'Day Care' program to provide day care for children from families who need such assistance to become or remain self-sufficient or otherwise attain objectives related to the purposes of this Act. Projects shall provide health, education, social, and such other supportive services as may be needed, together with necessary related facilities and services. Preference for enrollment in such projects shall be given to children whose parents desire to participate in programs under this Act and to other children whose parents have especially critical needs for day care service which could not be secured under any other program. The Director and the Secretary of Health, Education, and Welfare shall take all necessary steps to coordinate programs under jurisdictions which provide day care, with a view to establishing, insofar as possible, a common set of program standards and regulations, and mechanisms for coordination at the State and local levels.

"(8) A 'Family Planning' program to provide assistance and services to low-income persons in the field of voluntary family planning, including the provision of information, medical assistance, and supplies. The Director and the Secretary of Health, Education, and Welfare shall coordinate, and assure a full exchange of information concerning, family planning projects within their respective jurisdictions in order to assure the maximum availability of services and in order best to meet the varying needs of different communities. The Secretary of Health, Education, and Welfare shall make the services of Public Health Service officers available to the Director in carrying out this program.

"(9) A program to be known as 'Senior Opportunities and Services' designed to identify and meet the needs of older, poor persons above the age of 55 in one or more of the following areas: development and provision of new employment and volunteer services; effective referral to existing health, welfare, employment, housing, legal, consumer, transportation, education, and recreational and other services; stimulation and creation of additional services and programs to remedy gaps and deficiencies in presently existing services and programs; modification of existing procedures, eligibility requirements and program structures to facilitate the greater use of, and participation in, public services by the older poor; development of all-season recreation and service centers controlled by older persons themselves; and such other activities and services as the Director may determine are necessary or specially appropriate to meet the needs of the older poor and to assure them greater self-sufficiency. In administering this program the Director shall utilize to the maximum extent feasible the services of the Administration of Aging in accordance with agreements with the Secretary of Health, Education, and Welfare.

"(b) In developing programs under subsection (a), the Director shall give priority to programs involving services or activities whose effectiveness has been tested in one or more community action programs, or in connection with other Federal, State, or local programs; public or private. The Director shall also cooperate with Federal and State agencies with a view to developing, pursuant to subsection (a), programs which will supplement or improve programs for which those agencies are responsible. Where appropriate, he shall provide for the operation of programs under subsection (a) by other Federal or State agencies, pursuant to delegations of authority or suitable agreements.

"(c) Programs under subsection (a) may include essential training, research, and technical assistance directly related to program development and implementation, and funds allocated for this purpose may be allocated and used in the manner otherwise provided under this title with respect to training, research, and technical assistance activities.

"(d) The Director shall provide for the continuing evaluation of the effectiveness of all programs under this section, including their impact in terms of the needs or problems at which they are directed, and their relationship to and effect upon related programs. For this purpose, he shall consult with other Federal agencies, or where appropriate with State agencies, in order to provide wherever feasible for jointly sponsored objective evaluation studies on a National or State basis. The reports of such studies, together with the comments of the Director and other agencies, if any, thereon, shall be public records and shall be reflected in the annual report of the Director.

"ALLOTMENT OF FUNDS; LIMITATIONS ON ASSISTANCE

"SEC. 223. (a) Of the sums which are appropriated or allocated for assistance in the development and implementation of community action programs pursuant to sections 220 and 221, and for special program projects referred to in section 222(a), and which are not subject to any other provision governing allotment or distribution, the Director shall allot not more than 2 per centum among Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands, according to their respective needs. He shall also reserve not more than 20 per centum of those sums for allotment in accordance with such criteria and procedures as he may prescribe. The remainder shall be allotted among the States, in accordance with the latest available data, so that equal proportions are distributed on the basis of (1) the relative number of public assistance recipients in each State as compared to all States, (2) the average number of unemployed persons in each State as compared to all States, and (3) the relative number of related children living with families with incomes of less than $1,000 in each State as compared to all States. That part of any State's allotment which the Director determines will not be needed may be reallotted, at such dates during the fiscal year as the Director may fix, in proportion to the original allotments, but with appropriate adjustments to assure that any amount so made available to any State in excess of its needs is similarly reallotted among the other States.

"(b) The Director may provide for the separate allotment of funds for any special program referred to in section 222(a). This allotment may be made in accordance with the criteria prescribed in subsection (a), or it may be made in accordance with other criteria which he determines will assure an equitable distribution of funds reflecting the relative incidence in each State of the needs or problems at which the program is directed, except that in no event may more than 12½ per centum of the funds for any one program be used in any one State.

"(c) Unless otherwise provided in this part, financial assistance extended to a community action agency or other agency pursuant to sections 220, 221, and 222(a), for the period ending June 30, 1967, shall not exceed 90 per centum of the approved cost of the assisted programs or activities, and thereafter shall not exceed 80 per centum of such costs. The Director may, however, approve assistance in excess of such percentages if he determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this title. Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services, except that at least one-half of the non-Federal contribution shall be in cash.

"(d) No program shall be approved for assistance under sections 220, 221, and 222(a) unless the Director satisfies himself (1) that the services to be provided under such program will be in addition to, and not in substitution for, services previously provided without Federal assistance, and (2) that funds or other resources devoted to programs designed to meet the needs of the poor within the community will not be diminished in order to provide any contributions required under subsection (c) or otherwise to qualify for assistance under this part. The requirement imposed by the preceding sentence shall be subject to such regulations as the Director may adopt and promulgate establishing objective criteria for determinations covering situations where a strict application of that requirement would result in unnecessary hardship or otherwise be inconsistent with the purposes sought to be achieved.

"PART C—SUPPLEMENTAL PROGRAMS AND ACTIVITIES

"TECHNICAL ASSISTANCE AND TRAINING

"SEC. 230. The Director may provide, directly or through grants or other arrangements, (1) technical assistance to communities in developing, conducting, and administering programs under this title, and (2) training for specialized or other personnel which is needed in connection with those programs or which otherwise pertains to the purposes of this title. Upon request of an agency receiving financial assistance under this title, the Director may make special assignments of personnel to the agency to assist and advise it in the performance of functions related to the assisted activity; but no such special assignment shall be for a period of more than two years in the case of any agency.

"STATE AGENCY ASSISTANCE

"SEC. 231. (a) The Director may provide financial assistance to State agencies designated in accordance with State law, to enable those agencies—

"(1) to provide technical assistance to communities and local agencies in developing and carying out programs under this title;

"(2) to assist in coordinating State activities related to this title;

"(3) to advise and assist the Director in developing procedures and programs to promote the participation of States and State agencies in programs under this title; and

"(4) to advise and assist the Director, the Economic Opportunity Council established by section 604 of the Act, and the heads of other Federal agencies, in identifying problems posed by Federal statutory or administrative requirements that operate to impede State level coordination of programs related

to this title, and in developing methods or recommendations for overcoming those problems.

"(b) In any grants or contracts with State agencies, the Director shall give preference to programs or activities which are administered or coordinated by the agencies designated pursuant to subsection (a), or which have been developed and will be carried on with the assistance of those agencies.

"RESEARCH AND PILOT PROGRAMS

"SEC. 232. (a) The Director may contract or provide financial assistance for pilot or demonstration projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise in furthering the purposes of this title. He may also contract or provide financial assistance for research pertaining to the purposes of this title.

"(b) The Director shall establish an overall plan to govern the approval of pilot or demonstration projects and the use of all research authority under this title. The plan shall set forth specific objectives to be achieved and priorities among such objectives. In formulating the plan, the Director shall consult with other Federal agencies for the purpose of minimizing duplication among similar activities or projects and determining whether the findings resulting from any research or pilot projects may be incorporated into one or more programs for which those agencies are responsible. As part of the annual report required by section 608, or in a separate annual report, the Director shall submit a description for each fiscal year of the current plan required by this section, of activities subject to the plan, and of the findings derived from those activities, together with a statement indicating the time and, to the extent feasible, the manner in which the benefits of those activities and findings are expected to be realized.

"(c) Not more than 10 per centum of the sums appropriated or allocated in any fiscal year for this title shall be used for the purposes of subsection (a).

"(d) No pilot or demonstration project under this section shall be commenced in any city, county, or other major political subdivision except with the approval of the local community action agency or, in the absence of a community action agency, the local governing body for that subdivision.

"PART D—GENERAL AND TECHNICAL PROVISIONS

"ASSISTANT DIRECTORS FOR COMMUNITY ACTION

"SEC. 240. The Director shall appoint two assistant directors for the purpose of assisting the Director in the administration of the provisions of this title. One such assistant director, to be known as the Assistant Director for Community Action in Rural Areas, shall be responsible for assuring that funds allotted for assistance to programs or projects designed to assist the rural poor are so expended. The other assistant director, to be known as the Assistant Director for Community Action in Urban Areas, shall be responsible for assuring that funds allotted for assistance to programs or projects designed to assist the urban poor are so expended. Each assistant director shall have such additional responsibilities consistent with the foregoing responsibilities as the Director may hereafter assign.

"RURAL AREAS

"SEC. 241. (a) In exercising authority under this title, the Director shall take necessary steps to further the extension of benefits to residents of rural areas, consistent with the extent and severity of poverty among rural residents, and to encourage high levels of managerial and technical competence in programs undertaken in rural areas. These steps shall include, to the maximum extent practicable, (1) the development under section 222(a) of programs particularly responsive to special needs of rural areas; (2) the establishment, pursuant to section 232(a), of a program of research and pilot project activities specifically focused upon the problems of rural poverty, including a more effective use of human and natural resources of rural America to slow the migration from rural areas due to lack of economic opportunity; (3) the provision of technical assistance so as to afford a priority to agencies in rural communities and to aid those agencies, through such arrangements as may be appropriate, in securing assistance under Federal programs which are related to this title but which are not generally utilized in rural areas; and (4) the development of special or simplified procedures, forms, guidelines, model components, and model programs for use in rural areas.

"(b) In order to further implement the policy described in subsection (a), the Director shall establish criteria designed to achieve an equitable distribution of assistance under this title within the States between urban and rural areas. In developing those criteria, he shall consider the relative numbers in the States or areas therein of (1) low-income families, particularly those with children; (2) unemployed persons; (3) persons receiving cash or other assistance on a needs basis from public agencies or private organizations; (4) school dropouts; (5) adults with less than an eighth-grade education; and (6) persons rejected for military service.

"(c) Notwithstanding any other provision of this title, the Director is authorized to provide financial assistance in rural areas to public or private nonprofit agencies for any project for which assistance to community action agencies is authorized, if he determines that it is not feasible to establish a community action agency within a reasonable period of time. The assistance so granted shall be subject to such conditions as the Director deems appropriate to promote adherence to the purposes of this title and the early establishment of a community action agency in the area.

"(d) The Director shall encourage the development of programs for the interchange of personnel, for the undertaking of common or related projects, and other methods of cooperation between urban and rural communities, with particular emphasis on fostering cooperation in situations where it may contribute to new employment opportunities, and between larger urban communities with concentrations of low-income persons and families and rural areas in which substantial numbers of those persons and families have recently resided.

"COORDINATION—FEDERAL AGENCIES; USE OF STATE FUNDS

"SEC. 242. (a) The heads of all Federal agencies shall cooperate with the Director in carrying out his responsibilities under this title and shall, to the extent permitted by law, exercise their powers so as to encourage implementation of the purposes of this title with respect to all programs appropriate for inclusion in community action programs. The Director may call upon other Federal agencies for advice, information, or assistance, including the establishment of working groups of Federal personnel, in dealing with specific problems of coordination arising under programs authorized in this title. Cooperative actions or undertakings initiated pursuant to this subsection may include evaluation of local programs on a common or joint basis, and actions to assist particular communities in overcoming problems arising out of diverse Federal requirements, or in developing long-range plans where justified by prior progress.

"(b) Pursuant to regulations prescribed by the President, where funds are advanced for a single project by more than one Federal agency to a community action agency or other agency assisted under this title, any one Federal agency may be designated to act for all in administering the funds advanced. In such cases, a single local share requirement may be established according to the proportion of funds advanced by each agency, and any such agency may waive any technical grant or contract requirement (as defined by such regulations) which is inconsistent with the similar requirements of the administering agency or which the administering agency does not impose.

"(c) In order to promote coordination in the use of funds under this Act and funds provided or granted by State agencies, the Director may enter into agreements with States or State agencies pursuant to which they will act as agents of the United States for purposes of providing financial assistance to community action agencies or other local agencies in connection with specific projects or programs involving the common or joint use of State funds and funds under this title.

"SUBMISSION OF PLANS TO GOVERNORS

"SEC. 243. In carrying out the provisions of this title, no contract, agreement, grant, loan, or other assistance shall be made with, or provided to, any State or local public agency or any private institution or organization for the purpose of carrying out any program, project, or other activity within a State unless a plan setting forth such proposed contract, agreement, grant, loan, or other assistance has been submitted to the Governor of the State, and such plan has not been disapproved by the Governor within thirty days of such submission, or, if so disapproved, has been reconsidered by the Director and found by him to be fully consistent with the provisions and in furtherance of the purposes of this title. This section shall not, however, apply to contracts, agreements, grants, loans, or other assistance to any institution of higher education in existence on the date of the approval of this Act.

"FISCAL RESPONSIBILITY AND AUDIT

"SEC. 244. (a) No funds shall be released to any agency receiving financial assistance under this title until it has submitted to the Director a statement certifying that the assisted agency and its delegate agencies (or subcontractors for performance of any major portion of the assisted program) have established an accounting system with internal controls adequate to safeguard their assets, check the accuracy and reliability of the accounting data, promote operating efficiency and encourage compliance with prescribed management policies and such additional fiscal responsibility and accounting requirements as the Director may establish. The statement may be furnished by a certified public accountant, a duly licensed public accountant or, in the case of a public agency, the appropriate public financial officer who accepts responsibility for providing required financial services to that agency.

"(b) Within three months after the effective date of a grant to or contract of assistance with an organization or agency, the Director shall make or cause to be made a preliminary audit survey to review and evaluate the adequacy of the accounting system and internal controls established thereunder to meet the standards set forth in the statement referred to in paragraph (a). Promptly after the completion of the survey, the Director shall determine on the basis of findings and conclusions resulting from the survey whether the accounting systems and internal controls meet those standards and, if not, whether to suspend the grant or contract. In the event of suspension, the assisted agency shall be given not more than six months within which to establish the necessary systems and controls, and, in the event of failure to do so within such time period, the assistance shall be terminated by the Director.

"(c) At least once annually the Director shall make or cause to be made an audit of each grant or contract of assistance under this title. Promptly after the completion of such audit, he shall determine on the basis of resulting findings and conclusions whether any of the costs of expenditures incurred shall be disallowed. In the event of disallowance, the Director may seek recovery of the sums involved by appropriate means, including court action or a commensurate increase in the required non-Federal share of the costs of any grant or contract with the same agency or organization which is then in effect or which is entered into within twelve months after the date of disallowance.

"(d) The Director shall establish such other requirements and take such actions as he may deem necessary and appropriate to carry out the provisions of this section and to insure fiscal responsibility and accountability, and the effective and efficient handling of funds in connection with programs assisted under this title. These requirements and actions shall include (1) necessary action to assure that the rate of expenditure of any agency receiving financial assistance does not exceed the rate contemplated under its approved program; and (2) appropriate requirements to promote the continuity and coordination of all projects or components of programs receiving financial assistance under this title, including provision for the periodic reprograming and supplementation of assistance previously provided.

"SPECIAL LIMITATIONS

"SEC. 245. The following special limitations shall apply, as indicated, to programs under this title.

"(1) Financial assistance under this title may include funds to provide a reasonable allowance for attendance at meetings of any community action agency governing board, neighborhood council or committee, as appropriate to assure and encourage the maximum feasible participation of members of groups and residents of areas served in accordance with the purposes of this title, and to provide reimbursement of actual expenses connected with those meetings; but those funds (or matching non-Federal funds) may not be used to pay allowances in the case of any individual who is a Federal, State, or local government employee, or an employee of a community action agency, or for payment of an allowance to any individual for attendance at more than two meetings a month.

"(2) The Director shall issue necessary rules or regulations to assure that no employee engaged in carrying out community action program activities receiving financial assistance under this title is compensated from funds so provided at a rate in excess of $15,000 per annum, and that any amount paid to such an employee at a rate in excess of $15,000 per annum shall not be considered in determining whether the non-Federal contributions requirements of section 223 have been complied with; the Director may, however, provide in those rules or regulations for exceptions covering cases where, because of the need for specialized or professional skills or prevailing local wage levels, application of the foregoing restriction would greatly impair program effectiveness or otherwise be inconsistent with the purposes sought to be achieved.

"(3) No officer or employee of the Office of Economic Opportunity shall serve as member of a board, council, or committee of any agency serving as grantee, contractor, or delegate agency in connection with a program receiving financial assistance under this title; but this shall not prohibit an officer or employee from serving on a board, council, or committee which does not have any authority or powers in connection with a program assisted under this title.

"(4) In granting financial assistance for projects or activities in the field of family planning, the Director shall assure that family planning services, including the dissemination of family planning information and medical assistance and supplies, are made available to all low-income individuals who meet the criteria for eligibility for assistance under this title which have been established by the assisted agency and who desire such information, assistance, or supplies. The Director shall require, in connection with any such financial assistance, that—

"(A) no individual will be provided with any information, medical supervision, or supplies which that individual indicates is inconsistent with his or her moral, philosophical, or religious beliefs; and

"(B) no individual will be provided with any medical supervision or supplies unless he or she has voluntarily requested such medical supervision or supplies.

The use of family planning services assisted under this title shall not be a prerequisite to the receipt of services from or participation in any other programs under this Act.

"(5) No financial assistance shall be extended under this title to provide general aid to elementary or secondary education in any school or school system; but this shall not prohibit the provision of special, remedial, and other noncurricular educational assistance.

"(6) In extending assistance under this title the Director shall give special consideration to programs which make maximum use of existing schools, community centers, settlement houses, and other facilities during times they are not in use for their primary purpose.

"LIMITATIONS ON POLITICAL ACTIVITY

"SEC. 246. The Director, after consultation with the Civil Service Commission, shall issue such regulations, or impose such requirements, as may be necessary or appropriate to insure that programs assisted under this title are not carried on in a manner involving the use of program funds, the provision of services, or the employment or assignment of personnel in a manner supporting or resulting in the identification of such programs with (1) any partisan or nonpartisan political activity or any other political activity associated with a candidate, or contending faction or group, in any election for public or party office, or (2) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election, or any voter registration activity. Rules or regulations under this section shall provide for enforcement procedures, which shall include provision for summary suspension of assistance or other action necessary to permit enforcement on an emergency basis.

"DURATION OF PROGRAM

"SEC. 247. The Director shall carry out the programs provided for in this title during the fiscal year ending June 30, 1967, and the three succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law."

AMENDMENTS TO TITLE III—RURAL AREAS PROGRAMS

SEC. 104. (a) Title III of the Economic Opportunity Act of 1964 is amended by (1) inserting immediately under the title heading a new part heading to read "PART A—RURAL LOAN PROGRAM", and (2) striking out the heading immediately before section 302 and inserting in lieu thereof a new heading to read "LOANS TO FAMILIES".

(b) Section 301 of such Act is amended to read as follows:

"STATEMENT OF PURPOSE

"SEC. 301. It is the purpose of this part to meet some of the special needs of low-income rural families by establishing a program of loans to assist in raising and maintaining their income and living standards."

(c) Section 302(a) of such Act is amended (1) by inserting the word "principal" after the word "aggregate", and (2) by inserting after "families" the following: ", and, in the case of the elderly, will contribute to the improvement of their living or housing conditions".

(d) Section 606 of such Act is transferred from title VI thereof to the end of part A of title III, is redesignated as section 306, and amended by striking out "titles III of this Act" in subsections (a) and (d) and inserting in lieu thereof "this part".

AMENDMENTS TO TITLE IV—EMPLOYMENT AND INVESTMENT INCENTIVES

SEC. 105. (a) Section 401 of the Economic Opportunity Act of 1964 is amended by striking out "enterprises;" and inserting in lieu thereof "enterprises, with special attention to small business concerns (1) located in urban or rural areas with high proportions of unemployed or low-income individuals, or (2) owned by low-income individuals;".

(b) Section 402(a) of such Act is amended by—

(1) striking out "employment of the long-term unemployed" in the first sentence and inserting in lieu thereof "the preservation or establishment of small business concerns located in urban or rural areas with high proportions of unemployed or low-income individuals or owned by low-income individuals";

(2) striking out the period at the end of the next to last sentence and inserting, in lieu thereof, a colon; and

(3) inserting immediately preceding the last sentence, "Provided, however, That any management training program so approved must be of sufficient scope and duration to provide reasonable opportunity for the individuals served to develop entrepreneurial and managerial self-sufficiency."

(c) Section 402 of such Act is amended by striking out the first subsection (b), and by adding at the end of the second subsection (b) the following: "To insure an equitable distribution between urban and rural areas for loans between $3,500 and $25,000 made under this title, the Administrator is authorized to use the agencies and agreements and delegations developed under title III of the Act as he shall determine necessary."

(d) Title IV of such Act is amended by—

(1) renumbering section 405 to read "407" and inserting in such section "and the Secretary of Commerce" immediately following the word "Administration";

(2) striking out section 404; and

(3) inserting new sections 404, 405, and 406 to read as follows:

"DISTRIBUTION OF FINANCIAL ASSISTANCE

"SEC. 404. The Administrator of the Small Business Administration shall take such steps as may be necessary to insure that, in any fiscal year, at least 50 per centum of the amounts loaned or guaranteed pursuant to this part are allotted to small business concerns located in urban areas identified by the Administrator of the Small Business Administration, after consideration of any recommendations of the Director, as having high concentrations of unemployed or low-income individuals or to small business concerns owned by low-income individuals. The Administrator of the Small Business Administration, after consideration of any recommendations of the Director, shall define the meaning of low income as it applies to owners of small business concerns eligible to be assisted under this part, and such definition need not correspond to the definition of low income as used elsewhere in this Act.

"LIMITATION ON FINANCIAL ASSISTANCE

"SEC. 405. No financial assistance shall be extended pursuant to this title where the Administrator of the Small Business Administration determines that the assistance will be used in relocating establishments from one area to another if such relocation would

result in an increase in unemployment in the area of original location.

"FINANCIAL ASSISTANCE AND MANAGEMENT TRAINING

"SEC. 406. (a) The Administrator of the Small Business Administration is authorized to provide financial assistance to public or private organizations to pay all or part of the costs of projects designed to provide technical and management assistance to individuals or enterprises eligible for assistance under section 402, with special attention to small business concerns located in urban areas of high concentration of unemployed or low-income individuals or owned by low-income individuals.

"(b) Financial assistance under this section may be provided for projects, including without limitation—

"(1) planning and research, including feasibility studies and market research;

"(2) the identification and development of new business opportunities, and the stimulation of new private capital resources through the use of guarantees, pooling arrangements, or otherwise;

"(3) the furnishing of centralized services with regard to public services and government programs, including programs authorized under section 402;

"(4) the establishment and strengthening of business service agencies, including trade associations and cooperatives;

"(5) the encouragement of the placement of subcontracts by major businesses with small business concerns located in urban areas of high concentration of unemployed or low-income individuals or owned by low-income individuals, including the provision of incentives and assistance to such major businesses so that they will aid in training and upgrading of potential subcontractors or other small business concerns; and

"(6) the furnishing of business counseling, management training, and legal and other related services, with special emphasis on the development of management training programs using the resources of the business community, including the development of management training opportunities in existing businesses, and with emphasis in all cases upon providing management training of sufficient scope and duration to develop entrepreneurial and managerial self-sufficiency on the part of the individuals served.

"(c) The Administrator of the Small Business Administration shall give preference to projects which promote the ownership, participation in ownership, or management of small business concerns by residents of urban areas of high concentration of unemployed or low-income individuals, and to projects which are planned and carried out with the participation of local businessmen.

"(d) To the extent feasible, services under this section shall be provided in a location which is easily accessible to the individuals and small business concerns served.

"(e) The Administrator of the Small Business Administration shall take such steps as may be necessary and appropriate, in coordination and cooperation with the heads of other Federal departments and agencies, so that contracts, subcontracts, and deposits made by the Federal Government or in connection with programs aided with Federal funds are placed in such a way as to further the purposes of this title.

"(f) The Administrator of the Small Business Administration shall provide for the continuing evalution of programs under this section and the results of such evaluation together with recommendations shall be included in the report required by section 608."

AMENDMENTS TO TITLE VI—ADMINISTRATION AND COORDINATION

SEC. 106. (a) Section 601(a) of the Economic Opportunity Act of 1964 is amended by striking out "four" in the third sentence and inserting in lieu thereof "six".

(b) Section 601 of such Act is amended by inserting a new subsection as follows:

"(f) Of the positions approved for the OEO and its field offices positions in the classification category of GS 16, 17, and 18 of the General Schedule of section 5332, title V, U.S.C. shall not exceed one for every 100 employees."

(c) Subsections 602 (b) and (c) of such Act are repealed, and subsections 602 (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), and (n) are redesignated as subsections 602 (b), (c), (d), (e), (f), (g), (h), (i), (j), (k), and (l), respectively.

(d) Section 603(b) of such Act is amended (1) by striking out "authorized" and inserting in lieu thereof "directed", and (2) by inserting "or nonpartisan" after "partisan".

(e) Section 609 of such Act is amended to read as follows:

"DEFINITIONS

"SEC. 609. As used in this Act—

"(1) the term 'State' means a State, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, or the Virgin Islands, and for purposes of title I and part A of title II the meaning of 'State' shall also include the Trust Territory of the Pacific Islands; except that when used in section 223 of this Act this term means only a State or the District of Columbia. The term 'United States' when used in a geographical sense includes all those places named in the previous sentence, and all other places continental or insular, subject to the jurisdiction of the United States;

"(2) the term 'financial assistance' when used in titles I, II, and III–B includes assistance advanced by grant, agreement, or contract, but does not include the procurement of plant or equipment, or goods or services; and

"(3) the term 'permanent resident of the United States' when used in titles I–A and I–B shall include any native and citizen of Cuba who arrived in the United States from Cuba as a nonimmigrant or as a parolee subsequent to January 1, 1959, under the provisions of section 214(a) or 212(d)(5), respectively, or any person admitted as a conditional entrant under section 203(a)(7), of the Immigration and Nationality Act."

(f) Section 610 of such Act is amended by striking out "carry out such investigations and studies, including consultation with appropriate agencies and organizations, as may be necessary" and inserting in lieu thereof "work in cooperation with the Director of the Administration on Aging".

(g) Section 610–1(a) of such Act is amended by striking out "part A of title II" and inserting in lieu thereof "title II".

(h) Part A of title VI of such Act is amended by inserting after section 610–1 the following new sections:

"LIMITATION ON BENEFITS FOR THOSE VOLUNTARILY POOR

"SEC. 610–2. The Director shall take such action as may be necessary to assure that, in determining a person's eligibility for benefits under this Act on account of his poverty, such person will not be deemed to meet the poverty criteria if his lack of income results from his refusal, without good cause, to seek or accept employment commensurate with his health, age, education, and ability."

(i) Part A of title VI of such Act is amended by inserting, after section 610–2, the following new section:

"SEC. 610–3. (a) No individual employed or assigned by any community action agency or other agency assisted under this Act shall, pursuant to or during the performance of services rendered in connection with any program or activity conducted or assisted by such community action agency or such other agency, plan, initiate, participate in, or otherwise aid or assist in the conduct of any picketing, protest, demonstration, riot, or any similar group activities.

"(b) No part of the funds appropriated to carry out the provisions of this Act shall be used to provide payments, assistance, or services, in any form, to any individual who is convicted in any Federal, State, or local court of competent jurisdiction of inciting, promoting, or carrying on a riot, or any group activities resulting in material damage of property or injury to persons."

(j) Title VI of such Act is further amended by inserting at the end thereof a new part C as follows:

"PART C—INVESTIGATION AND EVALUATION BY THE COMPTROLLER GENERAL

"INVESTIGATION

"SEC. 631. The Comptroller General of the United States (hereinafter in this title referred to as the Comptroller General) is directed to investigate and examine programs and activities financed in whole or in part by funds authorized under section 2 of this Act, and to evaluate to the extent practicable—

"(1) the efficiency of the administration of such programs and activites by the Office of Economic Opportunity and by local public and private agencies carrying out such programs and activites; and

"(2) the extent to which such programs and activities achieve the objectives set forth in the relevant part or title of the Economic Opportunity Act of 1964 authorizing such programs or activities.

"REPORTS

"SEC. 632. The Comptroller General shall make such interim reports as he deems advisable and shall transmit a report to the Congress not later than May 1, 1968, summarizing his findings and conclusions to date. Such report shall include also such recommendations, including legislative recommendations, as he deems advisable.

"POWERS OF THE COMPTROLLER GENERAL

"SEC. 633. (a) The Comptroller General or, on the authorization of the Comptroller General, any officer or employee of the General Accounting Office, may, for the purpose of carrying out the provisions of this title, hold such hearings, take such testimony, and sit and act at such times and places as he deems advisable. Any officer designated by the Comptroller General may administer oaths or affirmations to witnesses appearing before the Comptroller General of such designated officer or employee.

"(b) Each department, agency, and instrumentality of the executive branch of the Government, including independent agencies, is authorized and directed to furnish to the Comptroller General, upon request made by him, such information as he deems necessary to carry out his functions under this title.

"(c) The Comptroller General is authorized—

"(1) to appoint and fix the compensation of such staff personnel as he deems necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, and

"(2) to procure temporary and intermittent services to the same extent as is authorized by section 3109 of title 5, United States Code, but at rates not to exceed $100 a day for individuals.

"(d) The Comptroller General is authorized to enter into contracts with Federal or State agencies, private firms, institutions, and individuals for the conduct of research or surveys, the preparation of reports, and other activities necessary to the discharge of his duties under this title.

"ALLOCATION

"SEC. 634. From the sums appropriated pursuant to section 2 of this Act, the Director shall transfer to the Comptroller General such sums as he may require, but not in excess of $2,000,000 in the fiscal year ending June 30, 1968, to carry out the purposes of this part."

(k) Section 616 of such Act is repealed.

"SEC. 610–4. (a) The Director or the head of any other Federal agency administering a program under this Act shall make a public announcement concerning:

"(1) The title, purpose, intended completion date, identity of the contractor, and proposed cost of any contract with a private or non-Federal public agency or organization for any study, evaluation, demonstration, or research project; and

"(2) The results, findings, data, or recommendations made or reported as a result of such activities.

"(b) The public announcements required by subsection (a) shall be made within thirty days of entering into such contracts and thereafter within thirty days of the receipt of such results.

"(c) It shall be the duty of the Comptroller General to assure that the requirements of this section are met, and he shall at once report to the Congress concerning any failure to comply with these requirements."

AMENDMENT TO TITLE VII

SEC. 107. Section 701(b) of the Economic Opportunity Act of 1964 is amended (1) by striking out "July 1, 1965" and inserting in lieu thereof "July 1, 1968", and (2) by adding at the end thereof the following: "With respect to any period after June 30, 1968, subsection (a) shall not apply."

VOLUNTEER PROGRAMS

SEC. 108. Title VIII of the Economic Opportunity Act of 1964 is amended to read as follows:

"TITLE VIII—DOMESTIC VOLUNTEER SERVICE PROGRAMS

"VOLUNTEERS IN SERVICE TO AMERICA

"STATEMENT OF PURPOSE

"SEC. 801. This title provides for a program of full-time volunteer service, for programs of part-time or short-term community volunteer service, and for special volunteer programs, together with other powers and responsibilities designed to assist in the development and coordination of volunteer programs. Its purpose is to strengthen and supplement efforts to eliminate poverty by encouraging and enabling persons from all walks of life and all age groups, including elderly and retired Americans, to perform meaningful and constructive service as volunteers in part-time or short-term programs in their home or nearby communities, and as full-time volunteers serving in rural areas and urban communities, on Indian reservations among migrant workers, in Job Corps centers, and in other agencies, institutions, and situations where the application of human talent and dedication may help the poor to overcome the handicaps of poverty and to secure and exploit opportunities for self-advancement.

"PART A—FULL-TIME VOLUNTEER PROGRAMS

"AUTHORITY TO ESTABLISH FULL-TIME PROGRAMS

"SEC. 810. (a) The Director may recruit, select, and train persons to serve in full-time volunteer programs, and upon request of Federal, State, or local agencies, or private nonprofit organizations, may assign such volunteers to work—

"(1) in meeting the health, education, welfare, or related needs of Indians living on reservations, of migratory workers and their families, or of residents of the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, or the Trust Territory of the Pacific Islands;

"(2) in the care and rehabilitation of the mentally ill or mentally retarded under treatment at nonprofit mental health or mental retardation facilities; and

"(3) in connection with programs or activities authorized, supported, or of a character eligible for assistance under this Act.

"(b) The assignment of volunteers under this section shall be on such terms and conditions (including restrictions on political activities that appropriately recognize the specal status of volunteers living among the persons or groups served by programs to which they have been assigned) as the Director may determine, including work assignments in their own or nearby communities; but volunteers under this part shall not be assigned to duties or work in any State without the consent of the Governor.

"TERMS OF SERVICE

"SEC. 811. (a) Volunteers under this part shall be required to make a full-time personal commitment to combating poverty. This shall include a commitment to live among and at the economic level of the people served, and to remain available for service without regard to regular working hours, at all times during their term of service, except for authorized periods of leave.

"(b) Volunteers under this part shall be enrolled for one-year periods of service, excluding time devoted to training. The Director may, however, allow persons who are unable to make a full one-year commitment to enroll as volunteer associates for periods of service of not less than two months where he determines that this more limited service will effectively promote the purposes of this title.

"(c) All volunteers under this part shall take and subscribe to an oath or affirmation in the form prescribed by section 106 of this Act, and the provisions of section 1001 of title 18, United States Code, shall be applicable with respect to that oath or affirmation.

"SUPPORT OF FULL-TIME VOLUNTEERS

"SEC. 812. (a) The Director may provide a stipend to volunteers under this part while they are in training and on assignment, but the stipend shall not exceed $50 per month during the volunteer's first year of service. He may provide a stipend not to exceed $75 per month in the case of persons who have served for at least one year and who, in accordance with standards prescribed by him, have been designated volunteer leaders on the basis of experience and special skills. The Director may also provide volunteers such living, travel (including travel to and from the place of training), and leave allowances, and such housing, supplies, equipment, subsistence, clothing, health and dental care, or such other support, as he may deem necessary or appropriate for their needs.

"(b) Stipends shall be payable only upon completion of a term of service; except that in extraordinary circumstances the Director may from time to time advance accrued stipend, or any portion thereof, to or on behalf of a volunteer. In the event of the death of a volunteer during service, the amount of any unpaid stipend shall be paid in accordance with the provisions of section 1 of the Act of August 3, 1950 (5 U.S.C. 5582).

"(c) The Director may provide or arrange for educational and vocational counseling of volunteers and recent volunteers to encourage them to use the skills and experience which they have derived from their training and service in the national interest, and particularly in combating poverty as members of the helping professions.

"PART B—AUXILIARY AND SPECIAL VOLUNTEER PROGRAMS

"COMMUNITY SERVICE PROGRAMS

"SEC. 820. (a) The Director shall develop programs designed to expand opportunities for persons to participate in a direct and personal way, on a part-time basis or for shorter periods of service than is required for enrollment under section 810, and in their home or nearby communities, in volunteer activities contributing to the elimination of poverty. Pursuant to appropriate plans, agreements, or arrangements the Director may provide financial, technical, or other assistance needed to carry on projects that are undertaken in connection with these programs. These projects may include, without limitation, activities designed (1) to encourage greater numbers of persons to participate, as volunteers, in local programs and projects assisted under this Act, with particular emphasis upon programs designed to aid youth or promote child development; (2) to encourage persons with needed managerial, professional, or technical skills to contribute those skills to programs for the development or betterment of urban and rural neighborhoods or areas having especially large concentrations or proportions of the poor, with particular emphasis upon helping residents of those neighborhoods or areas to develop the competence necessary to take advantage of public and private resources which would not otherwise be available or used for those programs; and (3) to assist existing national and local agencies relying upon or in need of volunteers to obtain volunteer services more readily, or to provide specialized short-term training, with particular emphasis on agencies serving the most seriously disadvantaged, operating in areas of the most concentrated poverty, or having similar critical needs.

"(b) Persons serving as volunteers under this section shall receive no living allowance or stipend and only such other support or allowances as the Director determines, pursuant to regulations, are required because of unusual or special circumstances affecting the project.

"(c) The services of any person, if otherwise allowable as a non-Federal contribution toward the cost of any program or project assisted under this or any other Federal Act, shall not be disallowed merely by reason of actions of the Director under this section in providing for or assisting in the recruitment, referral, or preservice training of such person.

"SPECIAL VOLUNTEER PROGRAMS

"SEC. 821. The Director is authorized to conduct, or provide by grant or contract for, special volunteer programs designed to stimulate and initiate improved methods of providing volunteer services and to encourage wider volunteer participation in furtherance of the purposes of this title. Not to exceed 10 per centum of the sums appropriated or allocated from any appropriation to carry out this title for any fiscal year may be used for programs under this section.

"PART C—GENERAL PROVISIONS

"COORDINATION WITH OTHER PROGRAMS

"SEC. 831. The Director shall take necessary steps to coordinate volunteer programs authorized under this title with one another, with community action programs, and with other related Federal, State, local, and national programs. These steps shall include, to the extent feasible, actions to promote service by volunteers or former volunteers in the full-time programs authorized under part A in providing necessary support to programs under part B and actions to encourage persons serving as part-time or short-term volunteers to make commtiments under part A as regular or associate full-time volunteers. The Director shall also consult with the heads of other Federal, State, local, and national agencies responsible for programs related to the purpose of this Act with a view to encouraging greater use of volunteer services in those programs and establishing in connection with them systematic procedures for the recruitment, referral, or necessary preservice orientation or

training of part-time volunteers serving pursuant to this part.

"PARTICIPATION OF OLDER PERSONS

"SEC. 832. In carrying out this title, the Director shall take necessary steps, including the development of special projects where appropriate, to encourage the fullest participation of older persons and older persons membership groups as volunteers and participant agencies in the various programs and activities authorized under this title and, because of the high proportion of older persons within the poverty group, shall encourage the development of a variety of volunteer services to older persons, including special projects, to assure that they are served in proportion to their need.

"APPLICATION OF FEDERAL LAW

"SEC. 833. (a) Except as provided in subsection (b), volunteers under this title shall not be deemed Federal employees and shall not be subject to the provisions of laws relating to Federal employment.

"(b) Individuals who receive either a living allowance or a stipend under part A shall, with respect to such services or training, (1) be deemed, for the purposes of subchapter III of chapter 73 of title 5 of the United States Code, persons employed in the executive branch of the Federal Government, and (2) be deemed Federal employees to the same extent as enrollees of the Job Corps under section 116(a) (1), (2), and (3) of this Act, except that for purposes of the computation described in 116(a)(2)(B) the monthly pay of a volunteer shall be deemed to be that received under the entrance salary for GS-7 under section 5332 of title 5, United States Code.

"SPECIAL LIMITATIONS

"SEC. 834. (a) The Director shall prescribe regulations to assure that service under this title is limited to activities which would not otherwise be performed and which will not result in the displacement of employed workers or impair existing contracts for service.

"(b) All support, including transportation provided to volunteers under this title, shall be furnished at the lowest possible cost consistent with the effective operations of volunteer programs.

"(c) No agency or organization to which volunteers are assigned hereunder, or which operates or supervises any volunteer program hereunder shall request or receive any compensation f r services of volunteers supervised by such agency or organization.

"(d) No funds authorized to be appropriated herein shall be directly or indirectly utilized to finance labor union or related activity.

"DURATION OF PROGRAM

"SEC. 835. The Director shall carry out the programs provided for in this title during the fiscal year ending June 30, 1967, and the three succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law."

TITLE II—CRIMINAL PROVISIONS

SEC. 201. (a) Whoever, being an officer, director, agent, or employee of, or connected in any capacity with, any agency receiving financial assistance under the Economic Opportunity Act of 1964 embezzles, willfully misapplies, steals, or obtains by fraud any of the moneys, funds, assets, or property which are the subject of a grant or contract of assistance pursuant to the Economic Opportunity Act, as amended, shall be fined not more than $10,000 or imprisoned for not more than two years, or both; but if the amount so embezzled, misapplied, stolen, or obtained by fraud does not exceed $100, he shall be fined not more than $1,000 or imprisoned not more than one year, or both.

(b) Whoever, by threat of procuring dismissal of any person from employment or of refusal to employ or refusal to renew a contract of employment in connection with a grant or contract of assistance under the Economic Opportunity Act of 1964 induces any person to give up any money or thing of any value to any person (including such grantee agency), shall be fined not more than $1,000 or imprisoned not more than one year, or both.

TITLE III—EFFECTIVE DATE

SEC. 301. The amendments made by this Act shall be in effect immediately upon its enactment, except as provided in this section. Until June 30, 1968, the provisions of section 202 of the Economic Opportunity Act of 1964 as in effect immediately prior to the enactment of this Act shall apply to community action agencies in existence and funded prior to the enactment of this Act, except that in any grant or funding agreement made with such an agency prior to June 30, 1968, adequate provision shall be made for transfer of functions, obligations, records, authority, and funds to any community action agency designated pursuant to sections 210 or 211 of the Economic Opportunity Act of 1964 as amended by this Act.

And amend the title so as to read: "An Act to provide an improved Economic Opportunity Act, to authorize funds for the continued operation of economic opportunity programs, and for other purposes."

Mr. CLARK. Mr. President, I move that the Senate disagree to the amendments of the House to S. 2388, that the Senate agree to the conference requested by the House, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. CLARK, Mr. RANDOLPH, Mr. PELL, Mr. KENNEDY of Massachusetts, Mr. NELSON, Mr. KENNEDY of New York, Mr. PROUTY, Mr. JAVITS, and Mr. MURPHY.

ANNOUNCEMENT ON POSITIONS ON VOTES

Mr. PEARSON. Mr. President, on November 14 I was necessarily absent from the floor when three record votes were taken. At this time I should like to announce my official position on these three votes.

On No. 318—legislative—Senate Resolution 130, providing an additional $35,000 for the Subcommittee on Administrative Practice and Procedure of the Committee on the Judiciary, had I been present and voting, I would have voted "aye."

On No. 320—legislative—a motion to suspend the rules for the purpose of proposing modified amendment No. 437 to continue fiscal year 1968 appropriations until November 30, 1967, had I been present and voting, I would have voted "aye."

On No. 321—legislative—final passage of H.R. 13606, fiscal 1968 appropriations for military construction, had I been present and voting I would have voted "aye."

Mr. President, I ask unanimous consent that the permanent RECORD be corrected to show my announcement of position on these votes.

DEATH OF BERNARD KILGORE

Mr. JAVITS. Mr. President, I call attention to the passing late Tuesday night of Bernard Kilgore, chairman of the board of Dow Jones & Co., publisher of the Wall Street Journal.

Mr. President, Barney Kilgore was a friend of mine of many years standing. He was a man of great energy, a very exciting man, a man not afraid to become completely involved in whatever he then had underway. He built one of the country's greatest and most innovative newspapers. He was not only an innovator; he was also an activist and a businessman who built up the enterprise until it was a financial as well as a journalistic success. He founded the National Observer, and had simultaneous publication of the Wall Street Journal in many places in the country.

Barney Kilgore was a vibrant, modern man, and he was taken from us at a very early age, as things go today.

Mrs. Javits and I join in expressing our deepest sympathy to his wife and to the three children he leaves. He will be missed by all of us. He made his mark, but he had an enormous life of useful service still to live. I can only hope that the knowledge of his great success and of his great value to our people, our time, and our Nation, may be of some comfort to his family in these difficult hours.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article from the Wall Street Journal, outlining Barney Kilgore's achievements, and editorials from the New York Times and the Washington Post.

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

[From the Wall Street Journal, Nov. 16, 1967]

BERNARD KILGORE DIES—MADE A NATIONAL DAILY OF WALL STREET JOURNAL—DOW JONES CHAIRMAN, 59, CREATED NATIONAL OBSERVER AND BUILT UP BARRON'S, DJ NEWS SERVICE

Bernard Kilgore, the man who changed The Wall Street Journal from a small financial newspaper into the nation's only national daily, died late Tuesday night at Princeton, N.J., after a long illness. He was 59 years old.

As the dominant figure in Dow Jones & Co. Inc., the parent corporation, for the past quarter of a century, he was also responsible for the creation of The National Observer, the nation's first national weekly newspaper; for the growth of Barron's, a leading financial weekly; and for the expansion of the Dow Jones News Service into a world-wide supplier of business and financial news.

Although at his death Mr. Kilgore was chairman of the board of Dow Jones, he always proudly and accurately described his occupation as "newspaperman." In a career that spanned 38 years he had been a reporter, a copy-desk editor, Washington correspondent, political columnist, managing editor and general manager before he was named company president in 1945, at the age of 36.

He was also proud of his record as corporate president—Dow Jones earnings rose from $211,201 in 1945 to more than $13 million last year—because he was convinced that only a sound financial structure could support good journalistic enterprises. But he never forgot the purpose of his business management, and never ceased himself to be a shirt-sleeved newspaperman.

PIONEERED IN-DEPTH STORIES

Under his business leadership the company pioneered in technological advances. The Wall Street Journal is now published in eight plants from coast-to-coast to serve its million subscribers. Under his journalistic leadership, the newspaper pioneered the use

of exhaustive stories-in-depth in daily journalism and led in the concept of delivering the same news and editorial content each morning to its subscribers, wherever located.

The unique enterprise that resulted marked him as one of the handful of men who have made a permanent impress on the journalism of this century. He perceived early that a new technology was necessary to gather the news, publish it and deliver it if there was ever to be a national newspaper. And he always saw that only the editorial content could make the paper useful to the reader, and therefore successful.

Thus "Barney," as he was known to his friends and colleagues, remained an untiring newspaperman, always in the thick of things. Even when his last illness kept him away from the office, his editors received frequent notes filled with ideas, suggestions—and an occasional criticism—that showed that his interest in the news and his newspapers never flagged.

SALVOS OF IDEAS

The only thing missing, these last days, was Barney Kilgore himself, necktie pulled down, sleeves rolled up, firing off salvos of ideas, praise for pieces he liked, censure for stories he found wanting; or equally probing with curious mind into other phases of the business—advertising, circulation and production.

Through it all he kept hammering at one credo: Simplify the complicated—and keep the reader interested. "The easiest thing in the world," he once said, "is to stop reading."

Barney Kilgore's major innovations in journalism began in the early 1940s when, as managing editor of The Wall Street Journal, he set about broadening the news coverage the Journal offered the business community and transforming its ways of reporting and writing the news. But these innovations sprang from long thought and a varied experience.

Bernard Kilgore, a heavy-set man with thinning dark hair, grew up in Indiana, and he never lost his Midwestern touch. He was born there Nov. 9, 1908, in the town of Albany, where his father, Tecumseh Kilgore, was superintendent of schools. His mother, the former Lavina Elizabeth Bodenhorn, was from a farm family in the area. He grew up in South Bend, Ind., his father having moved there to enter the life insurance business.

After graduation from South Bend High School—where he acquired top-flight grades, sharp skill as a debater and a ragtime jazz style on the piano—he entered Depauw University at Greencastle, Ind., where he majored in political science.

There he began working on the campus paper, The DePauw, and eventually became its editor. During his junior year he also served as editor of the college yearbook, The Mirage, a dual extra-curricular burden that won him an exemption from the college rule against owning a car, a privilege he exercised with a campus-renowned Model-T Ford.

In June 1929, armed with a Phi-Beta Kappa key, he set out to write prospective employers on the college newspaper letterheads. The first of these went to Kenneth C. Hogate, a DePauw alumnus who was then general manager of The Wall Street Journal and later president of Dow Jones. "Casey" Hogate was impressed by his fellow Hoosier, and thus the Kilgore career had its beginning.

There was plenty of excitement that summer for a 20-year-old on The Wall Street Journal. Stocks were soaring and the Journal had a circulation of 50,000, a high number in that day for a financial newspaper. Plans were afoot for starting a San Francisco edition of the paper, the first issue of which was dated Oct. 21, 1929. The stock market crash came on Oct. 29.

Already the young Kilgore was demonstrating his ability to look through the surface of the news. While the Journal was proclaiming editorially on Nov. 1 "The sun is shining again, and we will go on record as saying good stocks are cheap," Barney was writing his family in a different vein. He warned his father. "Put up a storm door to keep the wolf out, and hang on to your shekels."

This quality of perception and the ability to put commonsense ideas succinctly was not lost on his superiors. After assignments on the Journal's New York and San Francisco copydesks, Barney Kilgore was made news editor in San Francisco in 1931. There he hit upon the idea of a column in letter form to an imaginary correspondent confused about such concepts as deflation and other economic problems. His "Dear George" series displayed his talent for reducing complex financial and economic problems to easy-to-understand English, and by late 1932 he was back in New York as a regular editorial page columnist, at the age of 24.

PRAISED BY FDR

Two years later—in March 1934—he discovered that his reading public included President Franklin Roosevelt. At a Presidential press conference, when asked to explain a technical difference between two suggested ways of paying the soldiers' bonus, the President advised the reporters to "read Kilgore in The Wall Street Journal" because he had written "a good piece" on the subject.

And soon it happened again, when FDR was asked to explain a complicated Supreme Court decision on the National Industrial Recovery Act. The Journal tooted its own horn a bit with a story headlined: "President Tells Reporters To Read Kilgore Article."

That was an auspicious beginning for a new Washington bureau manager, which he became in early 1935, a post he was to hold until he became managing editor six years later.

It was as Washington bureau manager that many of Barney Kilgore's new ideas about The Wall Street Journal began to evolve, and that he developed his characteristic manner and method as an executive.

He was constantly urging his Washington reporters to avoid Governmental jargon, to say simply what they meant to say and to treat any story in the depth and fullness required to tell it properly. And he was constantly urging the New York office both to give the space, when needed, and to publish the wider ranging stories on politics and Governmental trends that would make the "hard" news of a subsequent day.

PROBLEM FOR A NEW BOSS

As an executive, the young man had a special problem, since The Wall Street Journal bureau, even then one of the largest in the capital, contained a number of reporters older and more experienced than the new boss.

He succeeded in spite of—or perhaps because of—an essential shyness belied by his aggressiveness as a newspaperman. Those he worked with were never "summoned" to the manager's office. Instead, the young boss would seek out the man. If he had praise to deliver, it was given publicly in the news room. If it was a complaint, it would be given privately, and usually mildly.

But the mildness dealt only with the manner, not the substance. Barney Kilgore knew what he wanted, which was the best possible story, and in his quiet way he insisted on getting it. The men he respected had wide latitude, and often he would accept their judgment on an event even when he did not share it. But he had little patience with incompetence.

The Washington years were important ones for him in other ways. As the newspaper's chief political writer and columnist, and a frequent contributor to magazines as well, he came to know well most of the important officials of his day and gain an insight into both politics and government. He also had a chance to show by example the kind of story he wanted, first from the Washington bureau and later for the newspaper as a whole.

It was during his Washington period, too, that on Oct. 1, 1938, he married Mary Louise Throop of Greencastle, Ind., whom he had met on a visit back to DePauw. She survives him, as do their three children; a daughter Kathryn, 22, and two sons, James Bernard, 19, and John Harvey, 15.

RADICAL CHANGES FOR JOURNAL

The 1930s were a tough time for all newspapers, but especially so for a business publication. The circulation of the Journal shrank from a high of 50,000 to a low point of only 28,000. It seemed clear that some radical changes were needed. In early 1941 Mr. Kilgore was called back to New York and, as managing editor, given the job of making the newspaper more appealing for a wider audience

Some articles about Mr. Kilgore's career have dated the major changes in The Wall Street Journal from 1945, when he was named president of Dow Jones, but the big changes began in 1941 when he took over as managing editor.

The story of this "revolution" in transforming the Journal has been told by Vermont Royster, the present editor, in the book. The World of The Wall Street Journal: Main Street and Beyond.

With William H. Grimes, then the Journal editor, "providing the leavening of experience and Kilgore the daring to 'do everything differently' the modern Wall Street Journal was created by building a new edifice atop the old foundations," Mr. Royster wrote. He went on to describe the transformation in some detail:

"Within the space of a few years the front page was completely revamped by developing a type of new story which, while dealing with current events, was not tied down by yesterday's developments. This permitted the staff to dig into a situation over a period of several days, write about it with care and then give the reader a comprehensive report.

"The 'What's News' column was strengthened in scope and manpower (it now takes sixteen man-hours daily to produce what it takes you six minutes to read) to cover all the 'spot' news of the day, with details, where necessary, carried in separate stories inside the paper.

"The concept of appropriate news for The Wall Street Journal was enlarged past its founder's wildest dreams. The hard core of the paper—accurate and full coverage of corporate affairs and the stock market—was still there, but it was reorganized, more carefully packaged, and no longer allowed to dominate the paper.

"It's hardly surprising that there was an electric air in the news shop just off Wall Street."

EDITING FOR "OUR ELKHART"

The Kilgore-instigated changes in The Wall Street Journal didn't please everyone, of course. A few Wall Streeters wondered what happened to *their* newspaper. A 1959 Time magazine article said: ". . . one Wall Streeter complained that the (new) Journal belonged to 'auto dealers in Keokuk.' Mr. Kilgore never denied it. Said he: 'If you are publishing in Elkhart, Ind., you have got to edit for the Elkhart reader. The business community is our Elkhart.'"

The readers in general, however, evidently agreed with the paper's broader approach. Circulation climbed swiftly. The Journal saw its number of subscribers rise from 33,000 in 1941, when Mr. Kilgore became managing editor, to 102,000 in 1947. By 1959 circulation had passed a half million. Today it is over 1,100,000.

Meanwhile, on the Kilgore theory that you have to get a newspaper to the reader promptly to make it useful to him, new regional printing plants were opened in Chicago; Dallas; Chicopee Falls, Mass.; White Oak, Md.; Cleveland; Palo Alto, Calif.; Riverside, Calif.; and Highland, Ill. All type is set automatically and simultaneously in the regional plants from punched tape transmitted from the East. The Riverside plant prints its papers by facsimile process; the Highland plant uses photo-composing and offset printing.

FROM RESTLESSNESS, NEW IDEAS

But for all his success, Barney Kilgore remained a restless man. He often warned staffers against the danger of "standing still." "Whether we like it or not," he once told the editors, "other publishers are getting smarter. We ought to keep our minds open to new ideas. We don't want to pattern tomorrow's paper on yesterday's."

Thus Journal newsmen were by no means startled in 1961 to learn they were going to have a sister newspaper. The National Observer, that was to bear no resemblance to The Wall Street Journal except for a six-column format.

As something new in journalism, the fledgling had a rocky childhood. This was due in part to a Kilgore idea that the paper didn't need reporters but "people who can put events together and explain what they mean." Characteristically, Barney Kilgore wasn't nonplussed when an idea came a cropper; he quickly liquidated a mistake and went on to better ideas.

Today nearly all National Observer stories are created by its own reporters, Mr. Kilgore lived to see the Observer rise from a circulation of about 200,000 on its first birthday, in February 1963, to the present total of about 500,000. Today the paper is edited in Silver Spring, Md., and printed in four cities.

GROWTH OF THE TICKER

Meanwhile, under Mr. Kilgore's guidance, the Dow Jones News Service has expanded throughout the U.S. and Canada; today it has clients in 742 cities in 49 of the 50 states. In a venture with the Associated Press, its service is now being extended overseas. Barron's, the national financial weekly, which is another Dow Jones publication, now has a circulation of more than 200,000.

The financial growth of the company under Mr. Kilgore has matched its growing readers. Total revenues rose to $83 million in 1966 from a little more than $3 million in 1940. In 1940 net income was only $169,723; in 1966 the company's net was $13,368,811.

Staff and organization has grown comparably. From 622 employes in 1940, the staff has grown to over 2,500.

One thing that didn't change over the years was Barney Kilgore's restless energy. Nobody was ever surprised when he dropped into the Riverside plant with curious inquiries about the facsimile printing, or into the Highland plant to watch the progress of the new equipment to set type by photocomposition. And newsmen were accustomed to meeting him anywhere.

In the company's executive offices in New York, he continued the informal executive ways of his Washington experience. Much of the company's business was conducted at a morning gathering of executives, fabled throughout the organization as the "koffee-klatch."

There, on a given morning, the conversation might turn on something as inconsequential as last Saturday's golf game, as speculative as the political situation, or as business-like as whether to build a new plant. There, in months of talk, The National Observer was born and other endeavors started or abandoned.

RESISTANCE WITHOUT REVERBERATIONS

Most of those present had known Barney and worked with him for many years, and all of them always felt free to tell him he was wrong. On occasions the conversations would grow heated, so much so that afterwards an executive might wonder if perhaps his language had been too forthright to the man who was, after all, the president of the company. But there were never any reverberations; in fact Mr. Kilgore seemed to enjoy the resistance.

When an executive apologetically said he hoped Barney "wasn't mad," Mr. Kilgore replied: "I'm the only man around here who can't afford to get mad."

An important result of his touch with people is that the top management team of the company today has worked with Barney Kilgore, and with each other, for more than a quarter of a century.

William F. Kerby, who succeeded to the presidency when Mr. Kilgore became chairman of the board in March of 1966, is a former managing editor of The Wall Street Journal. So in Buren H. McCormack, the company's executive vice president, and Robert Bottorff, vice president and general manager.

All three began as reporters for the Journal in the 1930s, and helped to carry out Mr. Kilgore's revolutionary ideas. Their cohesion as a group for so many years is a measure of Barney Kilgore's tolerance of strong disagreement among men he respected, and his desire to continue the company's tradition of placing top management responsibility in the hands of executives with editorial backgrounds.

One reason for this easy way with his colleagues was his ability to look at himself with self-amusement, and he could tell easily stories of his own gaffes.

Once in talking to a young political reporter he recalled how he had missed a big story at the 1940 Democratic convention. There Labor Secretary Frances Perkins told him that FDR was going to tap Henry Wallace as Vice Presidential replacement for John Garner. He thought it too fantastic to be true. Twenty-four hours later the story was front page news everywhere. This lack of embarrassment about his own "goofs" made for empathy with all who worked with him.

But if Barney Kilgore made his mistakes, they were far out-balanced by his successes, most of which stemmed from the application of good common sense coupled with a rare imagination.

READINESS FOR PEARL HARBOR

One illustration of this was a decision he made shortly after he became managing editor. Until then most of the type for the Monday edition of the Journal was set on Saturday, with only a skeleton composing room crew on hand Sunday. Mr. Kilgore insisted on changing this, to have a full crew in on Sunday even though it would add to the cost of production. The first Sunday the Journal had on hand its full crew of printers was Dec. 7, 1941, and the post-Pearl Harbor day edition of the Journal has become a classic.

His instinct for doing the right thing at the right time was illustrated again shortly afterwards when, as general manager, he had to deal with rationed wartime newsprint. He chose to forego increased advertising in favor of expanded circulation, the opposite of the path chosen by some other publishers. "Now is the time to build," he said. "There will be lots of time later to get advertising."

This same sound instinct led him, in the years when Dow Jones earnings first began to grow, to plough the new earnings back into plant and equipment and into an expanded news budget. The result is that today the organization's reporters travel the globe and the current news editors never have to worry about the cost of covering a story. It is not at all unusual for a team of reporters to spend weeks working on a single story.

Inevitably the Journal has been involved in controversies, both as a result of its editorials and its news stories. Having a publisher who was, first and foremost, a "newspaperman" meant that the editors got full backing from the president's suite.

THE GM CONTRETEMPS

This was spotlighted in 1954 in a short-lived but lively dispute between General Motors Corp. and The Wall Street Journal. The newspaper had run a story with sketches depicting what 1955 model cars would look like, to the unhappiness of the auto maker. As a result GM canceled all its advertising in the Journal and declined to give the newspaper news releases and entry to press conferences.

Barney Kilgore, as publisher, stood firm, remarking "our editors are perfectly willing to discuss these differences, but not under pressure." But he also added with a smile, "The Journal isn't mad at anybody. I have a General Motors car (a 1951 Chevy), and I certainly don't intend to sell it." Eventually the controversy was settled with smiles all around.

Once when William H. Grimes, then the editor, was being denounced for editorial outspokenness, Mr. Kilgore told an irate visitor: "Well, I suppose I might fire him, but how long could I keep an editor if he got fired every time a reader disagreed?"

This practice of delegating responsibility and letting the man alone as long as he did the job well was a characteristic he never lost. Shortly after Vermont Royster succeeded Mr. Grimes, the new editor offered to show the publisher a proposed editorial on a Presidential State of the Union Message, Mr. Kilgore declined with the remark, "I'll read it in the paper."

THE "UPCOMING" STORY

But, being a newspaperman, he didn't keep it to himself when something made him wince, whether it was an editorial viewpoint, incomplete reporting or sloppy writing. He read all Dow Jones publications thoroughly, and his memos, whether brickbats or bouquets, were to the point.

Jargon words he especially detested. A famous story among WSJ staffers concerns a note to one of his editors: "If I see 'upcoming' in the paper again, I'll downcoming and someone will be outgoing."

Recently, Mr. Kilgore expressed his fear to editors that as newspapers grow they take on some of the "bureaucratic aspects" of big business. "The news department tends to get outnumbered. This has been fatal to some publications, but I don't think it will be to us." He assured Journal newsmen that although company executives for some time had been seemingly preoccupied with the development of new facilities and technological changes, "the most important thing still is the content of the package which the facilities are designed to turn out."

Last year, when an editor wondered if "the top brass pay as much attention to the news department as they once did," Mr. Kilgore replied: "The most important thing for top management to do is to make sure that anyone does *not* interfere with the news content of the paper."

Barney Kilgore's interest in journalism took many forms, as his restless interest moved on. In 1955 he personally purchased The Princeton Packet, the oldest weekly newspaper in New Jersey and the fifth oldest in the U.S., and published in Princeton, where he lived.

Under his direction the Packet rose from a circulation of about 1,000 to more than 8,000. He modernized the old-fashioned format and in 1965 began producing it by the offset process. Later he became the publisher of five other New Jersey weeklies, The Central Post, The Windsor-Hights Herald, The Manville News, The Franklin News-Record and The South Somerset News.

"The Wall Street Journal got to the point where Barney couldn't play with it," a colleague explained. "He needed something like the Packet so he could try out new ideas."

Among Mr. Kilgore's chief interests was the raising of professional standards in journalism. He especially was concerned with attracting bright young people to work on newspapers. In 1956, he startled the newspaper field by announcing that The Wall Street Journal would pay beginning reporters a minimum starting salary of $100 a week (since increased to $130).

DEVELOPED JOURNALISM TALENT

In 1958, he set up The Newspaper Fund, a nationwide program designed to encourage and develop better talent for journalism. The fund has provided opportunities for thousands of high school teachers to attend summer workshops to learn the basics of putting out student publications. It also has helped provide summer newspaper work and scholarships for hundreds of students attending liberal arts colleges.

When he got interested in something new to him, Barney Kilgore usually wound up being somewhat of an authority on the subject. When one of his sons began studying rocks, Mr. Kilgore also immersed himself in the field and learned how to use a lapidary set.

Out of his work grew many of his hobbies, and from his hobbies came ideas for his publications. Techniques he learned when he took up photography seriously were put to work first with the Packet and later in the Observer. (He was pleased when colleagues he was photographing would refer to him as Staff Photographer of The Wall Street Journal.)

Music was a favorite form of relaxation. He played the piano and organ at home and, in earlier years, liked to take over the piano at a club's hospitality room and lead groups in singing old favorites.

SERVED IN MANY CAPACITIES

Mr. Kilgore was president of the board of trustees of DePauw University, a trustee of Phi Gamma Delta fraternity and the American Marketing Association. Long active in Sigma Delta Chi, the national journalistic society, he had served as honorary president, treasurer and on the board of directors.

He held the honorary degrees of LL.D. from DePauw, LL.D. from Colby College, and Doctor of Civil Law from Union College.

Among Mr. Kilgore's honors and awards are Sigma Delta Chi's Wells Memorial Kay; Distinguished Service in Journalism Award, University of Missouri; Hoosier of the Year in 1960; Fellow of Sigma Delta Chi; Indianapolis Front Page Award; Elijah Lovejoy Award, Colby College; Journalism Award, Columbia University Graduate School of Journalism; Distinguished Service to Journalism Award, Syracuse University; and Journalism Achievement Award, University of Southern California School of Journalism.

He was a member of the American Society of Newspaper Editors, Phi Gamma Delta, Phi Beta Kappa, Delta Sigma Rho, and the International Press Institute as well as Sigma Delta Chi. His clubs included Harbor View, Pinnacle and Princeton in New York City; Gridiron, Metropolitan, and National Press in Washington; Bohemian and LaQuinta in California; Chicago; and Bedens Brook, Springdale and Pretty Brook in Princeton, N.J.

In Princeton, he served on the board of trustees of the Princeton Theological Seminary and the Daily Princetonian, the student newspaper at Princeton University. He also was a member of the Advisory Council of Princeton University's Astro-Physics Department.

He was an elder in the First Presbyterian Church and a director of Palmer Square Inc. and the Inter-American Press Association.

In addition to his widow and children, Mr. Kilgore is survived by a sister, Mrs. William Stewart Lea, South Bend.

[From the New York Times, Nov. 16, 1967]

IMAGINATIVE EDITOR

For most Americans, news of business and finance was written in a foreign language until The Wall Street Journal began translating it into intelligible, interesting English a generation ago. The man chiefly responsible for that transformation was Bernard Kilgore, a genial but forceful innovator, who widened the informational horizons of the business community at the same time that he made its activities a fascinating source of daily exploration for readers who had no comprehension of a corporate balance sheet.

In the process he helped convert what had been an ultra-parochial publication into the country's nearest approach to a national—if somewhat specialized—daily. In a period when dozens of large newspapers were dying, he demonstrated that boundless opportunities for more effective communication of ideas remain open to men of creativity and imagination.

[From the Washington Post, Nov. 16, 1967]

BERNARD KILGORE

It was the day after the United States went off the gold standard, and President Franklin D. Roosevelt, who was many things but not an economist, was being hard pressed about the implications of this momentous event. In exasperation, he finally told his questioners: "Read Barney Kilgore in this morning's *Wall Street Journal* and you will get the answer." It was in this city, as the Journal's Washington Bureau chief (at the age of 26), that Bernard Kilgore first made his name as a reporter of the national political and financial scene. But it was as managing editor of the *Journal*, and subsequently president of its parent company, Dow Jones, Inc., that he became one of the authentic creative geniuses of the publishing world.

What he created was the first national newspaper and he founded it on the stunningly simple premise that people who are in business, or have some sort of stake in it, are still people, and therefore interested in war and peace, in education, in the arts and religion in the World Series and in the state of affairs in Liechtenstein. That was part of it; the other part was his belief, as his own newspaper has put it, that "the Nation at work is the same everywhere." He was restless, driving, creative, perceptive. He was convivial, in one sense, and in another, withdrawn. He never traveled beyond this hemisphere or mixed a great deal with the movers and shakers of the world. But he had a rare talent for getting quickly to the nub of things even when what he knew about them came second-hand.

Though William H. Grimes had much to do with the beginnings of the revolutionary change which the *Wall Street Journal* was to undergo, the prime mover and guiding spirit was Kilgore. When he became managing editor, 26 years ago, the *Wall Street Journal* was a financial paper, with advertisements on the front page, and a circulation of 30,000. There was a West Coast edition, but it was much smaller, and in no sense a duplicate. Yesterday's *Wall Street Journal* was simultaneously produced in eight plants across the country. In addition to stock market tables, it contained articles on the commercial use of nuclear energy, on problems besetting American exports, on polo as a growing sport, on Congressional reapportionment—and on poetess Marianne Moore. Its circulation was just a bit above 1 million which makes it the second largest newspaper in the land. In a very real sense, this is Bernard Kilgore's monument, and in a day when many newspapers are withering away, it is monument enough for any man.

PAN AMERICAN DEVELOPMENT FOUNDATION

Mr. JAVITS. Mr. President, one of the principal concerns of the foreign assistance program of the United States is to encourage effective, democratic institutions, both public and private, within the developing nations. An important program which encourages maximum participation in development efforts on the part of all citizens of a country has been launched by the U.S.-headquartered Pan American Development Foundation, a private, nonprofit institution organized at the initiative of the General Secretariat of the Organization of American States and governed by a board of trustees of leading citizens from both the United States and Latin America.

Mr. President, I ask unanimous consent that a list of the members of the board of the Pan-American Development Foundation be printed at this point in the RECORD.

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

PAN AMERICAN DEVELOPMENT FOUNDATION

José A. Mora, Chairman of the Board.

William Sanders, President.

Board of Trustees: Laurence W. Acker, Raymond B. Allen, Gonzalo Aguirre Beltrán, Luis Raúl Betances, Gabriel Betancur Mejía, Alberto Lleras Camargo, Erwin D. Canham, Milton S. Eisenhower, Francisco V. García-Amador, Segio Gutierrez Olivos, Felipe Herrera, Abraham Horwitz, Edward M. Kennedy, Tulo H. Montenegro, Peter R. Nehemkis, Jr., Rafael Picó, Victor G. Reuther, Carlos Forray Rojas, Rafael Sajón, Armando Samper, William Sanders, Carlos Sanz de Santamaría, Walter Sedwitz, Carl B. Spaeth, Gabriela G. de Tauler.

L. Ronald Scheman, Executive Secretary.

Mr. JAVITS. One of the foundation's primary purposes is to establish domestic institutions called national development foundations in Latin American countries. The national development foundation is designed to mobilize the energies and resources of the local private sector and to stimulate and reinforce participation in self-help efforts at all levels of society.

The national development foundation acts essentially as a financing institution. It derives its capital from contributions and membership subscriptions of local companies and individuals. Monthly dues from members assure steady income to defray administrative expenses. To provide maximum incentives for local donations, funds raised locally are matched from a reserve fund made available by the Pan American Development Foundation. This growing endowment, in turn, is neither spent nor given away in grants. Rather, it is invested in low-interest loans, predominantly to responsible marginal groups.

The Pan American Development Foundation maintains affiliation with the national foundations and provides technical assistance in foundation management and administration, and, as operations proceed, arranges for professional fundraising assistance.

The first national development foundation in Latin America, the Dominican Development Foundation, began operations in the Dominican Republic in July 1966. It is governed by a board of 18 prominent business and civic leaders who set its policies and manage its funds. Technical assistance funds for its establishment were made available to the Pan American Development Foundation by U.S. foundations. Substantial matching funds for use in the Dominican Republic were provided by a farsighted grant made to the Pan American Development Foundation by the U.S. Agency for International Development.

The investment is proving worthwhile. The founding group of 23 major Dominican companies has grown to 102 companies and individuals providing continuing support. Over $100,000 has been raised locally, despite a traditional belief that development is the Government's business. Sixty loans totaling more than $135,000 have financed a wide variety of projects, recommended to the foundation by public, private and international development agencies and technicians.

Most loans have been made to marginal groups. Cooperatives, with new equipment and materials, have increased their productivity, enabling members to raise their standard of living and participate more actively in the economic life of the country. Urban slum groups and entire rural communities are becoming consumers and "taxpayers" as they pay for such needed improvements as wells, schools, dispensaries and community centers. Repayment is made at the rate of a few pennies per family per week, with local committees establishing their own system of sanctions to enforce payment by all participating families.

Marginal sector response has been excellent. The Dominican Foundation reports that the poorer people actually prefer a loan to a government or charitable handout, and are proud they can pay their own way. Their dignity is preserved and even increased by the prestige of having qualified for a loan from an institution composed of the country's leading businessmen. The loan process itself, through its inherent learning experience and group discussion, reinforces group maturity and unity.

The private sector response has also been excellent. The board carefully manages the foundation's funds and evaluates the moral guarantees for repayment offered by each group. Involvement and concern are evident from the growing list of contributors and the participation of members in working committees, which provide the staff with managerial and administrative assistance. The business community is becoming increasingly aware of the potential of the marginal groups for responsible participation in the economic life of the country.

I believe recognition is due to this imaginative effort of the Pan American Development Foundation, which illustrates the potential to be realized from placing the method, means, and responsibility for development directly in the hands of the people.

PRESIDENT JOHNSON AND PRIME MINISTER SATO SET A NEW HARMONIOUS COURSE FOR JAPANESE-AMERICAN RELATIONS

Mr. MUSKIE. Mr. President, in one of the most successful and rewarding meetings between two national leaders in recent memory, President Johnson and Prime Minister Sato of Japan agreed on a number of essential diplomatic, military, and international economic policies.

The visit of Prime Minister Sato, his warm statement of support for U.S. efforts in Asia, and the remarkably harmonious joint statement issued by President Johnson and the Prime Minister demonstrate that relations between Japan and the United States are today at their highest point.

The mutual interest of Japan and the United States in the freedom and security of Southeast Asia will go far to support the independence of those new Asian nations struggling to maintain their national identity.

Japan's and America's common pledge to expand and improve the activities of the historic Asian Development Bank is another major step forward in stimulating regional economic development in Asia.

United States-Japanese cooperation in matters of trade brings our two nations closer together in the economic sphere.

A common pledge to explore the peaceful uses of atomic energy is still another positive scientific bond between our two nations.

The U.S. pledge to return administration of the Bonin Islands to Japan removes one of the last barriers to free and unfettered cooperation between our two peoples.

The United States and Japan are two of the greatest Asian powers in the world.

It is fitting that their leaders come together in such fruitful and friendly talks.

As one who is both a friend of the United States and a friend of Japan, and as one who had the pleasure of visiting Japan recently as a representative of our country, I have the honor of asking unanimous consent to insert in the RECORD the text of the joint communique between President Lyndon B. Johnson and His Excellency Prime Minister Sato of Japan on the conclusion of their recent talks at the White House.

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

JOINT COMMUNIQUE BETWEEN PRESIDENT LYNDON B. JOHNSON AND HIS EXCELLENCY PRIME MINISTER SATO OF JAPAN

I

President Johnson and Prime Minister Sato met in Washington on November 14 and 15, 1967, to exchange views on the present international situation and on other matters of mutual interest to the United States and Japan.

II

The President and the Prime Minister declared that the United States and Japan, guided by common democratic principles of individual dignity and personal freedom, will continue to cooperate closely with each other in efforts to bring about world peace and prosperity. They took note of the importance of reinforcing the authority and role of the United Nations as a peace-keeping organization, of promoting arms control and a reduction of the arms race, including the early conclusion of a Non-Proliferation Treaty, as well as of rendering effective assistance to the developing countries, particularly those in Southeast Asia.

III

The President and the Prime Minister exchanged frank views on the recent international situation, with particular emphasis on developments in the Far East. They noted the fact that Communist China is developing its nuclear arsenal and agreed on the importance of creating conditions wherein Asian nations would not be susceptible to threats from Communist China. The President and the Prime Minister also agreed that, while it is difficult to predict at present what external posture Communist China may eventually assume, it is essential for the free world countries to continue to cooperate among themselves to promote political stability and economic prosperity in the area. Looking toward an enduring peace in Asia, they further expressed the hope that Communist China would ultimately cast aside its present intransigent attitude and seek to live in peace and prosper alongside other nations in the international community.

IV

The President reaffirmed the continuing United States determination to assist the South Vietnamese people in the defense of their freedom and independence. At the same time, he made it clear that he was prepared to enter into negotiations at any time to find a just and lasting solution to the conflict. The Prime Minister expressed support for the United States position of seeking a just and equitable settlement and reaffirmed Japan's determination to do all it can in the search for peace. He also expressed the view that reciprocal action should be expected of Hanoi for a cessation of the bombing of North Vietnam. The Prime Minister noted that he had found widespread support during his Southeast Asian trips for free world efforts to cope with Communist intervention and infiltration.

The President and the Prime Minister agreed that it is important that the new Government in South Vietnam continue its progress toward stable democratic institutions and the social and economic betterment of its people.

V

The President and the Prime Minister exchanged views frankly on the matter of security in the Far East including Japan. They declared it to be the fundamental policy of both countries to maintain firmly the Treaty of Mutual Cooperation and Security between the United States and Japan in order to ensure the security of Japan and the peace and security of the Far East. The President and the Prime Minister recognized that maintenance of peace and security rests not only upon military factors, but also upon political stability and economic development. The Prime Minister stated that Japan is prepared to make a positive contribution to the peace and stability of Asia in accordance with its capabilities. The President stated that such efforts on the part of Japan would be a highly valued contribution.

VI

Referring to his recent visits to the Southeast Asian countries, the Prime Minister explained the efforts these nations are making in a spirit of self-help toward achievement of greater welfare and prosperity for their peoples, but noted their continued need for assistance in their efforts. The Prime Minister stated that it is the intention of the Government of Japan, in meeting this need, to continue its efforts to provide more effective bilateral and multilateral assistance to the

Southeast Asian region particularly in the fields of agriculture, fisheries, transportation and communication, by increasing the amount of assistance and liberalizing its conditions. The Prime Minister described the encouraging trends which he had observed particularly in Southeast Asia toward greater regional cooperation and he cited the promising prospects for the Asian Development Bank and its Special Funds. He further stated that it is the intention of the Government of Japan to make greater use of these institutions by assisting in further expanding their operations. Recognizing the need to strengthen economic assistance to the developing areas, particularly to the Southeast Asian countries, the President and the Prime Minister agreed to maintain closer consultation with each other in this field.

VII

The President and the Prime Minister frankly discussed the Ryukyu and the Bonin Islands. The Prime Minister emphasized the strong desire of the Government and people of Japan for the return of administrative rights over the Ryukyu Islands to Japan and expressed his belief that an adequate solution should promptly be sought on the basis of mutual understanding and trust between the Governments and people of the two countries. He further emphasized that an agreement should be reached between the two governments within a few years on a date satisfactory to them for the reversion of these Islands. The President stated that he fully understands the desire of the Japanese people for the reversion of these Islands. At the same time, the President and the Prime Minister recognized that the United States military bases on these islands continue to play a vital role in assuring the security of Japan and other free nations in the Far East.

As a result of their discussion, the President and the Prime Minister agreed that the two Governments should keep under joint and continuous review the status of the Ryukyu Islands, guided by the aim of returning administrative rights over these islands to Japan and in the light of these discussions.

The President and the Prime Minister further agreed that, with a view toward minimizing the stresses which will arise at such time as administrative rights are restored to Japan, measures should be taken to identify further the Ryukyuan people and their institutions with Japan proper and to promote the economic and social welfare of the Ryukyuan residents. To this end, they agreed to establish in Naha an Advisory Committee to the High Commissioner of the Ryukyu Islands. The Governments of Japan and the United States of America and the Government of the Ryukyu Islands will each provide a representative and appropriate staff to the Committee. The Committee will be expected to develop recommendations which should lead to substantial movement toward removing the remaining economic and social barriers between the Ryukyu Islands and Japan proper. The existing United States-Japan Consultative Committee in Tokyo will be kept informed by the High Commissioner of the progress of the work of the Advisory Committee. It was also agreed that the functions of the Japanese Government Liaison Office would be expanded as necessary to permit consultations with the High Commissioner and the United States Civil Administration on matters of mutual interest.

The President and the Prime Minister also reviewed the status of the Bonin Islands and agreed that the mutual security interests of Japan and the United States could be accommodated within arrangements for the return of administration of these islands to Japan. They therefore agreed that the two Governments will enter immediately into consultations regarding the specific arrangements for accomplishing the early restoration of these islands to Japan without detriment to the security of the area. These consultations will take into account the intention of the Government of Japan, expressed by the Prime Minister, gradually to assume much of the responsibility for defense of the area. The President and the Prime Minister agreed that the United States would retain under the terms of the Treaty of Mutual Cooperation and Security between the United States and Japan such military facilities and areas in the Bonin Islands as required in the mutual security of both countries.

The Prime Minister stated that the return of the administrative rights over the Bonin Islands would not only contribute to solidifying the ties of friendship between the two countries but would also help to reinforce the conviction of the Japanese people that the return of the administrative rights over the Ryukyu Islands will also be solved within the framework of mutual trust between the two countries.

VIII

The President and the Prime Minister exchanged views on trade and economic policies following the successful conclusion of the Kennedy Round negotiations. They considered that a continued expansion of world trade would be in the best interests of both countries and pledged continued close cooperation in pursuit of this objective. They reaffirmed their support for policies which would lead to a freer flow of trade and further liberalization of other international transactions. They agreed that their two Governments should continue to consult closely regarding trade and economic problems between the two countries with a view to finding mutually satisfactory solutions. They noted that early restoration of balance in each of the two countries' worldwide international payments was of basic concern to both and agreed to assist each other toward this end. In this regard, and with a view to making possible the continuation and expansion of mutually beneficial trade and financial relationships between the two countries and promoting the development and stability of the Asia-Pacific area, they agreed to enhance the usefulness of the Joint United States-Japan Committee on Trade and Economic Affairs by establishing at an early date a subcommittee. This subcommittee will be a forum for consultation on economic and financial matters of importance to both countries, including the short and longer-range balance of payments problems of the two countries.

IX

The President and the Prime Minister expressed their satisfaction with the active and expanding scientific cooperation between Japan and the United States. They especially recognized the contributions made by the United States-Japan Cooperative Medical Science Program which was established as a result of their last meeting in January 1965, and the continuing achievements of the United States-Japan Committee on Scientific Cooperation.

The President and the Prime Minister discussed the peaceful exploration and use of outer space, and noted with satisfaction the recent entry into force of the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, including the Moon and Other Celestial Bodies, a new milestone in mankind's progress towards peaceful uses of outer space. They reviewed space cooperation to date between the United States and Japan, and surveyed possibilities for future cooperation. They agreed that the two Governments should look more closely into such possibilities, focusing on the development and launching of earth satellites for the scientific research and peaceful utilization of outer space.

The President and the Prime Minister, aware of the increasing importance of the oceans as a source of food for the world's growing population and as a source of minerals, have agreed to seek ways of greatly expanding United States-Japan cooperation in research and in development of technology for the utilization of marine resources through the United States-Japan Conference on Development and Utilization of Natural Resources. For this purpose they have agreed that as part of the United States-Japan natural resources program, there should be prepared a report and recommendations to the two Governments looking to cooperation between the two countries in this field.

The President and the Prime Minister recognized that the promotion of peaceful uses of atomic energy has immense possibility of furthering the welfare of mankind and noted with satisfaction that there exists a close cooperative relationship between the two countries in this field. In this connection, the two leaders expressed satisfaction with the smooth progress of the current negotiations to conclude a new agreement for cooperation in this field. The Prime Minister welcomed in particular the intention of the United States Government to increase the supply of such nuclear fuel as U235 and plutonium to Japan.

X

The President and the Prime Minister were satisfied with their second meeting which was extremely useful and expressed their desire that close personal contact continue in the future.

PRESIDENT JOHNSON'S PERSONAL TRIUMPH AT THE WILLIAMSBURG GRIDIRON DINNER

Mr. HARRIS. Mr. President, we all know that President Johnson is a personable, sincere, humorous, and candid gentleman when he meets with friend, foe, or colleague in private discussions of problems facing the presidency.

So it comes as no surprise whatsoever to read Walter Trohan's Chicago Tribune column describing the President's visit to the traditional Gridiron Dinner, held at Williamsburg last week as an "outstanding personal triumph."

The rules of the club forbid reporting of the President's actual remarks, but we can report, in Mr. Trohan's words, that the President "tossed piercing shafts at his political foes, quipped about issues of the day, and laughed at himself in the finest tradition of the 82-year-old organization."

I wish that all Americans could see our President in his relaxed moments, when at a meeting or a dinner his essential concerns are voiced for his fellow citizens and the world.

I wish that all Americans could see our President laugh at himself in the best American tradition, even though his mind is weighted down with some of the most profound problems ever to face a President.

I wish all Americans could hear him discuss his own beliefs, his commitment to the office of the Presidency, his own desire to be right in the eyes of his people and in the eyes of history.

For those who could not be present at the Gridiron Dinner as I had the privilege of being, I would like to call attention to the Chicago Tribune column of November 15 which comments on the President's talk and visit.

It was indeed a triumph, and it was

achieved before one of the toughest audiences any President could face.

I ask unanimous consent that the column be printed in the RECORD.

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

REPORT FROM WASHINGTON: JOHNSON SCORES TRIUMPH AT GRIDIRON DINNER

(By Walter Trohan)

WASHINGTON, November 14.—President Johnson is a man of many facets. Among the least known, unfortunately for him, are his humor, his innate courtesy, and a genuine love of his fellow men.

Already I can hear the roars of derision from those who do not like him and never will like him, but if they could have seen and heard him last Saturday night, they would have been forced to like him in spite of themselves. Mr. Johnson scored an outstanding personal triumph at the extraordinary Gridiron club dinner in colonial Williamsburg.

It is to be regretted that rules of the organization, which is limited to an active membership of 50 capital newsmen, do not permit publication of his pointed quips and gentle humor. But even if they did, it would not have been possible to capture his delivery and timing, worthy of a Bob Hope or a Red Skelton, without radio and TV, which also are barred.

The chief executive demonstrated clearly that humor is the greatest weapon ever devised by the mind of man, and that includes the fearsome nuclear weapons. He tossed piercing shafts at his political foes, quipped about issues of the day, and laughed at himself in the finest tradition of the 82-year-old organization. And he laughed at himself, enjoying quips of the club in the skits.

Everything favors a President in speaking before the Gridiron club, but few, if any, have ever delivered a better speech than Mr. Johnson did last Saturday night. And because I sat beside him I can offer testimony that the best wisecracks were his own, because I saw him compose them as something in the club's skits struck his fancy or sparked thinking on issues of the day.

GODWIN BLENDS HUMOR, GRACE IN ADDRESS

At the Gridiron dinners it is customary for speakers to represent the two major parties. These speakers have very little to gain and much to lose. They are expected to be good, but if they are not, the reaction spreads, like the ripples of a stone in a still pond, to damage their image.

Saturday night Gov. Mills E. Godwin Jr. of Virginia, who spoke for the Democrats, blended humor and grace to deliver one of the finest speeches ever made by any party representative. Gov. Winthrop Rockefeller of Arkansas, spokesman for the Republicans, was most effective.

Obviously President Johnson was elated by the number of laughs and bursts of applause he received during his short speech and the warm reception at the end. But the man who may have received the greatest lift out of the dinner was Secretary of State Dean Rusk.

RUSK RECEIVES SPONTANEOUS STANDING OVATION

When he was introduced he received a spontaneous standing ovation rivalling anything of its kind in the history of the club. It is to be expected that any President gets a rising ovation before and after his remarks, but for a man to get it on being introduced to take a bow is rare indeed.

No doubt Rusk would not have been surprised by some indication of displeasure with his conduct of a foreign policy which has American troops dying in Viet Nam. Yet the audience of men and women—for the first time in 50 years women were guests at a Gridiron dinner—rose to their feet simultaneously to cheer and applaud a man who carries a great weight.

When world and national problems can be placed in better perspective by humor, it is to be regretted that our own personal problems cannot be resolved with the aid of more laughter and smiles.

TRIBUTE TO JESSE NICHOLS

Mr. METCALF. Mr. President, I wish to associate myself with the remarks made by some of my colleagues on the Committee on Finance acknowledging with appreciation the 30 years of distinguished service rendered the committee by Mr. Jesse Nichols, of the staff. I want to recognize the achievements of Mr. Nichols and add a few remarks of my own.

Though I was appointed to the Committee on Finance only in 1966 and have, therefore, enjoyed a relatively short association with Jesse in his committee capacity, his thorough knowledge of the work of the committee over a period of more than 25 years and his willingness to share that knowledge with me made him an invaluable friend. He carries in his head the history of three decades of committee work; I do not believe Jesse has forgotten the substance of a hearing or an executive session held in that time.

Jesse's father was a respected businessman, his mother a teacher. The children, encouraged by their parents, worked and went to school and entered the professions of teaching, medicine, and dentistry.

Jesse Nichols' service to the Members of the Senate has been faithful, exemplary, and noteworthy. I take great pleasure in commending this fine gentleman and valued associate for his contribution to our country for more than a quarter of a century.

REVOLUTIONARY PULPWOOD HARVEST CONCEPT UNVEILED

Mr. TALMADGE. Mr. President, a forestry research project now being conducted in Georgia may add a new dimension to the pulpwood growing and harvesting industry.

Not only could the harvest cycle be cut in 2 or 3 years, but the same equipment used to harvest corn silage could join the power saw as a standard tool for cutting this wood product.

Since sycamore has been used as the test wood for production of papermaking pulpwood, the system of growing and harvesting has been given the catchy title of "Sycamore Silage."

The researchers say, however, they see no reason why it cannot be applied to such hardwoods as sweetgum, yellow poplar, boxelder, red maple, ash, cottonwood, oak, and hickory for use in particular fiber products.

The research project is being conducted by the U.S. Department of Agriculture's Forest Service, the Georgia Forestry Commission, and the University of Georgia.

The potential benefits to pulpwood growers could be immense. It could mean quick returns on investment because of frequent harvests, ease of harvest and practically no costs of regenerating new stands of cellulose-producing wood.

The researchers began with the long-recognized fact that hardwoods send out sprouts from stubs or stumps and outproduce seedlings during early life.

With this knowledge, they found that these sprout stands, composed of large numbers of small, rapidly growing stems, could be efficiently and economically harvested with mechanical harvesters.

The method of harvesting was used successfully on 1-year-old sprouts, but the researchers say they foresee 2- or 3-year-old cycles as more likely to produce maximum amounts of fiber in the shortest time. At this age range, they say, the trees will still be small enough to be handled by the silage harvester, operated by one man. It can clearcut the stand at a stump height of 3 to 4 inches, chip the entire tree, and deliver the chips directly into a tractor-drawn wagon.

After the harvest, the stands will regenerate with new sprouts. This regeneration process can occur a number of times from the same stumps.

Tests have indicated 350 to 400 tons of green material per acre—4 to 5 cords a year—can be yielded in a 5-year "growing season," and the scientists feel this yield will be far exceeded on a 2- to 3-year cutting cycle. Thirty years is the normal pulpwood rotation using current methods of growth and harvest.

Preliminary pulping tests of young sycamores being used in the Georgia research have proved promising from the standpoint of cooking time, yields, and paper quality.

The sycamore silage system is still described as "a new concept, not a proved method of growing and harvesting pulpwood." But the researchers leave little doubt that they feel their efforts can lead to a revolution in the business of growing trees for fiber.

TRIBUTE TO GEORGE AUTRY

Mr. HART. Mr. President, at the end of this session of Congress, George Autry, chief counsel to Senator ERVIN's Subcommittee on Constitutional Rights, is returning to North Carolina to direct a manpower training program.

Mr. President, George Autry's departure not only will deprive Senator ERVIN of an exceedingly competent legislative aid but it will also deprive the Senate of one of its most outstanding staff members. In his past 6 years here on Capitol Hill, George Autry has won admiration and respect from every observer for his skillful handling of the Constitutional Rights Subcommittee and for his intellectual integrity, enthusiasm, and dedication. As one who has had the privilege of his counsel and the pleasure of his company, I want to thank him and wish him well.

At this point I ask unanimous consent to insert in the RECORD two recent North Carolina newspaper items describing George Autry's departure and some of the outstanding contributions he has made here in Washington over the past 6 years.

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

[From the Raleigh (N.C.) News and Observer, Oct. 25, 1967]

PROMISING RESPONSE

Given the extent of low income employment in North Carolina it is not probable that the new Manpower Development Corporation, whose executive director was named Monday, will soon bring about the kind of change it seeks. But it is indeed encouraging that the chairman of the group's policy board so clearly outlined the challenge it faces. That challenge, said banker Luther Hodges, Jr., is to provide a positive response to the North Carolina Fund's recent economic and manpower survey which showed that:

—Nearly one and a half million adult North Carolinians cannot read sufficiently well to qualify for jobs which pay a living wage.

—The income gap between this State and the rest of the country is not closing, even though our per capita income is rising. North Carolina ranks only 44th among the 50 states in this index of well-being, and there is little reason to expect relative improvement in the next decade.

Two-thirds of the new manufacturing jobs created in North Carolina each year since 1960 have paid wages below the State's average, and that average has ranked the State 49th or 50th, nationally, each year of the period.

The Job-creating industrial and business development which has taken place has not benefited all North Carolinians. There were 37,000 fewer jobs for non-white males in 1960, for example, than there were in 1950.

Clearly these stark facts outline the State's number one problem in terms of providing education and job training to help the underemployed lift themselves. It also suggests that need for more careful search for higher quality industry.

The Manpower Development Corporation, a joint venture of the National Association of Manufacturers, the Office of Economic Opportunity and the North Carolina Fund, is an experiment in enlightened and co-operative help for the many thousands who subsist almost without hope of enjoying a better life. No more promising effort has been launched before. George Autry, the young attorney who will head its operations, has much ability. His task will demand it all.

[From the Winston-Salem (N.C.) Journal and Sentinel, Oct. 29, 1967]

ERVIN WILL MISS AUTRY'S SERVICES: AIDE TAKES MANPOWER TRAINING JOB

(By Bill Connelly)

WASHINGTON.—In just six years, George B. Autry became chief counsel to Sen. Sam J. Ervin's subcommittee on constitutional rights and began to be known as one of the most knowledgeable and well-connected North Carolinians in Washington.

Then, to the astonishment of his friends, he announced that he was leaving it all to return to North Carolina and run a manpower training program sponsored by the N.C. Fund and the National Association of Manufacturers.

His departure at the end of this year's session will deprive Ervin of both an aggressively efficient legislative aide and subcommittee boss and a trusted political confidant.

Autry, a 30-year-old native of Wilmington, will be especially missed if Ervin has serious opposition in next year's elections. Among the North Carolinians here, it is generally agreed that few have better political antennae than Autry.

SUBCOMMITTEE COUNSEL

But it is as subcommittee counsel that the young lawyer's work has been most important to the senator.

Like Ervin, Autry is indefatigable and totally absorbed in his job. He has dug deeply into constitutional law and has left his mark on several of Ervin's bills, such as those protecting the privacy rights of government employes. Liberalizing the immigration laws, reforming the bail system and protecting the rights of American Indians.

Although only six years out of Duke University's Law School, Autry has won respect in the Senate for his handling of the subcommittee (which has a staff of 16) and for his skill as a legislative strategist.

Most of all, however, he has been the man who knew the score—on the next committee vote, on the next floor fight, on the current political controversy at home. An inexhaustible source of information, he is so perpetually on the telephone that some friends wonder whether he sleeps with it.

His friends say Autry is not as conservative as Ervin on most social issues, but this does not appear to have any effect on their close working relationship.

In sum, Autry, a short man with slightly graying dark hair, seemed destined for a long career in Washington. It was hard to picture his going so far away that he would not know who had voted with whom and for what.

So how was he recruited to run the new Manpower Development Corp.—to take a job largely unrelated to law, politics or legislation and a job paying very little more than he made here?

"This job on the subcommittee is the greatest in the world," Autry said in beginning an explanation. "I would have been happy to sit here forever. I love it. I love the Senate. But the new job was so important I felt I didn't have any choice."

The job is important, he believes because the manpower program offers one effective way of eliminating poverty. The Manpower Development Corp. will select with a computer 3,000 unemployed, unskilled North Carolinians and attempt to match them with jobs for which they are suited. Then they will be trained through new teaching methods for specific jobs in a specific industry.

With the help of the National Association of Manufacturers, the program will try to persuade industrialists either to hire workers prepared by the program training center or to set up their own training programs for such people under government contract.

SKILL AND JOB IDEA

The idea is to give a man a skill and a job as well.

If it works, thousands of other North Carolinians will be recruited.

Although three other states are planning similar programs, this one will be the first to get started.

The prospect so appealed to Autry that, after some initial hesitation, he decided he wanted to be in on it. "It sounds trite," he said, "but it's that simple."

The change also will enable Autry to get to know more about his home state. He came to Washington in 1961, shortly after graduation from Duke Law School, on a one-year fellowship sponsored by the Richardson Foundation. He was assigned to Ervin's staff and, at the end of the year, decided to stay. Consequently his whole working life has been here.

During the first years that Autry was an aide to Ervin, his wife Bess worked in Sen. Hubert Humphrey's office. Both the Autrys have retained friendships with Humphrey and his staff, and Autry helped in the Humphrey campaign in 1964. This, plus his gregarious nature, has given him broader political friendships than the average North Carolina staffer here.

FRIENDSHIPS RANGE

His political friendships at home have ranged a bit, too. In 1960, as a law student, he supported Terry Sanford in Sanford's second primary race for governor. Now Sanford is a possible Democratic primary opponent for Ervin.

But Autry's devotion to Ervin now seems total. He calls the senator "a man of tremendous intellectual energy and rare political courage." He says that his only regret in returning to North Carolina is that he will have to leave Ervin in an election year, when the subcommittee and political duties could be burdensome.

Mr. TYDINGS. Mr. President, I want to add my hearty endorsement to Senator HART's remarks regarding George Autry. We in the Senate will miss Autry's counsel and his consummate good sense. The Senate's loss is, however, North Carolina's gain.

VIETNAM—ADDRESS BY THE VICE PRESIDENT

Mr. HARRIS. Mr. President, on October 23, 1967, the Vice President of the United States, speaking to the National Defense Executive Reserve here in Washington, D.C., made a clear, easily understood, and commonsense statement about the war in Vietnam.

Believing that Senators will want to have an opportunity to read it, I ask unanimous consent that the speech may be printed in the RECORD.

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

REMARKS BY VICE PRESIDENT HUBERT H. HUMPHREY TO THE NATIONAL DEFENSE EXECUTIVE RESERVE, WASHINGTON, D.C., OCTOBER 23, 1967

Today I want to talk with you as men whose uppermost concern is the security of this nation.

I want to talk with you as men who have important and responsible roles in your home communities.

I want to talk to you about our responsibilities in the world—most specifically in Southeast Asia—and about some of the discussion now taking place right here in America concerning those responsibilities.

Why are we in the Southeast Asia and Viet-Nam?

We are there for two clear and inter-related reasons.

We are there in the interest of our own national security.

We are there to increase the possibilities of a stable and peaceful world.

We are facing today, in Viet-Nam and Southeast Asia, the most recent challenge we have had to meet since World War II in our effort to prevent World War III.

We are meeting aggression at a limited level so that it will not have to be met later at far wider and more dangerous levels.

We are resisting once again a militant, aggressive communism, but this time in Southeast Asia.

Since World War II—since the advent of terrible nuclear weapons—we have been tested many times.

We have been tested in Iran, in Greece and Turkey, in Berlin, in Korea and in the Cuban Missile Crisis. Each test has been filled with danger, but each has contributed to a more peaceful and stable world.

And we have always proved equal to the challenge—even when the danger was greatest.

Now, we are being tested again. And this time the test is perhaps the most difficult of all.

For today's aggression doesn't come in the form of conventional invasion—massed tanks and planes—across national frontiers.

The struggle doesn't take place on a continent where we have relatives or cultural ties . . . where the languages and last names are familiar.

And it is doubly painful because television, for the first time, has brought all the

agony and misery of it into our living rooms every single day.

What is even more difficult is the fact that the burden of leadership and defense for free and independent nations seems to be ours in such a disproportionate measure.

But, because it is difficult, we don't have the luxury of turning away from it.

For if we, with our wealth and power, turn away when the weak and the poor are the victims of force, subversion and aggression, who will stand for freedom, for self-determination, for peace?

One disadvantage of being a peaceful country is that you can't, unfortunately, pick the time and place where you will be confronted with aggression.

Like it or not, the time is now and the place is Viet-Nam and Southeast Asia—and there is no escaping it.

I have talked, face-to-face, on many occasions with the leaders of Southeast Asia. I can tell you that, without exception, they have said that—if we failed in Viet-Nam—they would be under unbearable pressure from a nuclear-armed Communist China.

The overwhelming fact of international life in Asia today is a militant Asian communism backed and supported by a Communist China which still lives by irrational, revolutionary creed and preaches the doctrine of the "war of national liberation."

Leaders of free Asia would, they have told me, face the peril of aggression—overt, covert, or both.

If they were to survive, they would be compelled, they have told me, to make "some sort of new arrangement" with the militant power which is at their doorstep.

I give you the words of Thanat Khoman, the foreign minister of Thailand, speaking in Bangkok earlier this year:

"Thanks to the wisdom and courage of the President of the United States . . . we are now succeeding in putting out a small fire. It was a decision that will go down in history as the move that prevented the world from having to face another major conflagration."

I give you the words of President Park of Korea in his State of the Nation address last year:

"For the first time in our history, last year we decided to dispatch combat troops overseas . . . because in our belief any aggression against the Republic of Viet-Nam represented a direct and grave menace against the security and peace of Free Asia and therefore directly jeopardized the very security and freedom of our own people."

Prime Minister Holyoake of New Zealand:

"We can thank God that America at least regards aggression in Asia with the same concern as it regards aggression in Europe—and is prepared to back up its concern with action."

President Marcos of the Philippines:

"I find it honorable to say, in view of the resolution of the United States Government to help protect the freedom-loving peoples of Asia, that the least that the peoples of Asia can do is to fulfill their own part, and that is, demonstrate their own love for freedom by fighting with their own men, with their own complement, and their own soldiers, for freedom."

That is why all those nations are standing with us—along with others—in Viet-Nam.

That is why the combined military contribution of Asian and South Pacific nations in Viet-Nam now far exceeds the contribution of our allies in the Korean War.

Now it may be that all these Asian nations and leaders are *wrong*.

But their strong beliefs—taken together with the hard evidence of Asian Communist subversion and aggression over the past few years in Korea, in India, in Tibet, in Burma, in Thailand, in Indonesia, in Malaysia, in Laos, and in Viet-Nam—these beliefs and this evidence lead me to conclude that the United States of America would be foolish to act on any other assumption than that they are *right*.

So there are hard-headed, tangible reasons for our involvement in Southeast Asia and Viet-Nam, reasons clearly affecting the stability and the safety . . . the integrity and independence of a vast area of the world rich both in people and in resources.

It is not in our national interest to ignore these facts of international life.

Nor is our security served by permitting other vast areas of the world to fall victim to Communist pressure.

If our policy of mutual security and containment of Communist power in Europe has been right, then the same logic and compelling reasons require the application of such a policy in Asia.

Where are we headed? What does the future hold?

No one has power of prophecy. But I think we may have some idea from the course of postwar history.

We did go through a similar experience after World War II with an active, aggressive communism in Europe.

By our firmness and perseverance, and that of our allies, we are able today to live in "peaceful coexistence" with the Soviet Union and the nations of Eastern Europe. We are, in fact, able to engage in "bridge-building" . . . to join in a Nuclear Test Ban Treaty and a Space Treaty . . . to work toward a new agreement halting the further spread of nuclear weapons . . . to find ways to live together in peace.

I believe that, if we stand fast today with the independent nations of Asia, we can in time have a chance for the same experience there.

I believe that, with time and evolution, changes may take place in Communist China which will bring her back into the family of nations.

That is why I have talked of a policy of "containment without isolation". . . why our President has talked of reconciliation . . . why our Secretary of State has talked about peaceful coexistence with Mainland China.

We do not seek to make Mainland China our enemy. We do not seek to encircle and crush her.

What we seek to do is to help the independent nations of Asia strengthen themselves against subversion and aggression so that a new generation of Mainland Chinese leaders may, in time, see the futility of subversion, wars of liberation, and militancy . . . and peaceful coexistence may be possible. For our part, we would welcome that day.

But, were we to reduce our assistance to the nations on the Asian rim . . . were we to withdraw from Viet-Nam, short of a just and peaceful settlement, I believe the ultimate goal of reconciliation and peaceful coexistence would not be served.

It would be threatened.

So I support our policy in Southeast Asia and Viet-Nam—I support it now as I have over the past twelve years.

I support our policy of prudence and restraint—an effort carefully calculated to discourage further aggression but not to run the risks of triggering a nuclear and final World War III.

I support it because I believe it to be vital to our own national security. I support it because I believe it serves the long-term interest of a stable and peaceful world.

And were we to abandon that policy today, our children might have to pay the final, terrible price tomorrow.

I, for one, would *not* want to be responsible for a policy which deferred today's manageable troubles until they become unmanageable . . . a policy of Armageddon on the Installment Plan.

Now, for a moment, I want to talk with you about the discussion now taking place in America concerning our involvement in Southeast Asia and Viet-Nam.

I have heard many plausible arguments, and read many well-reasoned papers and articles over the past few months as to how the present conflict in Viet-Nam might have been avoided—in fact, how Mainland China might have been saved from communism . . . how France might have had a different colonial policy in Indo-China . . . how Ho Chi Minh might have been handled differently ten years ago . . . how any number of things might have been done to make unnecessary our involvement today.

All this has been very interesting. Some of it has been useful in understanding past mistakes so they might be avoided in the future.

Yet, it has not offered realistic alternative courses of action for today.

Nor is it enough to say: "The nations of Asia ought to be better able to fully take care of themselves."

Maybe so, but the fact is that—although they are working together and making progress—they are *not* able to do so.

It is not enough to say: "But the 'war of national liberation' concept makes no sense. Its success in Viet-Nam would not necessarily mean it could succeed elsewhere."

Maybe so, but the fact is that a powerful, presently-neurotic regime in Asia has given every indication of *believing* that it would.

It is not enough to say: "The Saigon Government is not a model of parliamentary democracy."

Maybe not, but few governments in the world are. The fact is that, over the past few months, the people of South Viet-Nam have made more progress toward representative self-government than they have in their entire previous history—and they have done so in the face of war and of calculated terror and disruption.

It is not enough to say: "We ought to seek peace."

We have, without ceasing, over many months, sought discussions leading to peace. We have "stopped the bombing" on five occasions, with no response other than a stepping-up of North Vietnamese infiltration and supply. We have sought the help of the United Nations and of third parties around the world in getting to the conference table.

The President has written directly to Ho Chi Minh.

Yet we are still to have our first positive response. The answer from Hanoi to the President, to the United Nations, to the Pope, to one and all has been *No!*

But despite North Viet-Nam's out-of-hand rejections of discussions, negotiations, cease-fire or other peace proposals—we shall continue to seek peace.

We stand ready now, without any preconditions, to meet and discuss the possibility of negotiations.

We have been and are ready to accept an immediate cease-fire by all combatants.

We are ready to attend a reconvening of the Geneva Conference—to cease all aerial and naval bombardment of the North when this will lead promptly to productive discussions.

The roadblock to peace is not in Washington. It is in Hanoi.

Peace-wishing is a good deal easier than peace-making. And peace-making is most difficult when your adversary still believes that time is on his side, as all the official statements of the North Vietnamese Government indicate he does.

It would be reassuring to believe that, under these circumstances, there is some magic formula which would bring peace tomorrow.

But I think it is time that all Americans realized that we are in the midst of a protracted, costly struggle—a struggle in which we are making slow but steady progress—which nevertheless will probably not end until Hanoi comes to believe that we have

the will, the determination, the perseverance, patience and strength to see it through.

I will be criticized by some for saying it, but I have no doubt that expressions of American public support—or lack of support—have a good deal to do with convincing Hanoi, and Peking, and the independent nations of Asia, whether or not we can and will last the course.

Our hearts cry out at the misery and loss of life in Viet-Nam. We desperately want an end to the struggle.

But we must know that the enemy's hope for victory is not alone in his military power—but also in our division, our weariness, our uncertainty.

We must also know that the road to peace—peace with honor—lies in a large degree in our unity, in our steadfastness, in our purpose.

I believe in each American's right of dissent.

I have done my own share of dissenting.

But, in such a time, I would ask each American—when he considers dissent—to consider as well the policy options available to his government . . . to consider in his own mind whether he in fact has a constructive alternate course to offer . . . and to consider whether or not his dissent will add to, or subtract from, intelligent and well-reasoned discussion of this issue.

That is all I would ask.

Freedom carries with it responsibility.

Rights carry with them duties.

And I believe we as a nation must be aware of the questions being asked elsewhere about us—such as the one asked me only last week by the Chief-of-State of an independent Asian country. He asked: "If you cannot stand up in Viet-Nam, who will place any reliance in your capacity to stand up anywhere else?"

Finally, may I say a word about public opinion and the decisions which your President must make.

It is interesting to note that in our war for independence only half the population supported the Continental Army, a good percentage of which deserted.

I need not tell you of the terrible divisions which beset this nation during the period of the Civil War. Nor need I tell you of the fierce dissension and debate that raged before and during World War I.

President Wilson's request for a draft law was opposed by the Speaker, Majority Leader, and the Chairman of the Military Affairs Committee in the House of Representatives. Five Senate committee chairmen, including the chairmen of the Foreign Relations Committee, opposed President Wilson's declaration of war. More than 15 hundred people were arrested under two sedition laws. Riots and demonstrations took place all over the nation.

Only a short time before Pearl Harbor, Selective Service was extended by a margin of one vote in the House. In September of 1941, a prominent columnist called for a "clear decision to shrink the army . . ." All these things were happening, I might remind you, while Hitler was overrunning Western Europe and while Japan was marching to conquest in Asia.

In January of 1951, a Gallup Poll showed 66 percent of the American people favored withdrawal from Korea. When President Truman fired General MacArthur, only 29 percent of the people favored the President and 69 percent favored the General.

By 1952, President Truman's popularity had fallen to an all-time low of 26 percent.

The point of all this is that the President of the United States—if he is to truly serve this country—must be prepared to go forward with the course he believes to be right, even in the face of strong opposition.

And I believe there is not a single American who would want his President to act otherwise.

Today President Johnson is following the course he believes to be right in Viet-Nam and Southeast Asia. And I believe that, as other strong Presidents in the past, he will be proved right by history.

I support the President, and I support the course he is following because I, too, believe it is right. And no amount of popularity gained is worth the abandonment of conscience.

I mean it in no partisan way when I say that I believe the American people will express their support for a policy which they surely must ultimately recognize as one more hard but necessary step toward the security and the peace of this nation and the world.

In any case, we intend to pursue that course.

ICC DECISION ON FREIGHT-CAR RENTALS QUESTIONED

Mr. PEARSON. Mr. President, for several years, now, this country has been plagued with a chronic freight-car shortage. At one time or another all areas of the country have been affected, but the problem has been most persistent and most serious for the grain and lumber producers and shippers of the Midwest and the Northwest.

In response to this problem, the Committee on Commerce appointed a Subcommittee on Freight-Car Shortage, of which I am a member, as is the distinguished Senator from Oklahoma [Mr. MONRONEY], and whose chairman is the distinguished Senator from Washington [Mr. MAGNUSON]. Our task was to study the causes of the freight-car shortage and to consider corrective legislation.

Our findings, based on exhaustive studies, pointed to a variety of causes, but one of the most apparent was the disparity between the per diem rental charges that users pay the owners of freight cars and the actual earning value of the freight car. Because of this gap between the rate charges set by the ICC, which are based on the elements of ownership expenses, and the true earning value of these freight cars many carriers find it more attractive to pay the car rental charges rather than to own their own cars. Thus, the inequities in the current system of per diem has discouraged the building of new cars at the very time the Nation has been faced with a chronic shortage.

As a result of these findings, the subcommittee recommended, and in May 1966, Congress enacted, Public Law 89-430—the boxcar law—amending section 1(M)(a) of the Interstate Commerce Act by adding a provision which requires the Interstate Commerce Commission, in exercising its authority to fix compensation to be paid for the use of any freight car not owned by the carrier using it, to determine whether compensation computed solely on the basis of elements of ownership expenses should be increased by an incentive element. Thus the Commission was given a mandate to assure the adequacy of railroad freight-car supply.

Mr. President, in June 1966, the Interstate Commerce Commission began an investigation to determine whether information presently available warranted the establishment of incentive per diem charges on an interim basis pending further long-range study and investigation. On October 25, 1967, the ICC announced the results of this interim study. It concluded that currently available information did not warrant the establishment of interim incentive charges and announced it was discontinuing its current hearings until a number of other long-range studies and data gathering procedures had been completed.

Mr. President, I think that this decision by the ICC was unfortunate and unwarranted. First of all, it seems to me that a year and a half is an excessive amount of time for an interim study. This has been a costly waste of time and the public is the loser. Second, in addition to the excessive amount of time required for the study, the ICC's report raises questions about the Commission's ability to get the information that is needed. Third, questions can be raised concerning the Commission's interpretation of the information that was available. The Commission reports that the, "investigation produced no reliable information respecting the quantum of interest charges necessary to meet statutory standards and that we conclude the information necessary for this decision is not presently available." However, the fact remains that seven of the Nation's major railroads—Santa Fe, Baltimore & Ohio, Chesapeake & Ohio, Denver & Rio Grande Western, Great Northern, Illinois Central, and Northern Pacific—argued that the application of incentive per diem charges were justifiable and necessary to the alleviation of the freight-car shortage.

Also in this connection, while the Commission report points to the development of new types of freight cars and other innovations contributing to improved rail service, the fact remains that the current average freight-car shortage still exceeds 7,000 cars per day. Also, the number of serviceable freight cars has declined by 30,000 since January 1, 1966, to an alltime high of 407,333.

Mr. President, considering the above, one may quite properly ask whether the Commission has not wasted valuable time and also given short shrift to the mandate of Congress to insure the adequacy of the national railroad freight car supply as provided in Public Law 89-430.

Therefore, Mr. President, I welcome Senator MAGNUSON's announcement that the Subcommittee on Freight Car Shortage will initiate oversight hearings in early January of next year. The purpose of these oversight hearings will be to review the ICC's administration of the boxcar law and particularly to consider the Commission's plans for studies and hearings on permanent incentive and per diem charges contemplated by Public Law 89-430. I also support Senator MAGNUSON's request that the ICC and the Department of Transportation jointly conduct studies in order that the Department's resources and expertise be added to that of the Commission's eliminating car shortages and assuring adequate freight-car supply.

SUPERCITIES

Mr. HARRIS. Mr. President, I ask unanimous consent to have printed in

the RECORD a statement prepared by my colleague [Mr. MONRONEY] and the article referred to in the statement.

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

STATEMENT BY SENATOR MONRONEY

Tuesday's municipal elections across the nation focused additional attention on the extremely complex problems of our "super cities." No domestic situation demands greater attention and debate than the problems of our overpopulated metropolitan areas.

More and more frequently in recent weeks we have seen responsible leaders recommend the establishment, on an urgent basis, of a new national policy to halt the continuing migration from rural to urban areas. Studies of such a policy must be continued in order to restore the quality of life to city living now made impossible by lack of housing, public facilities, jobs, and most important of all, the absence of friendly and harmonious human relations.

A significant statement regarding this problem was made by Mr. William McCandless, Federal Co-chairman of the Ozarks Regional Commission, before the President's Advisory Commission on Civil Disorders recently.

[From the Sunday Oklahoman, Nov. 5, 1967]

CITY POLITICIAN RECOMMENDS GROWTH OF "SUPER CITIES" BE STEMMED

(By Allan Cromley)

WASHINGTON.—An Oklahoma City politician has urged creation of a national policy to prevent continued migration to the big cities.

To stem growth of super cities of several million people, William M. McCandless suggested that "many more" cities of 100,000 to 1 million persons should be created.

McCandless, a federal co-chairman of the Ozarks Regional Commission, made his recommendation in a closed meeting of the president's advisory commission on civil disorders.

McCandless is a former Oklahoma City furniture man and campaign manager for Fred R. Harris, who is a member of the president's commission.

McCandless said he does not propose depopulating the big cities.

"Rather, I am saying that what we need are more cities throughout the country, each of which in turn will develop the amenities and cosmopolitan atmosphere which our present cities now provide." He noted that on November 20 the census clock at the department of commerce building will report a population of 200,000,000. By 1980, it will be 250,000,000. And by the year 2000, it will is projected at 361,000,000.

McCandless said that in the next 33 years the nation will need 320 urban areas of 1-million population just to absorb the predicted increase.

The 134-county Ozark economic development region, which includes most of east Oklahoma, has a population of about 2,700,000.

"It is a very small part of the national economy, and yet I believe that this region may be embarked on a course of action which, if carried through to success will be a demonstration of what is required to bring a more harmonious urban-special environment in America," McCandless said.

He contended that creation of economic opportunity in "the open space areas where there is a potential for growth will diminish the flow of people into the already over crowded cities."

McCandless urged governmental policy that would emphasize more even distribution of the population.

He was the first nonurban witness the commission has heard in its investigation of riots last summer.

"Our people live in cities because they have been oriented to think there are relatively greater economic and social activities available to them in the cities . . .

"The aproach to the solution, I am convinced, lies in a forthright determination and evaluation of the causes of alienation and a willingness to experiment with our economic and social policies . . ." he said.

BUSINESS FREEDOM AND CONSUMER SOVEREIGNTY—ADDRESS BY HON. PAUL RAND DIXON, CHAIRMAN, FEDERAL TRADE COMMISSION

Mr. GORE. Mr. President, Hon. Paul Rand Dixon, Chairman of the Federal Trade Commission, made an eloquent and important address in Knoxville, Tenn., November 11, 1967. The address, delivered to a notable gathering at the Wilson-Kennedy dinner, held annually in Knoxville, is indicative of the high caliber of public service rendered by Chairman Dixon.

I ask unanimous consent that his address be printed in the RECORD.

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

BUSINESS FREEDOM AND CONSUMER SOVEREIGNTY

(An address by Hon. Paul Rand Dixon, Chairman of the Federal Trade Commission, before the Knox County Wilson-Kennedy dinner, November 11, 1967)

The story is told that in the course of a trial a judge asked the defendant's lawyer whether his client, who had sold a dying mule to his neighbor, was familiar with the doctrine of *caveat venditor*. Without hesitating, the lawyer answered, "Your honor, in the hills of Tennessee where my client lives the people speak of little else."

This story, which of course is true, illustrates the social progressiveness of my Tennessee brethren. For it is only in recent years that most Americans have become familiar with the concept of *caveat venditor*, or "let the seller beware." In truth, I sometimes get the feeling that today people are speaking of little else.

The new movement of so-called "consumerism" is not really new. Americans have been concerned with protecting the interests of the consumer for over 50 years. The basic tenet of our economic system is that the consumer is sovereign. Adam Smith, who first articulated the workings of a competitive capitalistic system, put it succinctly when he said, "Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to only so far as it may be necessary for promoting that of the consumer. The maxim is so perfectly self-evident, that it would be absurd to attempt to prove it."

But while all Americans agree with the basic objective of "consumer sovereignty," they differ over how it can best be achieved. Such differences are to be expected in democratic society. But I sometimes feel that many persons have forgotten, or fail to appreciate fully, the basic character of our economic system, and the key role which the consumer plays in it. I therefore would like to talk briefly this evening about some of the "first principles" of our economic system, and then explain the role played by the Federal Trade Commission in achieving these principles.

To comprehend fully our system we must start by defining its economic objective. As I see it, the term "economic freedom" best capsules this objective: The freedom of the businessman and the freedom of the consumer. We can't have one without the other.

Any discussion of "freedom" necessarily requires definition. As has been pointed out, "freedom seldom means the same thing to a wolf that it means to a lamb. If you should build a shelter to protect the lambs, the wolves howl that the lambs have lost their freedom."

So it is with business freedom. We have in this country nearly five million business firms. Over 90% of them—or more than 4½ million—are classified as "small businesses." That makes them, I suppose, industrial "lambs." Certainly this is true in the sense that, if a corporation with assets of $1 *billion* seriously covets the business of a firm with assets of only $1 *million*, probably the only thing that can save the little company's life is a rule of law which prevents the large business from using certain competitive practices. Economic skill and efficiency won't be enough to save the little man; efficiency is no defense when prices are plunged below cost, and held there until the little businessman must close his doors. That's brute force—the power of the long purse, as antitrust lawyers put it—not efficiency.

We want a definition of economic freedom, therefore, that covers both the large and the small businessmen, not just one of the business community's many groups.

But we want even more than that. We want a definition that will include not just the *existing* members of the business community—the nearly 5 million firms we have today—but also the additional millions that are now only *potential* businesmen, the millions that are now saving a part of their wages and salaries, building up their capital to start a business of their own. We want the door of opportunity kept open, to keep intact our proud boast that any man, with the right amount of industry and persistence, can succeed in his own business. We want to keep this heritage. Nor is this just a lot of 4th of July rhetoric. Remember this—in every year since 1960, about 400,000 new business enterprises were launched in America.

Now it's true that not *every* man in the country wants to launch a new business enterprise for himself, at least not at the moment. But I am sure that, on reflection, you will agree it is important to preserve these rights even though you are not interested in exercising them immediately. For example, one of our Washington lawyers, a native of New York City, was once asked what was so great about that big hometown of his. He thought a minute and said: "Well, in New York you can get a haircut at 3 in the morning." Another lawyer replied: "But, have you ever actually gotten a haircut at 3 in the morning?" "No," answered the big city man, "but it makes me feel good to know I could if I wanted to."

So it is, I think, with most of the country's approximately 60 million wage and salary workers. Even when they have no immediate urge to join the millions of persons who own their own businesses, it "makes them feel good to know they could if they wanted to."

Economic freedom, therefore, if it is to be given its full meaning, must be defined so that it includes not only the opportunities of all our *present* business population, but our *future* free-enterprisers as well.

Even this, however, is not enough. There is still another group that has a stake in the way we define "economic freedom." There is the consumer.

As I mentioned earlier, in a free economic society the consumer is supposed to be the sovereign. Although economists are inclined to say the consumer is king, you all know from personal experience that in our economy the consumer sovereign is a "queen." Queen consumer plays a key role in "planning" our economic system. First, by the way in which she spends her income she tells the producer *what* to produce. Some people say they're not too impressed with the consumer's judgment on this score, but no one has yet come up with a very convincing argument as to why the consumer should have to take not

what *he*, the consumer, wants to buy, but what some other person thinks the consumer *ought* to want.

Further, the consumer tells each producer *how much* of each product should be turned out. If consumers, as a group, want more of some product, they bid the price up; if they want less, prices tend to drop. Businessmen must accommodate themselves accordingly.

Thirdly, the consumer compels each producer to be efficient, to cut costs as low as possible, to develop new technology, to shift his resources—capital and labor—so as to use them to their best advantage. The consumer, having the good sense to cast this economic "vote" for the producer that offers the *best product* at the *lowest price*, sets in motion a competitive rivalry that generates more and more goods, of higher and higher quality, at ever lower prices.

Finally, "consumer sovereignty" maximizes the *personal freedom* of every individual member of society. Economic power can be almost as oppressive as excessive political power. No man can be truly free if his next meal depends on the whim of some other man. So we like the idea of having the country's economic power dispersed into the hands of the nearly 200 million consumers, rather than having it concentrated in the hands of some centralized bureaucracy or some private oligarchy. As long as the consumer has the right to "vote" any one of our 5 million business firms right out of their high economic "office," we can feel pretty safe about *all* of our liberties.

Keeping an economic system going is a very serious business, a way of determining, in the last analysis, who gets to go on eating and how well. An economic system—any economic system—must ultimately be judged a success or failure according to how well it performs the tasks of producing and distributing the necessities and conveniences of life; how well it works in preserving our individual freedoms. If it impoverishes us, if it enslaves us, then it's a failure, no matter what else might be said on its behalf. But if it produces a growing abundance for our whole society, and if it distributes that abundance in accordance with the public's notions of basic fairness and justice, if it preserves and enhances our personal freedom, then it's a smashing success by every standard worth considering.

We know where our free enterprise system stands. It obviously does not work perfectly. But the all important point we must never forget is that it works so well. It generally *does* produce what the consumer wants, in the quantities demanded by the consumer. It *does* produce a vast variety of high quality products at reasonable prices. It *does* give us a degree of individual liberty that exists under no other economic arrangement.

We also know *how* it does these things. We know the machinery that provides it with its sensitive guidance system, its "invisible hand." We know these things because it is an "open" system, in contrast to the "closed societies" where decisions are made by private or public bureaucracies not publicly accountable to the consumer.

By the same token, we know how this market machinery can be wrecked. Since competition drives it upward and guides it forward, we know that the easiest way to smash it is to take out that lynchpin, *competition*. Take out competition and you don't have free enterprise any more. Importantly, many western countries have only learned this lesson in recent decades. As Germany's former Chancellor Ludwig Erhard observed, "A free economic order is out of the question where competition is suppressed and the price function eliminated. . . . If you drop competition and free price movement you lose every argument at your disposal against the planned economy. . . . As a champion of the market economy and free enterprise I take the view that this principle of freedom stands or falls with the principle of competition."

When Congress passed our various antitrust statutes beginning in 1890, it wasn't working in the dark; it had before it the record of the many "trusts" that had been built in the last half of the 19th century.

Let me review with you just one example from that era of what can happen to business freedom when there's no law to protect it. In 1878, about 15 of the country's largest oil refiners were persuaded to join the "oil trust," an organization that eventually controlled more than 90% of the nation's oil production. Several hundred other refiners had to be disposed of—they were "superfluous" as far as the trust was concerned. First, the oil trust persuaded the railroads that it should have a "rebate" on their freight charges. For example, the regular rate from Cleveland to New York was $1.30 per barrel at one point. A "rebate" of 40¢ dropped this to 90¢ a barrel for the combine, thus giving it a handy headstart over its competitors. Later, the amount of this rebate was raised to as much as 50% of the regular rate charged its competitors. Senator Sherman later estimated that the oil trust netted more than *$5 million per year* on illegal rebates alone!

Then a new twist was added. The trust demanded not merely a "rebate" on its own shipments, but a "drawback" on its *competitors'* shipments, a drawback that also went as high as 50%. In other words, for each $1 the competing refiners paid in freight charges to the railroads, the latter handed over as much as 50¢ to the oil trust.

Other techniques were used. The trust charged "drastically reduced rates for oil in one town, and twice as much in an adjacent town where the nuisance of competition no longer existed." Customers were harassed. One grocery store owner, a user of oil distributed by an "independent," was once told by officials of the trust: "If you do not buy our oil we will start a grocery store and sell goods at cost and put you out of business."

These various devices for softening up a competitor were called "turning the screw." That is, when one technique was tried and the competitor still didn't yield, the word went out from the trust: "Please turn another screw."

The final "turn of the screw" was what antitrust lawyers today would loosely refer to as a "merger." Battered by the price (rate) discriminations of the railroads, deprived of customers by below-cost selling and threats to destroy the customer himself, the "independent" was then ready for the final blow—an offer from the trust to buy him out. The offer generally ranged from one-third to one-half the initial *cost* of the independent's property. When he protested that this was highway robbery, the trust smoothly replied that, on the contrary, it was a very generous offer—considering the circumstances. As it was put to one man: "If you don't sell your property to us it will be valueless, because we have got the advantage with the railroads."

At the height of the trust-building movement there reportedly were 440 active "trusts." The most important and best known were: the "copper trust"; the "smelters trust"; the "sugar trust"; the "tobacco trust"; the "shipping trust"; the "oil trust"; and the "steel trust." The tobacco trust was a combination of 150 formerly competing companies; the oil trust, of 400; the steel trust, of 785. Even some of the so-called "lesser" trusts were combinations of as many as 200 former competitors.

From 1897 throughout the first decade of the 20th century the "trust" movement was an irresistible tide that left in its wake many important industries under the command of a single organization.

But even that wasn't the worst of the matter. The next step was the "super-trust," the organization that consolidated several single-industry trusts under a single management controlling several different industries. Thus, the Rockefeller combine included oil, railroad, and other interests. Morgan had "the Steel and Shipping Trusts, the Electrical Supply Trust, the Rubber Trust, and a score of smaller aggregations." Then Rockefeller and Morgan began to talk of a "merger."

In 1901, a publication called the *Banker's Magazine* summed it all up this way: "As the business of the country has learned the secret of combination it is gradually subverting the power of the politician and rendering him subservient to its purposes . . . That [government is not] entirely controlled by these interests is due to the fact that business organization has not reached full perfection."

Now, this country has grown up on laissez-faire economics. It stoutly believed that every man should have the largest possible freedom of action. But it was plain at this point that something had gone wrong, that we needed to take another look at that word "freedom." The country had come face-to-face with that troublesome dilemma, does freedom include the right to destroy freedom itself? Does one man's economic "liberty" include the right to monopolize—the right to have an entire industry to himself and to exclude all other businessmen from it?

Congress concluded that each man's freedom extends only to the point where he begins to encroach on someone else's rights. Or as one sage put it: "The rights of my first end where your chin begins." Congress decided that, in business as in other areas of life, there's a difference between liberty and license, between freedom and anarchy. It decided that, if we were to keep our economic liberties, we had to protect them from the lawless.

This brings us to one of civilized man's most ancient paradoxes—that there can be no liberty without laws that themselves restrain liberty. On the one hand, we want to be absolutely free; on the other hand, we know that, if the lawless are unrestrained, they'll take away the freedom of the rest of us.

This is where our so-called antitrust and consumer protection laws come in. They are designed to preserve freedom, for both the businessman and the consumer, in the long run by placing certain restraints on freedom in the short run. These laws are simply a legal expression of the rules by which the free enterprise system must be played. In essence, when the Congress passed the antitrust laws, they created the legal framework necessary for the effective functioning of Adam Smith's laissez-faire economics.

Now, there's an interesting bit of irony here. Up until the passage of the antitrust laws, Smith's free enterprise system was merely an economic theory, something to be accepted or rejected by each man according to his own tastes. If a group decided that they wanted no part of it, if they decided they preferred some sort of collectivist business system (such as price-fixing agreements, "pooling" arrangements, trusts, and so forth), if they decided competitive individualism was not for them, if they decided their economic freedom included the right to destroy their more efficient but financially weaker competitors, there was very little the law could do to stop them. But when Congress passed the antitrust laws, the situation changed. Free enterprise ceased to be "optional," it became "compulsory!"

The irony of it all, you see, is that the law now *insists* that the businessman remain free, even if he might prefer to convert his industry into a private socialist collective.

There are those who believe this is all wrong. Some people argue that the anti-

trust laws are a wrongful interference by the state with the liberty of the individual businessman. I am confident that most Americans, however, agree that when Congress passes a law to fence out the economic wolf, a law that frees the lambs from that menace, the sum total of all socially desirable liberties has been increased, not lessened.

All of this is not to say that the antitrust laws have brought, or were designed to bring, only sweetness and light to the world of commerce. Far from it. They demand a rigorous, exacting business rivalry. But no economic switch-blades or black-jacks. No false advertising to unfairly steal the honest competitor's customers. No secret "rebates" that put a favored customer at a decisive advantage over competitors. No below-cost selling to pin a more efficient competitor down and destroy him with a bigger war chest, a longer purse. No threatening of his customers. No long-term "exclusive dealing" contracts that tie up all the outlets, and bar competitors from access to the market. No bombardment of competitors with slashing territorial price discriminations that take away their customers, and leave them weak and ready for a "merger." No getting together and ganging-up on a troublesome competitor. No agreements to end competition and plunder the customer's purse.

Is any of this an invasion of the businessman's "freedom"? Does this deprive anyone of a "right" he ought to have? Will the strength of the Republic be sapped if honest commercial competition is insisted upon? Some may say yes. But I seriously doubt that any reasonable American would want it any other way.

The public has an interest in the way the country's 5 million business firms deal with both the public itself and with each other. If the consumer is to cast *intelligently* her economic "vote," she must not be deceived by false claims for competing products; full and accurate information is the first requirement in all intelligent decision-makng. Practices that threaten the continued existence of genuine competition in any field pose a very real threat to the consumer's freedom—and to her pocketbook.

So the "unfair" competitive weapons have been ruled out. Instead of attacking each other, producers are expected to attack the problem of producing goods and services. The producer's "social usefulness" to his society lies in his production of *more* goods, not in conspiracies to limit production; in his production of a product of better *quality*, not in agreements to suppress new technology and "standardize" quality at some mediocre level; in his cutting of costs and passing on a part of that saving in *lower prices* to the consumer, not in agreements to fix prices at some non-competitive level; in his promotion of this mass-produced, high-quality, low-cost product by truthful, informative advertising that builds honest volume and further reduces costs and prices, not in phony ad campaigns that divert business from honest competitors, and deceive the consumer into paying more than he would have paid if he had known the truth about the product.

These, then, are the "socially useful" forms of competition that are *encouraged* by the antitrust laws. I believe we can sum up the requirements of the antitrust laws of the United States very simply. Taking all of the major statutes together—the Sherman Act of 1890, the Federal Trade Commission Act of 1914, the Clayton Act of 1914, and the Robinson-Patman Act of 1936—it can be said that they have only two short commandments. First, "Thou Shalt *Compete*," Second, "Thou Shalt Compete *Fairly*."

I've mentioned a number of the principal practices that antitrust considers "unfair," such as price fixing, price discrimination, and deceptive advertising. None of these things is beyond the understanding of men who have a real grasp of what their free enterprise system is all about, who have studied and thought about free enterprise, who know about its beginnings, its growth, its greatness, who understand that "freedom stands or falls with the principle of competition."

I fear that these simple truths are too often overlooked. Many persons seem to have forgotten these first principles. Business freedom and consumer sovereignty are but two sides of the same coin. Erase one side, and the entire coin will lose its value. This seems so self-evident to me that I am reminded of Justice Oliver Wendell Holmes' observation that, "at this time we need education in the obvious more than investigation into the obscure."

THE LATE ERNEST WOODRUFF GREENE

Mr. FONG. Mr. President, I wish to pay tribute to a distinguished name in the sugar industry, Ernest Woodruff Greene. Mr. Greene passed away on November 9 in Washington, D.C., at the age of 82.

Hawaii is proud to claim the late Mr. Greene as one of her prominent citizens for he represented Hawaii's No. 1 agricultural industry, ably and for many years, in the Nation's Capital.

Mr. Greene was born in New York City on March 23, 1885. He received a degree in technical engineering at Pratt Institute in Brooklyn.

In 1914, he began his association with the sugar industry when he was sent to the Hawaiian Islands by Catton Neil & Co., an engineering firm that designs and equips sugar mills.

In 1920, Mr. Greene was appointed assistant manager of Oahu Sugar Co. Three years later, he was appointed manager.

He continued as manager until 1937, when he resigned to serve temporarily as representative of the Hawaiian Sugar Planters Association in Washington.

In 1939, he became vice president of HSPA in charge of the Washington office, a post he held until his retirement in 1956.

From 1952 until 1963, Mr. Greene was president of the Sugar Association, Inc., New York. Following his retirement from that position, he served as a consultant to that organization. He was also a president of the Sugar Research Foundation.

The Sugar Club of New York honored Mr. Greene in 1959 as "Sugar Man of the Year," the first award of its kind in the industry. It was made in recognition of his leadership in the industry's campaign to promote the consumption of sugar through research and advertising.

The sugar industry nationally, and in Hawaii particularly, has lost a dedicated, able, and outstanding representative. His great contributions in this field will be long remembered and cherished.

Mr. Greene also served as a director of the National Savings & Trust Co. and of the Anson Mills Foundation in Washington. He was active in St. Margaret's Episcopal Church and in organizations of the Episcopal Diocese of Washington.

He was a member of the Metropolitan, Chevy Chase, and Burning Tree Clubs, the National Press Club, the Pacific and Oahu Country Clubs in Hawaii, India House, the Newcomin Society of North America, the American Society of Mechanical Engineers, and the American Institute of Electrical Engineers.

Having known Mr. Greene for many years, both in Hawaii and Washington, I feel a deep sense of personal loss in his passing. As a friend, he was personable, warmhearted, and generous. As a sugar expert, he knew the industry from the operations of a sugar plantation in Hawaii as intimately and knowledgeably as he knew the national and international aspects of the industry.

Mrs. Fong and I extend our heartfelt sympathy to his widow, the former Ethel J. Townsend; a daughter, Mrs. William C.—Barbara—Bentley; a grandson, Air Force Capt. Woodruff Bentley; a granddaughter, Miss Logan Bentley; and two great grandchildren.

PROBLEMS FACING THE AVIATION INDUSTRY

Mr. HARRIS. Mr. President, I ask unanimous consent to have printed in the RECORD a statement prepared by my colleague [Mr. MONRONEY], and two addresses delivered by the Honorable Robert T. Murphy, Vice Chairman, Civil Aeronautics Board.

There being no objection, the statement by Senator MONRONEY and the address of Hon. Robert T. Murphy were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MONRONEY

The Senate has long been concerned with problems facing the aviation industry and has attempted to work closely with the Federal Aviation Administration and the Civil Aeronautics Board in seeking solutions to these problems.

Two recent reviews of some of these problems and solutions were very clearly and capably presented by the Honorable Robert T. Murphy, Vice Chairman of the Civil Aeronautics Board.

Mr. Murphy, a gentleman most knowledgeable in aviation affairs, has given valuable guidance to the Aviation Subcommittee and is frequently called upon to speak to gatherings of businessmen in all fields of aviation.

I was most pleased when Vice Chairman Murphy addressed the National Airports Conference of the American Association of Airport Executives meeting in the City of Norman in my home state, Oklahoma.

It was my privilege to share the platform in Boston with Mr. Murphy recently as we both spoke before the Fall Regional Meeting of the Association of Local Transport Airlines.

On both occasions, the very able CAB Vice Chairman addressed himself directly to the problems at hand and discussed matters of vital importance to the aviation industry.

Mr. Murphy's remarks should provide valuable background for our colleagues, and I commend his remarks on aviation matters to the Senate.

ADDRESS BY THE HONORABLE ROBERT T. MURPHY, VICE CHAIRMAN, CIVIL AERONAUTICS BOARD, BEFORE THE FALL REGIONAL QUARTERLY MEETING ASSOCIATION OF LOCAL TRANSPORT AIRLINES BOSTON, MASS., OCTOBER 13, 1967

I am pleased that we are meeting here in historic old Boston. For those, like you, who have been making America's aviation history this city has a special significance. It evokes recollections of the very beginnings of our Country. And to a native son of Providence Plantations, like myself, an invi-

tation to a speaker's rostrum in Boston is always subject to the reminder that the founder of the Plantations and the State of Rhode Island, Roger Williams, was rather rudely hustled from the Bay Colony some 331 years ago for speaking too freely from certain forums in this general area—specifically preaching "newe and dangerous ideas." Those ideas are now part of the warp and woof of the Constitutional fabric of this Country.

As students of transportation you will recognize that the first attack on the problem of containerization began with the tossing of certain casks of tea into Boston harbor by the participants in the so-called Boston Tea Party. And, of course, the great American exemplar of intercity rapid transit was a Boston Silversmith, Paul Revere, whose famous midnight trip was forever memorialized by Longfellow. So, thanks to Les Barnes of Allegheny, who invited us here, and to General Joe Adams, your able Executive Director, who made all the necessary arrangements, we may draw upon the inspiration of America's great past to assist us in making this meeting a worthwhile dialogue.

This occasion affords us a chance to take an appropriate look backward as well as a glimpse at some "newe" but not very dangerous ideas for our future guidance.

I recall that at my first visit with you in Asheville, North Carolina, in 1961 we discussed our then continuing "Use It or Lose It" policy, your need for access to profitable and dense short-haul markets and the elimination of operating restrictions—all programs intended to facilitate a reduction in the overall subsidy. It is an interesting and significant fact of history that since that time we have witnessed a marked improvement in the subsidy picture with a reduction from the 1963 peak of $83 million down to $62.3 million in the recently concluded fiscal year 1967. "Use It or Lose It" cases are, for all practical purposes, at an end. A number of non-productive points have been eliminated from the systems and with few exceptions we have seen excellent traffic growth at most local service carrier cities. Most of those towns which have failed to meet "Use It or Lose It" standards have been reviewed and retained for reasons of isolation, etc. Significant steps have been concluded or are in process with respect to route realignment and further action along those lines may be expected in appropriate cases.

I am sure this group is very much aware of the Board's recent efforts to provide enhanced traffic opportunities for the local service carriers and I need not dwell upon our progress in that regard. Let me just say that we believe that the present time offers an excellent opportunity to consider new authorizations for all carriers which will meet a public need.

The general economy continues healthy and overall passenger traffic is growing at an excellent rate—around twenty percent a year. Local service carriers have been experiencing rates of growth at even higher levels—well over thirty percent. With the sound combination of escalating traffic levels, improved aircraft fleets and a capable and progressive management, it is, in our view, in the public interest to authorize operations which we believe can expand public service and at the same time accomplish subsidy reduction.

It is self-evident that we must pursue ways and means of reducing subsidy at the present time. At this moment in our national life the expenditure of public funds for such purposes must be clearly justified. Of course, I have always recognized the values inuring to our entire economy from the modest aviation subsidy program. Nevertheless, I believe we are all agreed on this point.

My Asheville remarks may be somewhat out of date today. The Board and the industry can take pride that the march of events since 1961 has made that the case. However, it is appropriate to repeat again some of the matters I discussed with you at Jackson Hole in 1964 when I talked about the quality of passenger service. With the new aircraft, high load factors and a highly satisfactory profits picture in the industry, all carriers must pay particular heed to the quality of their service to the customers. The high service standards for which our carriers have been known in the past may be more difficult to maintain with the huge increases in volume in recent years. However, service problems cannot be approached with a particular percentage margin of error. It is not satisfactory to have X percent oversales, X percent rude counter attendants, X percent misinformation or no information at the terminal building or on the telephone, X percent lost bags, X percent dirty airplanes, etc., etc.

As you are all aware, service complaints to the Board reached such serious proportions that we ordered an industry-wide investigation into the handling of customer complaints early in 1967. Attendant upon the publicity that announcement received was an even greater increase in the number of customer complaints received.

Our airlines provide a superior product for sale. However, management must continually see that these standards of excellence are maintained. As you know so well, a handful of dissatisfied customers can quickly destroy the good will months of good service and thousands of dollars of advertising have built up.

Mistakes occur and when they do they must be handled judiciously. A perfectly normal individual can be transformed into a frenzy of frustration when completely stranded by a "system" that breaks down. And who can blame him. The system is supposed to work. If it doesn't, fix it.

There is no excuse for repeated oversales and denied boardings. One purpose of our recent denied boarding regulation is to insure that this very serious matter receives attention at the highest levels of airline management.

There is no excuse for the not unusual lack of candor at the ticket counter about delayed flights. There is plenty of business for everyone at the present time and I am confident that in the long run no airline will lose if passengers are dealt with frankly and in a timely fashion when flights are delayed. Honesty is still the best policy for public service enterprises. Of course, there is never any excuse for discourteous personnel and no amount of apology from management will completely satisfy an insulted passenger.

Complaints of this character extend all the way across the board and of course these remarks are equally applicable to the trunkline industry.

These matters of customer service require your constant attention. In this day and age of vigorous competition between airlines and with future competition from improved surface modes, it is very simply a matter of good business.

May I turn now to another topic of possible interest. As I said before, the Members of the Board believe that the present time is propitious for considering new route grants which may improve public service—some of which may also reduce subsidy. With a highly developed domestic route pattern—a pattern already competitive in major part—it is difficult to define a case in a manner strictly limited to the market where the need for service improvements may be apparent. Carriers seeking route extensions and carriers seeking to protect present traffic flows from further competition all seek to inject themselves into new route cases. They also seek to expand issues so as to include additional markets in which they may have a present or potential interest. I do not feign surprise at such actions; nor do I suggest they are bad. However, as we all so well know, the more issues, the greater the number of parties in a case, the more time required for ultimate decision. The more complex the issues, the more complex the processing of the case at every stage.

We have no interest in denying a full and adequate hearing to all interested persons in our proceedings. We could not do otherwise. However, I believe that under the inspiring leadership of our hard-working Chairman, Charles S. Murphy, there is a firm resolve on the part of the Members that our procedures must be made to work more expeditiously.

We have, over the years, spent considerable time and effort on our procedural system and have utilized various techniques in an effort to dispose of our work. It is obvious, however, that no system is better than the resolve of the persons operating the system. It is easy to succumb to the temptations of a little slippage in the various stages of a proceeding. Without being fully conscious of the total effect, the entire process can be substantially lengthened by a day granted here and there for what appears to be good and sufficient reason. What I am saying is that it is Chairman Murphy's desire that we consider more carefully at Board level the time it takes us to conclude our work and that there be greater Board involvement in seeing to it that matters presented to us move promptly at all stages.

I believe we will be narrowing the issues in our cases more often than we will be expanding them. This is as it should be because most of the overall route system has been the subject of rather close "area type" scrutiny and review within the last ten years. There is relatively less need for such an approach in the domestic system at the present time. This is not to say that we will not set down area cases. It is rather to say that we will try to avoid them whenever we can.

We have limited facilities at the Board in terms of manpower. Therefore, we must assess our manpower expenditures carefully and must limit them to the most productive and necessary work. No case should be undertaken unless there is a rather persuasive basis before us that affirmative action of some kind is required. I do not believe that we can afford the luxury of general economic studies in the form of formal area route investigations. Thus we are, and will be, reviewing the adequacy of present services with an eye to markets where improvements are required. We will seek to limit new route cases to those specific markets where it appears that service should be improved.

We are and will continue to review the viability of the prehearing conference. Surely greater use can be made of the conference to limit issues upon which proof is required. It should be more than the recipient and generator of masses of paper—some of which are more interesting than relevant and some of which are neither.

I think you should use the prehearing conference more effectively to limit the general economic data included in exhibits. There is a wealth of general information available in official notice sources that need not clutter up the exhibits. I am convinced that a very high percentage of the material placed in the record in Board cases is dispositive of no issue and is immaterial in the legal sense. The administrative process rules of evidence are highly permissive and I surely would not suggest our adoption of the rules of evidence applicable in criminal cases. On the other hand, everyone is aware of the fact that there is no real reason to waste time and money to include much of the material presently included in our records. It would seem to me that a firming up in this regard would have a salutary effect in general because it is quite clear that all parties are justifiably concerned about the adequacy of the case they

make. Therefore it is up to the Board itself to indicate it is not interested in sheer volume and to stand behind and encourage our examiners to limit exhibits to the greatest degree possible.

We must continue our recent success in stipulating testimony and eliminating argumentative material at the hearing itself. In some cases it seems to me that written briefs to the Examiner might be dispensed with and that the Examiner might hear oral argument on the record a few days after the hearing. The Examiner might also render his initial decision orally on the record a few days later.

I think in general we have made good use of the Reorganization Plan III review procedure and I am pleased that the number of cases reviewed by the Board is decreasing. "Declining review" is somewhat a misnomer. It means merely that the Board has decided to effectuate the Examiner's decision on the issues. It very certainly does not mean that the Board Members do not look into the cases. We do look into them and only after consideration do we either decline review of the Examiner's decision or decide upon some other procedural course of action.

The time periods prescribed in the regulations for review are very generous and we may very well consider changes in our procedures at this stage in a case. I think perhaps the Board can exercise its discretion to review a case at an earlier date than has been the practice in some instances in the past. We will be looking at internal procedures in this regard.

As far as the Board's actual decision-making processes are concerned, I think we have, in recent years, turned our attention to final decision very promptly after oral argument—in many cases on the same day as argument and in most cases within the same week. I do not mean to suggest by any means that all cases are decided at our first deliberation or in a hasty manner. However, we do try to "get to them" very promptly.

I have never felt that every argument raised by a party in a case must be exhaustively answered. Our responsibility is to set forth briefly and concisely the basis for our decision and no more. We are in the business of deciding issues which need not, in every case, be the subject of a profound, exhaustive discourse.

All of this is to say that you may see various evidences of a Board resolve to handle all our work more expeditiously. We may be proposing new procedures; we very definitely will be exercising firmer control over present procedures. Some may say these are "new and dangerous ideas," but we believe very sincerely that such a tightening up is in everyone's interest.

I suppose that many of you would now say that Board Members' speeches, as well as opinions, could be improved by terseness. On that issue I would not dissent. But at the risk of not practicing what I preach I would like to add one final note with respect to the future. Air taxi operations will be a subject of moment for the Board in the years ahead. I am happy to note that some of you have initiated programs of contract service with such entities on an experimental basis with the hope of both improving service and reducing expenses. At this early stage it is quite impossible for us to reach any conclusions or to define a policy that can only evolve from the crucible of experience, but I think it is commendable for you to work with, rather than against, this part of the air transportation industry in an effort to serve the general public.

In conclusion, may I say that I think the Board is generally satisfied with the performance and trends in your element of the industry and that we hope that present traffic and profits can continue. Certainly we are interested in doing our part consistent with the overall public interest.

Thank you very much for inviting me here to Boston. It is always a pleasure to meet with you.

ADDRESS BY THE HONORABLE ROBERT T. MURPHY, VICE CHAIRMAN, CIVIL AERONAUTICS BOARD, BEFORE THE NATIONAL AIRPORTS CONFERENCE OF THE AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES, NORMAN, OKLA., OCTOBER 11, 1967

It is always a pleasure for me to meet and talk with the distinguished members of the American Association of Airport Executives. It is a particular honor to be asked back as a repeat performer at your National Airports Conference. It would have been particularly difficult for me to decline Chairman Casteline's gracious invitation under those circumstances.

I have availed myself of the opportunity on several occasions in recent years to comment generally on the very satisfactory state of the air transport industry and to note that most of our problems are those of keeping up with the burgeoning passenger and freight business. However, if any facet of the total air transportation system has immediate and serious problems, it is those interests which you gentlemen represent, namely our airports. Those of us interested in civil aviation have been calling attention to the so-called "airport crisis" for some time now. Many of you must struggle with the problems at your own airfields each day.

The most acute of the problems is, of course, the congestion at airports serving our major metropolitan centers. There is congestion in the air delaying take-offs and landings which inconveniences passengers and greatly increases airline operating costs and the costs of air traffic control. There is congestion in the terminal buildings with passengers waiting in long lines at ticket and baggage counters. There is often delay in finding public transportation out of the terminal. And finally, there is congestion in the ground approaches to the airports and in parking facilities. These problems are at a critical stage in many places and require immediate relief. Their solution, as you know only too well, will be very costly.

The inadequacy of airport facilities at major hubs has been exposed by and is the result of the tremendous recent growth in air traffic. Last year airlines carried over 100 million passengers and almost three billion ton-miles of cargo. Over 60 percent of all domestic inter-city common carriage of passengers is by air and over 90 percent of international movements are by air. Traffic has been increasing at annual rates of almost 20 percent a year and we expect this growth to continue in the immediate future at rates which will triple the present passenger traffic in the next ten years. Air cargo will increase six to eight fold in the same period. At present there are 2,300 aircraft in service and about 100,000 in the general aviation fleet. Ten years from now the general aviation fleet may have doubled and the airlines will be operating some 3,500 all-jet aircraft including the jumbo jets. These are the dimensions of the problem.

I have no intention of further belaboring the fact that an airport crisis exists and that solutions must be found promptly. We fully appreciate at the Board your worries about the capacity of the air traffic control system, what some of the newer airplanes are doing to your runways, your worries about your funded debt—where the money is coming from—and so forth and so on. There is, however, another side to this coin which perhaps a majority of the membership of this distinguished body appreciates. That is the fact that despite the over-saturation of many airports, there is a sizable number of airports throughout the country which are under-utilized. This too is a problem about which I have spoken for some years in various contexts.

The joint Civil Aeronautics Board-Federal Aviation Agency regional airport policy announced in May 1961 made sense and continues to make sense insofar as it constitutes a planning document. Obviously, it made and makes sense to locate and build new airports at locations which will serve the largest number of users. If an airport can be located so as to conveniently serve more than one population center, that is desirable. It may limit public expenditures by the Board to the extent subsidy is involved. It may limit the overall Federal aid to airports and certainly it limits total expenditures by state and local entities. However, insofar as implementation of that policy may have inconvenienced a volume of traffic which could sustain a respectable level of service by forcing all existing services into a single airport, it may well have been a step backward in some instances in the light of present day traffic volume and airport saturation.

In this same general connection, the Board in years past permitted a number of trunklines to discontinue services at some of their low traffic points. Trunklines serve about 40 less points today than they did 10 years ago. In certain instances this afforded a local service carrier full access to a potentially profitable market on a less competitive basis but on the other hand, in many instances, the trunkline deletion also netted out with a reduction in the total air transport service available.

To the extent this pattern of decisions at the Board "tightened up" the service pattern it was good. To the extent it may have accentuated the concentration of operations in the busiest hubs, it may have added a bit to the present congestion. In any event, it is quite clear that the demand for air service at the moment and for the foreseeable future calls for more and more service. It is also clear that our agency will do what we can to see that these public needs are met.

The airlines have the essential economic strength and talents to provide required increases in service and they now have, or soon will have, an adequate fleet of aircraft to do the job. It is by no means clear that adequate ground facilities at the major metropolitan areas will be available. As I said, everyone is talking about the airport problem and the need for action. Senator Monroney's Senate Aviation Subcommittee "Airports" hearings in late August and President Johnson's statements in late September should provide the necessary impetus.

Recognizing that a systems approach is necessary and that there are myriad problems involved, I would like to turn now to a general discussion of some peripheral aspects of the airport problem about which our Board can and is taking affirmative action.

As you are aware, traffic in and out of Washington's National Airport far exceeds the planned capacity of the facility. In an effort to exercise some control, the FAA has banned large four-engine jets and has fostered air carrier agreements which limit frequencies. These limitations have temporarily alleviated the congestion problem; however, as the Board recognized in June when we instituted the Washington-Baltimore Airport Investigation, the basic difficulties remain. The present saturation of National's facilities and the impact of that saturation on the quality of service to the Washington area raises questions of the adequacy of the carriers' service to the area.

Our investigation was instituted to determine what services should be removed from Washington National to Dulles or Friendship Airports. The issues include the question of precluding specific services at National Airport and the designation of a specific airport in the area for particular

services by each of the carriers certificated to serve the area. We recognized the necessity of establishing standards to determine what services should be provided where and in our order of investigation suggested such considerations as length of nonstop hop, equipment type, total number of flights to Washington National Airport and the origin or destination of flights.

The problem in the Washington area may be unique. Here we have two major adjacent airports with present capacity to accept substantial volumes of additional traffic. I would not expect many instances in which a similar investigation would be required. The institution of the Washington investigation does indicate, however, the Board's conviction that it will undertake such action as it can in such instances to alleviate congestion and to make possible for the traveling public a service which we regard, in the overall, to be a required improvement.

Permit me to point to a somewhat different approach to the same basic problem in a slightly different context. One of the results of the completely revised bilateral air transport agreement between the United States and the United Kingdom, to which I devoted eight weeks of across the table negotiations in early 1966, was grant of operating rights for U.S. carriers between additional East Coast terminal points and Bermuda. In instituting a case to consider U.S. carrier service in these markets, the Board specifically placed in issue the question whether the Board should designate the airport through which a U.S. point should be served in those instances where the designated U.S. points are served by more than one airport. The Board said that consideration of such an issue would permit an evaluation of the relative convenience of airports to the traveling public, whether competitive service should be authorized through different airports in the same area and whether, if an airport is or is about to become saturated, additional service should only be authorized at a less congested alternate airport in the same area.

This course of action, that is specifically raising the airport designation issue in new cases and specifically deciding in pending cases what airport should be designated for newly authorized service, is a technique by which our Board can, we believe, play an important role in insuring against an aggravation of the congestion at certain airports. We have followed this technique in a number of cases and I expect that we will do the same in the future. One recent example is the proceeding to investigate the need for service between Seattle and Southern California. On our own motion we included as issues in that case consideration of specific designations at Los Angeles International Airport or the Ontario, Orange County, Long Beach or Hollywood-Burbank airports.

There is another avenue to a partial solution of the congestion problem. I recently delivered some remarks in Milwaukee, some of which I note were considered sufficiently topical to be included in your August 1 *Airport Report*. At Milwaukee I elaborated on a theme which has been of concern to me for some time. I had first mentioned the subject at Boston in November 1963 when I said, in effect, that all New England "air lanes" need not lead to Boston. At Milwaukee I indicated that increased attention should be paid to the airport facilities at medium-sized communities nearby the major hubs—communities which may be the true origin and destination of traffic now being shunted through the metropolitan airports.

Connecting service for any substantial flow of traffic is simply not good enough for this day and age. For example, well over 20 percent of the passengers boarding airplanes at Chicago's O'Hare—the country's busiest airport—do not want to be in Chicago and have no interest in Chicago. They are, however, forced through Chicago on their journey between two other cities either because of the necessity to connect betwen airlines or between single carrier flights or for a variety of other reasons. If we can identify the true origin and ultimate destination of this significant flow now moving through Chicago, we could alleviate the situation by certificating through, single carrier, single plane service or by insisting upon provision of such service if already authorized.

We are looking at a number of cases of this kind. For example, we are looking at the need for direct routes between Northern New England and points to the west such as Detroit and Chicago without requiring this traffic to move through Boston. Also, both Allegheny and Mohawk have been authorized to provide services between New York State and New England, on the one hand, and Washington, D.C., on the other hand, which avoid New York City.

The availability of good connecting service over major hub airports will continue in the future, of course; however, to the extent that we can accommodate significant traffic flows on a through single-plane basis without adding to the congestion at the major hubs, it is our intention to do so. There is no reason to load O'Hare with traffic which can much more convenintly be handled through Milwaukee's General Mitchell Field—traffic which has no desire to go to O'Hare but which may do so at the present time in order to make use of the excellent services available only at O'Hare. This same satellite relationship may exist at other points. This undoubtedly has been the case at San Jose and San Francisco-Oakland. You may be aware that we have only recently authorized long-haul service at San Jose's airport by the carriers serving San Francisco and Oakland. We can also expect White Plains and Islip to carry an ever-increasing share of the traffic in and out of the New York metropolitan area.

In addition to examining the service potential of satellite airports, we will be looking at possibilities for revising what may have become standard traffic routings in those markets which have not been authorized for nonstop service or in which carriers have not provided nonstop service. Perhaps the best example to which I can refer is our recently instituted Service to Des Moines and Omaha Case.

Omaha requested the Board to investigate the adequacy of its service and the Board instituted a case to consider new authorizations to such major cities in the Midwest as Chicago, St. Louis, Kansas City, Denver and the Twin Cities. The request was also made to consider Des Moines and Omaha services to California and to New York and Washington. The Board pondered long and hard on how this might be accomplished and finally concluded that the best procedure would be to proceed with the Omaha case as previously constituted and to institute a separate case to consider the service needs of Des Moines and Omaha to California, New York City and the Washington-Baltimore area.

We are concerned about the time our procedures seem to take between institution of a case and the final authorization of new service. May I say parenthetically that we intend to take firm action in this regard in the very near future. In any event, obviously a case which could turn into a major transcontinental route case would be difficult to process and would engender interest from each and every carrier in the entire airline system.

Our purpose in instituting the case, however, was to consider much more limited needs; namely those of Des Moines and Omaha to the two coasts. We have decided initially to restrict the case to that narrow issue by requiring stops at Des Moines and Omaha on any transcontinental flights which may be authorized. Such a two-stop service would not be truly competitive with either a nonstop or one-stop coast to coast service in this day and age and, in our view, any grant will not impinge upon services which might become available over the other regional gateways in issue in the *Service to Omaha Case*.

What we have in mind in this case is twofold; First, to consider service authorizations which may be required between Des Moines and Omaha, on the one hand, and the two coasts, on the other hand, in the most direct and expedited manner possible. These are important cities and they deserve the best service that they can economically support. This may not mean four round trips a day in each direction and it may not mean huge profits for any carrier which may be selected. These, however, are not the appropriate criteria. If the markets in issue can support a more limited pattern of service and can provide the carriers with an adequate profit, the service should be made available.

Second, any new awards in the Des Moines-Omaha case may create additional gateway or connecting points for service to or from either coast for other cities in the middle western region. Thus Des Moines and Omaha may offer possibilities for connecting service in addition to the present area gateways of Denver, Twin Cities, Chicago, St. Louis or Kansas City. As I said before with respect to Chicago, to the extent that we can keep passengers out of the major metropolitan gateway cities when they do not want to go there, we will be alleviating airport congestion. This, we believe, is certainly an issue worthy of consideration. We would not presume and have absolutely no interest in taking services away from any major hub which are needed to accommodate its own traffic. However, we believe that the increasing expense of handling traffic at a busy hub airport is such that the local authorities will recognize the desirability of such a shift.

We at the Board understand the problems which you face today in light of the tremendous increase in airline traffic. Although our statutory responsibilities are not such as to provide a direct total solution to the problem, we are, as I have indicated, taking a number of steps which we believe will be helpful and which are directly related to our primary responsibility of insuring the best possible air service to the traveling public. We recognize our responsibilities to the traveling and shipping public and we are acting to insure for them the excellent air transportation product which it is possible to provide today. This is a vital industry with which we are associated and one which can harness great resources. I am confident that we will perform not only satisfactorily, but in line with the very high standards which have always characterized the air transportation industry.

THE CRISIS IN WORLD DEVELOPMENT

Mr. HARRIS. Mr. President, I ask unanimous consent to have printed in the RECORD a statement prepared by my colleague [Mr. MONRONEY], and an address delivered by Leonard B. Rist, Special Adviser to the President, International Bank for Reconstruction and Development.

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

STATEMENT BY SENATOR MONRONEY

In 1958 I submitted a Senate resolution calling for a study of my proposal to establish an International Development Association as an affiliate of the International Bank

for Reconstruction and Development, known as the World Bank. By the fall of 1960 that study had been completed, Congress had passed legislation authorizing the United States to participate, and the World Bank had approved a charter for IDA.

IDA's purpose was to provide loans to the developing nations on more flexible terms than the World Bank could offer. Its character as an international financial institution and its use of the expert staff of the World Bank would ensure the soundless of its loans and the efficiency of the development projects it would sponsor.

In its seven years IDA has not always concentrated on the kinds of projects I would have chosen for it. However, it has been soundly administered, and its value to the developing countries is unquestionable. Unfortunately IDA's funds are now exhausted, and for a variety of reasons, the industrial nations which are its major contributors have not agreed on a plan for replenishment.

I am hopeful that we will be able to revive IDA in the coming year, as I am convinced that it can provide aid economically and effectively. Our own national interest and the future peace and stability of the world demand that the rich nations continue to work together to help the emerging nations. IDA can help to ensure that our money for this task is well spent.

On November 7, at the opening session of the International Development Conference here in Washington, Mr. Leonard R. Rist, Special Adviser to the President of the World Bank, spoke on the crisis in world development.

Mr. Rist pointed out that since 1961 international aid to the developing countries has leveled off, even though more countries have given aid and some of the smaller donors have expanded their programs. In the meanwhile, foreign earnings of the developing countries have risen, but not enough to meet their debt service obligations or to maintain the momentum of growth.

We have seen dramatic growth in such countries as Iran, Israel, Korea, Malaysia, Mexico, and Taiwan, but many of the other countries are facing economic crisis because their sound investments in education, health, highways, agriculture, and other essential programs do not bring immediate financial returns.

THE CRISIS IN WORLD DEVELOPMENT

(By Leonard B. Rist, Special Adviser to the President, International Bank for Reconstruction and Development)

Mr. Chairman, Ladies and Gentlemen, all of us, I think, are aware of the existence of a crisis in world development.

The highest world authorities have only recently called our attention to the gravity of the situation, Pope Paul, in a memorable Encyclical, U Thant, Secretary General of the United Nations, the heads of several Specialized Agencies, including of course the President of the World Bank, the most responsible and influential statesmen, beginning with President Johnson, all have on various occasions over the last twelve months reminded us that we had responsibilities toward the less fortunate countries of the world. The coincidence of all these appeals underlines the reality of the crisis. What I would like to do today is to analyze its causes. I think we shall find more motives to press forward than to give way to despair.

It is often said that the main cause of the disillusionment prevailing in large segments of public opinion, not only here but in Europe also, is the fact that the Marshall Plan had in five or six years achieved such remarkable results and that public opinion rarely realized that development cannot be achieved by one brief contribution, however generous. This confusion between reconstruction and development may have prevailed in some quarters some years ago. I do not think that it is important any more. People are wiser now. Looking at their own history as well as at the picture of the world today, they don't expect spectacular results all at once.

A more serious cause of concern is that the *efficacy of development* is often subject to doubt. You can judge better than I the depth of this feeling in the United States but I can assure you that America has no monopoly on it. In my own country, which prided itself on contributing more to development per capita than most others, we even have a word for the thesis that development assistance can be called an exercise in wasting money: we call it "cartiérisme", after our most determined spokesman for that negative point of view. This attitude is important, whether we like it or not. And as a result, development finance is today inadequate. For the last six or seven years not enough capital and foreign currencies have been made available to the developing countries to maintain the momentum of their economic growth. The crux of the present difficulty is that development is suffering from financial anemia.

There is, of course, some room for development within each of the less developed countries on the basis of their own resources, but savings are not sufficient to provide the capital necessary for covering investment needs. We must concede, however, that the government of a developing country probably could accomplish the task on its own, provided it had enough time and, worse, provided it was prepared to extract the savings required by reducing, if not crushing, consumption to a level so low that only the harshest measures could enforce consent. I don't think that many of us would like to see them take that road. In addition, we cannot forget that foreign techniques, foreign equipment and foreign materials must be imported. To pay for them, the developing countries have only four ways of obtaining foreign currencies: their own exports, attracting foreign tourists, attracting foreign capital for investment or to finance imports, and for the balance, obtaining loans, grants, or both, from the governments of industrial countries and multilateral institutions like the World Bank and IDA, the Interamerican Bank, and so forth.

On tourism, let me just say that at present the main beneficiaries are the Mediterranean countries or those around the Gulf of Mexico and the Caribbean Sea. It is not often a major item in the total picture. Exports are, by far, the single most important factor, but no matter how hard they try, most developing countries have found it impossible to pay their own way. I am referring especially to the many countries who depend most heavily on exports of primary agricultural commodities. With their expanded production—and most of them have managed to expand it—their annual earnings increased nearly a third in the six years through 1965 in spite of the fact that prices all during that period were well below the level of ten years ago. But the prices of the manufactured goods that they import to keep their economy on an even keel or to forge ahead in development, have continued to rise. Result: an average deficit on trade account or nearly six billion dollars a year.

Private investment is the next most important conventional source. It has been considerable in many countries, particularly those endowed with mineral resources, or where economic development has created domestic demand for manufactured products. True, political attitudes or unwise legislation have sometimes played against a healthy growth in foreign industrial or mining investment. On the other hand, one could mention a few countries where, in spite of professed doctrines of the governments to the contrary, foreign private investment is more than welcome. In this respect it is encouraging to note that as of today as many as 55 countries have signed the Convention on the settlement of investment disputes, which was launched by the World Bank in March 1965 and took effect in October 1966. But the increase in the total amount of private foreign investment in developing countries has not been striking. More important, it hardly can do the whole job alone, since its operations require that the necessity infrastructure exists and that sufficient skills be available locally. Basic investment in communications, power, education and so forth is largely a direct or indirect responsibility of governments.

As a practical matter, only governments are in a position to mobilize the resources required for these purposes, either directly or by guaranteeing the obligations of others. And most of the developing countries find it difficult to do so without recourse to foreign financing, including that of international institutions such as ours.

For all these reasons, official foreign aid, both multilateral and bilateral, is indispensable. But to be effective the aid should be adequate. It should be sufficient to take advantage of the developing countries' ability to make efficient use of both their own resources and external assistance. Unfortunately, it is not. Speaking very broadly, international aid was roughly adequate until 1961. Its amount had risen rapidly in 1950's, more or less in harmony with the ability of the developing countries to use it, and development was able to gain significant momentum. Since 1961, however, international aid to development has leveled off in spite of yearly ups and downs, in spite of the fact that more countries have joined veteran donors such as the United States, and in spite of the fact that a few of the smaller donors have recently expanded their commitments.

Hence, there is now an increasing spread between what is available and the amount the developing countries can use effectively to increase the production and income of their people. Available aid and usable aid are far apart today. How far apart? A couple of years ago we in the World Bank tried to estimate this. We concluded that the minimum additional need was for three to four billion a year; that is to say, no more than 2½ tenths of one percent of the gross national product of aid givers, including Russia and other countries in Eastern Europe. If this had been added to last year's actual net flow of official aid, it would have raised their total assistance to about 7½ tenths of one percent on the average. But to the developing countries as a whole it would have meant a substantial increase of about nine percent in available foreign capital. These figures speak for themselves.

But the amount of aid is only one aspect. The terms on which it is made available can be equally critical. This applies not only to official loans but to the entire structure of debt, private as well as public, since payments on the whole must come from the same limited total of foreign exchange.

A large debt and a rising flow of payments abroad on principal, interest and profits is no cause for concern if it corresponds generally to increases in export and other foreign earnings and does not absorb an excessive proportion of their total. But a burden of service payments that rises consistently at a rate much faster than foreign earnings is a sign of trouble. This is what has been happening in some countries, including India, where debt service obligations rose by 84 percent from 1962 to 1966, while exports increased by only 14 percent.

Concern about this problem runs like a thread through the history of foreign aid. In each individual donor country the discussion on terms is revived year after year and all through the history of the World

Bank this problem has been in the foreground. Mr. George Woods, like his predecessor Mr. Eugene Black, has repeatedly warned against a rising tide of debt on terms unrelated to the repayment capacity of the country concerned.

And this feeling was shared by the many governments who, led by the United States, took the initiative to establish IDA eight years ago. Many of you in this room were in the forefront of that effort. It was in this same forum that Senator Monroney gave the proposal for IDA its first public exposure. The objective, as all of you know, was to relieve the rising threat of a debt service crisis by injecting a large flow of funds, contributed by governments and on soft terms, into the stream of multilateral development finance. It has achieved its purpose remarkably well within the limits of the funds available, but the need is still larger than the means for dealing with it.

It is unfortunate that this problem, so long foreseen, should be coming to a head just at a time when the principal aid-giving countries confront a galaxy of extraordinary difficulties in their own internal affairs or in their external relations. We are all familiar with the balance of payments problems of the United States and Great Britain and the budgetary concerns of countries in Western Europe. Together with a flood of urgent and competing calls for funds to deal with domestic crises and, in some countries, with unusual requirements for defense, these preoccupations tend to relegate development of foreign countries to an ever lower order of legislative priority. This is deplorable, but it is a hard political fact.

This tendency, already strong, is encouraged and intensified by each new example of turmoil and instability, and sometimes of patent irresponsibility, in some parts of the developing world. In part, of course, these conditions are merely symptomatic of the need for faster and more effective development. To some extent, they grow out of the painful processes of internal adjustment required by economic growth. In others, they are simply the result of political evolution. But in the context of the present situation, they are more likely than ever to serve as justification for the underlying sense of disillusionment with development which I mentioned at the outset.

So far as public support in the industrial countries is concerned, therefore, we come back to the problem of frustration and disillusionment. What is really at issue is the effectiveness of aid. Since so many people have doubts about it, let us examine this question.

It is important to realize that we are talking about something quite new—the first conscious, cooperative effort by rich nations to help poor nations stand on their own. Why are they making this effort? Humanitarian objectives, and trade interests, and even political interests are clearly very important. But there is an even more basic consideration. No one can say any more that country X is far distant or that it is somebody else's responsibility. Distances have been eliminated. The knowledge of other societies is now widespread all over the globe and the possibility of cultural exchange as well as trade has brought us all closer to one another. We were always vitally affected by the welfare of our immediate neighbors; today we are equally affected by the welfare of our most distant neighbors. In our own societies, the wealthy cannot remain indifferent to the standard of living of the less wealthy; they depend on them too much. The same is true of the relationship between the various societies which compose our world. We have become interdependent.

In a broad sense, this was already perceived at Dumbarton Oaks and Bretton Woods. In the documents establishing both the United Nations and the World Bank, economic development of the underdeveloped areas was accepted as a central post-war necessity. Precisely what would be involved in this nobody knew, but the objective was clear enough: to help the developing countries raise their production and living standards to the point of self-sustaining economic growth.

Fortunately, the need for doing this became imperative at a time when unprecedented economic and technological growth in the richer countries made it a practical possibility. With the goal established and some of the means at hand, the question was, *how?*

Almost everything had to be learned in practice. It took some time to learn that private capital alone could not do the whole job, or that the Marshall Plan formula had no relevance for this problem. This Conference had its origin in that realization. As the "Point Four Information Committee", it was established in recognition of the fact that the most important ingredient is what Americans call "know-how"—the accumulation of skills in economic organization which has been the major product of the industrial revolution. As you know, the first formal proposal to translate that knowledge into a practical, unified program was in Point Four of President Truman's message to Congress in January 1949.

At about the same time, the World Bank was learning by hard experience that a whole new style of banking would be required. Little by little, over a period of years, for this is a long and difficult process, wholly new techniques were evolved. This has led us into virtually every aspect of *technical assistance,* from economic studies of whole economies to help in recruiting key personnel, from advice on the formulation of national development policies to assistance in identifying and preparing specific high priority projects. This year, more than a fourth of our total budget is for these technical services to member governments.

I have emphasized the experience of the World Bank because I am familiar with it since its very inception. Many others have had similar experience and have reached the same conclusions about the overriding importance of technical assistance as an inseparable companion to development finance. Since President Truman obtained $27 million for his Point Four Program in 1950, the amount devoted to technical assistance has steadily increased; last year, nearly $1.7 billion was committed for this purpose by 15 members of the Organization for Economic Cooperation and Development. Furthermore, these countries were hosts to about 80,000 students from developing countries, while they sent more than 104,000 of their own experts and volunteers to give assistance in various ways.

Let us not imagine for one minute that technical assistance is easier to impart than financial assistance. Good international experts are just as difficult to come by in sufficient number as capital resources. It is all the harder as technical competence is only one of the qualities which are expected from them; they must also be good diplomats and be able to listen as well as to speak.

One of the lessons which those who deal in financial and technical assistance inevitably learn is the full significance of time as a factor in development. Only by working with these problems day by day is it possible to learn how deep and broad are the structural changes a traditional society must undergo. The process of learning, the absorption and diffusion of skills, the adaptation of foreign advice to local conditions, the acceptance and spread of new attitudes which give development life—all of these take time.

Similar long experience was required to grasp in all its significance the vast diversity of the less developed world—the fact that we were dealing not with one large set of problems, but with four score and more. The facts themselves were not new. Their meaning for development was, and its implications took time to learn. The more we know about the less developed countries, the less alike we find them to be. Each has its own unique constellation of assets, problems, aspirations and possibilities. Some will move fast, some only slowly. Some may never achieve the goal of self-sustaining growth short of collaboration with others in schemes of regional economic integration.

In this perspective, it may now be useful to examine what has actually been accomplished and attempt some assessment of results. This is difficult to do, for many technical reasons. There are various ways to go about it, each of which is valid within limits. One way is to look at the concrete evidence; another is to look at statistics. Each of them has its shortcomings.

As to visual evidence, I could tell of the remarkably prosperous settlements, financed by the World Bank, which I have seen in Kenya, with houses, fencing, good vegetable fields, good cattle, right in the middle of what had become a desert because of excessive fragmentation of the land. I could quote to you from the information published by CARE, a private charitable organization, as to what they did in Rajasthan, India. They supplied a school farm with wells, pumps, sprinklers and accessories to establish an irrigation system. The farm is now producing vegetables and other cash crops and trains the farmers who will work in the neighborhood tomorrow. I could try and describe to you how the USAID, about which you will hear more from Mr. Gaud himself, is financing a remarkably effective campaign to eradicate smallpox and measles through vaccination of millions of inhabitants of West Africa. I could mention what the Foundation for Cooperative Housing—another private group—has done to launch a self-help housing program for campesinos in Panama, a program which has received substantial help from USAID, under what is known as the Humphrey amendment.

I could describe San Salvador as it is today, with its well-lighted streets and modern factories, which were made possible by the power expansion program initiated by World Bank loans. I could point to the enormous advantages which trade and production in Ethiopia have derived from the development of the telephone services financed by several loans from our Bank.

These are only a few modest examples. There are thousands more, both small and large, or even very large. But in each case the real importance of these achievements can only be understood if one is fully aware of what the situation was before. The eroded land in Kenya, the destitution of the village in India or in Panama, the candle-lit gloom and lack of industry in San Salvador, the stagnation of commerce in Ethiopia for lack of communications: one must have seen them to appreciate the changes. A description of the scene today cannot do justice to the development effort.

If we now try to look away from individual cases and consider the overall picture, we find that statistics of foreign assistance do not describe adequately the real development which aid makes possible. To speak again from my own experience, we know that the World Bank group has actually disbursed about $9 billion on nearly 700 development projects in about 90 countries around the world. The total investment made possible by this assistance can only be broadly estimated since it includes other foreign capital and substantial domestic expenditures by the borrowing countries. Certainly it would be at least $20 billion.

But projects financed by us are only a part of the total, possibly little more than a fifth. Very roughly, then, we might assume that projects costing perhaps as much

as a $100 billion have been realized with the help of external assistance. At least half that amount in domestic expenditures on the same projects has been paid by the developing countries, while much of the remainder has been borrowed and is being repaid out of their own earnings.

But the cost of these investments is not a fair measure of their contribution to development. They range from vast irrigation and power complexes, as in the Indus plain of West Pakistan where the great Mangla Dam will be inaugurated later this month, to small feeder roads and schools that have opened a new world to countless farmers and their children. They include railways, waterways, highways and cement plants, stockyards, fishing fleets, ports and paper mills, warehouses, teachers' colleges, iron mines and laboratories. Each of them will add to production and further stimulate economic activity. Eventually their yield will be far more than their cost, but not all of it will be seen for some time to come.

Another approach to the assessment of progress in development is to apply the technical methods of economists. This is useful, in fact indispensable, as long as we understand their limitations and apply all those that are relevant. It can be misleading, however, if one's examination is limited to a few aggregate measurements which by themselves cannot give an adequate picture of the development effort already made or still under way, and of its future results. The most common example is that over the last fifteen years, the per capita income of countries comprising half the world population has not risen by more than about two percent per annum. True, the population growth has been such that a part of the aggregate increase in income of 4 to 5 percent—no mean figure—has been lost to the average citizen. The fact remains that, in absolute terms, growth has been substantial and that, without foreign aid, a deterioration would probably have set in. More important, and by far, is the fact that the potential income arising from the past and present development effort has not had time to produce its full results.

An economist can estimate very roughly how long it will take for a particular project in a particular country to produce its full potential benefit in terms of increased production and income. In the case of education projects, as you know from your own experience, no significant result in these terms will be seen for quite a few years; the full economic benefit from investment in a child's education will be spread over most of his lifetime.

In the case of an irrigation project, we know that water is not likely to flow until three or five years after we approve a loan. After that, recognizable benefits are realized gradually, but it may take another 10 years before anything like the full benefit can be reflected in the growth of actual production. On this basis, about 90 percent of all our own investments for irrigation purposes will reach their full potential only gradually between now and 1982.

The time lag is somewhat shorter in the case of many intrastructure projects for power, transportation, communications and water supply. It is shorter still for industrial projects, which can only be constructed on the basis of existing infrastructure. Indeed, one sign that development efforts are bearing fruit is the fact that industry is progressing now faster than national income, namely at a rate of around 7 percent a year for developing countries as a whole. Eventually, as in the industrialized countries, the annual increase in GNP will become a more significant mirror of current, or at least fairly recent, investment activity. But for the developing countries generally, that time is some years in the future.

In short, my conclusion is that development is succeeding. With only some exceptions, the economies of all countries are growing. Their institutions are maturing, faster and more impressively in many cases than some of us had expected. Many countries where population growth is a serious problem, including some of the largest, are now taking firm and determined steps to overcome it. Some that were inclined for too long to emphasize the growth of domestic industry at the expense of exports and agriculture have, like India, made a dramatic shift in their order of priorities.

Wherever sufficient capital has been available on a regular, sustained basis, permitting continuity in planning, in investment and in administration, and where it has been possible to maintain relative stability, development has been a dramatic success. To mention a few examples, Iran, Israel, Korea, Malaysia, Mexico, Pakistan, the Republic of China, Thailand, Tunisia, Venezuela and Yugoslavia have clearly demonstrated the efficacy of development. Progress in many others, while less dramatic, has been substantial.

Yet the full effect on growth of investments already made is still to be felt in most countries. One of the main lessons we have learned is the importance of the time factor. As we have shown, investments, not only in education but in all sectors, do not yield their full benefit within a short period. Moreover, thanks to the marginal but indispensable stimulant of foreign aid, more momentum has been generated than is usually realized. Much of this can be lost if too little is provided to maintain it. Continuity is indispensable, but the momentum is such that more capital inflows are justified and required for this purpose. At least, let us not do less than yesterday. If we possibly can, let us do more and keep the movement going upward.

MEAT INSPECTION

Mr. CLARK. Mr. President, I am very hopeful that before long the Committee on Agriculture will report to the Senate a strong meat-inspection bill. I believe that there is a growing awareness among both the Senate and the general public that such legislation can be delayed no longer. As evidence that Pennsylvanians are becoming increasingly aware of the need for federally supervised standards of meat inspection, I ask unanimous consent that an editorial from the November 13, 1967, issue of the Harrisburg Patriot be inserted in the RECORD.

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

MEAT INSPECTION: TOUGHER LAWS ARE BADLY NEEDED

"This is one of the most deplorable plants I ever saw. Not a clean area in the building. Live animals are penned in the same area as the slaughtering and processing. In fact, the entire operation is done in one large room. A large door with no screen was open to the street, through which pass all live and dressed animals. Rusty metal and dirty wooden barrels are used for both edible and inedible meats and offal. The flies were so numerous it was next to impossible to carry on a conversation with the operator."

Sound like something out of "The Jungle," Upton Sinclair's 1906 novel exposing conditions in the stockyards of Chicago?

Well, it is not. It is from a report of 1960's conditions in a packing plant in Pennsylvania. Similar and even worse reports have come out of other states as a result of a U.S. Department of Agriculture survey of meat packing plants not covered by federal meat inspection.

The 60-year-old federal law, which the Sinclair book was instrumental in persuading Congress to pass, provides for federal inspection only of meat products sold in interstate commerce. The states are supposed to take care of inspecting the products sold within their borders.

They don't do it very well. Some of them don't do it at all. Nine states do not even have inspection laws. Pennsylvania is one of 13 states with "voluntary" inspection laws. That means just what it says. If plants want to be inspected, they are; but if they do not want to—in other words, if they really need to be inspected—they do not volunteer.

In Pennsylvania, 132 meat slaughtering or processing plants are federally inspected. But there are 1,263 such plants in the Commonwealth. And 54 "volunteers."

Pennsylvania Secretary of Agriculture Leland H. Bull says the USDA survey is misleading where Pennsylvania is concerned, but he concedes that a mandatory State meat inspection law should be passed to replace the State's "voluntary" law, which dates back to 1915.

On August 6, Pennsylvania House Democratic Leader Herbert Fineman said: "We absolutely need a law to protect the consumer from unwholesome meat and the Democratic Party will push for passage of such a measure." On August 14, in a memorandum to the House of Representatives, Governor Shafer, noting that 25 per cent of the five million animals slaughtered annually for meat in Pennsylvania receive no inspection by State or federal governments, recommended "immediate consideration" of a mandatory meat inspection law.

HB 1566 was scheduled for second reading in the Pennsylvania House today. It should be passed, there and in the Senate.

Meanwhile, at the federal level, the House of Representatives has turned down a bill backed by the Johnson Administration and passed an adulterated bill backed by meat lobbyists.

The House bill would emphasize state inspection—the very system which has so manifestly failed to protect the American consumer. A better measure can be devised and should be passed.

BARNARD FLAXMAN RETIREMENT

Mr. RIBICOFF. Mr. President, one of my closest friends and an outstanding Connecticut resident will retire on December 31 from the Hartford Insurance Group. The vice president and senior financial officer of the Hartford Insurance Group has earned his retirement.

Affectionately known to his friends as Barney, Mr. Flaxman is a nationally known financial expert who has devoted his career to the Hartford Group. Under his direction, the value of the common stock portfolio has grown from $87 million in 1952 to $686 million as of this past September. The investment income and the annual dividend payments as well as the unrealized capital gains have risen under the leadership of Mr. Flaxman.

Although he has been deeply involved in the growth of the Hartford Group, his interests have been wide and varied. He has been constructively and deeply concerned with many civic, educational, and charitable causes including the Newington Home for Crippled Children, the Institute of Living and as a trustee of Syracuse University. No man deserves retirement more. And yet, knowing Barney, he will continue an active and constructive life for his community. His common-

sense approach to problems can be found in his retirement statement:

While it might be true that the "old men" know where we have been, and while perhaps they can point to where we are going, only the young will ever get there. It is time for me to step away from the day-to-day business interests and pay more attention to many outside interests.

I wish for Barney and his gracious wife, Pat, many happy future years.

I ask unanimous consent that the news article from the Hartford Courant of Wednesday, November 15, 1967, be inserted in the RECORD at this point.

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

FLAXMAN TO RETIRE AT HARTFORD GROUP, GRIFFIN TO HEAD FINANCIAL AFFAIRS

Barnard Flaxman of West Hartford, chairman of the Finance Committee of the Hartford Insurance Group, will retire Dec. 31 after 43 years with the organization.

William M. Griffin of West Hartford who has been vice president of the Hartford Group, will become the senior financial officer of The Hartford. He heads the Investment Dept. and will be responsible for the Treasurer's Dept.

He will continue as a director of the Hartford Fire Insurance Co., the Hartford Accident and Indemnity Co. and the Hartford Life Insurance Co. and will serve as chairman of a newly created Real Estate Committee.

Nationally known as a financial expert, Flaxman has devoted his entire career to the investments of the Hartford Group.

A graduate of Syracuse University, Flaxman joined the Hartford Fire in 1924. He was elected an assistant secretary of the company in 1937 and became vice president of the Hartford Fire, Hartford Accident and other fire insurance companies of the Hartford in 1952.

He was named a director of the Hartford Group in 1959 and chairman of the Finance Committee in 1963.

ACCOMPLISHMENTS CITED

Harry V. Williams, chairman and president of the Hartford Group, Tuesday outlined Flaxman's accomplishments. Under his direction, Williams said, the value of the common stock portfolio of the Hartford has grown from $87 million in 1952 to $686 million at the end of this past September.

The investment income of the Hartford in 1952, Williams continued, was $12.2 million, and this year it will be about $51 million.

During the 15-year period, unrealized capital gains totaled $313 million and realized capital gains on common stocks totaled $43 million.

Annual dividend payments, Williams continued, quadrupled during Flaxman's tenure, from $4.8 million in 1953 to more than $20 million this year.

"The direction in which he guided our investment policy has contributed significantly to the fact that capital resources of The Hartford have grown from a policyholders' surplus of $196 million and total consolidated resources of $580 million in 1952 to a policyholders' surplus of $669 million and total consolidated resources of $1.9 billion on Sept. 30.

Flaxman had a major role in the purchase of the Columbian National Life Insurance Co. of Boston in 1959 and the Pacific Insurance Co. Ltd. and the Sentinel Insurance Co., both of Honolulu, in 1963. He is a director and vice chairman of the executive committee of the two Hawaiian companies.

He has also directed the country-wide real estate operations of The Hartford, including the building of major structures in San Francisco, Chicago, Atlanta, and the new Hartford building here. He was honored as "Real Estate Man of the Year" by the Greater Hartford Board of Realtors this past summer.

Commenting on his retirement, Flaxman said "While it might be true that the 'old men' know where we have been, and while perhaps they can point to where we are going, only the young will ever get there. It is time for me to step away from the day-to-day business interests and pay more attention to many outside interests."

Flaxman is a director of Hartford National Bank and Trust Co., the Newington Home for Crippled Children, the Institute of Living, Seneca Falls Machine Co. and the Connecticut Spring Corp. He is a trustee of the Mechanics Savings Bank and of Syracuse University, where he is also chairman of the Endowment Fund Committee. He is a corporator of Mt. Sinai Hospital, St. Francis Hospital and Hartford Hospital.

He is a member of the New York and Hartford Societies of Security Analysts and the National Federation of Financial Analysts Societies.

A graduate of the Wharton School of the University of Pennsylvania, Griffin is a director of Texas Utilities Co., the Conn. Institute for the Blind, and is a member of the Associate Board of the Conn. Bank and Trust Co.

THE FIFTH ANNIVERSARY OF DULLES AIRPORT

Mr. BYRD of Virginia. Mr. President, Friday, November 17, marks the fifth anniversary of Dulles International Airport. This magnificent facility was constructed in 1962 at a cost of $110,000,000 to provide for the future airport needs of the Washington metropolitan area. It is rare in Government to see such foresight in preparing for the future.

Looking back over the last 5 years of operations, we can see a steady growth in the use of Dulles Airport.

In its first full year of operation, 666,000 passengers used that facility. By 1966, that figure had nearly doubled to 1,174,000.

In the first 9 months of 1967, Dulles Airport has almost equaled its 1966 total with 1,171,000 passengers.

Perhaps even more significant is the growth in total number of air operations out of Dulles Airport. In 1963, there were 90,000 operations. For the first 9 months of 1967 there have been 158,000.

Despite the growth realized at Dulles in the last 5 years, it must be pointed out that the facility is far behind the original estimate for its 5th year of operation. When the airport was planned it was predicted that it would be handling 3,700,000 passengers by 1967. As I have pointed out, only 1,171,000 passengers used Dulles Airport in the first 9 months of this year.

I believe the Washington area is in need of better airport services.

National Airport was designed to accommodate only 4 million passengers a year, but it has already reached the 10 million mark. This overcrowding at National creates a serious potential safety hazard and is the source of a great many complaints on the part of those who live in the flight pattern of National.

I think there is an urgent need to divert some of the flights now using National to Dulles Airport; it is time Dulles was permitted to realize its potential of being one of the world's greatest airport facilities.

It is my hope that the next 5 years will see a significant increase in the use of Dulles Airport. I think there is already growing public recognition that Dulles Airport is convenient and can serve its needs for airline travel.

What is required now is that our Federal agencies which control these matters begin to insist that the airlines schedule more and more of their flights to and from Dulles.

With that kind of cooperation, I believe we can look forward to significant progress at Dulles in the next 5 years.

THE WILLIAMSBURG PREACHER AND THE LESSONS OF VANITY

Mr. TALMADGE. Mr. President, much indignation has rightly been leveled at Rev. Cotesworth Pinckney Lewis, pastor of the historic church at Williamsburg, Va., who criticized President Johnson last Sunday while the President was a guest in his church.

The Griffin Daily News has taken note of this incident in a fine column written by Mr. Quimby Melton. Mr. Melton notes that the Book of Ecclesiastes warns against vanities, and wonders whether the Reverend Mr. Lewis "paid much attention to Ecclesiastes as he studied for the ministry?" Had he done so, Mr. Melton concludes, he never would have lectured President Johnson, but "refrained from a grandstand play, made we believe, to get publicity."

I agree completely. I ask unanimous consent that Mr. Melton's excellent column be printed in the RECORD.

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

[From the Griffin (Ga.) Daily News, Nov. 14, 1967]

GOOD EVENING

(By Quimby Melton)

"To every thing is a season, and a time to every purpose under the heaven:" So said "The Preacher" who wrote Ecclesiastes many centuries ago. This quote is from Chapter 3 verse 1. The first eight verses of this chapter list many things for which there is a "season" or a "time."

One who reads this book of the Old Testament will be struck with the number of times The Preacher refers to "Vanity"; in fact in the last chapter of the book he says in the 8th verse "Vanity of vanity, all is vanity."

Good Evening wonders if the Rev. Cotesworth Pinckney Lewis, pastor of the historic church at Williamsburg, Va., paid much attention to Ecclesiastes as he studied for the ministry at whatever theological institution he attended? Had he done so it might have been that he would have realized his sermon Sunday morning was neither the "season" nor the "time" for him to challenge the President to make a "straightforward explanation" of the situation in Vietnam.

President Johnson and his family were in the congregation, sitting in the same pew in the historic church where George Washington used to sit.

Evidently the minister was not familiar with the book attributed to "The Preacher", or he would have realized the big part vanity plays even in the life of a minister, and would have refrained from this grandstand play made we believe to get publicity.

Wonder what would have happened if the President of the United States had risen from his seat and answered the minister! But the President, no doubt irritated that the preacher had taken advantage of the sit-

uation, was more a gentleman than was the minister. He simply said nothing. As the President and his party left the church, there stood the minister, as is the wont of many preachers, at the front door shaking hands with the members of his flock and with visitors. The President shook his hand but said nothing.

But trust a woman to come through even in a situation like this.

Beaming her brightest smile, Lady Bird, shook the hand of the Preacher and said "You certainly have a fine choir," Nothing more. How that comment must have peeved this victim of Vanity.

To say the least, in our opinion, the minister showed poor taste in making the remarks he did. And there are others who agree with Good Evening. The governor of Virginia has sent an apology to the White House.

No doubt in thousands of other churches on this same Sunday ministers were praying for the nation and for the President himself. But here was a man, so devoid of good taste; so anxious to get some publicity, that he took advantage of the situation and shot off his mouth.

We feel sorry for the man. Of course there will be those who "glory" in his ill timed statement, hiding behind "freedom of speech" and all that, and before the smoke from this unfortunate situation has cleared we believe the minister will wish he had never departed from his sermon text and thrown in the remarks directed at the President.

The Rev. Mr. Lewis has not asked our advice; the Rev. Mr. Lewis does not know us from Adam's off ox, just as we had never heard anything about him until his unfortunate faux pas; but if he were to ask us what to do we'd suggest that he immediately apologize to the President; and ask that he be given an appointment at the White House to discuss the things he preached about. Good Evening believes the President would give him such an appointment.

Of course the Rev. Dr. Lewis has the right to ask as many questions of the President as he wishes. But "to everything there is a season, and a time to every purpose under the heaven."

VIETNAM—PACIFICATION OR NEGOTIATION

Mr. FULBRIGHT. Mr. President, Stanley Hoffmann, professor of government at Harvard, has written a most interesting letter to the New York Times which appeared in that newspaper on November 12. Professor Hoffmann's view is that two kinds of political solutions are possible in Vietnam: one through pacification and the other through negotiation with the Vietcong.

Professor Hoffmann goes on to point out that pacification has become an American undertaking and thus cannot be achieved because "no state can build someone else's nation." As for the other political solution, which would be to negotiate with the Vietcong, Professor Hoffmann remarks that this solution is impossible "as long as we remain unwilling to give the Vietcong, after a ceasefire, a share in an interim regime not controlled by our side. "Professor Hoffmann concludes, therefore, that "our only alternative is a military solution"—an alternative that he points out "could be effective only at a cost that exceeds by far the values it aims at preserving."

Mr. President, I ask unanimous consent that the full text of Professor Hoffmann's letter be inserted in the RECORD at this point.

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

[From the New York Times, Nov. 12, 1967]

TOWARD MAJOR WAR IN ASIA

To the EDITOR:

In Vietnam the stake remains the control of the South. Two years ago we sent troops to prevent a Vietcong military victory, but our decision made sense only as a prelude to a political solution.

Two kinds are conceivable. One is pacification. But the scale of our military enterprise makes for destruction. Despite the recent elections, there are no political forces capable of rallying those South Vietnamese not won over by the Vietcong. This has made of pacification increasingly our undertaking, even though pacification (especially against a movement that is both Communist and nationalist) can be achieved only by trusted local leaders. No state can build someone else's nation.

The other political solution would be to negotiate with the Vietcong. But as long as we remain unwilling to give the Vietcong, after a cease-fire, a share in an interim regime, not controlled by our side, and to risk an ultimate takeover of a pacified South Vietnam by our adversaries, our only alternative is a military solution.

One dare not call a solution the Sisyphean job of exterminating enemies whose numbers increase along with ours. We have, therefore, escalated in the North.

But bombing strengthens the resolve of Hanoi. It adds an obstacle to negotiations (our insistence on a "reciprocal" move before we stop bombing must appear to the North Vietnamese as a blackmail in which we try to get them to reduce their strength in the real battlefield, the South, without any reciprocity there).

DILEMMA ON BOMBING

Moreover, we have locked ourselves in a dilemma. Either the bombing remains prudently limited but indecisive, or we keep escalating but reach the threshold of a major conflagration.

We have interpreted Soviet and Chinese restraint as an encouragement to escalate further rather than as a policy that combines few losses for them with ever-increasing entrapment for us. But failure so far and wishful thinking may push us into bigger moves, such as either an invasion of Laos (which would only spread our predicament) or an invasion of North Vietnam, which could provoke Chinese intervention.

Such a confrontation, far from helping us win in the South, would repeat on a colossal scale our experience in Vietnam. We could bomb China to the "stone age" without disposing of Chinese masses. The Soviet Union could keep Chinese resistance alive and America entangled without getting decisively involved. We would undermine what we like to consider our greatest achievement, the consolidation of free Asia's faith in America's reliability and wisdom.

A military mirage and prayers for a political miracle will not "see us through." Fictions, misplaced reliance on force, shortsighted bureaucratic decisions are no substitute for a political conception. A policy that is politically ineffective and morally objectionable for its means, or could be effective only at a cost that exceeds by far the values it aims at preserving, is indefensible. "Gray is the color of truth," but some grays are light, and others almost indistinguishable from black.

STANLEY HOFFMANN.

CAMBRIDGE, MASS., *November 3, 1967.*

NOTE.—*The writer, Professor of Government at Harvard, is the author of "The State of War."*

GEORGE F. KENNAN ON "MEET THE PRESS"

Mr. FULBRIGHT. Mr. President, on November 5, Ambassador George F. Kennan appeared on "Meet the Press." Ambassador Kennan's articulately expressed views on Soviet-American relations, and other matters, were so perceptive that I request unanimous consent that the full text of the interview be included in the RECORD so that Senators may read them.

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

MEET THE PRESS

(Produced by Lawrence E. Spivak)

Guest: Professor George F. Kennan, Institute for Advanced Studies, Princeton.

Panel: Max Frankel, The New York Times; Carl T. Rowan, Chicago Daily News; Elie Abel, NBC News; Lawrence E. Spivak, Permanent Panel Member.

Moderator: Edwin Newman, NBC News.

Mr. NEWMAN. Our guest today on "Meet the Press" is one of the country's leading authorities on the Soviet Union, George F. Kennan. His latest book, entitled "Memoirs" covering his 25 years of diplomatic service, will be published tomorrow.

Mr. Kennan, a Pulitzer Prize winner, is a former United States Ambassador to the Soviet Union and Yugoslavia. He is now a professor at the Institute for Advanced Study at Princeton.

Mr. SPIVAK. Professor Kennan, since the Soviet Union is celebrating its fiftieth anniversary, or the fiftieth anniversary of the Communist take-over anyhow, I'd like to discuss for a moment the article you recently wrote in Foreign Affairs on the fifty years of the Soviet Union.

You say in it: "The Soviet regime can look back at this half century point on certain impressive accomplishments." What do you consider the impressive accomplishments of the Soviet regime?

Mr. KENNAN. Well, of course, in the first instance I would think the successful carrying forward of the industrialization program and the program of education in the Soviet Union. Above all, of course, the successful conduct of World War II, which was a tremendous, not only military effort, but popular effort and one of which any country could be proud. This regime has remained in power with continuity for fifty years and that, whether one welcomes it or does not welcome it, is a very considerable political achievement, it seems to me, measured against the great uncertainties of Russian political life at the time when it began.

Mr. SPIVAK. Which of the accomplishments that you have mentioned would you say is directly the result of the Communist system and could not have been made by less restrictive society?

Mr. KENNAN. I would not say that Russia would not or could not have been industrialized by another system. On the contrary, Russia was being very rapidly industrialized before the Revolution, and it seems to me likely that under almost any workable governmental system she would have arrived at roughly the same point that she has arrived at today.

The same, I think, is true of education. But, of course, no one can know whether another government could have given the sort of leadership during World War II which the Soviet Government gave. It seems to me to be superior, certainly, to the military and political leadership given by the Czar's government during the First World War.

Mr. SPIVAK. Now, would you say that the accomplishments were worth the cost in human freedom and life and suffering?

Mr. KENNAN. In my opinion, no.

I think that the positive achievements that have been made in Russia in the past fifty years could have been made at a far lower cost.

(Announcement.)

Mr. FRANKEL. Mr. Kennan, looking back on the Soviet Union at the end of World War II, as you recall in your book you perceived a very limited common interest between the Soviet Union and the United States in maintaining peace and the balance of power, but really no lasting basis for collaboration or cooperation. Do you think that is still so?

Mr. KENNAN. Not entirely, Mr. Frankel. You must remember that that was during the Stalin era, at the height of Stalin's power. It was also at a time when the Russians were a bit dizzy with success, with military and political success at the end of World War II. And when I think they themselves didn't know how far they could go, and were rather intrigued by the possibilities of extending communist power into Western Europe. There had to be a certain sobering process on the part of the Soviet leaders before there could be possibilities for developing our relations with them. But I do take a more hopeful view of it today than I did at that time.

Mr. FRANKEL. What would you say are some of the areas in which the United States and the Soviet Union could now collaborate in a more forward-looking sense?

Mr. KENNAN. When I answer that question I wouldn't want you to think that there are solutions that could be adopted tomorrow, but the areas in which I think, if Vietnam were not an impediment, we could begin to make progress would be, first of all, in overcoming the unfortunate division of Germany and the European continent and perhaps reducing if not eliminating what I consider to be the inordinate presence of both the Soviet Union and the United States in the very heart of Europe. That is the first one. And the second and perhaps even more important, is to get on with bringing the whole competition in the field of atomic weaponry down to a level that is less dangerous for both of us and for all of mankind. I believe there are possibilities of doing that. I think that the Soviet leaders too realize this is a danger and in a more normal atmosphere we ought to be able to make progress in that direction.

Mr. ROWAN. Mr. Kennan, in 1947 as the celebrated Mr. X you warned that Soviet policies were expansionist and you wrote these words: "The United States has it in its power to increase enormously the strains under which Soviet policy must operate, to force upon the Kremlin a far greater degree of moderation and circumspection than it has had to observe in recent years, and in this way to promote tendencies which must eventually find their outlet in either the breakup or the gradual mellowing of Soviet power."

Do you believe the Soviet Union is still expansionist today?

Mr. KENNAN. Not in the degree that it was before, and very little, in fact.

I think that the motivations of the Soviet leaders today are primarily defensive. Defensive almost more in the political sense, vis-a-vis China and other forces within the world Communist movement than they are vis-a-vis ourselves in the military and political sense.

Mr. ROWAN. One analyst of your 1947 statement attributes to you the view that we should bottle up the Soviets to increase internal pressure until one day the boiler would burst.

I take it you don't think this is the kind of policy we ought to follow today?

Mr. KENNAN. No, and I don't think that is a correct description of my position. I did say there that I thought if we provided the right environment, international environment, there would have to be either a mellowing, or some day a breakup of Soviet power.

Now, actually I think there has been a considerable mellowing. This is not the same Russia that we dealt with in 1945 and '46.

Mr. ABEL. Mr. Kennan, you mention in your book that the Mr. X article and the doctrine—well, you reject the word "doctrine," the "principle of containment" was widely misunderstood and misapplied.

I wonder, since you mention Vietnam, whether the Vietnam commitment may not be perhaps an instance in your view of the misapplication of the principle that you were trying to state there.

Mr. KENNAN. That is absolutely correct. I would not consider the concept of containment, which I put forward and with which I was connected 20 years ago, as applicable to support our present effort in Vietnam.

Mr. ABEL. Do you, however, see a way out of that commitment however unwisely entered into years ago, that does not involve perhaps a wider and more serious unsettling of the situation in the Far East?

Mr. KENNAN. You are referring to the Vietnam commitment?

Mr. ABEL. Right.

Mr. KENNAN. Nobody can see too far into the future here. One can only say—I could only say this, perhaps, that there are courses we could follow which we are not following today and which if we did follow would cause me to feel much more comfortable about our whole involvement there. I believe we could follow a different course than we are now following. We are not obliged to continue these bombings. We are not obliged to put the same emphasis that we have put on negotiations. We could see whether it would not be possible to let military operations simmer down. Whether we could not provide a better climate and environment for our friends to work on our behalf in the interests of a settlement, perhaps gradual, but after all, a settlement of this conflict.

Mr. SPIVAK. Mr. Kennan, do you think Moscow will accept the defeat of North Vietnam?

Mr. KENNAN. No, Mr. Spivak, I don't. I think that if we press this thing too hard, we are almost bound to put both the Russians and the Chinese into a position which they ought not to be put into, from our interests as well as theirs.

Mr. SPIVAK. Well, do you think that North Vietnam is vital to Soviet interests?

Mr. KENNAN. Not militarily, but politically I think it is. I do not think that they can afford to let us end this with some sort of a complete military victory on our terms.

Mr. SPIVAK. Do you think that the Soviet Union has the power to prevent victory in North Vietnam?

Mr. KENNAN. I think they could increase their commitment there and I think that they could raise very greatly the level of difficulty which we now encounter in that area.

Mr. SPIVAK. Do you think as some people do that the Soviet Union could, if she wished, bring about negotiations in Vietnam?

Mr. KENNAN. No, I doubt that she could today. I don't have much confidence in negotiations at this present stage of the game and when I speak of a termination of the bombing and of letting military operations simmer down, I do it not because I think that would lead to negotiations at any earlier date, but because I think it ought to be done whether it led to negotiations or not.

Mr. SPIVAK. You at one time thought that if pressure for a new Geneva Conference continued it would be difficult for the Soviet Union to refuse to call such a conference. Have you changed your position on that?

Mr. KENNAN. No, but this would assume a different course on our part. So long as we pursue these bombings at present intensity, I don't think there is much chance of getting ahead with any of this. I don't think the North Vietnamese would collaborate with any such negotiating effort.

Mr. FRANKEL. Mr. Kennan, even assuming that the containment policy is being misapplied in Vietnam by the United States today, do you think it is nonetheless relevant, as you originally meant it toward the Soviet Union, in our problems with Communist China? Should we be pursuing roughly the same kind of containment psychology until they mellow?

Mr. KENNAN. I would think yes, although there has not been so much occasion for it. The Chinese Communists have talked the language that breathes hatred and hostility toward us and would permit you to assume there is nothing they would not like to do that would make trouble for us but, as a matter of fact, when it comes right down to acts there have not yet been many Communist Chinese actions to which we would have had to apply the doctrine of containment.

Mr. FRANKEL. The fear in the present American government nonetheless seems to be that unless we establish a sizeable military presence and prove its credibility to non-Communist Asian countries all around China, that those countries will for one reason or another collapse internally, or fall under Chinese domination. Do you think that is valid?

Mr. KENNAN. Well, I think that requires a great deal of critical examination and reexamination at every stage as international developments proceed. We have quite a different situation in this respect than we had three years ago when our heavy involvement in Vietnam began. After all, at that time we had an Indonesia in which the Communists played a very important role. Today that is not true. That alone is a tremendous change in the environment of the Vietnam War.

I do feel this: If, of course—which I certainly do not recommend—we were to turn tail and simply withdraw from Vietnam and turn over to others, we might set in train, yes, a current of affairs which would end with just the things which you fear, that you talk about here, but I do believe there are other ways in which this conflict could be brought to an end which would not have the unsettling effect to which you have drawn attention.

Mr. ROWAN. Mr. Kennan, I gather from your book that you left government in 1950 with considerable dismay because Dean Acheson, Dean Rusk, John Foster Dulles, rejected your view that Communist China ought to be admitted to the United Nations. Is that a correct reading?

Mr. KENNAN. Mr. Rowan, that was not a major factor in my desire to leave government at that time. It was one of the points on which I had differences with some of my colleagues there, but they were not serious differences; they were not personal. I had respect for their position and saw the logic of theirs as well as of my own.

I did think that they over-rated the importance of keeping Communist China out of the United Nations.

Mr. ROWAN. Do you think we ought to move even now to open the U.N. to Peking or is it too late to make any difference?

Mr. KENNAN. Today I think the whole climate is decidedly unfavorable to that and I think the Chinese are in such a remarkable state of disarray that I certainly don't think they could play any profitable or useful role at this moment in the U.N. I am inclined to think, though, that we ought to perhaps not to stand in the way of it so firmly. Perhaps we should take our own position, but not attempt to influence other people on this.

Mr. ROWAN. I was intrigued by one comment you made about the climate in 1950. You said "Never before has there been such utter confusion in the public mind with respect to U.S. foreign policy. The President

doesn't understand it, Congress doesn't understand it, nor does the public, nor does the press. They all wander around in a labyrinth of ignorance and error and conjecture."

Now, twenty years later what would you have to say about U.S. foreign policy?

Mr. KENNAN. Mr. Rowan, I could only say that I was very young at that time and my experience with American foreign policy was still relatively shallow. Twenty years later, I would find my mood of that moment not so unique.

Mr. ROWAN. Well, I am asking you if you think there is more or less public confusion today?

Mr. KENNAN. I think there is probably more today than there was then. That is why I say I was young. I hadn't seen the half of it yet.

Mr. ABEL. Mr. Rowan and you have spoken about the mellowing of the Soviet system since the death of Stalin. Yet those of us who have read your book recalling that younger George Kennan I think may have been struck with the toughness and pessimism with which you looked at the East-West confrontation at that time. I wonder whether this mellowing you speak of may not be the mellowing of George Kennan to a degree?

Mr. KENNAN. Well, it is perfectly possible, but on the other hand you must remember that Stalin did die. There has been the outbreak of the Chinese-Soviet conflict. This has basically altered the entire environment in which Moscow operates and that is a very great change. The changes are not just in myself.

Mr. ABEL. But there is, is there not, Mr. Kennan, a great continuity nevertheless? I think those of us who have been to Russia—perhaps more recently than you—are struck by the evidence that the essential system for maintaining power, for enforcing the state's will on the citizenry, has not changed at all.

Mr. KENNAN. Very little. The role of the Secret Police, fortunately, has changed and there is not the same degree of terror, or individual terror, terror against individuals that there was in Stalin's time. Otherwise, it has remained more or less the same and it still contains many disturbing features which I think interfere with Russia's ability to conduct her own foreign policy, interfere with our ability to have a normal relationship with the Soviet Union. I am quite prepared to admit that.

Mr. SPIVAK. Mr. Kennan, Eugene Lyons, who has just written a book called "Workers' Paradise Lost," believes that the struggle between Communism and freedom is more intense and fateful than ever and that the cold war is not coming to an end.

How do you today see the state of the cold war?

Mr. KENNAN. Oh, I think the cold war has been greatly altered by the factors that I have just mentioned, particularly the nonmonolithic quality of the Communist community in this world today, which is quite different from what we faced before.

The Revolution has, after all, partly passed into history. We face today Russia as a great power, as a great power which suffers from certain distortions of governmental behavior which are traceable to the Revolution, but has many other qualities which were qualities you would have encountered in Russian regimes long before the revolution, and these great questions that we have at issue today with the Soviet Union, which I mentioned a few moments ago—the question of the division of Europe; the question of the competition in atomic weapons, nuclear weapons; these are questions which we could and probably would have had even had the Russia with which we allied ourselves in World War II not been a Communist one.

Mr. SPIVAK. Well, are you saying then that despite the nuclear race, despite the war in Vietnam, that the relationship between the Soviet Union and the United States today is not more dangerous than it has been in recent history?

Mr. KENNAN. It is more dangerous in the sense that we have more dangerous weapons in our hands than we have ever had before, and that is always dangerous because human beings are fallible creatures and cannot be fully depended upon to act rationally in given situations. But, otherwise, I do not think it more dangerous.

The great danger twenty years ago, after all, was the danger that we confronted in the Communist parties of France and of Italy and in the generally uncertain state of Western Europe and of Japan. Those dangers have been surmounted and I think that the outlook for the cold war today, if you could remove the Vietnam conflict, would be much more hopeful than it was twenty years ago.

Mr. NEWMAN. We have about three minutes left.

Mr. SPIVAK. You have spoken about the importance of the settlement in Europe. Do you see any possibility that the Soviet Union would be willing to help end the war in Europe for some sort of settlement—the war in Vietnam, for some sort of settlement in Europe, some sort of deal as some people say?

Mr. KENNAN. No, Mr. Spivak, I don't think that you could connect these two things and that you could have a sort of a deal with a quid pro quo in Europe for something done in Vietnam. I think we have to treat the Vietnam situation on its merits and then see what we can do in straightening out other great world problems.

Mr. FRANKEL. Mr. Kennan, in speculating rather pessimistically about the ability of a democracy to conduct what you call the mature foreign policy, I gather you mean that many of the American people have not been able, in time, to appreciate, say, the mellowing, or the opportunities for more collaboration with the Soviet Union.

How, then, would you explain to them not only Vietnam, but the Middle East crisis, and Soviet conduct there; the Cuban missile adventure?

Mr. KENNAN. Mr. Frankel, I don't think what I had in mind there was so much a failure on the part of the American public to understand international relations. I was thinking more of the difficulty that our form of government has—its lack of privacy in its operations, the difficulty that it has in organizing and disciplining thought and evolving a consistent line which is something that de Tocqueville called attention to 130 or 140 years ago and it still seems to me to be very true.

I don't think we can adopt a clear political line in foreign policy and pursue it consistently and in a sophisticated and able way very easily in a great democracy. I think this does place limitations on what we can hope to achieve in world affairs, and we ought to bear them in mind. This is why the older I get, the more sympathy I have for the isolationist principles of my forefathers. I don't say that I am isolationist in this sense, but I understand much better than I did 20 or 30 years ago why a country like ours should exercise a great degree of prudence before it involves itself in complicated affairs far from its own borders.

Mr. ROWAN. That leads to one of the criticisms of you by those who reject your views about Southeast Asia. They say first of all you are basically Europe-oriented and that you have become more and more isolationist as the years have gone by.

Mr. KENNAN. These statements are perhaps over-simplifications, but that they have a germ of truth in them I would not deny. I would say this, that I attach great importance to our relations with Japan.

Mr. ROWAN. You don't believe Vietnam is one of the vital areas?

Mr. KENNAN. I do not. I do not think, actually, that the mainland of Asia is a place where we can expect to exercise or have to exercise at this juncture in world affairs, any very decisive and direct influences.

Mr. ABEL. Mr. Kennan, in the light of your own long experience in frustration, would you advise a young man to go into the Foreign Service of the United States today?

Mr. KENNAN. It would depend on him and on his expectations. If he was ambitious, if he wanted to get ahead, if it was going to cause him pain if anybody got promoted ahead of him, I would tell him not to go into it. If he wants to live abroad, keep his eyes open and broaden his horizons intellectually, than I would say go right ahead.

Mr. NEWMAN. I must interrupt there. Our time is up. Thank you, Mr. Kennan, for being with us today on "Meet the Press."

PRESIDENT JOHNSON MAKES ELOQUENT APPEAL TO VETERANS TO AID EDUCATION IN GHETTO

Mr. YARBOROUGH. Mr. President, it was my pleasure to be present at the White House last evening at the President's reception for leaders of veterans organizations when the President laid down a ringing challenge to all of us concerned with veterans. The President's simple but exciting proposal is to enlist the talents of the veterans returning from Vietnam to teach in the schools where such men are needed.

This is a great and significant proposal; one that I wholeheartedly endorse. Let us mobilize the talents and energies of the young men returning from Vietnam; let us send them into the crowded schools of our cities and the remote schools of our countryside as examples and mentors for our young people.

President Johnson said last night:

> One of the things that I am most proud of is the compassion that our soldiers, particularly our Marines right up in the DMZ are showing for poor children—their health problems, their education problems. They fight all day and go at night to teach them. That is where I got this idea.

There have been many examples of the interest the American soldier has always taken in the children of the world; we can apply that spirit at home.

The cold war GI bill, which I urged for so long to benefit these soldiers, will provide a route for qualifying these returning veterans as teachers. If additional legislation is necessary, I pledge my help.

President Johnson made an eloquent appeal for this proposal; its merit was obvious to those who heard it:

> These men and women have something rare, something unusual, and I think something wonderful to offer if they have served in our uniform. They can bring to the ghetto classrooms what few others can. They can bring there whatever children need—example, experience, integrity, honor, courage, faith, hope, and love of country demonstrated by being there when they needed you.
>
> There are too many children who do not have a father or mother in the house. The men of Vietnam can show them what a man can be and what a real man is like—and what a man should be.
>
> I don't know anyone in the world who can show it better than the men who have worn the uniform in Vietnam or other places and come out.
>
> So who knows what the challenge to

democracy is better than they do? Many of our Veterans are no strangers to the agonies of the ghetto. They know the suspicion and hostility of the ghetto. They fought for their own freedom in the ghetto. Some of them came out of there.

Then they went to fight for a nation's freedom in Vietnam. Now they can come home to continue the fight as teachers to win freedom for others who need them desperately.

I ask unanimous consent to insert at this point in the RECORD the remarks of President Johnson at the reception for leaders of veterans organizations held at the White House last evening, November 15.

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

REMARKS OF THE PRESIDENT AT THE RECEPTION FOR LEADERS OF VETERANS ORGANIZATIONS, THE EAST ROOM, NOVEMBER 15, 1967

First I want to ask your understanding for my being late. I have been late most of my life. But I seem to be—as age advances and the Prime Minister has come to town—a little later than usual.

I am sorry that I couldn't be here with you when the reception began.

For all last year and this year we have been hoping that we could get together. Bill Driver has talked to us a number of times about it—also the Veterans Committees in the House and Senate—to have a little reception here in honor of the Veterans Organizations who provide the leadership for the veterans of this country.

There are 26 million men and women who have served this nation, who have protected it—and who are protecting it this hour.

Last weekend I saw thousands of them. General Wheeler asked me to try to come to see the Marines on the Marine Anniversary. I ate so much Marine cake I don't get on the scales anymore.

But I have had my problems with the Marines as some of you have observed from the newspapers.

All my life being an old Navy man—and seeing Senator Yarborough here an old Army man—we just have to put up with these Marines because every time you hear from them they say, "The Marines have landed and everything is in good shape."

So I told them on my visit that is just exactly what happened to me right here in the White House. The Marines landed and everything is in good shape and we are going to have a wedding here in a few days.

While we are working on this one over here in the Mansion for my daughter, one of them was messing around over here in my office and married my secretary.

But I went out to see these fighting young men and women who represent the very best in America.

We first went to Fort Benning, Georgia. I have never been more inspired than when I saw the men who were taking their parachute jumps there, and when I saw them out practicing guerrilla warfare.

Then we went to El Toro and Camp Pendleton for the Marines.

Then we went out on the Carrier Enterprise and spent the night with 5,000 men and saw them take 100 planes off in the afternoon and night and bring them in. The Enterprise, you know, has been on Yankee Station out in Vietnam and will be back out there again in January.

Then we went to the Air Force where our fighter and bomber pilots were just coming from Vietnam—men with over 100 missions.

Then we wound up in Yorktown with the Coast Guard.

So we covered them all.

I had dinner in the Captain's Cabin with enlisted men. They were looking down at Admirals who were sitting at the other end of the line. The fact that one of them was from Comfort, Texas was purely coincidental.

But I don't need to tell you that these young men and women and their fighting comrades in Vietnam represent the very best that this country produced.

If there is one thing I learned from talking to all the Generals, Admirals, enlisted men and the others, it is that we are giving them a quality product of manhood and womanhood today that they have never received before.

That is no compliment to you and I, Ralph. But they are better than we were.

Every man there told me they were better than we were. That, we are very proud of.

I know you veterans are very proud of it because we are going to need our best for the tough, demanding, unfinished business that is ahead. We have plenty of it.

I want to get down to business very quickly because I have an idea and I want to make a sale. I want to promote you. I want to get you in here to roll up your sleeves and start doing something for these veterans, as you have been all of these years.

Last year, 600,000 veterans returned to civilian life. Next year, it will be 800,000. Every month we are mustering out about 70,000 veterans—every month, 70,000.

Eric Hoffer, our longshoreman friend from out there in California, calls these veterans the "seed of the future." You city boys may not know what that means, but we farmers do.

They are a very great, tremendous, natural resource—and national resource. We ought to realize that and recognize it. Their energies, their ambitions, and their efforts are going to determine what kind of a country we live in and the kind my grandson lives in.

I want to plant this seed. I want to put it down where it will do the most good in the most fertile soil. I want it to grow. I want to harvest the children in this country because education is the guardian genius of democracy. If you don't want totalitarianism, if you don't want dictatorship, if you don't want communism, you just pour the education to them. That is what we are doing.

I talked to the leaders of the land-grant colleges this morning. I am talking about our elementary school problems tomorrow, but I am talking to you now about educated children—my own roots have been in the classroom. That is where the action is; that is where the future is. When I leave here, that is directly where I am going—to the classroom because nowhere is the challenge of tomorrow greater than it is in our schools and particularly in our elementary schools.

Nowhere is it more real or more urgent than in the ghetto schools.

I doubt that any of you here live in a ghetto. But you ought to live in one long enough to understand what it is about—and have a little compassion—to decide to do something about it.

If we don't, it is going to wreck our Nation. The children in these ghettos need the teaching most and they get it least.

If you were a teacher, would you like to be a college professor, or would you like to be a high school teacher? Yes, in that order—and an elementary school teacher? Yes, elementary school teacher in a ghetto? That is the last place you want to be.

So that all the good ones are pulled out of there. We have to put somebody back there who wants to do something about cleaning up those ghettos and doing something about those poor children—the ones who need it most. That is what I want to talk to you about right now.

These are the children who can't recognize the picture of a Teddy Bear. This is a serious situation when we are living in a world where four out of 10 children, and four out of 10 adults, and four out of 10 people cannot read "cat" and cannot spell "dog".

Then we talk about how proud we are of the 20th Century. They are A-plus students when it comes to recognizing a rat because they have had more experience with rats than they have had with Teddy Bears; or a garbage can, or a knife, or a beer bottle.

They can't tell you about colors because their lives are so drab. Why? Because too often there is no one in the house to ever teach them, no one to read to them, no one to give them any kind of good example, no one to give them loving discipline.

We have two wonderful daughters. I think the thing that is helping them more than any other thing is every morning when they wake up, every night when they go to bed, and every time their mother sees them in the daytime she always says, "Remember, mother has got confidence in you and mama cares. You are loved. You are loved." She says that to the two daughters all the time.

But these poor ghetto children don't have that, because their mother is gone and their father—they don't have one sometimes because he is not there.

Our figures show that between now and 1975 2½ million teachers will enter or reenter elementary school teaching. We will only need 2.2 million.

But here is the problem: Our high schools will have more than they need and our grade schools will not have what they need: 6,000 less than they will need every year between 1970 and 1975. But it is even worse than that.

The schools that are going to suffer are the schools where the children need the teachers the most—the ghetto schools, the forgotten rural schools, the little bordertown schools, the Indian reservation schools.

The richer schools can pay higher salaries, they can offer better working conditions—they can hire the teachers.

But the poor schools just cannot. Too often they get the drags and the leftovers. They need the best teachers the most. They get the worst ones.

Here is the job that I want you to do for me. Here is the new battleground where I think our Veterans belong. I want them not only to protect our freedom abroad—I want them to protect our freedom and our liberty right here in our cities.

I want to find Veterans who want to teach. I want to give them the chance to teach these neglected children. They are teaching in Vietnam now.

One of the things that I am most proud of is the compassion that our soldiers, particularly our Marines right up in the DMZ are showing for poor children—their health problems, their education problems. They fight all day and go at night to teach them. That is where I got this idea.

Four and a half million Veterans have been discharged since Korea. In that 4½ million only 100,000 of them are teaching—67,000 Veterans are discharged every month and only 1500 teach.

So I want to encourage many more Veterans to teach. All you Veteran Service officers from all of the States were invited here. Your representatives are here tonight. I got my picture made with you. Are you listening? I want to talk to you right now.

I want to encourage more Veterans to teach. If they don't know how to teach now, I want to, with some of my Senators' and Congressmen's help, help them be taught how to teach themselves—and we want to teach them how to teach.

These men and women have something rare, something unusual, and I think something wonderful to offer if they have served in our uniform. They can bring to the ghetto classrooms what few others can. They can bring there whatever children need—example, experience, integrity, honor, courage, faith,

hope and love of country demonstrated by being there when they needed you.

There are too many children who do not have a father or mother in the house. The men of Vietnam can show them what a man can be and what a real man is like—and what a man should be.

I don't know anyone in the world who can show it better than the men who have worn the uniform in Vietnam or other places and come out.

So who knows what the challenge to democracy is better than they do? Many of our Veterans are no strangers to the agonies of the ghetto. They know the suspicion and hostility of the ghetto. They fought for their own freedom in the ghetto. Some of them came out of there.

Then they went to fight for a nation's freedom in Vietnam. Now they can come home to continue the fight as teachers to win freedom for others who need them desperately.

One month after I came into office I said: "Why can't we lower the IQ requirement, the mental requirements, and why can't we lower the physical requirements so we can get out and at least take some of these boys who might not be good soldiers or good fighters, but teach them to get up early in the morning to get a cold shower, shave and be on time—give them some discipline and training—and they might learn to mow the lawn.

I saw Mr. McNamara on the plane. Then I got Senator Russell down and went hunting with him—and got him to agree to take 12,000. Now we have 100,000. They have already enlisted 49,000 who have an average of fifth grade reading ability.

We are bringing them out of these places and putting them in there. You know the proudest thing I heard on this trip was one old seasoned, crusty General came up to tell McNamara the story of the program.

We said, "What about these at the bottom of the heap who we brought in and trained?"

He said, "I got the shock of my life. We have 47 of them who are going to officer's schools."

That shows you. I want to get some of these men who have come back from fighting for their country, trained to be teachers—we don't know what we will call them; we will call them the Veterans Teachers or something—to come and go into these ghettos over the country; go there, stay with them, and teach them so we can save those children, those cities, our country.

Therefore tonight I am requesting and appointing the Veterans Administrator, William Driver—there has never been a better government employee—he is like the rest of us. He has out-married himself.

But I am asking Bill Driver to work closely with Secretary Gardner, Commissioner Howe, and to keep in contact with the House Veterans Committee, members of both parties, and the Senate Labor and Welfare Committee, and Finance, who handle veterans legislation—work closely with them—because I want them to develop a plan to enlist the returning veterans in this challenging new assignment.

I want to invite your thoughts on it. I want your organizations to give us any suggestions you can about it. I talked to Mr. McNamara about it during my lunch hour today when Mr. Bunker was sitting there.

I said, "This is what I am going to suggest tonight if I can get there. I don't want somebody undercutting me tomorrow—how do you feel about it? Is it not a good idea or is it?"

He approves it wholeheartedly.

So we will go out before these men are discharged and, with the help of the veterans organization, we will say to these men, "You not only have protected our freedom wherever that flag has gone, you followed it and you brought it back without a stain on it. You can protect our citizens and our future right here at home by taking this job. If you are not qualified to do it now, we will qualify you to do it. We will give you training that is necessary and you get out there and give these children the kind of teaching they are entitled to in the richest Nation in the world—that is going to have a Gross National Product of $850 billion next year."

I think you care about the veterans. I think you care about the country. I don't think I am presumptuous in assuming that.

If you do care about the veterans, and you do care about the country, here is a chance to do something for both of them.

You always have to pay for your supper. You have paid by listening.

Thank you very much.

THE HUMAN RIGHTS CONVENTIONS NECESSARY TO ACHIEVEMENT OF PEACE AND STABILITY

Mr. PROXMIRE. Mr. President, the support of this Nation for the Human Rights Conventions on Forced Labor, Political Rights of Women, and Genocide stands as an essential and irreversible part of our tradition. I feel it is even more than that.

It more concisely serves as a basic ingredient of our role in the world as a major power.

I feel that through our leadership in international achievements on behalf of human rights we can add clarity to the fundamental problems which serve to present the problems agitating this world.

It is true that there are some countries which put human freedom at the bottom of their scale of necessary priorities. They suppress this human freedom in their misguided anxieties to become powerful or gain immediate economic importance.

I call attention to the fact that it is this American tradition—a belief in human rights—that certainly sets this great country apart from others who live under totalitarian rule and order.

This is why I continue to point out that anyone in our country who shares concern over the promotion of human rights in free societies, such as we have in this land, cannot fail to be concerned with this same idea on an international level.

It is my view that the same exists for people concerned with the search for peace. If we can make progress internationally in the vindication of human rights and the basic freedoms we also will achieve steps, important steps, toward creating a global peace and more stable world order.

We all know that five American presidents have pointed out this fundamental interrelation between this country's national interests and human rights.

It was President Franklin Delano Roosevelt who pledged this Nation to the "four freedoms"—everywhere in the world.

In calling attention to the beginning of the United Nations, President Truman stated:

> The U.N. Charter was dedicated to the achievement and observance of human rights and fundamental freedoms. Unless we can attain those objectives for all men everywhere—without regard to race, language or religion—we cannot have permanent peace or security.

In 1953, President Eisenhower declared that:

> Freedom is an indispensable condition to the achievement of a stable peace.

We all recall President Kennedy's famous American University speech which contained the line "peace and freedom walk together" and that peace is "in the last analysis, basically a matter of human rights."

While commemorating the United Nations, President Johnson stated:

> The world must finish once and for all the myth of inequality of races and peoples, with the scandal of discrimination, with the shocking violation of human rights and the cynical violation of political rights.

Adherence by this Nation to these conventions I cite can make a very real contribution to the basic national interest of the United States in promoting human rights throughout the world.

Again, I urge the Senate to give its advice and consent to these conventions—Forced Labor, Freedom of Association, Genocide, and Political Rights of Women.

A MEDAL OF HONOR TO SGT. CHARLES MORRIS

Mr. SPONG. Mr. President, only a few men in this country's history have been privileged to wear the Medal of Honor. Today, we in Virginia are proud to count another of our citizens in that honored group.

Sgt. Charles B. Morris, of Galax and Carroll County, Va., was awarded the Medal of Honor by President Johnson in ceremonies earlier today at the White House.

Sergeant Morris was so honored because of heroic actions as a squad leader in battle near Xa Xuan Loc, South Vietnam, on June 29, 1966. Last year he was awarded the Distinguished Service Cross.

In making the presentation of the Medal of Honor the President spoke movingly of the courage of Sergeant Morris and others who serve their country in time of war. Mr. President, I ask unanimous consent to include those remarks of the President in the RECORD.

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

TEXT OF PRESIDENT'S REMARKS AT CEREMONY AWARDING MEDAL OF HONOR TO SGT. CHARLES MORRIS, NOVEMBER 16, 1967

One of America's greatest war correspondents wrote about courage—intimately and well.

He called decorations for bravery "pinnacles of triumph" in a man's life, "that will stand out until the day he dies."

Ernie Pyle spoke for all wars—for all those moments when men must reach down into their deepest reserves of courage. He celebrated those times when men risk life for a principle—or a comrade—or a country.

On whatever field, on whatever day—war is an agony of spirit and flesh and mind.

After thousands of years of civilization, the saddest of human failures is this—the precious wealth of man's courage must still be spent on the battlefield.

But all the wisdom of the earth has not yet found a way to preserve freedom without defending it.

Staff Sergeant Charles Morris is one of

those who defended freedom on the battlefield. He fought with dogged courage through long hours of hell. He fought above and beyond the call of his duty.

Just a few days ago, I returned from a journey across this land, where I met thousands of his comrades.

I stood with our sailors on the deck of a mighty carrier at sea—and with our airmen under skies filled with America's power. I saluted the men of the infantry and the Marines. I ended my trip at Yorktown, with the men of the Coast Guard.

Some of the men I saw were training for combat.

Many had already been there. They wore its badges—and some wore its wounds.

I saw other badges, too.

I saw the white carnations worn by wives of missing pilots.

I saw loneliness on the faces of waiting families.

I felt humble to be among these men and women. But I also felt a towering pride—pride in them—pride in this nation.

Some good day, war will be only a shadowed memory.

We will labor, with all our passion and strength, to quicken the coming of that day.

But until it comes, our lives, our safety, and our hope of freedom's survival are in the hands of all those who serve—here and in Vietnam.

Sergeant Charles Morris was there when America needed him.

Once before, I stood with him on one of his "pinnacles of triumph." At Cam Ranh Bay in Vietnam, just a little more than a year ago, I awarded Sergeant Morris the Distinguished Service Cross.

Today, I am proud to stand with him again—on a hero's highest summit.

Our nation is grateful to you, Sergeant Morris. God bless you.

Secretary Resor will now read the citation.

TRIBUTE TO SENATOR PASTORE ON HIS LEADERSHIP IN THE ENACTMENT OF THE PUBLIC BROADCASTING ACT OF 1967.

Mr. PELL. Mr. President, I would like to salute my senior colleague from Rhode Island, Senator JOHN O. PASTORE, for his leadership in the passage of the Public Broadcasting Act of 1967. Senator PASTORE's part in this legislative landmark is something for which every Rhode Islander and all other Americans should be grateful. The act, as you know, encourages an increase and improvement in noncommercial and educational TV and radio broadcasting in this country.

The practical requirement that commercial broadcasting appeal to the lowest common denominator of taste and intelligence in listening and viewing audiences has too often resulted in mediocre productions. Much has been said in criticism of this situation. But the Public Broadcasting Act, which Senator PASTORE worked so hard and effectively to move through the Congress, has provided at least a realistic and continuing means to upgrade noncommercial broadcasting throughout this country.

Mr. President, a good example of the new dimensions of intellectual stimulation which noncommercial broadcasting can bring the American public is the recent launching of the Public Broadcasting Laboratory. This wonderful new treat for American TV viewers is now appearing on Sunday nights.

The program is most stimulating and rewarding, and we are all indebted to the Public Broadcasting Laboratory of the Ford Foundation for its supporting grant.

Because of the quality of the show, I know that many will now look forward to future Sunday nights as this program series continues.

I extend my warm congratulations and very best wishes to those responsible including Mr. Av Westin, the producer; my good friend Edward P. Morgan, chief consultant and narrator; the Public Broadcasting Laboratory; the Ford Foundation; and all the others who gave of their time and talent for this major, forward step in television programing.

Mr. President, I ask unanimous consent to insert into the RECORD articles from the Washington Post, Washington Star, and Harper's magazine.

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

[From the Washington (D.C.) Post]

"PUBLIC LAB" SCORES SMASHING TV DEBUT

(By Lawrence Laurent)

The Public Broadcasting Laboratory served up a searing three hours on U.S. racial problems last night in a landmark, non-commercial television program.

This was the premiere of a two-year series of programs underwritten by the Ford Foundation with a $10 million grant. It was live and in color and was carried by 119 stations in all parts of the country.

It covered major elections where race is a big factor and a filmed confrontation between Negroes and whites in Chicago. It also offered a blistering "white minstrel show" called "Day of Absence."

At the end of the three hours PBL chief correspondent Edward P. Morgan concluded that, for this Nation, "the issue is recognition—recognition of the Negro as a card-carrying member of the human race."

Earlier, Morgan discussed the Nation's continued willingness to provide funds for the Vietnam war while cutting or destroying domestic programs that combat poverty and big city crises.

The non-commercial program, broadcast over Channel 26 (UHF), also took a couple of light-hearted digs at television supported by advertising. One "commercial" stressed that all aspirin gives the same amount of relief. Another jauntily pointed out that the new 100-millimeter cigarettes contain that much more tar and nicotine than king-sized or regular length cigarettes.

PBL ran 30 minutes past its 8:30 to 10:30 p.m. schedule, mainly because of the leisurely pace that was granted to the makers of the news documentary. The clock was disregarded while advocates made their points.

The filmed confrontation between Negroes and whites in Chicago included shouting and angry, hurt attempts to make illogical, emotional points.

The film was shot last summer but it was as timely as the telecast.

In one scene, pain registered plainly on the face of a white woman who has a Negro son-in-law and a Chinese daughter-in-law. The woman wanted to talk about the all-solving, redeeming virtue of Christian love.

She was clearly taken aback after writer Russ Meek, a self-identified admirer of Stokely Carmichael, shouted: "We don't want you to love us. We don't love you."

ILLUSION OF NEUTRALITY

Viewers tend to forgive a television network for the content of a documentary, apparently believing that the maker is somehow neutral. No such forgiveness in some areas will be attached to the telecasting of the drama "Day of Absence," by Douglas Turner Ward.

It was performed by Negroes in white face. It was a savage attack on the cliches offered in defense of white attitudes toward the Negro. Its main point was so broad, and repeated so often, that none could miss it: Southerners are economically and emotionally dependent on the Negro.

It was fantasy, of course. It is the story of a Southern town that is deserted by all of its Negroes. The economy collapses. The Southern belle can't tend her infant, cook or clean house. The city government cannot function.

PERFORMERS PRAISED

The performers, all members of the Negro Ensemble Co., were absolutely splendid.

A PBL producer, Lewis Freedman, introduced this 65-minute "minstrel show in reverse" as an attempt to answer the question: "Who speaks for the Negro?"

The answer, said Freedman, is that the Negro speaks for himself.

PBL offered something new in television with its use of instant, expert critics. The Chicago confrontation of Negroes and whites was evaluated by Dr. Robert Coles, a research psychiatrist at Harvard. His main point was that "intellectual liberals are often blind to their own arrogance."

He drew a parallel between the relationship of the Negro to the white and the relationship of a child who has just become an adult to his parent. The time has come, he said, when the child must end his dependent relationship and assert his manhood.

PLAY IS REVIEWED

Dr. John Hope Franklin, University of Chicago, historian, reviewed the play, "Day of Absence." He noted that some of the same views of 150 years ago are still being enunciated.

To him, the work represented the "ambivalence" of present white society. The Negro is "indispensible" but somehow he is to be "disregarded."

In all, it was a rare, absorbing evening and a brilliant start for a new force in television.

[From the Washington (D.C.) Star, Nov. 6, 1967]

TV LAB SERIES BOWS, FOCUSES ON RACE ISSUE

(By Rick Du Brow)

HOLLYWOOD—The Public Broadcast Laboratory series of national educational television bowed in coast-to-coast last night, devoting almost all 2½ hours of its debut to the racial problem.

Extending its previously announced two-hour length, and apparently altering part of as befits a live, experimental series—the laboratory also offered two publicized anti-commercials. One mocked the ads for 100-millimeter cigarettes, telling the viewer they contained more tar and nicotine. The other said all aspirins are about equal in effectiveness and suggested that viewers just buy the cheapest ones.

"PBL," as the series is nicknamed, is, of course, part of non-commercial television. And the anticommercials, assuming their accuracy, are a splendid idea. One would hope for many more than just two on the 24 future weekly broadcasts of PBL this season. The series—in color—hopes to be a sample of what a national public television service can present.

UPS AND DOWNS

The laboratory had said it intended to stir things up, and it certainly did this in its premiere. It certainly made news, in a video sense, because of some of its content. Not that all of the content was successfully presented. It had ups and downs.

The first part of the program, focusing on political contests with racial aspects in Cleveland, Boston and Gary, Ind., was professional and visually effective, but not much different

from what the commercial networks do—and PBL is, after all, aiming at being an alternative in reportorial dimensions.

Next, however, came a lengthy segment of genuinely exciting television—an open confrontation, a dialogue, among Negroes and whites, with varying views on the racial question. This confrontation, in which verbal sparks flew furiously, made the entire broadcast worthwhile in its revelation of some of the classic positions on the racial issue.

And somehow even the occasional hollering in the exchanges seemed more human than—and therefore preferable to—many of those ultracalm, ultrapolished career talkers we usually see, and know are usually not truly representative. This dialogue was by far the highlight of the PBL premier.

ANGRY BURLESQUE

The last half of the program was occupied mainly by a play, "Day of Absence," an angry burlesque in which a Negro troupe—in whiteface—acted out a fantasy of what happened on a day when all Negroes disappeared from a Southern town.

The play tried to make the point that the South needs Negroes for its own purposes and that it has remained glued together because of the presence of the Negro. However, regardless of the play's content and underlying anger, it was theatrically a heavyhanded, overly long tirade that eventually became very thin—not funny enough to be really comic restricted by its format from being frankly dramatic, and therefor wavering between.

PBL says that "balance among points of view should be achieved across the entire series and not automatically in each broadcast." Next Sunday it takes up the subject of Vietnam.

[From Harper's magazine, November 1967]

THE EASY CHAIR: THE HAPPENING ON THE NIGHT OF NOVEMBER 5

(By John Fischer)

(NOTE.—This is not an unbiased report. Mr. Fischer is a member of the Editorial Policy Board of the Public Broadcast Laboratory, and has been an advocate of a public television system for more than a decade. In 1960 he submitted a proposal for such a system in testimony before the Federal Communications Commission, and he has dealt with the subject in several of his "Harper's" columns. He is also a contributing editor of this magazine.)

What happens on televison Sunday, November 5, ought to be worth watching, with crossed fingers and a small prayer. For it will mark the beginning of an experiment which could change the whole nature of American broadcasting.

At 8:30 that evening the Public Broadcast Laboratory will launch, on a new network, the first of a series of programs designed to be entirely different from anything now on the air. They will carry no advertising. They will not be inhibited by any of the taboos, audience ratings, and profit-making obligations which now straitjacket all commercial broadcasting. Unlike the experiments in Pay TV, they will cost the viewer nothing and will be accessible to virtually everybody. Unlike most educational TV, they will be aimed at a large general audience. Most important of all, this series will be supported by the money and talent—which educational TV has always lacked—to produce programs as professional and technically polished as anything the commercial stations can offer.

If the experiment succeeds, it may lead eventually to the founding of a new broadcasting system—publicly financed but independent of the government—to supplement the existing networks. If the series fails, the nation's airways probably will be abandoned indefinitely to their present use: that is, a mass-marketing operation, geared of necessity to the lowest reachable levels of public taste.

The venture will last for forty-five weeks. During that period a two-hour program will be broadcast every Sunday evening over the 126 stations of the National Educational Television Network—linked together for the first time so they can all show the same program simultaneously. This linkup is crucial. Because NET never before had the money to pay for the expensive cable interconnections, it could not function as a "live" network. Instead it had to produce low-budget shows on tape or film, which could be shipped around the country for use in turn by its affiliated stations, over a period of months or even years. Such shows obviously cannot be very timely. All too often, alas, they display a panel of ruminating professors, or Julia Child grilling a trout.

The Public Broadcast Laboratory, however, can afford to be relevant. It plans to deal with news in the broadest sense: that is, whatever interests people right now. But it will be different from the conventional news programs in these ways:

1. It will tackle a wider range of subjects, including many that the commercial networks don't dare touch. Broadcasters who depend on advertising—and who have never developed the tradition of editorial independence which characterizes the best newspapers and magazines—naturally deal gingerly (if at all) with such matters as automobile safety, drug prices, the hazards of cigarette smoking, and the fatuities and deceptions of the advertising business itself. Moreover, as Robert Eck pointed out in his much-quoted article in *Harper's* last March, no network can survive in the merciless competition of commercial television unless it delivers—all the time—the largest possible audience at the lowest possible cost per thousand. Consequently it simply cannot risk programming which is "untested" (*i.e.*, original) or which might attract only a minority of the potential audience. The Laboratory, on the other hand, does not aim to please all the people all the time; it can pay attention to an important innovation in the theater—or music or sculpture or theology—even if it won't pull as big a crowd as *Gunsmoke*. And since it need not fear the wrath of advertisers, it may experiment with noncommercials: brief examinations of the actual truth about one product or another. Will a patent medicine really rejuvenate your tired blood? Which color TV set is the best buy?

2. It will be more flexible in its treatment. Instead of casting everything into rigid hour or half-hour chunks, it will edit its material like a magazine, giving each subject the space it is worth. Thus a typical program might contain a dozen segments, some taking only a couple of minutes, others running to nearly an hour. (On rare occasions, the whole period might be devoted to a single subject of overriding interest.) And, as in a good magazine, the elements will be arranged with an eye to contrast and diversity—interspersing the coverage of, say, an important election with reports on a Paris fashion opening, the changing patterns of courtship, a new medical discovery, and the Teatro Campesino, a wildly original (and funny) troupe of strolling players.

3. Its commentary on events will be sharper, less superficial, and less bland than what we get from the commercial networks. In addition to its own analysts, it will call in experts on many issues from the universities, industry, and government. The Laboratory will try to be fair, but it will not feel obliged to balance every opinion with an opposite one—giving equal time, so to speak, to the Mafia and the police. And, unlike commercial broadcasters, it will not be terrified by controversy.

To pay for all this the Ford Foundation has put up $10 million—for reasons to be examined in a moment. In comparison with the billions spent on commercial TV, this is petty cash; but in terms of the money previously available for noncommercial programming, it is magnificent.

The reason why educational TV generally has been so unexciting is, quite simply, poverty. It has never lacked for imaginative and dedicated people; for years the National Educational Television Network and its affiliated local stations have been able to persuade an astonishing number of talented producers to work for a pittance. Yet because they have had so little money to work with, their enthusiasm has been largely frustrated.

For television is, inescapably, an expensive business. It requires a lot of high-priced equipment—cameras, tape recorders, transmitters, mobile studios—and skilled technicians to handle them. It demands time for directors to decide how each piece of equipment can best be used, for rehearsals and retakes, for trial-and-error experiments with lights and camera angles while a crew of highly paid performers (maybe a whole symphony orchestra) stands by. As a consequence, the production cost of a typical program on commercial TV usually runs to at least $1,000 for every minute of air time, and the more ambitious efforts may well soar to $5,000 per minute. (The commercials themselves, since they are what the whole system exists for, naturally come higher; $35,000 a minute is not unusual.)

Educational television has never had that kind of money, or anything remotely like it. The Carnegie Commission on Educational Television recently reported that commercial TV has an operating income of more than $2 billion a year, while ETV takes in only about 3 per cent of that sum, mostly from donations and local taxes. Consequently, a typical ETV program has to be budgeted at roughly $500 an hour—not per minutes, but per *hour*. This means, in most cases, no time for rehearsals, no camera crews roaming the scene of action, no cash for sets or for up-to-the-minute equipment. It means heavy reliance on panel shows—the dullest, but cheapest, kind of programming. Even when its performers are willing to work for nothing, and its producers for a fraction of what they might get from NBC, the result usually is unimpressive. It looks cheap because it is cheap. Under such handicaps, it is almost miraculous that ETV has been able, quite often, to produce some remarkably interesting programs.

In setting up the Public Broadcast Laboratory, the Ford Foundation's immediate purpose is simply to prove that noncommercial television doesn't have to be a bore—that, given a reasonable budget, it can produce something different from anything we see now, and of real value to the nation. In a brief filed a year ago with the Federal Communications Commission, the Foundation explained that it hoped "to pull together the intellectual and cultural resources of this country, to speak directly, once a week, to the great issues of the day in every field of action. We are persuaded that if first-rate production can be married to first-rate minds, and focused on questions that matter, the nation can be offered enlightened comment at a level never seen before."

The chief responsibility for making that happen falls on a rather tense young man named Av Westin, Director of the Laboratory. Although he is only thirty-seven years old, he has had nearly twenty years of experience with CBS News. While there he collected almost all the honors his profession offers—a couple of Peabody awards, an Emmy, a George Polk award, a Lasker prize for medical journalism, and a string of others. What probably is more relevant, he earned the respect of Fred W. Friendly, which isn't easy.

Friendly is a demanding, opinionated, impatient, overarticulate, and unforgiving character who was once described by Carl Sand-

burg as always looking "as if he had just got off a foam-flecked horse." Other friends disagree; they think he behaves more like the horse. Ed Murrow, who worked in close partnership with Friendly for twelve years, once remarked that he was "a force of nature, something like Niagara Falls, and often just as uncomfortable." Many people, including Murrow, believed that in his years as a producer and later as president of CBS News, Friendly turned out some of the best programs yet seen on television. When he left CBS, with a loud pop, in 1966, he became a consultant to the Ford Foundation. Together with McGeorge Bundy, the foundation's president, he is the driving force behind the whole Ford concept of public television. Although he has no direct responsibility for the operation of the Laboratory, it is quite possible that, if pressed, he might give Westin the benefit of occasional criticism and advice.

Advice is one thing the harried Mr. Westin does not lack. Once a week he meets with an Editorial Policy Board which works something like a corporation's board of directors. Its chairman is Edward W. Barrett, dean of Columbia University's Graduate School of Journalism; its members include a Nobel Prize-winning physicist, a former U.S. attorney general, the provost of Princeton, a couple of magazine editors, the president of the Juilliard School of Music, the chief of the National Educational Television Network, and distinguished professors of history, education, and sociology. In addition to general policy guidance, their job is to assure the independence of the Laboratory. They are expected to absorb the pressures, protests, and abuse which any venture as unconventional as this is sure to generate. They also will have to cope with the disappointment of those viewers—probably including some Ford executives—who are bound to feel that the Laboratory's performance does not always reach the high goals set forth in the brief quoted above.

But suppose the experiment does succeed, at least reasonably well? The hope then is that Congress will be persuaded to set up a permanent system of public television, operating not just two hours a week, but on a full schedule.

The President already has asked Congress to do just that. In a special message last March, he urged it to create a non-profit corporation for public television, with an appropriation of $9 million to get started. To make sure that it would be "absolutely free from any federal government interference" he suggested that it be run by an independent board consisting of fifteen "leaders in education, communications, and the creative arts."

The idea was quickly endorsed by top executives of all three commercial networks. (This is not so surprising as it may seem. Presumably they figure that the new corporation would take over all responsibility for public-service programming, thus letting commercial TV devote its undivided attention to making money out of mass entertainment.) It also was acclaimed by an impressive array of public-opinion leaders, ranging from Walter Lippmann to Dr. James R. Killian, head of the Carnegie Commission on Educational Television. Indirect but powerful support came from the Louis Harris public-opinion poll. It found that "there is every sign of growing disenchantment with television on the part of affluent, better-educated adult Americans" and among many young people as well. The viewers it questioned wanted more of the kind of programming which public television could best provide: news and analysis of what is going on in the world, education, public affairs, drama, and music. They also wanted less of the commercial TV staples: horror comedy, soap opera, rock 'n' roll, Westerns, and old movies.

So far, however, Congress has shown little interest in the President's request. One reason, according to Congressmen I've talked to, is that they haven't yet felt much serious pressure from their constituents. When a voter gets fed up with the standard TV diet of violence-plus-hard-sell, he seldom writes his representatives in Washington; he just turns off the set. (That may change, once the viewers realize that a better alternative might be available.) Another reason is money. A full schedule of public TV, broadcast on a live network throughout the country, would cost at least $200 million a year.

Where would it come from? The Carnegie Commission suggested a tax on the sale of new TV receivers. The Ford Foundation has recommended tapping the income from a yet-untried communications-satellite system. Others have urged that commercial stations be charged a modest rental for their use of the public's airwaves. The few businessmen who are lucky enough to hold broadcasting licenses now have, in effect, free permits to print money. Their operating profits from this monopoly have been enormous; and whenever they choose to sell their licenses, their capital gains have been even more fantastic. They are, in short, the beneficiaries of the greatest giveaway of public property in the nation's history—and so far they have not paid a thin dime for this special privilege. So it would seem reasonable, as Dr. Joseph A. Pechman of the Brookings Institution has pointed out, to ask them to contribute a small percentage of their receipts to pay for public television.

Congress is not eager to consider any of these alternatives. So long as the federal budget is running a record deficit, and facing heavy demands for both the Vietnam war and the crisis of the urban ghettos, why take on new financial burdens? Besides, no politician in his right mind likes to raise new revenues in an election year. And the most obvious source—the monopoly profits of the commercial broadcasters—is something Congressmen don't even like to talk about. For one thing, many of them are investors (directly or through family connections) in broadcasting stations. For another, every incumbent politician likes to keep on good terms with people who can give him free air time.

Eventually, however, it seems likely that Congress will create some kind of public television system—if only because the United States is the only major nation without one. If the Laboratory can demonstrate the potential for a new kind of excellence in broadcasting, and if public demand for it gradually builds up, Washington can hardly avoid responding. For it is unthinkable that this country will ignore forever the possibilities in what Walter Lippmann has called "the most remarkable and the most poorly utilized invention since the coming of the printing press."

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business?

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. Is there further morning business? If not, morning business is concluded.

Mr. MANSFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

SOCIAL SECURITY ACT AMENDMENTS OF 1967

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate.

The PRESIDING OFFICER. The bill will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. A bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill? The Chair hears none.

The Senate resumed the consideration of the bill.

PRIVILEGE OF THE FLOOR

Mr. MONTOYA. Mr. President, I ask unanimous consent that from now until disposition of consideration of my amendment No. 440 to H.R. 12080, Glen Marcus, of the Library of Congress, be permitted to be in the Chamber to advise me.

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

Mr. ERVIN. Mr. President, under existing law, the Secretary of Health, Education, and Welfare does not have authority to pay the counsel fee out of the recovery of an award to a claimant.

I introduced a bill, S. 1860, to provide that the Secretary of Health, Education, and Welfare could withhold from recovery of benefits where the benefits had been denied for counsel's fees paid direct to counsel rather than to the claimant whichever is the smallest of the following sums:

First, not to exceed 25 percent of past due benefits, or such fee as the Secretary might fix, or the amount of the fee agreed upon between the claimant and attorney as a fee for the attorney's services.

This is comparable to the allowances made where the attorney goes into court and sustains a claim. This is to cover cases where the claim is denied and the attorney sustains the claim in administrative proceedings.

Under Secretary of Health, Education, and Welfare, Wilbur J. Cohen, wrote a letter to the chairman of the Finance Committee on November 14, 1967, and sent me a copy of it, stating that the Department of Health, Education, and Welfare has no objection to the enactment of S. 1860.

Accordingly, I have incorporated the provisions of S. 1860 into this amendment which I now send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. On page 224, between lines 14 and 15, insert the following:

ATTORNEY'S FEES FOR CLAIMANTS

SEC. 176. Section 206(a) of the Social Security Act is amended by inserting, immediately before the last sentence thereof, the following new sentences: "Whenever the Secretary, in any claim before him for benefits under this title, makes a determination favorable to the claimant, he shall, if the claimant was represented by an attorney in connection with such claim, fix (in accordance with the regulations prescribed pursuant to the preceding sentence) a reasonable fee to compensate such attorney for the services performed by him in connection with such claim. If as a result of such determination, such claimant is entitled to past-due benefits under this title, the Secretary shall, not withstanding section 205(i), certify for payment (out of such past-due benefits) to such attorney an amount equal to whichever of the following is the smaller: (A) 25 per centum of the total amount of such past-due benefits, (B) the amount of the attorney's fee so fixed, or (C) the amount agreed upon between the claimant and such attorney as the fee for such attorney's services."

Mr. ERVIN. Mr. President, I ask unanimous consent to have a copy of the letter written by Mr. Cohen to the chairman of the Finance Committee printed in the RECORD.

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

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE.

Hon. RUSSELL B. LONG,
Chairman, Committee on Finance,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: This letter is in response to your request of May 27, 1967, for a report on S. 1860, a bill "To amend title II of the Social Security Act to establish a procedure whereby attorneys representing successful claimants for benefits thereunder may be paid reasonable fees for their services out of the past-due benefits to which such claimants are entitled."

The Department of Health, Education, and Welfare has no objection to enactment of S. 1860.

The bill would permit the Secretary, when he determines an individual to be entitled to social security benefits and that individual was represented by an attorney in proceedings before the Secretary, to deduct from the claimant's past-due benefits and pay directly to the attorney the smaller of the following: (A) 25 percent of the past-due benefits; (B) the amount of the attorney's fee fixed pursuant to the regulations implementing section 206(a) of the Social Security Act; or (C) the amount agreed upon by the claimant and the attorney.

The bill's provision for certifying the fee amount for direct payment to the attorney is comparable to that in section 206(b) of the Act, which relates to fees for services before Federal courts. Added by P.L. 89-97 (July 30, 1965), section 206(b) provides that a court may allow, as part of a favorable judgment, a reasonable attorney fee, not in excess of "25 percent of the past-due benefits to which the claimant is entitled by reason of such judgment", and this amount may be withheld from the claimant's past-due benefits and paid directly to the attorney. When a favorable court decision is effectuated, 25 percent of the claimant's past-due benefits is automatically withheld, and the remaining 15 percent released to the claimant.

If the court allows no fee or the court allows less than the 25 percent maximum, appropriate payment is made to the claimant. If S. 1860 were enacted, similar procedures could be established to withhold the maximum amount which could be paid directly to the attorney, with any amount in excess of the attorney fee subsequently fixed to be released to the claimant.

Time has not permitted us to clear this report with the Bureau of the Budget in accordance with standard procedure.

Sincerely,

WILBUR J. COHEN,
Under Secretary.

Mr. ERVIN. Mr. President, I should like to state that I have consulted with the ranking minority member on the Finance Committee and he says he has no objection to this amendment.

I should like to ask the chairman if he does not look with favor upon this amendment.

Mr. LONG of Louisiana. Mr. President, the Senator from North Carolina [Mr. ERVIN] has discussed his amendment with a number of us serving on the committee, and we see nothing wrong with it. Insofar as I can determine, it is a meritorious amendment and I would be pleased to accept it. It will go to conference between the Senate and the House. I would certainly think that the amendment should be agreed to, in view of the fact we can find nothing wrong with it. I propose to vote for it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from North Carolina.

The amendment was agreed to.

AMENDMENT NO. 440

Mr. MONTOYA. Mr. President, I call up my amendment No. 440 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The assistant legislative clerk proceeded to read the amendment.

Mr. MONTOYA. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and the amendment will be printed in the RECORD at this point.

The amendment offered by Mr. MONTOYA, is as follows:

On page 164, between lines 5 and 6, insert the following:

"COVERAGE OF CERTAIN DRUG EXPENSES UNDER PART B OF TITLE XVIII OF THE SOCIAL SECURITY ACT

"SEC. 149c. (a) Section 1832(a) of the Social Security Act is amended (1) by striking out 'and' at the end of paragraph (1), (2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof '; and' and (3) by adding at the end thereof the following new paragraph:

"'(3) entitlement to be paid for allowable expenses (as defined in section 1845(a)(2), or, if lower, actual expenses, incurred by him for the purchase of qualified drugs (as defined in subsection (a)(1) of such section).'

"(b) Section 1833(a) of such Act is amended (1) by inserting 'or qualified drugs' after 'incurs expenses for services', (2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof '; and', and (3) by adding at the end thereof the following new paragraph:

"'(3) in the case of expenses covered under section 1832(a)(3)—100 per centum of such expenses.'

"(c) Section 1833(b) of such Act (as amended by the preceding sections of this Act) is further amended—

"(1) by inserting '(insofar as subsection (a) relates to expenses incurred with respect to services referred to in paragraphs (1) and (2) thereof)' after 'Before applying subsection (a)';

"(2) by redesignating clauses (1) and (2) as clauses (A) and (B), respectively; and

"(3) by inserting '(1)' immediately after '(b)', and

"(4) by adding at the end thereof the following new subparagraph (2):

"'(2) Before applying subsection (a) (insofar as subsection (a) relates to expenses incurred with respect to qualified drugs, as referred to in paragraph (3) thereof) with respect to expenses incurred by an individual during any calendar year, the total amount of the expenses incurred by such individual during such year (which would, except for this subsection, constitute incurred expenses from which benefits under subsection (a) are determinable) shall be reduced by a deductible of $25; except that (A) the amount of the deductible for such calendar year as so determined shall first be reduced by the amount of any expenses incurred by such individual in the last three months of the preceding calendar year, and (B) for purposes of determining amounts to be counted toward meeting the $25 deductible imposed by this paragraph, the actual expenses incurred by an individual with respect to qualified drugs shall be used instead of the allowable expenses (as established pursuant to section 1845).'

"(d) Part B of title XVIII of such Act is amended by adding at the end thereof the following new sections:

"'ALLOWABLE EXPENSES FOR QUALIFIED DRUGS

"'SEC. 1845. (a) For purposes of this part—

"'(1) The term "qualified drug" means a drug or biological which is included among the items approved by the Formulary Committee (established pursuant to section 1846 (a)).

"'(2) The term "allowable expense" when used in connection with any quantity of a qualified drug, means the amount established with regard to such quantity of such drug by the Formulary Committee and approved by the Secretary.

"'(b) Amounts to which an individual is entitled by reason of the provisions of section 1832(a)(3) shall be paid directly to such individual. No individual shall be paid any amount by reason of the provisions of section 1832(a)(3) prior to the presentation by him (or by another on his behalf) of documentary or other proof satisfactory to the Secretary establishing his entitlement thereto.

"'(c) The benefits provided by reason of section 1832(a)(3) may be paid by the Secretary or the Secretary may utilize the service of carriers for the administration of such benefits under contracts entered into between the Secretary and such carriers for such purpose. To the extent determined by the Secretary to be appropriate, the provisions relating to contracts entered into pursuant to section 1842 shall be applicable to contracts entered into pursuant to this subsection.

"'FORMULARY COMMITTEE

"'SEC. 1846. (a) There is hereby established a Formulary Committee to consist of the Surgeon General of the Public Health Service, the Commissioner of the Food and

Drug Administration, and the Director of the National Institutes of Health.

"'(b)(1) It shall be the duty of the Formulary Committee, with the advice and assistance of the Formulary advisory group (established pursuant to section 1847), to—

"'(A) determine which drugs and biologicals shall constitute qualified drugs for purposes of the benefits provided under section 1832(a); and

"'(B) determine, with the approval of the Secretary, the allowable expense, for purposes of such benefits, of the various quantities of any drug determined by the Committee to constitute a qualified drug; and

"'(C) publish and disseminate at least once each calendar year among individuals insured under this part, physicians, pharmacists, and other interested persons, in accordance with directives of the Secretary, an alphabetical list naming each drug or biological by its established name as defined in the Federal Food, Drug, and Cosmetic Act, as amended, and by each other name by which it is commonly known, which is a qualified drug, together with the allowable expense of various quantities thereof, and if any such drug or biological is known by a trade name, the established name shall also appear with such trade name.

"'(2)(A) Any drug or biological included on the list of qualified drugs shall, if listed by established name, also be listed by its trade name or names, if any.

"'(B) Drugs and biologicals shall be determined to be qualified drugs if they can legally be obtained by the user only pursuant to a prescription of a lawful prescriber; except that the Formularly Committee may include certain drugs and biologicals not requiring such a prescription if it determines such drugs or biologicals to be of a lifesaving nature.

"'(C) In the interest of orderly, economical, and equitable administration of the benefits provided under section 1832(a)(3), the Formulary Committee may, by regulation, provide that a drug or biological otherwise regarded as being a qualified drug shall not be so regarded when prescribed in unusual quantities.

"'(3) In determining the allowable expense for any quantity of any qualified drug, the Formulary Committee shall be guided by the acquisition cost to the ultimate dispenser (generally, community pharmacists) for the quantities most frequently prescribed plus a reasonable professional fee for dispensing to the patient the prescription or other authorized lifesaving drugs, or biologicals not requiring a prescription, with a view to determining with respect to each qualified drug a schedule of prices for various quantities thereof. In any case in which a drug or biological is available by established name as defined in the Federal Food, Drug, and Cosmetic Act, as amended, and one or more trade names any one of which is different from such established name, the cost of such drug or biological, for purposes of the preceding sentence, shall be deemed to be the lowest cost of such drug, however named, which is of a quality acceptable to the Formulary Committee. Whenever the lowest cost (to the ultimate dispensers thereof) of a particular drug or biological differs in the various regions of the United States, the Formulary Committee shall establish, for the various regions of the United States, separate schedules of allowable expense with respect to such drug or biological so as to reflect the lowest cost at which such drug or biological is generally available to the ultimate dispensers thereof in each such region.

"'ADVISORY GROUP TO FORMULARY COMMITTEE

"'SEC. 1847 (a) For the purpose of assisting the Formulary Committee to carry out its duties and functions, the Secretary shall appoint an advisory group to the Formulary Committee (hereafter in this section referred to as the "advisory group". The advisory group shall consist of seven members to be appointed by the Secretary. From time to time, the Secretary shall designate one of the members of the advisory group to serve as chairman thereof. The members shall be so selected that each represents one or more of the following national organizations: an organization of physicians, an organization of manufacturers of drugs, an organization of pharmacists, an organization of persons concerned with public health, an organization of hospital pharmacists, an organization of colleges of medicine, an organization of colleges of pharmacy, and an organization of consumers. Each member shall hold office for a term of three years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of six of the members first taking office shall expire, as designated by the Secretary at the time of appointment, two at the end of the first year, and two at the end of the second year, and two at the end of the third year, after the date of appointment. A member shall not be eligible to serve continuously for more than two terms.

"'(b) Members of the advisory group, while attending meetings or conferences thereof or otherwise serving on business of the advisory group, shall be entitled to receive compensation at rates to be fixed by the Secretary, but not exceeding $75 per day, including traveltime, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"'(c) The advisory group is authorized to engage such technical assistance as may be required to carry out its functions, and the Secretary shall, in addition, make available to the advisory group such secretarial, clerical, and other assistance and such pertinent data obtained and prepared by the Department of Health, Education, and Welfare as the advisory group may require to carry out its functions.'

"(e) The amendments made by this section shall become effective on July 1, 1969."

Mr. MONTOYA. Mr. President, this amendment is designed to fill a critical gap in the coverage afforded millions of older Americans under the medicare program. Under the present program, the aged do not have any protection against the costs of prescription medicines, costs which represent a heavy financial burden upon the limited, fixed income resources of older people.

The amendment would establish a new prescription drug benefit under the voluntary supplementary insurance program of medicare. In many respects, this amendment is similar to an amendment which the Senate adopted in October of last year, but which we were unable to carry through conference into enactment. Under the amendment, which I am pleased to note has 27 cosponsors, the medicare beneficiary who is enrolled in the voluntary program would be entitled to benefits toward the costs of prescription medicines after meeting an annual $25 drug deductible. The purpose of this deductible is to assure that those who need help most in meeting prescription drug expenses benefit from the program.

The amount of benefits payable would vary on a drug-by-drug basis. Under some private drug plans, beneficiaries are normally reimbursed a fixed percentage of total prescription charges for covered drugs. Under my amendment, the program's financial liability would be based upon an amount equal to the lowest wholesale or acquisition cost of a covered drug plus an allowance representing the value of the services necessary to fill the prescription for the particular drug.

Under the amendment, benefit payments would be made directly to the beneficiary after he submitted bills which exceeded the amount of the deductible. The claim for reimbursement would be made in the same manner as claims for other expenses are made under the supplementary, or part B program. In no way does the amendment interfere with the right of the physician to prescribe in any manner he sees fit, nor does it restrict in any way the choice of medicines he wishes to prescribe for his older patients. The amendment actually assumes that the physician will continue to prescribe in the same manner as he has in the past. The amendment also in no way interferes with any pricing policies employed by pharmacists filling prescriptions for medicare beneficiaries. Pharmacists continue to fill prescriptions in their usual manner and render their customary charges for these prescriptions as they now do for medicare beneficiaries. The amendment proposes only to help the elderly finance part of the costs of these prescriptions by providing an allowance toward the amount of the actual charges.

There is clear need to provide some relief for older people who incur large drug expenses. The National Health Survey has reported that persons aged 65 and over acquire prescription medicines nearly three times more frequently than do persons under the age of 65. The average cost of each of these prescriptions was $4. In contrast, persons under age 65 acquired prescribed medicines at the rate of four prescriptions per person per year, and at an average prescription cost of $3.50 per prescription. The aged, therefore, not only acquire more prescribed medicines, but also pay more for each prescription than their younger counterparts.

A look at annual drug expenditures among the aged tells the real story about the financial burden they must bear. During fiscal 1965, older people on the average spent over $50 annually for medicines of all kinds. This was nearly three times the amount, on the average, spent by younger persons for all medicines. The disparity in expenditures between young and old becomes even more severe when we look at the portion spent for prescribed drugs. The aged spent an average of $41 annually—3.3 times the expenditures for prescribed drugs for those under age 65. Expenditures for prescribed medicines also rise sharply with the presence of chronic conditions or impairments and with the limitations which arise from these conditions and impairments. Since nearly 80 percent of persons aged 65 and over suffer from at least one or more chronic conditions, the requirements for life-sustaining and

life-giving drugs among the aged are particularly important. It is estimated that three million older Americans spend more than $100 a year for drugs and medicines, and 600,000 have drug bills exceeding $250 each year. Can there be any doubt, then, Mr. President, that many older people need help with drug expenses, and that they need this help now?

As Senators know, medicare is designed primarily to cover the costs of short-term institutional care provided in connection with periods of acute illness. The costs of medicines requiring the order of a physician which are provided to inpatient beneficiaries are paid for under the hospital insurance program, their costs being included as part of the facilities' charges for services. But there is no provision to cover the costs of drugs prescribed for outpatient beneficiaries, the very drugs which help to keep these people ambulatory and away from more expensive forms of institutional care. This omission is an unfortunate and costly oversight.

It was pointed out to the Senate early in 1965, when the medicare program was still under consideration by this body, that the costs of prescription medicines were not covered under the House-passed bill. In the medicare bill which we passed later in 1965, the Senate adopted an amendment calling for a study of the drug purchase problems of the aged and a review of ways in which the cost of prescription drugs could be included under the supplementary medical insurance program. Although the provision calling for the study was deleted from the bill by conference action, we were assured that HEW and its many advisory groups would review the need for additional benefits under medicare, including drugs, as part of their overall responsibility to carry on studies of all the programs authorized under the Social Security Act.

Last year, the Committee on Finance reported and the Senate unanimously adopted an amendment to include a drug benefit under the supplementary insurance program. The committee, in its report, stated that the amendment represented a "reasoned and economic approach toward meeting a genuine need of our older people." The Senate, therefore, did more than just recognize the need; the Senate acted on behalf of millions of older people to do something about this need.

Regrettably, the amendment did not clear the conference committee. We now have an opportunity, in this bill, to sustain the commitment we made last year. The amendment I am proposing is, for the most part, identical to the amendment which we passed last year.

The amendment is designed to meet part of the costs of prescribed medicines acquired by beneficiaries enrolled in the voluntary program. The amendment does not propose to subsidize all drug costs of the aged, since there are many older persons who can manage to pay their drug bills themselves. The bill seeks to help those with catastrophic expenses—those who need assistance most.

There seems to have arisen some confusion about the provisions in the amendment which would be used to determine the extent of the program's liability for the drug expenses of the aged. To clear up any questions, I would like to briefly explain how these provisions would be implemented.

Under the amendment, a national formulary would review the range of prescription medicines required by older people for purposes of diagnosis, cure, treatment, and the prevention of disease. Formularies of the kind the amendment envisions have long been used in a number of private and public programs throughout the United States, so that we are not talking about a new and untried concept. Included in the formulary, which is simply a listing of substances for which reimbursement could be made, would be drugs which can be obtained only upon written order of a physician. The actual inclusion of a drug would be left to the professional judgment of the formulary committee and its advisory group, which would be composed of representatives of professional health organizations, including physicians, community and hospital pharmacists, manufacturers, public health officials, colleges of medicine and pharmacy, and representatives of the general public. From among the entire selection of drug products for any one particular drug, the committee would identify the wholesale price of the least expensive product meeting an acceptable level of quality as a matter of professional judgment. This price, together with an amount representing the value of the services in preparing a prescription for this drug, then becomes the "allowance" which the program would pay to the beneficiary.

Under this procedure, the physician is free to prescribe any drug he believes necessary for the proper treatment of his patient. This decision is a medical decision and can only be the responsibility of the physician. My amendment supports this concept that the physician, and only the physician, can make these judgments. Regardless of what the physician prescribes, insofar as the drug or its name are concerned—it makes no difference—the program will pay for a portion of the actual charge for a particular prescription on the basis of the allowances provided under the formulary. The pharmacist will fill the prescription just as he now does and charge what he usually charges. The patient pays the charge just as he now does, and then makes application for partial reimbursement of the charges to the amount allowed under the program. Only where the actual charges equal the allowance, can the beneficiary expect 100 percent reimbursement. If the physician prescribes a drug not included in the formulary, no reimbursement can be made to the patient. But, if the physician believes that such a drug is important to the treatment of his patient, he is completely free to write such a prescription. It is expected, however, that the formulary committee would include most of the kinds of drugs which the aged frequently require in their care.

Under present law, Mr. President, regardless of the manner in which any prescription is written for a medicare beneficiary, the patient can look forward to absolutely no assistance in financing his drug costs. Under my amendment, the beneficiary can at least expect to receive some help in meeting the high costs of prescription medicines, particularly when they constitute an inordinantly high part of their total health care bill. Since the allowance system is so structured as to provide benefits directly to the beneficiary only, the pharmacist is in no way harmed financially; the doctor's professional judgment is likewise secured.

The proposed effective date of the amendment is July 1, 1969. Since we are all aware of the need to control Federal expenditures at this time, I might point out that no appropriations would be required to finance this benefit until fiscal year 1970. The mid-1969 effective date of the amendment also would provide the executive branch with ample time to work out any administrative problems they foresee at this time. And even if circumstances are such that not all solutions can be found by that time—more time, by the way, Mr. President, than was needed to tool up for the immensely more complex medicare program itself—enactment of the amendment now would leave us in the position to provide this vitally needed benefit at the earliest possible moment. At the present time, I estimate the cost of providing this much needed benefit to result in an increase in the monthly insurance premium of about 50 cents for each beneficiary who is enrolled in the voluntary program. This amount, of course, would be matched out of funds from the general revenue, as are the other benefits provided in the part B, or voluntary, program. I am certain the Nation's millions of older people would welcome the opportunity to insure themselves against catastrophic drug expenses with this modest increase in premiums.

Like the amendment for which the Senate voted last year, this amendment, I believe, offers a "reasoned and economic approach toward meeting a genuine need of our older people."

I urge that the amendment be adopted.

Mr. WILLIAMS of Delaware. Mr. President, I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. There is not a sufficient second.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield to the Senator from Louisiana.

Mr. LONG of Louisiana. Mr. President, in order to save time, I ask unanimous consent that the yeas and nays be ordered on the pending amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana?

There being no objection, the yeas and nays were ordered.

Mr. WILLIAMS of Delaware. Mr. President, the committee considered this amendment and rejected it, largely because its costs are somewhat prohibitive.

This is an entirely new program. It should be pointed out that the amendment, as offered, carries no method of financing. The latest estimate on the

amendment as written, which we received just today, is that it would cost $690 million annually.

The PRESIDING OFFICER. The Senator from Delaware will suspend until order is restored. The Senate will be in order.

The Senator may proceed.

Mr. WILLIAMS of Delaware. The amendment, as has been described, proposes to initiate an entirely new program under the medicare section of the bill to include the cost of prescription and certain nonprescription drugs.

The chief actuary of HEW has furnished an estimate that the first year's cost would be $690 million. That is based upon today's current prices of drugs. While it is true that the amendment would not be fully effective until 1970, nevertheless, once initiated it would be a part of the medicare law.

Part B medicare payments today are costing those participating $3 per month. Secretary Gardner has already announced publicly that due to the increased cost of operating the medicare program that cost will increase next year to at least $4 per month, or an increase of 33⅓ percent. If this amendment is adopted and becomes a part of the medicare program it would raise the monthly cost of each participant under that program by an additional $1.60 per month. The total cost of financing the $690 million would be $3.20 a month for each participant, of which the Government would pay one-half. But if the amendment is adopted each participant would have to pay $1.60 per month more than he is presently paying, which is a 60-percent increase in the cost of the medicare program as compared to what he is paying today.

As I stated earlier, the participants are already confronted with an increase next year of $1 per month. Can they afford this additional $1.60 per month?

Furthermore, I believe that this is a poor time to consider initiating an entirely new program and that we should have the benefit of more experience with the medicare program as presently constituted before expanding it.

Mr. CURTIS. Mr. President, will the distinguished Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. CURTIS. I believe an examination of the amendment would show that it goes far beyond reimbursing medicare patients for the cost of prescriptions.

It involves Government policing and formulating a list of medicines that are acceptable. It involves price fixing and a number of issues on which several Senate committees have been working—I believe one of the subcommittees of the Judiciary Committee, the Select Committee on Small Business, and others.

When the distinguished Senator from Delaware yields the floor, it will be my purpose to suggest the absence of a quorum and insist that we have a live quorum because there is something involved here that goes far beyond the problem of paying for medicare prescriptions and the considerations to be taken into account which go far beyond what the Senator has mentioned and concern the cost.

Mr. WILLIAMS of Delaware. The Senator is correct; I was going to mention that particular point later. Those points were discussed in our committee and were some of the major items which prompted us to include in the bill a provision for the Health, Education, and Welfare Department to make a study and report on this and other phases of the drug proposal.

We should have the benefit of that study and report before we consider the initiation of an entirely new program on top of other programs, a program which is estimated to cost a minimum of $690 million a year and one which would raise the cost to all of those participating in the medicare program today by at least 60 percent.

I do not think this is the time to initiate a new program with the information we have available.

I hope that the amendment will be rejected.

CALL OF THE ROLL

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HARRIS in the chair). The clerk will call the roll.

The bill clerk called the roll, and the following Senators answered to their names:

[No. 322 Leg.]

Aiken	Hansen	Montoya
Allott	Harris	Morse
Anderson	Hart	Morton
Baker	Hartke	Moss
Bartlett	Hatfield	Mundt
Bayh	Hayden	Muskie
Bennett	Hickenlooper	Nelson
Bible	Hill	Pastore
Boggs	Holland	Pearson
Byrd, Va.	Hollings	Pell
Byrd, W. Va.	Hruska	Prouty
Carlson	Inouye	Proxmire
Case	Jackson	Randolph
Clark	Javits	Ribicoff
Cotton	Jordan, Idaho	Russell
Curtis	Kennedy, Mass.	Smith
Dirksen	Kennedy, N.Y.	Spong
Dominick	Kuchel	Stennis
Eastland	Lausche	Symington
Ellender	Long, La.	Talmadge
Ervin	Magnuson	Tydings
Fannin	Mansfield	Williams, N.J.
Fong	McCarthy	Williams, Del.
Fulbright	McClellan	Yarborough
Gore	McIntyre	Young, Ohio
Griffin	Metcalf	
Gruening	Miller	

Mr. BYRD of West Virginia. I announce that the Senator from Nevada [Mr. CANNON], the Senator from North Carolina [Mr. JORDAN], and the Senator from Missouri [Mr. LONG] are absent on official business.

I also announce that the Senator from Maryland [Mr. BREWSTER], the Senator from North Dakota [Mr. BURDICK], the Senator from Idaho [Mr. CHURCH], the Senator from Connecticut [Mr. DODD], the Senator from Wyoming [Mr. MCGEE], the Senator from South Dakota [Mr. MCGOVERN], the Senator from Minnesota [Mr. MONDALE], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Florida [Mr. SMATHERS], and the Senator from Alabama [Mr. SPARKMAN] are necessarily absent.

Mr. KUCHEL. I announce that the Senator from Kentucky [Mr. COOPER] and the Senator from Texas [Mr. TOWER] are absent on official business.

The Senator from Massachusetts [Mr. BROOKE], the Senator from California [Mr. MURPHY], the Senator from Illinois [Mr. PERCY], the Senator from Pennsylvania [Mr. SCOTT], and the Senator from South Carolina [Mr. THURMOND] are necessarily absent.

The Senator from North Dakota [Mr. YOUNG] is absent because of death in family.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment (No. 440) of the Senator from New Mexico.

Mr. CURTIS. Mr. President, amendment No. 440 involves, really, two questions. One is: Shall we add the cost of prescriptions to the medicare program? The other is: If that is done, how shall it be done?

For the moment, I wish to address myself to the manner in which the amendment would provide that medicare patients under part B could get their prescriptions paid for.

I suggest to Senators now in the Chamber that they turn to page 4 of amendment No. 440, beginning on line 5:

ALLOWABLE EXPENSES FOR QUALIFIED DRUGS

SEC. 1845. (a) For purposes of this part—(1) The term "qualified drug" means a drug or biological which is included among the items approved by the Formulary Committee (established pursuant to section 1846(a)).

Mr. President, this amendment would call for an OPA setup. This would be price control. This would be prescribing medicines for patients by bureaucrats.

Reading on, we find that if the patient is to be reimbursed, the prescription must be listed by the Formulary Committee which publishes a list once a year.

Reading on from line 11, page 4:

(2) The term "allowable expense" when used in connection with any quantity of a qualified drug, means the amount established with regard to such quantity of such drug by the Formulary Committee and approved by the Secretary.

The Formulary Committee and the Secretary, or, in other words, the bureaucrats, will decide how many spoonfuls of medicine shall be taken. The language refers to the quantity.

It would be so much simpler, if it should be the will of the Senate to add prescription drugs to the program, it should be done by simply including the cost of prescriptions, period.

The rental on a wheelchair is provided. Should we set up an Office of Price Administration to control wheelchair costs?

This is the back door approach to control of the drug industry, which threat has been around Capitol Hill for months and years.

The medicare patient is being used to bring about control of medicines, their manufacture, and distribution.

Reading on:

(b) Amounts to which an individual is entitled by reason of the provisions of section 1832(a)(3) shall be paid directly to such individual. No individual shall be paid any amount by reason of the provisions of section 1832(a)(3) prior to the presentation by him (or by another on his behalf) of documentary or other proof satisfactory to the Secretary establishing his entitlement thereto.

Skipping over to page 5, there is the machinery to be created to reimburse for a medical prescription:

Section 1846(a) There is hereby established a Formulary Committee—

Where are we going to house such a committee? How many employees will it need? The committee will have power to say what drugs shall or shall not be listed, and that a patient cannot be reimbursed unless his prescription is on that list?

FORMULARY COMMITTEE

SEC. 1846. (a) There is hereby established a Formulary Committee to consist of the Surgeon General of the Public Health Service, the Commissioner of the Food and Drug Administration, and the Director of the National Institutes of Health.

Mr. President, everyone knows that those three gentlemen are all very eminent and well-qualified persons, but they are busy men and they will not perform this service personally. Those duties, for which they will be charged with responsibility, will be performed by a bureau which they will have to create.

Reading on:

(b)(1) It shall be the duty of the Formulary Committee, with the advice and assistance of the Formulary advisory group (established pursuant to section 1847), to—

How much will that cost?

Here is their power:

(A) determine which drugs and biologicals shall constitute qualified drugs for purposes of the benefits provided under section 1832 (a); and

Mr. President, if this amendment is agreed to, can a medicare patient who has been prescribed a new drug which has come out since the bureaucrats made their list public, be reimbursed for his prescription? No; he cannot be reimbursed for it.

All this machinery is not necessary.

Let me repeat, that if it is the will of the Senate to pay for prescription drugs, let us do it without subjecting the drug industry to all this control.

Let me say at this point that I am not weeping for the drug industry. I am in no way connected with it. None of my family or none of those with whom I am intimately associated are connected with the industry. I have one interest, and that is the welfare of the patient. This is the backdoor to controlling the drug industry, which, in my opinion—and I respect those who disagree with me—is to retard the advance of it in this country, and it is not in the best interests of the patient.

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

Mr. CURTIS. I yield.

Mr. HICKENLOOPER. I am not too familiar with this subject, because I am not on a committee that has anything to do with it, but I have read a prospectus on this proposal. In addition to what I think are the very serious points, which may be deficiencies in this proposal, that the Senator from Nebraska has pointed out, I wonder if the Senator has an opinion on whether or not the enactment of this particular bill would not seriously impede, if not almost destroy, independent research in this country in medicines and in drugs.

Mr. CURTIS. It will adversely affect it.

Mr. HICKENLOOPER. In other words, it will turn research for new drugs and new medicines in this country almost entirely over to the tender mercies of the bureaucrats?

Mr. CURTIS. That is correct. If we once establish a Formulary Committee that has the power to police both the type of drug and the quantity used in medicare, how long will it be until that system is extended to every other Government program, to public health hospitals, and veterans hospitals? The next step is a local hospital to which Federal money has been contributed. Then we will have the situation in which no one can prescribe drugs or sell or distribute them to this particular category of patients—which will include a great portion of our population—until they are approved by the Formulary Committee.

Mr. HICKENLOOPER. In other words, as I understand one of the points the Senator is making, it is that if someone has an ailment and the doctor says, "Well, there is a new drug that has come on the market. Nothing so far that we have tried does you any good. This has some potential. Would you mind if we tried this?" that person cannot get paid for it because the bureau has not put it on the list?

Mr. CURTIS. Yes.

Mr. HICKENLOOPER. And many a person has been cured by such experimentation or trial as that.

Mr. CURTIS. That is right. I emphasize that this is the back-door approach which will apply to medicare first; but once the principle is adopted, then the move will be toward a formula that will apply to all Government programs.

Now, I am reading from line 19, page 5, of the amendment, relating to the power of the Formulary Committee to "determine, with the approval of the Secretary, the allowable expense, for purposes of such benefits, of the various quantities of any drug determined by the Committee to constitute a qualified drug."

A person will have to get permission from Washington as to how many aspirins a medicare patient can be reimbursed for. Why is that necessary? If the Senate wants to pay for the drug, let us take the less expensive way, and just pay the bill.

If the object of this amendment is to serve patients who cannot pay for their own medicines, why do they include all these sections of control? Has our country become great because of controls? Have we made great advances in medicine because of freedom or because of controls?

Going now to page 5, line 23, it provides that the Formulary Commission shall "publish and disseminate at least once each calendar year among individuals insured under this part, physicians, pharmacists, and other interested persons, in accordance with directives of the Secretary, an alphabetical list naming each drug or biological by its established name as defined in the Federal Food, Drug, and Cosmetic Act."

That is the contest between trade names and generic terms.

Let us think about something else. This is a proposal which provides that the bureaucrats shall publish a catalog, and they must distribute it to everyone registered under medicare, and all the pharmacists, and all the physicians, and all other interested persons.

What will it cost to publish 25 or 30 million lists every year? What will it cost the Post Office Department to distribute 25 million lists of approved drugs?

It would be my hope that the distinguished Senator from New Mexico would withdraw that part of his amendment, which is not necessary, and which makes the measure more costly. And I still personally have doubts about enlarging the medicare program at this time. It is just getting started. Our elder citizens are paying $3 a month. That is going to have to be raised to about $4 a month without this provision.

We have a system which provides medicare benefits for everybody, regardless of income; and some consideration should be given to that fact, in light of the heavy costs.

I said a moment ago that my only concern in this drug controversy is the welfare of the patient. While I have no interest whatever in any drug business, I have had a great deal of interest in many people who are very dependent on medicine. I have endeavored to try to find out what is the right answer to the question involving generic terms or trade names.

I think we should totally disregard the business pressures and determine just simply what is best for the patient. I believe that it is the trade name. There are many things that go into the making a good medicine besides those ingredients listed in the generic terms. Would anyone say that all houses that have the same number of bricks and the same number of board feet of lumber are equal? Would anyone say that every cake made from the same recipe is equal with every other cake that follows the recipe? No. Workmanship, research, testing, filler ingredients, care in packaging—many, many things make a drug superior to another drug other than the ingredients that are disclosed by the generic term. I have secured the opinion of, among others, family doctors who have no interest in any drug store, any drug or manufacturing company. I have asked, "What is best for the patient?"

Every time, they point out that equally important with the ingredients described in generic terms are all of these other factors of care in manufacture, time in manufacture, process, filler ingredients, research, testing along the way, time on the shelf, and many other things. And just as one has the right to know who made an article that he buys for any other purpose, the purchaser should have a right to know who made the article of medicine.

That is what is involved here. It is written right out on page 6: They shall list it "by each other name by which it is commonly known, which is a qualified drug, together with the allowable expense of various quantities thereof."

The bureaucrats are not only going to publish a list of the drugs that can be used, but the quantity and the price.

Why is all that necessary? Do Senators realize that while hospital costs have gone up 68 percent in the last 10 years, and doctor bills and dentist bills have gone up from 20 to 25 percent, prescription drugs have gone down between 1 and 2 percent, over the last 10 years?

Next, beginning on page 6, line 11:

(2)(A) Any drug or biological included on the list of qualified drugs shall, if listed by established name, also be listed by its trade name or names, if any.

(B) Drugs and biologicals shall be determined to be qualified drugs if they can legally be obtained by the user only pursuant to a prescription of a lawful prescriber; except that the Formulary Committee may include certain drugs and biologicals not requiring such a prescription if it determines such drugs or biologicals to be of a lifesaving nature.

That gives the Formulary Committee the right to write a prescription, publish it, and distribute it to 25 million people.

The Formulary Committee may, by regulation, provide that a drug or biological otherwise regarded as being a qualified drug shall not be so regarded when prescribed in unusual quantities.

Who is to determine whether they are unusual quantities, the physician in charge of the case? No. He has to look in the book of Government regulations.

(3) In determining the allowable expense for any quantity of any qualified drug, the Formulary Committee shall be guided by the acquisition cost to the ultimate dispenser (generally, community pharmacists)—

If that is not price control, how do you establish it?

for the quantities most frequently prescribed plus a reasonable professional fee for dispensing to the patient the prescription or other authorized lifesaving drugs, or biologicals not requiring a prescription, with a view to determining with respect to each qualified drug a schedule of prices for various quantities thereof. In any case in which a drug or biological is available by established name as defined in the Federal Food, Drug, and Cosmetic Act, as amended—

In other words, the generic term—

and one or more trade names any one of which is different from such established name, the cost of such drug or biological, for purposes of the preceding sentence, shall be deemed to be the lowest cost of such drug, however named, which is of a quality acceptable to the Formulary Committee. Whenever the lowest cost (to the ultimate dispensers thereof) of a particular drug or biological differs in the various regions of the United States, the Formulary Committee shall establish, for the various regions of the United States, separate schedules of allowable expense with respect to such drug or biological—

We are even going to have regional Offices of Price Administration, under this provision—

so as to reflect the lowest cost at which such drug or biological is generally available to the ultimate dispensers thereof in each such region.

Then it goes on and sets up an advisory to this newly created bureau.

The amendment before us provides payment of prescriptions for all including the wealthy.

Mr. President, in these days when we are considering an enlarged Social Security bill, and more and more people are becoming dependent upon the Government—including individuals able to pay for their own medical care—it is interesting to note what a newspaper editor in my State recently said. I refer to an editorial printed in the Hastings, Nebr., Daily Tribune, entitled "Snap In Service."

The editorial begins:

A researcher whose identity has somehow become obscured in the passing of time came to the conclusion that nine steps occur in the collapse of a free society. They are:

1. From chains of slavery people rise to spiritual faith.
2. From spiritual faith they generate courage.
3. From courage they forge liberty.
4. From liberty comes abundance.
5. From abundance arises selfishness.
6. From selfishness, then, to complacency.
7. From complacency to apathy.
8. From apathy people degenerate to dependency.
9. And from dependency back again to bondage.

Mr. President, I ask unanimous consent that the entire editorial to which I have referred be printed in the RECORD at this point.

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

SNAP IN SERVICE

A researcher whose identity has somehow become obscured in the passing of time came to the conclusion that nine steps occur in the collapse of a free society. They are:

1. From chains of slavery people rise to spiritual faith.
2. From spiritual faith they generate courage.
3. From courage they forge liberty.
4. From liberty comes abundance.
5. From abundance arises selfishness.
6. From selfishness, then, to complacency.
7. From complacency to apathy.
8. From apathy people degenerate to dependency.
9. And from dependency back again to bondage.

It might be interesting, and vastly helpful in the light of current welfare trends, for each of us to estimate which of those nine steps America may now be taking.

It might be even more helpful if, each in our own way, we would try to help adjust the nation's stride in a direction that assures a free society in perpetuity.

And perhaps we should do it soon.

Mr. CURTIS. Mr. President, I again express the hope that the mover of this amendment will reoffer his amendment for reimbursement of the cost of drugs with all of these sections relating to control of the drug industry deleted. I still would not support it, because I understood the distinguished Senator from Delaware to say it would cost around $600 million.

Perhaps if the time comes when it is determined that the cost of medical prescriptions should be included, someone will come up with a formula whereby it is provided only for those people who do not have the money to pay for their prescriptions. That is not provided in the amendment of the distinguished Senator from New Mexico. All participants are to have their medicines paid for.

Mr. President, if the amendment remains in its present form, it will be my purpose to offer an amendment to the amendment, striking out section 1845 and all remaining sections of the amendment.

The PRESIDING OFFICER. Is the Senator from Nebraska offering an amendment to the amendment?

Mr. CURTIS. Not at this time.

Mr. MONTOYA. Mr. President, does the Senator from Indiana wish to speak on the amendment?

Mr. HARTKE. I do. I am in no hurry.

Mr. MONTOYA. I yield to the Senator from Indiana.

Mr. HARTKE. Mr. President, before I proceed to make any formal statement, I should like to know whether the Senator from New Mexico considers this comparison of Senator LONG's bill (S. 2299) and Senator MONTOYA's bill (S. 17) as a complete analysis or comparison of the two bills.

Mr. MONTOYA. No; not at all, Mr. President.

This is merely a capsule digest of the identification with respect to both bills.

Mr. HARTKE. Does the memorandums imply that the formulary aspect of the Montoya bill and the Long bill are the same?

Mr. MONTOYA. Not at all.

Mr. HARTKE. What does it do with regard to formulary?

Mr. MONTOYA. The purpose of my memorandums, which I have placed on the desk of each Senator, is to try to point out the objectives of my bill and the objectives of the Long bill.

Mr. HARTKE. The Senator from Nebraska has been discussing the formulary aspects of the bill for about a half an hour. I see nothing in the memorandums dealing with this aspect of the problem whatever. I wonder if the Senator considers it unimportant.

Mr. MONTOYA. I discussed it in my statement. I do not know whether the Senator heard my statement previously.

Mr. HARTKE. I heard the statement. I just wondered, though, because this is a brief comparison of them.

Mr. MONTOYA. I intend to go into it in rebuttal.

Mr. HARTKE. Does the Senator want to do that now?

Mr. MONTOYA. No. I would like to hear what the Senator has to say first.

Mr. HARTKE. Basically, as far as the overall purpose is concerned, I think the Senator from New Mexico describes a purpose with which everyone agrees, and that is that many aged people have big drug bills. This is nothing new to me.

I introduced a bill in the 89th Congress, first session, S. 1788. This was the Drug Stamp Plan Act which would have done substantially the same thing proposed by the Senator from New Mexico.

The point is that we found upon study, that some complicated features are involved, but I really still basically favor a program to determine the drug bills that aged people are paying. That question certainly presents a major problem in our society today. As we all know, the bills are higher for the older people. The problem needs a solution.

As the Senator knows, I was the author of an amendment which dealt basi-

cally with the subject which concerns the pending amendment and by the Long amendment also. It provided for a complete study by the Department of Health, Education, and Welfare. Such a study already had begun, but as the result of the amendment, the bill itself requires by law that a complete study of the entire matter should be made by the Department of Health, Education, and Welfare.

It is not an open-ended study. It requires a complete reporting to the House Ways and Means Committee, which authorized this legislation, and to the Finance Committee of the Senate which has jurisdiction. The reporting date on this study is January 1, 1969.

What, in effect the Senator from New Mexico is saying is that the study is worthless even though the Department of Health, Education, and Welfare insists that it is well worth while and even though Dr. Goddard, the Food and Drug Administrator, says it is an absolute necessity.

The study would be completed and reported back to the two responsible committees 6 months before the date that the bill introduced by the Senator from New Mexico intends to take effect.

What the amendment before us is saying, in effect, that in this category we do not need the facts, but would merely go ahead and operate on the basic theme of the conclusions which we deem desirable.

I would think, after the study is completed, if the Senator from New Mexico wanted a program that would be worth while for these people, that he would be willing to wait until those who have the responsibility for administering the programs come forward with the facts.

I am not one who is adverse to providing assistance to the aged. Quite honestly, I am accused of going too far in these respects by some of my colleagues—on the Republican side of the aisle at least.

Mr. MONTOYA. Mr. President, will the Senator yield at that point?

Mr. HARTKE. I yield.

Mr. MONTOYA. Mr. President, I should like to inform the Senator that a study was ordered pursuant to the introduction of a bill such as this in 1965. A study was then ordered in 1966.

I should like to ask my friend, the Senator from Indiana, how long a study we must endure before the old people of this Nation have prescription drug costs reimbursed.

Mr. HARTKE. I do not know how deeply the Senator from New Mexico has gone into this matter. I have gone into it in depth. I have looked at some of the problems posed by the study itself, problems to which the administrators and experts who have attempted to do something in this field at this moment cannot give definitive answers.

I do not think there is anything wrong with a study that would take as long as the bill provides. If one reads the hearings, he will find that the Department itself needs some time. The people involved with the actual determinations as to whether a drug is defective or safe have said in public hearings that they could not at this time in good conscience go to the American people and approve a program such as the Senator from New Mexico advocates.

I am not opposed to the purpose. If the Senator wants to give money to these people, he can give them whatever amount of money he wants to if Congress votes to pay for the bills. However, that is not all that is in the bill.

I might be inclined to support the Senator if he wants to provide that. I do not think the Senator from Louisiana, the chairman of the Committee on Finance, would support such an amendment, but that is neither here nor there.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. LONG of Louisiana. If we would have to pay 100 or 1,000 times what a product ought to be selling for, I would be against taxpayers paying for it. If we can do this at some reasonable cost, I would be willing to vote to put some taxpayers' money into the program.

Where the Government buys drugs for the Department of Defense or for Members of Congress, it does not permit drug companies to charge it anywhere from twice as much to 100 times as much as a product ought to sell for.

The Government pays no more than a reasonable price.

I am not here to find fault with the drug companies because they get rich. That is the whole idea of going into business, as I understand it.

However, if we are going to pay for something, it does not make a lot of sense to me that we should pay an exorbitant price for it. We have not done this in other programs where the Federal Government has bought drugs up to this time.

The drug companies have a $4 billion industry, and they spend fortunes putting their representatives in every agency of the Government that buys drugs and honeycombing them with people who try to find some way to make the Government pay 10 times what it ought to pay for its purchases.

I am opposed to letting them ever get started charging the Government 10 or 50 times what something ought to be selling for. Frankly, if we are going to let them sell drugs on that basis, we cannot afford to buy the drugs.

The taxpayers cannot afford it. If the drugs could be bought at a reasonable price, the Senator from New Mexico [Mr. MONTOYA] would like to have that done. I would be willing to vote for that. But if this proposal were to be a foot in the door for drug companies to charge 40 or 50 times the cost of production for something they are selling to Uncle Sam, I would be against it.

Two large drug companies are located in the State of the Senator from Indiana. I do not blame them for trying to make money for their stockholders. But Louisiana does not have any drug companies. I am trying to look after the poor old folks. I hope the Senator will forgive me when I try to look after them.

Mr. HARTKE. I hope the Senator will realize that I am working on behalf of the poor people of my State and of his State, as well. I was the author of a bill which provides substantially the same as the proposal we are considering. I was the author of a bill which was proposed in committee to provide a study in depth. But I think I have put my finger on a very sensitive point, because I have thrown the issue into focus. There is a big difference, a wide gap, between what the Senator from Louisiana proposes and what the Senator from New Mexico proposes.

There is a difference of approach. I can understand why the Senator from Louisiana does not want to divide the issue. The Senator from New Mexico has gone to great lengths to do one of two things: Either to draw a sharp distinction between the proposal of the Senator from Louisiana and his own; or he has attempted to draw a comparison to show that they are alike. But they cannot be both different and alike. I gather that the proposals are different. I understand why they are different. I understand why the Senator from Louisiana will not support the proposal of the Senator from New Mexico. It really goes back to what has to be done at this stage.

Mr. LONG of Louisiana. The difference between the Montoya amendment and the Long amendment was, I thought, fairly clear. As far as I am concerned, I was merely trying to save the taxpayers $100 million a year by reducing the amount of money which they are unnecessarily paying to drug companies now.

The Senator from New Mexico wants to provide drugs that the people are not getting. I was not making that offer. I was trying to reduce the ridiculous price the Government pays for drugs under the medicaid program as it is now operated.

I am aware of the problem that confronts Senators from States which have drug companies. I am not trying to harm them. There are legitimate interests in my State, and I have tried to represent them properly. But on this issue, the Senator from Louisiana is not torn; he does not have a mental conflict that tortures his conscience between the drug manufacturers on one hand and the poor old people on the other.

We do not have any drug manufacturers in Louisiana, so the Senator from Louisiana is in the position of thinking about the matter entirely from the point of view of the taxpayers and the old folks and from the viewpoint of the druggists, who, incidentally, are in favor of it. So, my position is simple. I am in a position to advocate what is good for the old people, good for the taxpayers, good for the druggists, and good for the public interest generally. Inasmuch as the Senator from Louisiana has no drug manufacturers to worry about in his State, this is an ideal proposal.

The only people at all angry about the position that the Senator from Louisiana takes are some of the doctors; and, frankly, if they would get over the business of taking free samples and having so many friends among the drug manufacturers, they would find that this is not a bad deal so far as they are concerned.

I must say that this $4 billion industry has done a pretty good job of trying to persuade some doctors that they have an

interest in making some poor, old person pay 100 times what he should be paying for prescription drugs. Over a period of time, I believe we can reach an understanding about that, also; because we have enough good, broadminded doctors who, when they see the matter fairly presented, will understand that, in the last analysis, this might be good for them and that, if not good, at least it would not harm their profession. We do not want to harm the medical profession.

As I understand the amendment of the Senator from New Mexico, all it proposes is that we see which quality drug meets proper standards at the lower price, and you would pay that amount. The doctor could prescribe anything he wishes. He could prescribe a different brand, a different name, that costs four or five times more. But all you would pay for it would be what you think the drug that has the right quality would be selling at, plus a professional fee that would be sufficient to assure the druggist that he would make a profit.

To do otherwise, to pay these fantastic prices for the drugs, would be to do something that is not done by any intelligent hospital administrator. They do not buy the drugs in that manner. The Federal Government does not buy drugs in that manner, and should not do so. State governments try to find methods of protecting themselves from paying such exorbitant prices. City governments try to find ways to protect themselves from paying such exorbitant prices, if they are paying for the drugs.

It seems to me that this would be a good way to do it. If you are going to do it the other way, I would be opposed to the amendment, for a different reason.

Mr. HARTKE. I understand that.

The fact remains that what the Senator from Louisiana proposes and what the Senator from New Mexico proposes will do nothing for the people in 1968. It will do nothing for the people even in 1969.

Mr. MONTOYA. Mr. President, may I ask a question of the Senator from Indiana? What will a study do for these people at any time?

Mr. HARTKE. It will do a great deal.

If the Senator from New Mexico is really sincere and wants to help these people, why does he not go ahead and join with the study, which would be completed by January 1, 1969, a full 6 months before the Senator from New Mexico intends for his bill to go into effect?

What the Senator is attempting to do is to appeal to the natural inclination in favor of alleviation of the payment of drug bills. But what good is that? Is it the intention to put it into effect in July 1970?

Mr. MONTOYA. 1969.

Mr. HARTKE. A full 6 months after the facts from the study will have been made available.

I do not know whether the Department of Health, Education, and Welfare has ever been accused of being a great protector of any special interest; nor that the Federal Food and Drug Administration has ever been accused of being a great protector of any special interest. Representatives of both these agencies testified before the committee that they would like to come to the Finance Committee, to the Ways and Means Committee, and to Congress on January 1, 1969, and tell us exactly how this problem can be met.

They have some pretty big problems. They have taken over a complete medicare and medicaid program, both of which have big problems. They have done a tremendous job of administration, in my opinion. They have a great deal of trouble with respect to hospital and doctor costs, but they are trying to work them out to the best of their ability. Now the Senator expects them to do something which they, themselves, say they cannot do.

I do not have to come in with a lame heart or weak feet. My 1965 proposal was before this body, before the Senator from New Mexico submitted a proposal, to do this very thing. I will be glad to join in this effort, but I do not believe a person should try to legislate facts. The facts must be determined. We do not have a legislative study committee. If the Senator wants the Finance Committee to do it, that is fine. I am not opposed to a study of the facts. But I believe we should operate on facts, not on emotions. This is an emotional amendment. It does not provide for anything for which the bill itself does not provide. It would be of no help, and, in fact, it may be a detriment to many people.

I ask the Senator from New Mexico on what authority he comes up with a proposal of 50 cents a month.

Mr. MONTOYA. The Senate Finance Committee, pursuant to inquiry of the Department of Health, Education, and Welfare, came to this conclusion; and I understand that the staff of the committee still clings to this actuarial requirement.

Mr. HARTKE. It clings?

Mr. MONTOYA. I read from page 80 of the committee report on the Foreign Investors Tax Act of 1966:

> The monthly cost of providing this benefit is estimated at 50 cents to the participant and 50 cents to the Federal Government. The participant's share would become part of the regular part (b) premium.

Mr. HARTKE. I understand that the Senator from Delaware now has in his possession a letter from the Department of Health, Education, and Welfare as to the actual cost involved. Is my understanding correct?

Mr. WILLIAMS of Delaware. Mr. President, I will have the letter confirming these estimates. I talked with the Department of Health, Education, and Welfare, and a letter will be here in a few minutes which will be printed in the RECORD. I ask unanimous consent that the letter be printed at this point in the RECORD.

Mr. LONG of Louisiana. Mr. President, I object. I am willing that it go into the RECORD, but I am not willing to permit a letter that has not yet been written to go into the RECORD.

Mr. WILLIAMS of Delaware. I will read the letter when it arrives, which should be within 10 minutes.

Mr. LONG of Louisiana. The Senator need not read it. The Senator can put it in when it is here. It has not yet been written.

Mr. WILLIAMS of Delaware. The figures which I have quoted as furnished by the chief actuary of HEW—the same estimates which have been furnished to the Senator from Louisiana—indicate that the proposed amendment would cost $690 million a year. The present participants in the part (b) program are paying $3 a month at this time for medicare benefits. Secretary Gardner has already announced that this cost will go up about $1 in January 1968, to $4. The Department's estimate is that the $690 million cost under this amendment would result in an additional cost of $3.20 per month, one-half of which would be borne by the Federal Government and one-half by the beneficiary.

If this amendment is adopted, when it becomes operative it will cost every participant in the medicare program an extra $1.60 per month, which will be added to the existing $4 that will be in effect on January 1. So it would bring the total cost to $5.60 per month for each beneficiary under the medicare program, compared with $3 at present.

Mr. President, I shall ask to have the Department's letter printed in the RECORD later. However, these figures I am quoting were furnished officially to the committee. I understand that the sponsors of the amendment have an estimate of their own. I do not question the right of anyone to make a guess. The Chief Actuary, Mr. Myers, furnished these figures, they were also furnished to the chairman of the committee, and they are available to anyone who is interested. That is the same source from which every one of these figures in the committee report came. The actuaries furnish all of the figures for the Committee on Finance. That is the only official source we have.

Mr. President, so many wild estimates are being thrown around about the cost of this program that I thought it was better to have an official statement from the actuary of the Department of Health, Education, and Welfare and that statement will be placed in the RECORD today.

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

Mr. HARTKE. I have the floor. I shall yield later. First, I wish to ask another question.

Is it not true that in these programs frequently there have been errors on the conservative side?

Mr. WILLIAMS of Delaware. The Senator is correct.

Mr. HARTKE. The Senator from Delaware sometimes accuses me of being perhaps too liberal——

Mr. WILLIAMS of Delaware. There are, but this estimate is based on the cost as near as they could project the cost. Under this proposal it would be operative July 1, 1969, but it would not become fully effective until 1970. In all fairness it should be pointed out that this extra cost to which we refer is for a full year's operation. Nevertheless, once we initiate this program it is in the law and all of those who are taking part in medicare would either have to meet this extra cost or drop the program.

Mr. HARTKE. The cost would be about $67.20; is that correct?

Mr. WILLIAMS of Delaware. That is correct, compared with $36 per month today.

Mr. HARTKE. It would increase the cost to the person from $36 per month today to $67.20 per month.

Mr. WILLIAMS of Delaware. When this becomes operative.

Mr. HARTKE. And that would be in 1970.

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

Mr. HARTKE. I am glad to yield to the Senator from Nebraska.

Mr. CURTIS. Mr. President, I am delighted that the distinguished Senator from Indiana has brought up the figures from the Department of Health, Education, and Welfare as to the estimated cost. I was interested in the figures advanced by the proponent of the amendment to the extent that the patient would pay one-half and the Government would pay one-half, or 50 cents each, which would be $1 a month.

If that is the correct answer—and I do not believe it is—it would mean that the average cost of medicine to an aged person is $12 a year, and there is a $25 deductible in it. Therefore, by the figures advanced by the proponents—if they are correct, and I am sure they are intended to be correct but I believe there is an error—this could be done for $1 a month and there is a $25 per month deductible, so that nobody would get anything.

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

Mr. HARTKE. I yield.

Mr. MONTOYA. The figure which I read from the committee report was based——

Mr. HARTKE. Which figure?

Mr. MONTOYA. The figure of 50 cents as being the requirement for each participant under the program. That figure was based on complete coverage of drug costs without any deductions.

I have a $25 deduction in my proposal. With respect to the figure that has been thrown around here, that the title B program will be increased from $3 to $4 and then, eventually, to $60, we must discern here that my program will stand on its own on the basis of the initial premium payment of 50 cents a month; whereas the figure that has been thrown around here for the doctors' care and the medical plan in title B is now on the statute books.

Mr. HARTKE. The Senator from New Mexico is claiming that it will cost 50 cents a month, and the Department of Health, Education, and Welfare claims that the cost will be $1.60 a month. These figures are in direct conflict.

Mr. MONTOYA. The figure I used is as of a year ago. I am sure the Senator voted for this to be reported.

Mr. HARTKE. I voted to report it. These figures come from Robert Myers, of the Department of Health, Education, and Welfare. It is on his statement that the bill is presented to the committee.

Mr. President, this demonstrates to me that not only is there a study of factual matters needed to determine how to handle drugs, but information as to the actual cost of Senator MONTOYA's amendment is also needed. This conflict on the floor of the Senate demonstrates the need for a study which will be completed 6 months before the effective date which the Senator from New Mexico asks for in his proposal.

Mr. MONTOYA. I am not convinced by the figure presented here by the Senator from Indiana; the figure of $600 million as the cost. In a survey heretofore made by the Department of Health, Education, and Welfare, it was estimated that the total cost of drugs for people over the age 65 in this country was $716 million. There is a $25 deductible.

Mr. HARTKE. Does the Senator agree that there is a dispute?

Mr. MONTOYA. Yes, I agree.

Mr. HARTKE. Does not the Senator think that we should go back and determine the facts?

Mr. MONTOYA. I might say to my good friend from Indiana that there is a dispute as to whether or not it is advisable to wait for another study after previous studies have been ordained by the conferences and both Houses of Congress, and nothing comes of them. It is about time that the old people of this country avail themselves of the legislative process for the provision of free prescription drugs so that they may endure in health.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. WILLIAMS of Delaware. Mr. President, I wish to make clear that I am not trying to say who is right or wrong about the cost estimate of this program.

However, the Committee on Finance, of which the Senator from Indiana is a member and the Senator from Louisiana is chairman, has always accepted and based its reports on figures furnished by the Chief Actuary, Bob Myers. These were the figures of Bob Myers as of today.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. LONG of Louisiana. Mr. President, that is one reason I objected to that letter being placed in the RECORD when the Senator does not have it.

We debated an amendment similar to the one the Senator is offering now, and we adopted it last year. That amendment was offered by former Senator Douglas, of Illinois. I think the Senator voted for it. I know I did. It was agreed to. We had the Foreign Investors Tax Act before us at that time. We had the cost estimate which was the best estimate we could arrive at at that time. There were two things in that Douglas amendment to cut the cost.

I want to compliment that $4 billion drug industry. I have never seen a more adequate lobbying job done in my service in the Senate. They kept our hearing room filled with lobbyists even when we were not talking about drugs. They importuned me and others about this matter.

They wanted this study and this amendment. Their position was "Beat the Long amendment; the Long amendment would save money; it would not cost anything. Please beat that Long amendment. If there is any way on earth to beat it, beat it, because it would take away from us $100 million of the exorbitant profits we plan to make and are not making."

They would be happy to see the Montoya amendment agreed to, if you can put a couple of hundred million dollars in exoribitant profits in it for them. But we do not do that where the Government buys medicine elsewhere and we should not do it here.

If we are going to pay for it, we should get it for a reasonable price.

Mr. President, now I am somewhat familiar with that business because my father was once a patent medicine salesman. He sold two patent medicines. One was named "High Poplarlorum" and the other was named "Low Poplarhirum." One sold for $1 a bottle and the other for 50 cents a bottle. It was the same size bottle.

The folks always bought the $1 bottle, not because there was much difference between the two, because there was not much difference. The only difference between the two products was that the High Poplarlorum was made from the bark that had been skinned down the tree, and the Low Poplarhirum was made from the bark that had been skinned up the tree.

All we are saying here is that if we are going to pay for it and it is all the same thing, why not buy the 50-cent bottle? That is what we are contesting here. The savings will be enormous, unless we let the drug manufacturers get their foot in the door. One pill may cost one penny to manufacture when it is in the public domain. If they have done the research and have a private patent on it, it is all right with me to charge more; but if it is in the public domain, everyone is privileged to manufacture it, and we should be able to buy it on a competitive basis.

Mr. President, the so-called cost estimate is obviously wrong. It could not be right by any stretch of the imagination. It was not prepared by Mr. Myers. It was prepared by some fellow in his office who is well known to the staff on the Finance Committee. Our people know more about the cost estimate than this fellow does. He cannot correct an obvious error when it is pointed out to him, but I am sure that with experience he will learn.

The total cost of drugs last year, as stated by the Senator from New Mexico [Mr. MONTOYA] was $716 million. That is what the old people paid even when they were paying 100 times what the medicine should have cost, if we look at what it is really worth and what it would cost with the $25 deductible.

As suggested by the Senator, the cost would be far below that. It would be about the same as the Douglas amendment and would be the same as the committee felt, after studying it with the best advice it could find, that the cost would be about 50 cents to the person taking part (b) in medicare and 50 cents out of general revenue.

So far as the druggists are concerned, those who dispense the prescriptions, they think that the Senator from New

Mexico is right about this. They also think that I am right about it. They think that charging fabulous and fantastically high prices for drugs on their shelves, when they have the same thing for a fraction of that price, is ridiculous. All they want to do is make a decent profit out of the stocks of drugs on their shelves which they sell across the counter. They have a staff to work on this through their association. Their estimate is about the same as the Senator's cost estimate in his amendment. It was about the same the committee determined the Douglas amendment would cost, to which we agreed last year.

Thus, when the Senator gets this letter, whether it has Mr. Myers' name on it or not, I am sure he would not make an obvious mistake like that on the cost estimates. We will send it out and have it studied and we will advise the Senator what it would cost. But I think it will be just about what the Senator's estimate is.

Now, Mr. President, I do not have the floor, so I will yield, but first let me thank the Senator for yielding to me at this point. I see the Senator from Wisconsin [Mr. NELSON] has come into the Chamber, and he knows a very great deal about this subject. I am happy to see him on the floor.

I am sorry to have trespassed upon the time of the Senator from Indiana.

Mr. HARTKE. The Senator from Louisiana is not trespassing on my time. It is the Senate's time.

Mr. WILLIAMS of Delaware. Mr. President, I have just received the letter from Mr. Myers, which I wish to read to the Senate. I sent a copy of it over to the Senator from Louisiana, the chairman of the Finance Committee, in the event he does not already have it.

Mr. LONG of Louisiana. I have not seen it.

Mr. WILLIAMS of Delaware. The letter is dated November 16——

Mr. HARTKE. That is today; is it not?

Mr. WILLIAMS of Delaware. Yes; that is today. It is from Robert J. Myers, and reads as follows:

MEMORANDUM

NOVEMBER 16, 1967.

From: Robert J. Myers, chief actuary, Social Security Administration.

Subject: Cost estimate for drug benefits proposal by Senator MONTOYA.

This memorandum will present a summary cost estimate for Amendment No. 440 introduced by Senator Montoya, which would amend H.R. 12080. This Amendment would add certain drug benefits to the Supplementary Medical Insurance program, with an annual deductible of $25, and with 100% reimbursement for allowable expenses of drugs in excess of this amount (and with a carry-over deductible provision from one year to the next). I estimate that this Amendment would increase the cost of the program by $3.20 per month (i.e. $1.60 payable by the enrollee, and $1.60 coming from the General Fund of the Treasury). The $3.20 figure is subdivided into $2.85 for benefit costs, and $.35 for administrative-expense costs. This cost estimate is for the first full year of operation of the proposal—namely, the period July 1969 through June 1970.

On the basis of an average enrollment of 18 million persons, the total annual cost is estimated at $691 million, of which half would be payable from the General Fund of the Treasury.

ROBERT J. MYERS.

Mr. MONTOYA. Mr. President, will the Senator from Indiana yield at this point?

Mr. HARTKE. I am happy to yield to the Senator from New Mexico, who has proposed an amendment which will take effect 6 months after the study in the bill has been completed.

Mr. MONTOYA. Mr. President, I should like to answer the Senator from Delaware on this particular point——

Mr. WILLIAMS of Delaware. This is a report by Mr. Myers, the Chief Actuary.

Mr. MONTOYA. I am going to answer him, too. This letter is a study and an opinion made by Mr. Myers with respect to 100-percent reimbursement. My bill is tuned to another approach, and I will give the Senate an example.

Suppose there are five drugs which will accomplish the same objective. Suppose drug A costs $1.20 and that drug E, the last in the same category, costs $20. There are situations like that. Under the evaluation which is the basis for this estimate, Mr. Myers estimates the high value of the drug, not the low value.

Mr. HARTKE. The Senator from New Mexico is making a statement or an assertion that I do not see in the letter.

Mr. MONTOYA. Let me read from the letter.

Mr. HARTKE. Very well.

Mr. MONTOYA (reading):

This amendment would add certain drug benefits to the Supplementary Medical Insurance program with an annual deductible of $25, and with 100 percent reimbursement for allowable expenses of drugs.

My amendment does not contemplate 100-percent reimbursement; it contemplates reimbursement only for such expense as may be determined by the Formulary Committee to be a reasonable claim for reimbursement for a particular drug.

Mr. HARTKE. The Senator may contend that the actuary did not understand his amendment, but as I read the letter—and I am sure the letter will speak for itself—it is speaking about amendment No. 440, submitted by the Senator from New Mexico [Mr. MONTOYA]. Mr. Myers does not say anything about the actual cost at the drugstore.

I think this demonstrates quite conclusively that there is a dispute as to cost, as well as to some other factors.

Merely so that there will not be any further misunderstanding, there are some other facts to which I should like to return. I shall read them:

This is further borne out, this high cost of drugs for such persons, in the same calendar 1963 report, which is that of the Division of Program Statistics and Analysis, Bureau of Family Services, in the Department of Health, Education, and Welfare, under date of May 25, 1964.

Before the Senator from New Mexico becomes too excited, these figures really back up the type of approach which the Senator from New Mexico is advocating. I continue to read:

There a combined dollar figure is given for the total amount of payment for vendor medical bills in five types of public assistance. There the total of $96,425,000 paid for physicians' services was almost matched by the sum of $92,229,000 paid for prescribed drugs.

Those words demonstrate the high cost of drugs. They are from my statement at the time I introduced the Drug Stamp Act of 1965 in support of my own basic approach, which the Senator from New Mexico is also seeking to achieve. They appear in the CONGRESSIONAL RECORD, volume 111, part 6, page 7822.

What I am trying to tell the Senate, and I hope the Senate will understand it, is that I support a program which will provide for the paying of drug expenses, but I do not think we should do that without first determining facts which cannot be determined on the floor of the Senate. I really concur in the testimony of the Department of Health, Education, and Welfare that the implementation of this type of approach should await the completion of the study of costs of drugs. That is what I propose.

I am the author of an amendment which is now a part of the pending bill. It was approved by the Committee on Finance. The committee rejected the approach of the Senator from New Mexico and rejected, incidentally, the approach of the Senator from Louisiana by a roll-call vote in committee to continue the present study. The study which is underway is being conducted at this time in good conscience by the Department of Health, Education, and Welfare, and will be completed and ready for a report by January 1, 1969, 6 full months before the Senator from New Mexico even intends that his amendment should take effect.

If we had the study completed, it would enable this body to act in full knowledge of the circumstances and the facts, not only the facts with regard to the drugs, but also with regard to the costs, in order that we could present them to the Finance Committee.

This is nothing new. For many months the Senate and the House of Representatives have been forums for what is an increasingly bitter and emotional debate over drug quality and prices. Those studies and hearings are going on at the present time in this body, not only in the Finance Committee, but in other committees of the U.S. Senate.

It has been repeatedly stated—and as often denied—that as simple an expedient as prescribing or buying drugs by their generic names would produce major savings for Federal and State health and welfare agencies and for individual patients everywhere, with no loss in therapeutic—that is, medical—effectiveness of the products given to patients.

I fear that we are getting involved, not in questions of fact, nor in questions of debate and study as to what is involved, but in an emotional discussion over a whole series of complex medical, social, scientific, economic, and related issues, which have been oversimplified. And that is the approach of the Senator from New Mexico. That is exactly what the Senator from Indiana proposed in his drug stamp plan, which was rejected. I am not complaining about that. I am not complaining of the fact that I introduced an overall proposal, as to which it was demonstrated that more facts needed to be developed.

All of us are fully aware of the importance of the supporting role in the

delivery of health care to our aged people. I was no newcomer to that. I helped draft the medicare bill in 1961. I have been a cosponsor of every one of these measures. I was not hesitant about these proposals. The administration proposed a 15-percent increase in retirement benefits and a $70 a month minimum, and several other proposals. If we had had the type of support which we now have on an emotional basis, perhaps we could have given the elderly people what they were entitled to, and have given them $100 per month, rather than $70. I prefer to give them the money to live on. Give the 20 million or more aged people $100, which would take them out of the level of poverty so that they can pay for their medicines.

This is more than what this body or the other body wants to do. The House of Representatives wants to give them only $50 a month.

So I do not have to apologize for my actions on this legislation.

If protecting the public health were not reason enough for us to act, and of course it is, protecting the public purse which finances the Government's expanding health programs requires that these lingering issues of drug quality and costs be resolved once and for all, and as promptly as possible.

I want to point out that there are two factors involved, not just that of cost, but of quality. They should be resolved as quickly as possible. That is what the bill intends to do. It intends to have a review of this matter and a report 6 months before the Senator from New Mexico could even have his present amendment in effect.

But dollars and cents, Mr. President, are not the only things at stake.

Assuring the quality of patient care must remain a first consideration. This has been one of the real, agonizing problems that the Department of Health, Education, and Welfare has had in putting the medicare program into effect. I compliment the Department for working out a very sticky situation and giving priority to the health of the aged people.

Our Nation's wise public policy of fostering progress of the medical and related sciences for every man's benefit must also be maintained. Only after careful consideration of all factors bearing on these crucial aspects can we really afford to get down to dollars and cents.

In recognition of the complexities of these issues, Mr. President, the Committee on Finance has added to the House-passed Social Security Amendments of 1967, H.R. 12080, a provision which was offered by the Senator from Indiana directing the Secretary of Health, Education, and Welfare to make a comprehensive investigation of the effects of two major legislative proposals in the field of health and welfare.

These legislative proposals, one introduced by the Senator from Louisiana, and the other by the Senator from New Mexico, were:

First, a bill to add certain prescribed drugs to the supplementary medicare insurance program under specific quality and cost controls; and, second, a bill to establish Federal standards of quality and cost for drugs provided under other health and welfare sections of the Social Security Act.

The Secretary of Health, Education, and Welfare would report back to the Congress with his findings and recommendations by January 1, 1969.

Consideration would be specifically given by the Secretary, under the bill, to the following factors:

First. Price savings which might accrue to the U.S. Government from the enactment of such legislation.

Second. Effects upon all segments of the health professions.

Third. Effects upon all elements of the pharmaceutical industry, including large and small manufacturers of drugs, wholesalers, and retailers of drugs.

Fourth. Such other medical, economic, and social factors as the Secretary determines to be material.

During hearings on these proposals, testimony was presented by officials of the Health, Education, and Welfare Department, including the Commissioner of the Food and Drug Administration. Witnesses from the professions of medicine and pharmacy, and from the pharmaceutical industry also appeared.

The overwhelming weight of this testimony was that action should be deferred by Congress pending the completion of comprehensive Health, Education, and Welfare Department studies of the professional, economic, social, and other effects of the proposed legislation.

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

Mr. HARTKE. I am glad to yield.

Mr. TYDINGS. I have been following the debate and the dialog of the Senator from Indiana with some interest. I wonder what additional facts we need to know that a great many American people are paying exorbitant prices for the cost of drugs, particularly our elderly citizens.

Mr. HARTKE. May I say to the Senator from Maryland that the report of the HEW demonstrates that there are 12 items, which are complex and highly controversial, on which they have not been able to make a decision, and which I will read in a few moments.

Mr. TYDINGS. The overall problem is universally recognized, as between the work of the Antitrust Subcommittee and the Judiciary Committee, that this is one place where many American citizens are really taken advantage of.

Mr. HARTKE. Let me ask the Senator from Maryland how he proposes to do this any faster by following the procedure outlined by the Senator from New Mexico in his amendment today, other than by following that procedure which is outlined in the bill?

Mr. TYDINGS. In the first place, the activities of the opposition indicate that if the amendment were adopted, protection would accrue to the American citizens, particularly the elderly, in a much more rapid fashion.

Basically, the minute the drug companies come under the same restrictions, the minute our elderly have the same protection on the cost of drugs outside of a hospital that they now have in it, the protection begins; is that not a fact?

Mr. HARTKE. No, that does not correspond with the facts; but the question I asked was, How would he accomplish his goal any faster? The bill of the Senator from New Mexico would not go into effect next year. Read it.

I recall that the Senator from New Mexico complained about the letter from Mr. Myers, of the Social Security Administration. I read from line 2, under section 1832(a)(3), as follows:

100 percent of such expenses.

That happens to be in the Senator's bill, in case the Senator from New Mexico failed to read his own bill.

Mr. TYDINGS. Will the Senator yield further? If it is not to go into effect next year, why the big opposition?

Mr. HARTKE. There is not going to be any effect at all. This will destroy the effect of the study now being made by the Committee on Finance. Does the Senator from Maryland not want the study made?

Mr. TYDINGS. The Senator from Maryland, quite frankly, would like to see the people of the United States protected from the exorbitant cost of drugs, particularly our elderly people.

Mr. HARTKE. I would, too.

Mr. TYDINGS. I think the amendment is worthy of commendation, and I commend the Senator from New Mexico, and hope he perseveres in this fight.

Goodness knows, the people of the United States deserve a few champions in this field, and I am glad to see the Senator from New Mexico in there looking after the little man and the elderly man, who is hit hardest by these costs. I know what those prices are.

Mr. HARTKE. The Senator from Maryland is quite right in commending the Senator from New Mexico, because this is a noble purpose. But that noble purpose will not be accomplished as fast nor in as good a fashion as if we followed the provisions in the Senate bill.

But I am not competent to determine what drugs are to be used, and do not propose to try to tell them how to do it. I think it is better to follow the Department of Health, Education, and Welfare study. I shall detail those studies in a moment.

Mr. MONTOYA. Mr. President, will the Senator yield at this point?

Mr. HARTKE. I am happy to yield.

Mr. MONTOYA. As the Senator knows, one of the features of my bill is to establish a Formulary Committee, which I think is a good idea.

Mr. HARTKE. When would that Committee be established?

Mr. MONTOYA. Immediately after the effective date of the section, which would be July 1, 1969.

Mr. HARTKE. Let me——

Mr. MONTOYA. May I go further?

Mr. HARTKE. Well, let us just——

Mr. MONTOYA. And lay my premise for the question?

Mr. HARTKE. Well, all right.

Mr. MONTOYA. Under some of the State laws or practices, there have been formulary committees established. The Veterans' Administration has a formulary committee. Walter Reed Hospital operates under a formulary committee concept for the prescribing of drugs. The Naval Hospital at Bethesda does the

same thing. Eighty percent of the hospitals in this country operate under a formulary committee.

The basis and reason for the Formulary Committee is to try to prevent the gouging of innocent people, and to enable the doctors to have guidelines that they can depend on.

I state an example: In studying the need for formulary recommendations, we found glaring discrepancies in costs for the same drugs. Take the drug named methyltestosterone, a male hormone; in the classification of drugs in this particular category, the cost for one form of that drug is $1.17 for 25 milligram tablets. The highest cost for the same drug in the same quantity is $20.40; a discrepancy of almost $19 for the same drug, but manufactured by different manufacturers.

Let me go into another comparison. On pentaerithrithol tetranitrate, for 10 milligram tablets, the minimum price is 25 cents, but another company charges $2.50. For the same drug prescribed in a different dosage, 20 milligram tablets instead of 10, the cost is 28 cents by one manufacturer, and $3.75 by another manufacturer, for the same quality drug in the same quantity.

That is what the Formulary Committee concept is trying to focus on: The discrepancy between charges by different manufacturers for the same drug, of the same quality.

I believe that the formulary concept is something Congress should look into. I think that my amendment would establish this concept and approach across the medical landscape of this country.

Mr. HARTKE. I do not know whether the Formulary Committee approach is right or not. I am not going to try to make that judgment. I am not against cutting down costs of drugs where excessive.

I am no Johnny-come-lately in this field myself. My bill was introduced in 1965. But if the Senator from Maryland thinks something great is going to happen, I call to his attention that what this does is delay the very study he wants until July 21, 1969, but if you follow the bill itself, you will have the study completed by January 1, 1969, the effective date of the amendment of the Senator from New Mexico.

I cannot even begin to understand all the things on page 5, all the things on page 6, or all the things on page 7 which deal with the complaints that the Senator from New Mexico has as to the drug industry. I am not talking about that. I am talking about getting an effective bill.

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

Mr. HARTKE. I am glad to yield.

Mr. TYDINGS. Is the Senator aware of the efforts that have been made by leaders of the Senate, over the years, dating back to the time of the late distinguished Senator Kefauver from Tennessee, to get some sort of exposure on the exorbitant costs of drugs before the American people, the efforts made to get the inquiry taken up in the Antitrust Subcommittee of the Committee on the Judiciary, and the tremendous lobbying efforts brought, time and again, to beat it down?

Is the Senator aware of the tremendous lobbying efforts now being made to beat down the proposal of the Senator from New Mexico? Does the Senator think there will be any less efforts next year, or 2 years from now, if they are successful in beating down this measure again now?

Mr. HARTKE. The Senator makes a highly emotional speech, and tries to talk about things which have nothing to do with what I am talking about. The Senator ignores the fact that section 1846 of the proposed amendment of the Senator from New Mexico will not go into effect until July 1969. I ask him, regardless of whether any effort is being made—I am not saying whether it is or is not——

Mr. TYDINGS. Does the Senator deny it?

Mr. HARTKE. Mr. President, I have the floor. The Senator from Maryland ought to first read and find out that all the same arguments that could be made against this proposition can be made just as well July 1, 1969, 6 months after the completion of the study provided for in this bill. He does a great disservice if he is really interested in helping people, and he does a great disservice to the elderly, by attempting to put off this type of study until July 1969. I suggest he read the bill. The bill provides that this study begin on January 1, 1969.

The fact of the matter is that I do not see why the Senator does not join me, if he believes what he says.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. HARTKE. Yes; I am happy to yield.

Mr. LONG of Louisiana. Mr. President, this amendment is not offered as a substitute for the study the Senator from Indiana wants. The Senator can have his cake and eat it, too, as far as the sponsors of the amendment are concerned. But we think we know what this study is all about. We think the drug companies are urging it.

I think their purpose is, hopefully, that in the next election they may be able to defeat a few of us who are running for office, some of us who want to protect the old people from paying high drug prices. They think that, after they get through with that effort, we certainly will not be able to legislate on the subject, and they will still be able to require the old folks to pay the high prices.

If the Senator wants to help the old people get drugs at a reasonable price, it would be better to try to do this when the legislators are here who want to do so. It would not be wise to wait until after the next election when the drug people will perhaps succeed in getting some people elected so that they may be sure that the drugs will not be purchased unless they are purchased on their terms.

That is what the drug people want to use this study for. They think that perhaps the 91st Congress might be more favorable to the drug manufacturers or, on the other side of the coin, less favorable to the old people than the 90th Congress.

That is basically, I suspect, why the drug companies prefer that a study be made, and nothing more. But the Senator from New Mexico prefers that we have the study and also act so that the people can have the drugs, and rather than paying a high price for the drugs, the people would pay 50 cents a month each.

That is what we are talking about, getting drugs for a reasonable price. The old people would pay half the cost and the Government would pay half the cost. And if we have to buy High Poplarlorum, it would be bought at a reasonable cost.

We can pay high tributes to some of the fine manufacturers who produce good drugs. But the executives get all on earth that the traffic can possibly bear and they find ways to keep from competing with their neighbors for the business.

Mr. HARTKE. I thank the Senator from Louisiana.

The committee bill would order studies to be made, and in fact work on certain aspects of this project is well underway.

I shall give a quotation concerning what Congress has been told about this very thing. I do not know whether I am as well informed as is the Senator from Louisiana on all of these facts. However, these words are important.

On January 23, 1967, in his message on older Americans, the President noted that—

> Medicare does not cover prescription drugs for a patient outside the hospital.

He told the Congress:

> We recognize that many practical difficulties remain unresolved concerning the cost and quality of such drugs. This matter deserves prompt attention. I am directing the Secretary of Health, Education, and Welfare to undertake immediately a comprehensive study of the problems of including the cost of prescription drugs under Medicare.

Those are the words of the President of the United States on January 23, 1967, less than a year ago.

Mr. LONG of Louisiana. Is the Senator prepared to say that the President is right about everything he says?

Mr. HARTKE. I have just called attention to the fact that the President did say that. Let me say that I have some difference of opinion with the President on some matters.

Subsequently, however, the Secretary of Health, Education, and Welfare established a special departmental task force on prescription drugs. The Secretary directed the task force "to measure the value of possible solutions not only in terms of dollars to be saved, but in the quality of health care to be delivered." The Secretary of Health, Education, and Welfare, in my opinion, should be applauded, Mr. President, for expressing the task force's mandate in these terms.

The committee bill would broaden the area to be studied by the Department of Health, Education, and Welfare and extend the completion date to January 1, 1969—6 months before the effective date or the beginning of the study of the formulary concept, which is not universally approved.

The fact of the matter is that even at Walter Reed, if the Senator from New

Mexico is familiar with that institution, the formulary committees are only advisory under the bill submitted by the Senator from New Mexico. They are not mandatory.

I do not pretend to know which is right. However, during the hearings on this legislation, compelling testimony was given by the Department of Health, Education, and Welfare and by the Food and Drug Administration, among others, that urged Congress to await the results of departmental studies before it acted on these proposals.

The fact of the matter is that the proposal of the Senator from New Mexico in effect says that we will make a predetermination of what the facts are now and then put this procedure into effect 6 months after possibly contrary conclusions are found by the HEW study.

Would it not be remarkable if we followed the suggestion of the Senator from New Mexico and then found from the study by the Department of Health, Education, and Welfare that they completely contradict the assumptions made by the Senator from New Mexico?

The Health, Education, and Welfare Secretary stated that he would be "extremely reluctant" to see any action taken by Congress before his Department's task force study is completed.

I do like Secretary Gardner, and he is very highly esteemed. I think he is an extremely dedicated and competent public servant. His assistant, Mr. Wilbur Cohen, is very dedicated also.

To say that these people are not interested in doing what is right for the aged would cast aspersions on them which would not be warranted.

When the Department has completed its study, the Secretary testified, it would be perfectly prepared to move ahead. And so would the Senator from Indiana.

I would hope at that time that the Senator from Louisiana and the Senator from New Mexico will join with us in moving rapidly to approach the matter on the basis of the facts established by the study.

The Secretary then went ahead and declared:

> But we want to be sure that before we undertake price-setting that affects 55,000 pharmacists, and before we undertake the very serious business of quality control, we could come to you with a confident statement that we can do it, that we know we are going to do it, and so forth. That is the only point.

I think that is a point well taken, indeed. I think it is a point in which, I am confident the Senate will concur, just as the Committee on Finance did concur in that recommendation.

I am sorry that the Senator from Maryland [Mr. Tydings] is not present. I want to document some of the factual material that he has either overlooked or forgotten.

Let me briefly summarize some of the uncertainties which caused the administration to conclude that a careful study should be completed before Congress acts on these legislative proposals.

The Secretary of the Department of Health, Education, and Welfare, in a report to the Committee on Finance, pointed out that the task force, though engaged primarily with the question of including outpatient prescription drugs in the medicare program, also had to concern itself with areas affected by these acts, and specifically by S. 2299, the proposed Quality and Cost Control Standards for Drugs Act.

This study will produce in organized form, for the first time anywhere or any place, the facts that the administration and the Congress sorely need in order to act responsibly on these matters of such grave concern.

Here are some of the subjects that the Health, Education, and Welfare Secretary reported are being examined by his task force on prescription drugs:

Analysis is being made of the economic and health needs of those over 65, in an effort to design programs which will provide maximum help to those who need it, without dissipating Federal funds on those who do not require such assistance.

Data from National, State, and local surveys of the elderly are being analyzed to provide a basis for predicting costs of a Federal program, and to determine potential savings which might be produced if reimbursement were provided only for the low-cost generics where such drugs are available. New surveys have been initiated by the task force to solve problems created by substantial inconsistencies in the available survey data.

Analyses have been undertaken to determine the relative advantages and disadvantages to the drug industry, to pharmacies, and to the Government of such reimbursement techniques as first, acquisition cost plus percentage fee; second, acquisition cost plus professional fee; third, acquisition cost plus "reasonable" fee; fourth, "reasonable price"; fifth reimbursement to the pharmacist; sixth, reimbursement to the patient; and, seventh, joint reimbursement.

Faced with the possibility of processing, auditing, paying, and conducting utilization reviews on an estimated 250,000,000 individual prescription bills per year, the task force is proceeding with research, design, development, and field testing of electronic and other data processing systems.

As an essential phase in the development of such a system, or any other system involving accounting procedures as well as adverse reaction reporting for any large-scale Federal prescription drug program, the task force is investigating a uniform nomenclature and coding system which can be utilized by all hospitals, pharmacists, manufacturers, insurance companies and other third-party institutions, and Government agencies. I am sure both the Senator from Louisiana and the Senator from New Mexico approve of this approach. I grant that they have made these conclusions, but the Department of Health, Education, and Welfare has not.

Faced with the serious possibility of coping with accidental or deliberate abuse of a program, the Task Force is initiating the design and testing of appropriate utilization review methods. These are not in the formulary system. Most of these factors are not considered. This is a broad, comprehensive approach which is recommended, and I believe it is a worthwhile program. It indicates the depth to which the Department of Health, Education, and Welfare has gone in making this intensified study.

Intensive studies are being conducted on the relative advantages and disadvantages of a wide variety of formularies now being used by Federal and State agencies, hospitals, insurance companies, and others, in order to determine their effects on cost, rational drug therapy, the interference with the professional prerogatives of physicians, and possible incentives to irrational diagnosis, irrational prescription, and other abuses.

Investigations are underway on the relative advantages and disadvantages of a variety of distribution systems, including community pharmacies, mail-order pharmacies, central or controlled pharmacies, Government or State stores, physician dispensing, and outpatient hospital dispensing.

Studies are being conducted of widely differing prescription drug programs now being operated by State welfare programs, labor unions, cooperatives, health insurance companies, group health plans, special drug insurance companies, and other groups. Similar studies are being made on selected programs in other countries.

Investigations are underway to provide an objective basis for settling the problem of clinical equivalency of generic counterparts, to identify those drugs for which a significant lack of clinical equivalency appears to be most probable and to represent a significant hazard to health, and to establish suitable protocols for necessary clinical testing. Preliminary clinical trials of selected generic counterpart drugs which most urgently require study are being initiated by the Public Health Service and Food and Drug Administration.

Through PHS and FDA, the task force is studying a variety of proposed procedures to improve the quality of all drugs, including improved plant inspection, increased batch testing, increased testing of market samples, establishment of approved formulation procedures, establishment of self-certification procedures, and the modification of existing laboratory test specifications.

The task force is considering possible methods to solve the problem of single-source drugs, still under patent, which may be available only at excessive cost.

Mr. President, with so many crucial issues unresolved, is it any wonder that the Health, Education, and Welfare Department and the administration are reluctant to see legislation passed by Congress before completion of these important studies?

I point out again to the Senate that even if the proposed amendment were adopted, we would be adopting a procedure and a system which can be clarified by the bill itself 6 months before the amendment would even begin to operate in any field, including the establishment of the studies as prescribed under the formularies approach beginning on page 3 of the amendment.

I ask unanimous consent, Mr. President, that the text of this brief HEW status report on the task force on prescription drugs be printed in its entirety at this point in the RECORD for the information of all Senators.

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

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE,
Washington, September 1, 1967.

Hon. RUSSELL B. LONG,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I am pleased to have this opportunity of submitting to you this status report on the Task Force on Prescription Drugs, which was appointed on June 1, 1967, and directed to present its final report to me in twelve months.

Its mission is primarily a study of the possible inclusion of outpatient prescription drugs in the Medicare program. Many of its activities, however, touch areas which are also concerned in your proposed bill S. 2299, the "Quality and Cost Control Standards for Drugs Act."

As of August 23, the Task Force has not made any formal recommendations to me. The Task Force members and members of its staff have been undertaking intensive investigations in a number of significant fields.

1. A careful analysis is being made of the economic and health needs of those over the age of 65, in an effort to design programs which will provide maximum help to those who need it most seriously, without dissipating Federal funds on those who do not require such assistance.

2. Existing data from national, State, and local surveys of the elderly are being analyzed to provide a basis for predicting costs of a Federal program, and to determine potential savings which might be produced if such a mechanism as reimbursement were provided only for the low-cost generics where such drugs are available. New surveys have been initiated by the Task Force to solve problems created by substantial inconsistencies in the available survey data.

3. Comparative analyses have been undertaken to determine the relative advantages and disadvantages to the drug industry, to pharmacies, and to the Government of such reimbursement techniques as (*a*) acquisition cost plus percentage fee, (*b*) acquisition cost plus professional fee, (*c*) acquisition cost plus "reasonable" fee, (*d*) "reasonable price," (*e*) reimbursement to the pharmacist, (*f*) reimbursement to the patient, and (*g*) joint reimbursement.

4. Conferences between the Task Force and representatives of such agencies as the Department of Defense and the Veterans Administration are being conducted in an effort to determine how prescription drug acquisition and quality control policies utilized by such agencies could be adopted for a Medicare program.

5. Faced with the possibility of processing, auditing, paying, and conducting utilization reviews on an estimated 250,000,000 individual prescription bills per year, the Task Force is now investigating the essential research, design, development, and field testing of appropriate electronic and other data processing systems.

6. As an essential phase in the development of such a system, or any other system involving accounting procedures as well as adverse reaction reporting for any large-scale Federal prescription drug program, the Task Force is now investigating a uniform nomenclature and coding system which can be effectively utilized by all hospitals, pharmacists, manufacturers, insurance companies and other third-party institutions, and governmental agencies.

7. Faced with the serious possibility of coping with accidental or deliberate abuse of a program, the Task Force is initiating the design and testing of appropriate utilization review methods.

8. Intensive studies are being conducted on the relative advantages and disadvantages of a wide variety of formularies now being used by Federal and State agencies, hospitals, insurance companies, and others, in order to determine their effects on cost, rational drug therapy, the interference with the professional prerogatives of physicians, and possible incentives to irrational diagnosis, irrational prescription, and other abuses.

9. Investigations are underway on the relative advantages and disadvantages of a variety of distribution systems, including community pharmacies, mail-order pharmacies, "central" or "controlled" pharmacies, government or "State" stores, physician dispensing, and outpatient hospital dispensing.

10. Studies are being conducted on the relative advantages and disadvantages of such devices as deductibles, coinsurance, copay, dollar limitations, quantity limitations, added premiums, and control of rebates to limit costs and minimize abuse.

11. Studies are being conducted on the relative advantages, disadvantages, and costs of widely differing prescription drug programs now being operated by a number of State welfare programs, labor unions, cooperatives, health insurance companies, group health plans, special drug insurance companies, and other groups throughout the United States. Similar studies are being made on selected programs in other countries having experience with one or more features proposed for an American program.

12. Investigations are underway to provide an objective basis for settling the problem of clinical equivalency of generic counterparts, to identify those drugs for which a significant lack of clinical equivalency appears to be most probable and to represent a significant hazard to health, and to establish suitable protocols for necessary clinical testing. Preliminary clinical trials of selected generic counterpart drugs which most urgently require study are being initiated by the Public Health Service and Food and Drug Administration.

13. Through PHS and FDA, the Task Force is studying a variety of proposed procedures to improve the quality of all drugs, including improved plant inspection, increased batch testing, increased testing of market samples, establishment of approved formulation procedures, establishment of self-certification procedures, and the modification of existing laboratory test specifications.

14. The Task Force is considering possible methods to solve the problem of single-source drugs, still under patent, which may be available only at excessive cost.

In carrying out their mission, members of the Task Force and its staff are consulting with many highly qualified members of the scientific and medical communities, as well as with representatives of major consumer, union, pharmacy, brand-name manufacturing, generic manufacturing, medical and other interested groups. Equally valuable assistance is being provided by representatives of many State agencies and of the Department of Defense, the Veterans Administration, the Department of Justice, and other Federal agencies.

Enclosed is the memorandum you requested me to submit on "policy and Procedural Problems Under S. 2299 Which Require Further Examination."

I must tell you that after reviewing with members of the Task Force the formidable difficulties involved in this matter, I would be extremely reluctant to see any action taken before the Task Force study is completed.

Sincerely,

JOHN W. GARDNER,
Secretary.

Mr. HARTKE. The Secretary of Health, Education, and Welfare also supplied to our committee a brief staff report on policy and procedural problems with respect to the proposed Quality and Cost Control Standards for Drugs Act.

HEW staff explorations relating to this proposal produced many thought-provoking comments. Let me summarize a few of them:

Under this measure, reasonable charges for prescription drugs would have to be established, and this would be a protracted and complex undertaking, the staff report says. Even under the bill offered by the Senator from New Mexico, instead of doing it under the study proposed here, he would in effect wipe this study out and delay until July 1, 1969, all the beginnings of such a study, while the study could be completed 6 months before the bill of the Senator from New Mexico would be operative.

After 25 years of discussion of this subject, the elements to be included and excluded remain in controversy, this report declares.

Let me read a few more paragraphs from the HEW staff analysis:

Cost ranges for drugs would be based on current market practices, with all the complexities of quantity discounts, hospital discounts, rebates, geographical differences in price, determination of prices which vary 'significantly' from others, and the need to consider claims of 'distinct therapeutic advantages' for certain products—ratesetting in a novel field presenting novel problems.

Setting criteria to govern professional fees would have to take into account not only 'costs of overhead, professional services, and a fair profit' mentioned in the bill, but also such variables as volume of business done, drugstore as compared to hospital pharmacy operation, independent as against chain stores, extent of late hour and weekend operation, and many other factors.

These statements come from the Department of Health, Education, and Welfare, in their staff report.

Establishment of both acquisition costs and professional fees would require consultation with the many interested groups, with State agencies, and with accountants and other advisers.

Under the system provided by the Senator from New Mexico, all these procedures would have to be delayed until July 1, 1969, when we could well have them 6 months earlier, if the Senator from New Mexico would be content to go along with an established procedure which the administration itself recommends:

The difficulty of arriving at acceptable criteria would be greater if, as is understood to be the case, the concept that professional fees should be determined by the Federal Government is opposed by the National Association of Retail Druggists.

All these things are left undecided in the bill before the Senate at this time.

It is problematical whether the States would be either willing or able, as contemplated by the bill, to undertake under the Federal criteria the actual fixing of professional fees in the infinitely varied situations that would exist within each State. This is a matter which requires exploration with the States.

Once the cost and reimbursement patterns were worked out, the program would require not only dealing with 55,000 community pharmacies, 7,000 hospital pharma-

cies, and more than 12,000 skilled nursing homes, but also dealing indirectly with about 200,000 prescribing physicians.

And this comes from the staff committee's report.

Discussing economic factors relating to manufacturers and retailers, the HEW staff report made several other important points:

First. Establishment of a "reasonable cost range," rather than a maximum reimbursable price, may in effect establish a floor for prices, and in some cases raise the cost of a drug.

Second. Using an approved cost—or cost range—of drug acquisition provides no incentive for the pharmacy to purchase at the lowest possible cost. While acquisition cost plus markup may encourage the pharmacist to dispense the highest cost drug, the acquisition cost plus fixed fee does not encourage the pharmacist to buy at lower prices.

Third. The exclusion of competitive therapeutically duplicative drugs may tend to eliminate competition among manufacturers.

Fourth. The advantage to a manufacturer of having his drug in the Formulary, while possibly equally good drugs are excluded, provides an economic advantage not related either to quality or to the marketplace.

Additionally, the HEW report points out, Federal setting of a basis of payment for outpatient drugs raises the question whether there should be similar Federal control of prices making up other major expenditures, such as those for physicians' services; that is, nationally prescribed criteria for State fee schedules.

I do not believe we have yet reached the point, Mr. President, where Congress is ready to establish Federal controls over fees charged by the health professions.

I, for one, oppose any such fixing of physicians' fees. But the HEW staff report properly raises the question—if we are to fix payments for one factor in medical costs, what about the others? Once we have fixed a fee for pharmacists, why should we not do the same for physicians, nurses, and even hospitals?

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

Mr. HARTKE. I yield.

Mr. MONTOYA. Is not the report which the Senator is reading from directed toward the Long bill and not the Montoya bill?

Mr. HARTKE. It is directed at both of them.

Mr. MONTOYA. Does it so specifically state?

Mr. HARTKE. It comments on S. 17 and S. 2299. I think S. 17 is the bill of the Senator from New Mexico. Is that correct?

Mr. MONTOYA. Yes.

Mr. HARTKE. We have concluded that it does, then. The fact is that the Senator from New Mexico does require in his bill a Federal formulary committee.

Mr. MONTOYA. The Senator is correct.

Mr. HARTKE. And that is the point to which I am directing attention at this time, and I am commenting on the statement of HEW. I compliment them on their thoroughness and their interest in the welfare of the aged. They are interested on an objective basis. I share their objectivity in trying to help these people in a field which, as I said before, predates that of the Senator from New Mexico. I congratulate the Senator from New Mexico upon being concerned, but it is my position that his bill does not do what he wants done.

Here is what the Department of Health, Education, and Welfare said:

The therapeutic equivalency of generic counterparts has not been established in all cases. In some instances agreement on "distinct, demonstrated therapeutic characteristics not otherwise available" will be difficult if not impossible to achieve.

Then they went on with another statement:

The goal of minimizing the use of "therapeutically duplicative" drugs may be desirable, but an objective, noncontroversial method of determining which drugs [are] therapeutically duplicative has not been developed. The implications of this provision with respect to effects on quality of care, research, and competition need further study.

That is why I say that this is an emotional appeal. It is an emotional appeal when, in effect, all that we are doing is delaying a scientific approach to the problem by postponing it an additional 6 months beyond the date of the Committee on Finance, if it were voted for.

The definition of "qualified drug" includes only those drugs listed in the Formulary of the United States or in a hospital formulary which are "prescribed or furnished in such quantities and under such conditions as are necessary to meet requirements established by the Formulary Committee under regulations designed to assure the orderly, efficient, and proper use of drugs." This means that the Formulary Committee should provide conditions of use of drugs with both therapeutic effect and cost of medication in mind. It could limit the use, for example, of high cost drug specialties in situations in which less costly drugs of the same class were the drugs of first choice, and in this way bring down the cost to the Federal program. But in doing this it would give the Committee the responsibility for regulating what types of drugs could be prescribed in what clinical situations, in what amounts, in what total quantities, and over how long a period.

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

Mr. HARTKE. I yield.

Mr. MONTOYA. Under my bill there would be no restriction as to what drugs could be prescribed for reimbursement. The formulary committee would list all drugs which were of equal quality in a certain category and the physician would be free to prescribe any drug in that category. There is no cost prescribed for reimbursement purposes.

Mr. HARTKE. I am fully aware of that.

Mr. MONTOYA. In the formulary committee.

Mr. HARTKE. I understand. However, the committee will have to make these determinations before making the determination of what the charge is to be.

Mr. MONTOYA. Yes.

Mr. HARTKE. So the reimbursement of the person is based on this. Therefore, the formulary committee is going to be the doctor and not the doctor himself.

This is the difference between the Long approach and the Montoya approach. The formulary committee represents a distinct difference in emphasis. If the Senator from New Mexico only wants to pay bills without determining the type of treatment, that is one thing. I might be inclined to give him limited support along that line. But if he agrees to that, then the Senator from Louisiana will oppose the bill and I understand why. This puts it in sharp focus. It does not make any difference how criteria are established. Once the formulary committee sets forth the conditions as to how the physician should prescribe this drug and this quantity for this disease, that is what they are going to get reimbursed for.

Mr. MONTOYA. I would not put it that way. This is the way it would work. The formulary committee would state certain drugs would take care of certain diseases.

Mr. HARTKE. Just a moment. Let me ask this. Would it say how many?

Mr. MONTOYA. How many what?

Mr. HARTKE. How many pills?

Mr. MONTOYA. No.

Mr. HARTKE. Why not?

Mr. MONTOYA. That would be up to the physician.

Mr. HARTKE. The physician might say he needs 100 but the committee said it should be 50.

Mr. MONTOYA. They would not do that.

Mr. HARTKE. Why not?

Mr. MONTOYA. They would merely be charged with the responsibility to categorize what drugs are of a quantitative quality to take care of a certain disease.

Mr. HARTKE. There are different drugs. How do you make the determination? You say, for instance, they are of an equal value. Would you divide the pill in half?

Mr. MONTOYA. No, if the physician requires 10 grams——

Mr. HARTKE. Of what?

Mr. MONTOYA. Of any certain medicine.

Mr. HARTKE. I am not a physician. As I understand it, there is a difference. They could be equivalent.

Mr. MONTOYA. One drug manufacturer has tablets containing only 5 grams; he would just double the pills in order to arrive at the required amount, but that is up to the physician and not the formulary committee.

Mr. HARTKE. The formulary committee has to make the determination according to this bill. This is the criticism and the questions posed by the staff of the committee, which I want to keep in effect and which the Senator from New Mexico, in effect, would say is unnecessary.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. LONG of Louisiana. I said there is nothing involved here telling a drug company what they have to charge or do not have to charge, or telling a physi-

cian what he must prescribe or not prescribe. I am not talking about the Long bill. Let us talk about the Montoya bill.

The Montoya bill, I understand, provides that if you want to order tetracycline—which is one of the wonder drugs which kill bacteria—if you want to order that you can get it from lots of people who manufacture it.

I am looking now at the formulary of the State of Illinois—it looks as if it has the name of a Democratic Governor on the front, Otto Kerner. Here is a list of items which they are willing to pay for. Here it says tetracycline prescribed in 500-milligram capsules. The maximum amount covered is 24. I am told if one were to take that much it would kill every bacterium in his body. I am told that 16 is the number that you should take, and so that means there are eight extra. You take those capsules and that is all you would need. How much would it cost to buy that many capsules, which is about what the doctor would prescribe, with a few left over?

How much should that cost? Five cents apiece is the most this formulary would pay for them under any circumstances because someone is selling it for 2 cents. He can make a profit or allow the pharmacist his $2 charge. So we say we think that 24 of them times 5 cents—all right—that is about $1.20—let the pharmacist make $2 as his professional fee. So it is $3.20. That is what the Montoya amendment says. We will pay $3.20. So that a fellow can buy tetracycline anywhere in America, assuming a manufacturer makes it for that price, so that he can buy it at that price; $3.20 for the prescription, $2 of which represents the druggist's cost and profit factor.

That is a small price compared to what the drug companies would like to charge. They have been holding that price up for a long time. They had a 50-cent capsule which cost them about one and a half cents to manufacture. I have been making speeches about it, and the price has been coming down; but if the drug companies had their way, they would charge us 50 cents a capsule for it.

So there are 40 capsules—24 times 40 is—what?—I am calculating offhand here—$9.60 compared to $3.20 and perhaps they might want a markup on top of that.

The point is, if we are going to pay $3.20, the $3.20 must be distributed between the druggist, and the drug company, and perhaps someone else who might be kept in the picture.

But they may want us to pay 10 times more for it. That is what it can be bought for. Here is what can happen: If a doctor wants to buy a drug from Squibb, instead of some other company, because he thinks it might be better—which is not necessarily true, because drug companies manufacture drugs of about the same quality—but let the doctor order from any firm he wishes. We know, as a practical matter, that the old folks will catch onto it, that they can buy it for a certain price when the doctor insists they pay more for it. They talk to each other about it and realize that they are getting the worst of it. Word gets around, and the price tends to come down.

Many people feel that Squibb is the only firm which manufactures good drugs, or Pfizer, but the manufacturers will all say that the other fellow is deserving, being in the same fraternity with them, because they all manufacture a sorry lot of drugs, now and then, themselves. If they sought to expose each other's "dirty linen" we would find out that none of them has ever been 100-percent correct, that at one time or another they have all manufactured a product that might not have been up to snuff at one time or another.

I say, let us pay a reasonable price for these products. Let the old folks pay 50 cents toward their drugs costs from now until God calls them home. We can study this from now until kingdom come, and we still will not come to grips with the real question.

Are we going to line up with the old people? Are we going to line up with the taxpayers? Are we going to line up with the druggists who are on the side of the old people? Or, are we going to line up with the pharmaceutical manufacturers and those doctors they have managed to brainwash? Are we going to vote for the public interest?

Louisiana does not manufacture many drug products. It does manufacture some patent medicines. Someone might possibly think that Squibb products are the best. I think someone in Louisiana puts out a shaving lotion, comprised of alcohol and some perfume which some people put on their face thinking they will get rid of blackheads. There are similar products which people think will make them beautiful. That is all right with me, too, but Louisiana is not famous as a drug manufacturing State.

There is no reason for people to have to pay exorbitant prices. This study is not going to answer any questions of that kind. By the time the drug manufacturers get through lobbying, contributing to our campaigns—although I do not think they will contribute to mine, the way things are going with me right now, but they might contribute to someone else's—but by the time they get through lobbying and doing the best they can to ingratiate themselves, to do everything they can to increase the profits of their business, how is Congress going to vote? Is it going to vote to buy drugs at twice the price, or at a reasonable price?

Let us face it. Since the Senator from New Mexico offered his amendment the opposition has worked fervently against the amendment so that the old people could not buy drugs with some help from the Federal Government. Indeed, the furious opposition goes to the point that the Government does not feel it should pay more than a reasonable price for it. Indeed, the Government does not pay more than the reasonable price whenever the Government buys a drug. Why should we start it now when we pay for drugs under medicare?

Mr. HARTKE. Mr. President, I have listened with great interest to what the Senator from Louisiana has said. I do not find that we have come anywhere near discussing the issue, but I do not find much fault with his presentation.

The point I wish to go back to is that I did not write the amendment. The Senator from New Mexico [Mr. MONTOYA] wrote the amendment. All I can say is that I did not make the staff report. To my knowledge, I do not think the staff at HEW can be accused of being the handmaiden of any of the drug lobbyists. If they are, there should be an investigation of that.

All I am doing is taking the words of the Senator from New Mexico. I am taking his amendment. I am taking his study. I am taking the study from HEW. It is not my study. I did not make it. I am just reading the words.

Mr. LONG of Louisiana. Mr. President, will the Senator from Indiana yield?

Mr. HARTKE. I yield.

Mr. LONG of Louisiana. We all know where that Department of Health, Education, and Welfare is. I was trying to get a report on the Long bill out of that Department. The Abbott Laboratories had it, but I could not get it. The lobbyists down there with the executive branch—just as there are lobbyists on Capitol Hill—Abbott Laboratories sent the letter around. It was distributed to Senators, but I could not get it myself out of the Department, a report on my own bill. They did not stop just lobbying in Congress. They worked overtime down at the executive branch as well. That is why we can find these estimates ridiculous. I do not know that Mr. Meyers actually made that estimate himself. We had previous estimates by the same Department, and by the same actuary. He does not make those same mistakes. But things of this sort could happen.

I am not finding fault. I know that many of those in the drug business are fine people. With the kind of progress they are making, I wish I held some stock in their business. I wish I could afford it. But those people have done a great job representing the industry on the Hill, and also down at those departments. I regret to say that when we wanted that letter on my bill we could not get it. People have been padding down the halls of the Department of Health, Education, and Welfare and in various other Federal agencies getting this letter on the Long bill such as Abbott Laboratories did and circulated it to Senators, but I—the author of the bill—could not get that same report on my own bill. They were doing a great job for those who were paying them.

Mr. WILLIAMS of Delaware. Much has been said about this, but I am wondering whether the Senator from Louisiana would feel, in light of his discussion about so many lobbying agents around if we could come to the conclusion that they were well oiled.

Mr. HARTKE. I want to come back—now that we have had this little escapade of going down side avenues—I want to come back to the situation at hand.

I honestly feel that Mr. Myers, and the rest of the people at the Department of Health, Education, and Welfare, including Mr. Gardner are extremely competent people.

Mr. Myers is now in the gallery. I know that there is no more dedicated, loyal public servant than he. I am sure

that he would say so, if he knew he had made a mistake. And if he has, I am sure that it was an honest mistake since someone may have given him the wrong information. I also think that he would be the first to say he was not perfect.

I do think that there is a dispute on the cost. That much has to be agreed to. I am not talking about the cost. I am not talking about getting the price down. I am talking about the bill before the Senate, and that provides for the establishment of a formulary committee.

The report to which I am referring answers the very question and deals with the very point brought up by the definition of "qualified drugs." That is where we were interrupted.

To put the discussion back into proper focus, and not to deal with this emotionally or go down side avenues or on excursions, I said that the report of the HEW staff on S. 2299 went into the definition of "qualified drug." It stated:

> The definition of "qualified drug" includes only those drugs listed in the Formulary of the United States or in a hospital formulary which are "prescribed or furnished in such quantities and under such conditions as are necessary to meet requirements established by the Formulary Committee under regulations designed to assure the orderly, efficient, and proper use of drugs.

The Department's staff is going to have to complete the report before the Senator from New Mexico's amendment could start his study. The Senator proposes a method by which we will have to wait 6 months.

Here is the conclusion. These are not my words. This is the Department's staff report:

> This means that the Formulary Committee should provide conditions of use of drugs with both therapeutic effect and cost of medication in mind. It could limit the use, for example, of high cost drug specialties in situations in which less costly drugs of the same class were the drugs of first choice, and in this way bring down the cost to the Federal program. But in doing this it would give the Committee the responsibility for regulating what types of drugs could be prescribed in what clinical situations, in what amounts, in what total quantities, and over how long a period.

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

Mr. HARTKE. I yield.

Mr. PASTORE. I regret very much that I could not be here earlier, because this is a very important subject. I am conducting hearings on the foreign aid bill.

Could the Senator explain what his amendment does?

Mr. HARTKE. It is not my amendment. It is the amendment of the Senator from New Mexico.

Mr. PASTORE. Is the Senator from Indiana speaking in behalf of the amendment?

Mr. HARTKE. I am speaking in opposition to the amendment, because it does not do any good. If the Senator wants the Senator from New Mexico to explain it, I shall be glad to yield to him to do that.

Mr. PASTORE. Could the Senator from New Mexico give us a very simple explanation of it?

Mr. MONTOYA. Yes. The bill which I am offering in the nature of an amendment is designed to prescribe a program of insurance in which the enrollee over the age of 65 may participate by paying an estimated sum of 50 cents per month and the Government paying the other 50 cents on a matching basis similar to the matching concept in the medicare bill. The enrollee will be reimbursed for prescription drug costs which he incurs after leaving the hospital.

Right now there is no provision under the law for reimbursement to him after he leaves the hospital under the medicare program.

The amendment which I am offering will alleviate his financial stress by providing an allowance of reimbursement to him after he presents bills for prescription drug costs incurred by him, with the additional proviso that the first $25 of his cost shall have to be borne by him. It is a $25 deductible program.

Mr. PASTORE. Mr. President, will the Senator yield——

Mr. HARTKE. Mr. President, I may say there is a dispute as to the cost involved, whether one agrees with the Senator from New Mexico as to the cost involved or whether one agrees with the statement, which is in the RECORD, of the Chief Actuary of the social security system, who says that the cost will be approximately $3.20, or $1.60 for the enrollee, rather than the 50 cents. The effective date of the bill is July 1, 1970, 6 months after the study I have been referring to will be completed.

Mr. MONTOYA. Mr. President, if the Senator will yield, I do not think the dollar figure is correct.

Mr. HARTKE. I said it is in dispute.

Mr. MONTOYA. I have stated, on the basis of the actuarial study and information given to the committee, which appears in the committee report of last year, the requirement would be 50 cents a month. The Senator from Delaware [Mr. WILLIAMS] has brought in a new figure, which indicates the cost would be increased, with which the distinguished chairman of the Finance Committee, the staff, and I disagree.

Mr. HARTKE. Let me say to the Senator from Rhode Island that this is not my information. I will give him the letter. It is not my information. Mr. Myers is in the gallery. I am sure he will be glad to confirm the statement in that letter.

Mr. PASTORE. Is the Senator from Indiana resisting this amendment because of the cost or the principle involved?

Mr. HARTKE. Neither one. As a matter of fact, I espoused the principle involved before the Senator from New Mexico did.

Mr. PASTORE. Now may I ask a question of the Senator from New Mexico?

Mr. HARTKE. Yes.

Mr. PASTORE. Must it be a drug which is prescribed by a doctor?

Mr. MONTOYA. Yes, it must be a drug which is prescribed by a doctor.

Mr. PASTORE. In other words, it could not be a vitamin tablet or aspirin; it would have to be a prescription drug?

Mr. MONTOYA. If it was prescribed by the doctor and was contained in the formulary list put out by the HEW.

Mr. PASTORE. Which is already established?

Mr. MONTOYA. Which is already established under medicare. There is a medicare formulary established.

Mr. PASTORE. The person who is entitled to this relief under the social security law would make a payment of 50 cents on each dollar, himself?

Mr. MONTOYA. That is correct.

Mr. PASTORE. And the Government would make a payment of 50 cents?

Mr. MONTOYA. Yes.

Mr. PASTORE. In order to be reimbursed, his cost would have to be $25?

Mr. MONTOYA. Yes.

Mr. PASTORE. Over what period of time?

Mr. MONTOYA. The $25 deductible would have to be on an annual basis.

Mr. PASTORE. That is all I wanted to know.

Mr. HARTKE. Let me make a clarification. The study provided for in the bill would have to be completed 6 months before the effective date of Senator MONTOYA's measure.

Mr. PASTORE. What study are we talking about?

Mr. HARTKE. The same study the Senator from New Mexico would have made 6 months later.

Mr. MONTOYA. Mr. President, will the Senator yield at that point?

Mr. HARTKE. I yield.

Mr. MONTOYA. May I say, for the information of the Senator from Rhode Island, that in 1965 the Congress voted and mandated that a study be made on this particular subject. In 1966, when the same bill as my amendment passed unanimously here in the Senate and went to conference, the conferees took that bill out and substituted and mandated a study to be made by HEW. This was in 1966. So there has been a provision for a study for the last 2 years; and still the only defense that is offered to my amendment is that more study time is required.

The question that we have to resolve here is, Shall we wait for another study or shall we get down to brass tacks and provide free prescription drugs for the old people of this country? Can they afford to wait for this study?

Mr. PASTORE. It would not be free. They would have to pay $25 of the initial cost. Over and above that amount, there would be reimbursement. So what we are saying is there would be reimbursement in the case of dire sickness. I am sure no drug prescription would cost over $25 unless a person suffered a serious illness. After that there then may be reimbursement.

Mr. MONTOYA. May I point out that the $25 deductible is for the whole year.

Mr. PASTORE. Twenty-five dollars for the whole year.

Mr. MONTOYA. Yes.

Mr. PASTORE. A person would have to be pretty ill to spend that much on drugs.

Mr. MONTOYA. According to studies, the average annual cost for drugs for a person over 65 is about $47 a year.

Mr. PASTORE. About $47 a year?

Mr. MONTOYA. Yes.

Mr. HARTKE. Let me put this matter into focus again, because the point of it has been lost. The Senator from Rhode

Island is left with the first part of the bill. If we were to add to the first part of the bill what has been discussed, the Senator from Louisiana would oppose it, and has so stated publicly, on the floor.

There is the question of the formulary committee, which I am discussing at the present time. The whole study would start 6 months after this study would be completed, if we adopted the amendment.

Mr. ALLOTT. Mr. President, will the Senator yield for a question?

Mr. HARTKE. I yield.

Mr. ALLOTT. The Senator from Rhode Island and I and other Senators have been involved in committee meetings all afternoon. Was this amendment presented to the Finance Committee?

Mr. HARTKE. The Long amendment?

Mr. ALLOTT. No; the Montoya amendment.

Mr. HARTKE. The Montoya amendment was included with it, and the amendment of the Senator from Indiana was adopted by a 9-to-8 vote.

Mr. LONG of Louisiana. Mr. President, if the Senator will yield, what happened in the committee was that, by a vote of 9 to 8, the Hartke study motion was substituted for the Long amendment, which was aimed at holding down prices paid for drugs. Unfortunately, the Hartke motion as drafted, also applies to the Montoya amendment, which would undertake to keep the costs of insuring drugs at a reasonable level. The Montoya motion was never actually presented in our executive session. It was, in effect, brushed aside by the Hartke motion, which was offered as a substitute for the Long motion.

Mr. HARTKE. Mr. President, that is an accurate interpretation.

Mr. ALLOTT. Would it be fair to say that during the course of the committee meetings the Montoya amendment was offered to the committee and that, in the decisions the committee made, it had in mind the consideration of the Montoya amendment?

Mr. HARTKE. It was discussed in the hearings, but not brought up in the final vote.

Mr. ALLOTT. It is in an amendment of the first bill here on the floor of the Senate. That is what I am trying to say.

Mr. HARTKE. That is right.

Mr. ALLOTT. It was discussed in the committee.

Mr. HARTKE. And discussed at length in the committee report.

Mr. LONG of Louisiana. Let us put it this way: We knew about the amendment. The Hartke motion for a study, carried. It was a motion to provide a study rather than to provide affirmative action legislatively. But the Montoya amendment was never formally offered. As a matter of fact the amendment before us today was not even introduced until November 15, the day after our bill was reported.

Mr. ALLOTT. I understand. I thank the Senator for yielding.

Mr. AIKEN. May I ask a question?

Mr. ALLOTT. I am happy to yield to the Senator from Vermont.

Mr. AIKEN. Was not the Montoya amendment approved by the Senate a year ago, and lost in conference with the House of Representatives?

Mr. HARTKE. If I may respond to the Senator from Vermont, if I am not mistaken, the Senator from Vermont has presented a somewhat similar proposal.

Mr. AIKEN. I introduced a bill with eight proposed amendments. I went before the committee and described the bill with the eight amendments. One of them was similar if not identical to the Montoya amendment.

But now, I think, something has to be done. The most common complaint we receive from old people is that they cannot afford the cost of the drugs, and they are going up every day.

Take this little package I have in my hand here. At the present time, there are probably more people with sour stomachs in this country than there have been since I was born, and yet the cost of this little anti acid mint went up 33⅓ percent last week.

Can the Senator from Indiana tell me how it could cost 5 cents more to put up a roll of these—I do not know whether it is Indiana limestone, or what is in it—how it could cost 5 cents more to manufacture a 1-cent package than it did the week before? I think the drug companies are taking unmerciful advantage of the old people of this country.

Mr. HARTKE. If the Senator from Vermont will yield a moment, if the Senator wants to present his amendment alone, I would vote for it.

Mr. AIKEN. How does it differ from the Montoya amendment?

Mr. HARTKE. This is the very point I have been making all afternoon. When you seek to do that, you immediately have the opposition of the chairman of the Committee on Finance, who is supporting the Montoya amendment.

Mr. AIKEN. What is in it that is not in mine?

Mr. HARTKE. Mr. President, if the Senator from Vermont wants to cover this, this is the same question that I am dealing with now: The formation of this formulary committee. Reading, now, from the HEW report, it states:

> Formulary Committees in hospitals normally provide a mechanism by which the physician can justify and prescribe drugs not listed in the hospital formulary when his clinical judgment requires it. Such flexibility is needed to make the operations of the proposed Formulary Committee workable.

That is not included in the amendment of the Senator from New Mexico. These are all serious questions.

Mr. MONTOYA. Mr. President, will the Senator yield at that point?

Mr. HARTKE. I yield.

Mr. MONTOYA. My bill does not prohibit a physician from prescribing any medicine that is not in the formulary list. Does the Senator disagree with that?

Mr. HARTKE. But he cannot be reimbursed for it.

Mr. MONTOYA. That is true.

Mr. HARTKE. So he is locked out.

Mr. MONTOYA. But the formulary is designed to be almost all-inclusive, for all medicines available.

Mr. HARTKE. I am not one to disagree with the Department of Health, Education, and Welfare. It says this is a very serious problem. I know that the Senator from New Mexico thinks this is a good approach, but there are serious questions about potential interference with the physician in the practice of his art and science. Both the administration and the Congress should think long and hard before establishing any program that promises to prevent the American doctor from administering the therapy that, in his professional judgment, is indicated for a particular patient.

The administration is now attempting to find sound solutions to these difficult questions. The administration does not approve of the method suggested by the Senator from New Mexico at this time. They are trying to do this by careful analysis and examination. I think we in Congress should do no less than cooperate in this endeavor, and not try to thwart it. The Committee on Finance seeks to do the same thing through the broad study it now recommends, which was adopted in the Finance Committee.

Finally, the HEW Department's staff report included estimates for the Committee on the administrative costs of the program envisioned. There is a big question, for example, as to how much it will cost. These estimates take in all the drugs under the formulary. The first-year cost was estimated to be over $100 million. That is primarily for the clinical testing of drugs.

For the succeeding 5 years, the estimate was more than $90 million a year, including $50 million annually for clinical tests.

This study, again, under the approach of the Senator from New Mexico, would begin 6 months after we had already had the completed report. In other words, he just comes in 6 months late and wants to start doing what we are proposing to do by this committee action.

By the end of 6 years, the big job of clinically evaluating all drugs presumably would have been completed. So what we have here is an estimate by the department that by 1976, Senator MONTOYA's approach might start to take effect, according to HEW. I should like to do it a little quicker than that, if we are going to try to help old people. I would like to start in a couple of years. If we follow the approach the committee has outlined, we might have something around 1969 or 1970.

Mr. MONTOYA. Mr. President, will the Senator yield at this point?

Mr. HARTKE. I am happy to yield.

Mr. MONTOYA. The Senator has been referring to a report which appears, I believe, on page 396 of the committee hearings under the Social Security Amendments of 1967, is that correct?

Mr. HARTKE. I do not know, but it is probably in the report.

Mr. MONTOYA. I have been following the Senator, and it is verbatim from this particular page.

Mr. HARTKE. All right.

Mr. MONTOYA. This report relates to S. 2299, and not to the Montoya amendment.

Mr. HARTKE. It relates to both of them. If I have to go back to read the amendment, then I guess I will just have to do it.

Mr. MONTOYA. I would not want the Senator to go through that ordeal again.

Mr. HARTKE. It is no ordeal for me to correct the RECORD. Let me read it. I am going to read from the amendment in front of me; I am talking about the amendment proposed by the Senator from New Mexico [Mr. MONTOYA] to H.R. 12080, amendment No. 440. Is that the correct one?

Mr. MONTOYA. That is right.

Mr. HARTKE. Am I correct or incorrect, in reading from this, that on page 4 there is a definition of qualified drugs?

Mr. MONTOYA. That is correct.

Mr. HARTKE. Am I correct that on page 5, there is a discussion of a formulary committee?

Mr. MONTOYA. My bill so reads.

Mr. HARTKE. That is right. Then what I was reading about was identical—I was reading from their report—in which they discuss the definition of qualified drugs.

Mr. MONTOYA. But the provisions for the formulary committee in the Montoya bill and in the Long bill are separate and distinct, in function and in origin.

Mr. HARTKE. They both provide for the same one, however, and they describe them the same. In fact, the reports are the same.

I am not trying to mislead anyone. I am merely trying to say what the facts are. If one does not like the facts, I cannot help it.

But, it should not be overlooked that these proposed cost and quality controls would cost the Federal Government and the States, according to the Secretary of Health, Education, and Welfare, more than a half a billion dollars in the first 6 years. This figure, moreover, does not include the cost of the drugs themselves.

I ask unanimous consent that the entire text of the Health, Education, and Welfare staff report be printed at this point in the RECORD, so that the Senate can determine for itself exactly what the facts are.

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

STAFF REPORT: POLICY AND PROCEDURAL PROBLEMS UNDER S. 2299 WHICH REQUIRE FURTHER EXAMINATION

This report reviews briefly the present status of staff explorations relating to the bill.

1. ESTABLISHMENT OF REASONABLE CHARGES FOR PRESCRIPTION DRUGS

In our experience the establishment of reasonable charges (the sum of the acquisition costs and reasonable professional fees) would be a protracted and complex undertaking. The only Federal requirement for reasonable costs in public assistance has dealt with hospital costs; after 25 years of discussion of this subject the elements to be included and excluded remain in controversy. Cost ranges for drugs would be based on current market practices, with all the complexities of quantity discounts, hospital discounts, rebates, geographical differences in price, determination of prices which vary "significantly" from others, and the need to consider claims of "distinct therapeutic advantages" for certain products—ratesetting in a novel field presenting novel problems.

Setting criteria to govern professional fees would have to take into account not only "costs of overhead, professional services, and a fair profit" mentioned in the bill, but also such variables as volume of business done, drugstore as compared to hospital pharmacy operation, independent as against chain stores, extent of late hour and weekend operation, and many other factors.

Establishment of both acquisition costs and professional fees would require consultation with the many interested groups, with State agencies, and with accountants and other advisers. The difficulty of arriving at acceptable criteria would be greater if, as is understood to be the case, the concept that professional fees should be determined by the Federal Government is opposed by the National Association of Retail Druggists. It is problematical whether the States would be either willing or able, as contemplated by the bill, to undertake under the Federal criteria the actual fixing of professional fees in the infinitely varied situations that would exist within each State. This is a matter which requires exploration with the States.

Once the cost and reimbursement patterns were worked out, the program would require not only dealing with 55,000 community pharmacies, 7,000 hospital pharmacies, and more than 12,000 nursing homes, but also dealing indirectly with about 200,000 prescribing physicians.

2. ECONOMIC FACTORS RELATING TO MANUFACTURERS AND RETAILERS

Further discussion with economists is necessary to explore the implications of the following factors:

(*a*) Establishment of a "reasonable cost range," rather than a maximum reimbursable price, may in effect establish a floor for prices, and in some cases raise the cost of a drug.

(*b*) Using an approved cost (or cost range) of drug acquisition provides no incentive for the pharmacy to purchase at the lowest possible cost. While acquisition-cost-plus-markup may encourage the pharmacist to dispense the highest cost drug, the acquisition-cost-plus-fixed-fee does not encourage the pharmacist to buy at lower prices.

(*c*) The exclusion of competitive therapeutically duplicative drugs may tend to eliminate competition among manufacturers.

(*d*) The advantage to a manufacturer of having his drug in the Formulary, while possibly equally good drugs are excluded, provides an economic advantage not related either to quality or to the market place.

3. FEDERAL-STATE RELATIONS

(*a*) The only present Federal determination of the basis on which States must pay for services in their medical care programs relates to the care of hospital inpatients, and was designed to correct inadequacy of payment. Federal setting of a basis of payment for outpatient drugs, designed to avoid excessive rather than inadequate outlays, raises the question whether there should be similar Federal control of prices making up other major expenditures, such as those for physicians' services (e.g., nationally prescribed criteria for State fee schedules).

(*b*) Since the proposed controls limit kinds as well as unit cost of drugs, a similar question arises about other health services: Should the Federal Government seek, in the interest of economy, to limit the use of kinds of health facilities and health personnel to those which the Secretary deems most efficient? Traditionally, Federal requirements have left the major decisions in these areas to the States, which have in turn left them in part to the health professions and the health institutions.

(*c*) Using limitation on Federal matching as the mechanism of control means that the financial risks inherent in so novel an effort (such as the risk of noncooperation by prescribing physicians) would fall either on the States or on the recipients of health care. In absence of effective control over the writing of prescriptions, the bill affords no assurance against the incurring of substantial costs in which the Federal Government would not share.

4. THE FORMULARY

(*a*) This Department would have new and heavy responsibilities in organizing and overseeing the operation of the Formulary Committee. Three of its principal health officials—the Surgeon General, the Commissioner of Food and Drugs, and the Director of the National Institutes of Health—would be members of the Committee. The Committee's assignment obviously cannot be a part-time operation. The Secretary would be responsible ultimately for the success of the program, and the Department would have to supply the resources in manpower and supporting facilities. The bill is not clear as to the responsibilities of the Secretary in relation to the Formulary Committee, which is established "within" the Department but with no clear delineation of the Secretary's responsibility for its actions.

(*b*) The Formulary Committee would have the duty of evaluating every prescription drug used in medical practice today—more than 5,000—and providing a formulary of drugs of choice. It would have to exclude drugs that it considered unnecessary, therapeutically duplicative, or of unacceptable quality. It would have to include drugs which it determined to be necessary and proper. And finally, it would be responsible for the promulgation of regulations establishing requirements to assure the orderly, efficient, and proper usage of drugs and biologicals.

The magnitude of this task should not be underestimated.

As one example of the seriousness of this problem, last year FDA entered into a contract with the National Research Council-National Academy of Sciences for a study of the validity of claims of effectiveness for drugs marketed between 1938 and 1962, when safety was the sole criterion for pre-market clearance. After a year and a half of intensive effort, this project is far from complete. Furthermore, after the reports are received, extensive administrative action will still be required to review the recommendations and put them into effect, and to deal with the challenges which will be made to some of them.

It is evident that any review of drugs, along with the promotional claims that are being made for them and the scientific data to support the promotional claims, calls for the efforts of the most highly qualified medical scientists, and that any large-scale effort must extend over a period at least of several years.

Under the bill all drugs—not only those cleared through the new drug procedures since 1938—would have to be reviewed. For many of these drugs there are no adequate, well-controlled scientific data on which the claims of therapeutic effectiveness could be properly evaluated. This is true even for a number of drugs which are widely accepted among physicians as apparently valuable in the treatment of disease.

(*c*) The procedures for hearings on drugs excluded from the Formulary, and for judicial review with trial *de novo* in the District Courts, could involve inordinate delay in the final establishment of the list. With large economic interests at stake, the prospect of substantial litigation is a serious one.

Difficult as this undertaking would be initially, the problem would be compounded by the need to keep a Formulary up to date. In view of the rapid advances in drug therapy, there is grave danger that revisions of the Formulary, and the reasonable cost determinations that would need to accompany them, could not keep pace with the ever-accelerating developments in this field. Here again, hearings and litigation would create serious factors of delay.

(*d*) Restrictions on the use of combination drugs in the bill appear to be too severe.

Some of these drugs often provide convenience and more assurance of proper drug usage when self-administered, even though they may not have intrinsic therapeutic advantages over several drugs used separately.

(e) There may be inconsistencies between hospital and outpatient practice with respect to drugs. A patient stabilized on a particular drug in the hospital may find that drug unavailable for non-hospital use under the welfare program.

5. THERAPEUTIC EQUIVALENCY

(a) The therapeutic equivalency of generic counterparts has not been established in all cases. In some instances agreement on "distinct, demonstrated therapeutic characteristics not otherwise available" will be difficult if not impossible to achieve.

(b) Under the bill the Formulary Committee would contract for production of reliable clinical data on which to base its judgments, but this would require the cooperation of medical centers and an array of patients. It would require in particular the involvement of individual investigators of high competency who would have to be induced to undertake routine investigations offering little promise of advancing medical knowledge.

6. THERAPEUTICALLY DUPLICATE DRUGS

(a) The goal of minimizing the use of "therapeutically duplicative" drugs may be desirable, but an objective, noncontroversial method of determining which drugs therapeutically duplicative has not been developed.

(b) The implications of this provision with respect to effects on quality of care, research, and competition need further study.

7. ORDERLY, EFFICIENT, AND PROPER USE OF DRUGS

(a) The definition of "qualified drug" includes only those drugs listed in the Formulary of the United States or in a hospital formulary which are "prescribed or furnished in such quantities and under such conditions as are necessary to meet requirements established by the Formulary Committee under regulations designed to assure the orderly, efficient, and proper use of drugs." This means that the Formulary Committee should provide conditions of use of drugs with both therapeutic effect and cost of medication in mind. It could limit the use, for example, of high cost drug specialties in situations in which less costly drugs of the same class were the drugs of first choice, and in this way bring down the cost to the Federal program. But in doing this it would give the Committee the responsibility for regulating what types of drugs could be prescribed in what clinical situations, in what amounts, in what total quantities, and over how long a period.

The promulgation of regulations applicable to the orderly, efficient, and proper use of drugs would limit physicians in their practice and would make the Formulary Committee the ultimate arbiter of the proper drug in clinical situations.

(b) Federal determination of the comparative efficacy of drugs used to combat the same infectious disease or to combat diabetes, for example, was considered and rejected by the Congress in 1962 as involving too large a measure of medical judgment to authorize the exclusion from the market of new drugs that were no better than already marketed products.

(c) Formulary Committees in hospitals normally provide a mechanism by which the physician can justify and prescribe drugs not listed in the hospital formulary when his clinical judgment requires it. Such flexibility is needed to make the operations of the proposed Formulary Committee workable.

8. REGISTRATION AND INSPECTION

(a) The bill would disqualify drugs for violation of either of two provisions of the Federal Food, Drug, and Cosmetic Act. The failure to meet other applicable misbranding and adulteration provisions of the law, or the new drug or antibiotic certification provisions, is of equal importance. A drug that was prepared in an insanitary plant, or one that failed to bear adequate directions for use and adequate warnings, should warrant disqualification.

(b) The administrative process of applying sanctions to prevent a firm from using its registration number, and thus from participating in the program, would require additional personnel and would give rise to a substantial volume of administrative hearings and litigation.

9. ADMINISTRATIVE COSTS

(a) Cost of operation of the Formulary Committee and its supporting staff are estimated to be approximately $10 million a year for the first three years, and $5 million a year thereafter.

(b) Federal costs to carry out planning, State plan review, program evaluation, auditing, and technical assistance to the States are estimated to be more than $600 thousand a year.

(c) Costs for printing, maintaining, revising and distributing the Formulary to physicians, pharmacists, hospitals and State agencies—but not to individual beneficiaries—are estimated to be $3 million per year.

(d) Increased Federal-State costs to administer the program are estimated to be at least $6 million per year. The States will have to support this increased cost in part from their own limited funds, which may require a reduction in the amount of benefits available to recipients.

(e) In addition, other costs should be considered which though arising from the bill, would benefit all patients whether or not they were covered by any governmental program. Thus, the improved quality control program would cost an estimated $25 million per year, primarily for an additional 2,000 FDA inspectors, space, necessary administrative support, and strengthening of the FDA product testing program. The necessary clinical testing ordered by the Formulary Committee could cost approximately $67 million for the first year and up to $50 million per year for the next five years; manufacturers might be required to undertake some of this cost. In any event, the task of clinical evaluation is large and will be a continuing one; the scientific manpower to undertake it is in short supply, the nature of the work is not attractive to top scientists, and the procedures are time-consuming and expensive.

10. EFFECTIVE DATE

(a) The provisions of the bill would require HEW to undertake a number of new and extended responsibilities. We do not believe that these responsibilities can be satisfactorily discharged by July 1, 1969.

(b) Determination of "qualified drugs" would require many months and possibly several years of work by the Committee. But implementation of the Formulary could be delayed for additional months or even years by administrative hearings and judicial review at suit of the parties affected.

(c) Establishment of the requisite improved quality control program would need many months for the recruitment and training of the inspectors and laboratory personnel.

(d) After establishment of other phases of the program, time would be needed for State agencies to develop their own program modifications to conform to Federal regulations.

(e) Development of an essential accounting, auditing, and utilization review system would require at least two years for the necessary research, development, design, and field testing.

Mr. HARTKE. Mr. President, the Commissioner of the Food and Drug Administration, Dr. James L. Goddard, put the issue in succinct terms when he testified before the Committee on Finance. He declared:

> The objectives of S. 2299, to introduce a greater rationality into the practice of drug therapy and to apply restraints to excessive costs, are obviously highly desirable.

I think this is what the Senator from New Mexico is trying to say and what I am trying to say.

But certain elements of the proposed bill, Dr. Goddard told us, raise grave problems. He said:

> We believe extended consideration and opportunity for discussion with the many affected groups is needed before decisions can be properly made.

A moment later, addressing the distinguished chairman of the Committee on Finance, Dr. Goddard went right to the heart of the issue involved in this legislation, and in addressing his remarks to the distinguished chairman of the committee, the junior Senator from Louisiana, chairman of the Finance Committee, he said:

> Senator, I know you want me to get down right to the guts of my objection. My problem with this bill is that the practicing physicians in this country have characteristically selected the drugs they are going to use for their patients. . . . Under the strictest terms of interpretation of this bill, I believe we are encroaching upon the practice of medicine in such a way that the physicians would rise up in wrath. Now, I am only sensing what my brother physicians' reaction will be. This is based on discussions and meetings with those who are familiar with the bill.

I must acknowledge that this statement gave me reason to pause, and I think it should give reason to the Senate to pause.

Now, what about the viewpoints of the professional and business groups that would be directly affected by these drug quality and cost control proposals? Where do they stand?

In summarizing these views, I must say that there is a difference between the two bills. There is no question of that.

I pointed out that difference because the Senator from Louisiana would not support the bill if we separated it in the form in which we would bring out those differences in the most clear fashion.

In summarizing their views and recommendations, I must distinguish between the two proposals that were before the committee.

First, with regard to S. 2299, pharmacy is sharply divided.

The American Pharmaceutical Association is in favor of enactment of this bill. But the National Association of Retail Druggists informed the committee that "we are opposed to many provisions of S. 2299." And the National Association of Chain Drug Stores recommended that Congress defer action until after the HEW Task Force study is completed.

The Pharmaceutical Manufacturers Association, which states that its members produce 95 percent of the prescription drug products made and sold in the United States, opposes this bill on grounds that it would first, reduce the quality of medical care; second, establish an involved and costly administra-

tive mechanism that would be extremely difficult to administer fairly; third, interfere with physicians' prerogatives to treat their patients in line with their best professional judgment; and, fourth, jeopardize the research and development effort of the industry.

The American Medical Association opposed S. 2299. AMA suggested that "rather than to enact such legislation, it would be worthwhile at this time to study in depth all the economic and therapeutic factors which enter into the use of prescription drugs."

The AMA recommendation applied not only to S. 2299, the bill of the Senator from Louisiana, but also to S. 17—which, to all intents and purposes was identical to the amendment before us—to add drug benefits under the supplementary medicare insurance program and establish associated drug quality and cost controls.

With respect to S. 17, the positions of the other professional and business groups most directly affected, as revealed in our committee's hearings, are as follows:

The American Pharmaceutical Association is in favor of adding drugs and pharmaceutical services to part B of title XVIII, but the testimony of this association did not deal specifically with S. 17.

The National Association of Retail Druggists also favors the expansion of the supplementary medicare insurance program to include outpatient drugs, but, as stated with respect to S. 2299, the NARD opposes many of the bill's quality and cost control provisions.

The National Association of Chain Drug Stores took no position on S. 17.

I am trying to be fair.

Mr. MONTOYA. Is the Senator speaking of the American Pharmaceutical Association?

Mr. HARTKE. The American Pharmaceutical Association is in favor of adding drugs and pharmaceutical services to part B of title 18.

Mr. MONTOYA. Yes. I might state further that the American Pharmaceutical Association in April of 1967 at their annual convention in Las Vegas, Nev., unanimously endorsed the Montoya bill.

Mr. HARTKE. I did not say they did not.

Mr. MONTOYA. I want that for the record at this point.

Mr. HARTKE. I am glad it is in the record.

Finally, the Pharmaceutical Manufacturers Association, while stating that it does not oppose expansion of the supplementary medicare insurance program to cover drugs, urged that this new benefit not be adopted at this time because of the HEW task force study and other proposed changes in the Social Security Act affecting both benefits and tax rates.

Mr. President, such was the distressing picture of uncertainty and dispute about the many difficult issues involved and how best to resolve them—uncertainty not only in the directly affected professional and business groups but in the Health, Education, and Welfare Department and the administration. As a result, the Committee on Finance voted to adopt my amendment directing the Secretary of Health, Education, and Welfare to undertake a comprehensive examination of all medical, scientific, economic, and social effects of these two proposed bills, and report back to the Congress with its recommendations.

I am confident that the Senate will concur in this committee judgment, for the need is so clear.

I point out one rather glaring inconsistency with the whole general approach, that although there is a $25 deductible, there is no incentive to have anybody come off drugs under the proposal of the Senator from New Mexico. We provide for a 20-percent reduction in physicians fees under medicare in order to make sure of medical assistance under the bill. However, no such recommendation is contained in the bill of the Senator from New Mexico.

All I can say in good conscience and honesty is, that if we vote for the committee bill, we will have the drug costs for elderly people paid for quicker, and the result will be more scientific and safer than if we listen to an appeal which is only emotional and has no basis in fact whatever.

I share with our chairman, the Senator from Louisiana [Mr. LONG] his determination that prescription drugs of the highest quality must be available to all who need them, on the most economic basis consistent with appropriate quality requirements and safe and effective use.

No one believes more strongly than I do, in this time of huge budgetary deficits and ever increasing strain on the Federal Treasury, that the Government's programs for drug procurement should function on an "orderly, efficient, proper and economical" basis, as the Senator's bill envisions, throughout the social security and related welfare systems.

Also, Mr. President, I join with the Senator from New Mexico [Mr. MONTOYA] in the conviction that the Nation's senior citizens should be able to obtain the prescription drugs they require, not only when in hospitals and nursing homes, as under the present social security law, but also as outpatients.

If there is a need that the Federal Government can properly fill in this respect, I will join with my friends from Louisiana and New Mexico in advocating prompt and responsible action.

But let us act responsibly, after the required consideration, to resolve these issues in the general public interest.

In conclusion, Mr. President, I remind the Senate that the bill now before us, H.R. 12080, contains provisions to undo certain enactments that we in the Congress adopted 2 years ago regarding the Federal-State program for aid to the medically indigent, often known as medicaid.

It is acknowledged that the administration and the Congress acted in haste on the medicaid provisions of the 1965 Social Security Amendments.

We have been confronted ever since with the necessity of undoing what was done with insufficient concern for the consequences.

Should we not learn from that costly experience?

If we do not, we may be trying, 2 years from today, to correct an even costlier error—in more than dollars and cents—in this crucial health field.

Mr. LONG of Louisiana. Mr. President, it is my hope that we can at least dispose of the pending amendment tonight.

We will have to have quite a few rollcall votes on these major issues, some of which involve heated debate and strong difference of opinion.

So we will have some controversial matters to vote on.

I hope we can dispose of the pending amendment tonight.

I should like to ask if there are other Senators who desire to speak on the amendment.

Mr. MONTOYA. Mr. President, I should like to have about 5 minutes to close.

Mr. LONG of Louisiana. Mr. President, I would then ask unanimous consent that there be 10 minutes debate, 5 minutes to be controlled by the Senator from Montana—

I withhold the request. I understand that the minority leader would like to know about the matter.

Mr. WILLIAMS of Delaware. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. MONTOYA. Mr. President, I should like to have the attention of the Senate for a few minutes, in order to conclude the debate on the pending amendment.

We have heard many arguments this afternoon with respect to the pending amendment, but not one argument has been advanced against the advisability of providing prescription drug reimbursement for the old people of this country.

The usual excuse when there is not a good frontal defense has pervaded the discussion this afternoon; namely, let us relegate this good amendment, this good objective, to a study, and postpone the enactment until we find out what that study will divulge.

Well, we have been doing this. We did this with medicare for many years. Yes, those who opposed the principle of medicare were always arguing, "Let's conduct a study." Every year when medicare was brought up—and I have been a Member of Congress for the last 11 years—the word "study" was the usual defense.

I believe it is time that we assert our responsibility as legislators and say to ourselves that we face a problem in this country of either providing reimbursement to the aged of this country for prescription drugs or we do not want to do it. That is the issue pending before the Senate today.

Now, some hobgoblins have been injected into the discussion. I say this with

all due respect to those who have presented arguments. This proposal has been called an OPA by my good friend, the Senator from Nebraska. Well, nowhere in the bill is price fixing prescribed. Nowhere in the bill is a physician told what to prescribe for a particular disease. Nowhere in the bill is there any edict provided for telling the physician or the druggist what to charge for any prescription. The druggist is not enjoined to charge a specific price. He can charge the same price he charges now, and he will be paid by the enrollee, by the old person, who presents that prescription at the prescription desk. My amendment only provides that this old person, when he presents a receipt, shall be reimbursed in a certain amount for that particular expenditure. A formulary is provided under my amendment.

Now, this is not a new concept. The Senator from Indiana has tried to impress upon the Senate that it will take a long time, a long study, to provide for this formulary; but I say that the formulary already exists under medicare. Eighty percent of the hospitals in this country are already using the formulary concept. We have experience in this matter.

The Senator from Indiana also says:

Let's wait for a study, the study that the Finance Committee ordained by virtue of adopting my amendment in lieu of the Senator Long bill or the Senator Montoya bill.

I might say that under the theory of his study, we would have to wait until January 1, 1969, before a report was offered. My amendment, if enacted, would become effective on July 1, 1969, 6 months later. So if the Senator is insistent upon a study being made, that study or its conduct is compatible with the effectiveness of my amendment. He can go through with his study. HEW can conduct its study while my amendment becomes effective as law. And from January 1, 1969, until July 1, 1969, when my bill would become operative, he could offer any amendments to my amendment—which would then be law—that he might deem advisable in order to correct deficiencies that might be pointed out by such a study.

I believe the great challenge we face today is not whether we want more studies—we have already had two ordained by Congress—but whether or not we, as Members of the Senate, desire to offer a vehicle, an opportunity, to the old people of this country, under a sound program, by which they could be reimbursed for prescription costs they incur when they leave the hospital. That is the vital issue we must face in the Senate today.

I urge the adoption of my amendment, Mr. President.

Mr. DIRKSEN. Mr. President, the distinguished Senator from Delaware has already referred to the letter from the actuary on whom we rely for information in connection with this program. In the Finance Committee room, the social security people have been present at all times, Mr. Myers has been present most of the time, and Dr. Wilbur Cohen has been present most of the time. So, when we want information, they sit right there and look at the books and give it to us while the committee is deliberating this bill. I do not believe anybody will take exception to what I am saying, because that happens to be the case.

If today is November 16, then this letter was written this morning. It cannot be much fresher than that, because that is just like the hen getting off the nest and there is a chicken egg—and here is the chicken egg that was laid this morning. And it is quite a good-sized egg, because this is what Mr. Myers says:

This memorandum will present a summary cost estimate for amendment No. 440—

Now, that sounds very cryptic, until Mr. Myers says:

introduced by Senator Montoya—

So, you see, we can be wrong—

which would amend H. R. 12080.

Well, if I know anything about bill numbers, that is the House bill that came over and has been languishing in the Senate Finance Committee for quite a long time, until we finish the markup and send it to the calendar.

Mr. Myers continues. I must be careful not to put these words in my own mouth. This is Mr. Myers speaking:

This amendment would add certain drug benefits to the supplementary medical insurance program, with an annual deductible of $25, and with 100% reimbursement for allowable expenses of drugs in excess of this amount (and with a carry-over deductible provision from one year to the next).

Now, this is Mr. Myers speaking. This is not the minority leader. He says:

I estimate that this amendment would increase the cost of the program by $3.20 per month (i.e. $1.60 payable by the enrollee, and $1.60 coming from the general fund of the Treasury).

Now, they are paying $3 already, as I understand. And I thought I heard Mr. Myers say in the committee room that it was going up another $1.

I ask the Senator from Delaware if that is correct.

Mr. WILLIAMS of Delaware. The Senator is correct.

Mr. DIRKSEN. I thought it was correct. I did not think I was mistaken, and I listened.

The $3.20 figure is subdivided into $2.85 for benefit costs, and 35 cents for administrative-expense costs. This cost estimate is for the first full year of operation of the proposal—namely, the period July 1969 through June 1970.

On the basis of an average enrollment of 18 million persons, the total annual cost is estimated at $691 million.

Mr. President, you are not playing with hay, or with marbles here at this hour of the afternoon in connection with the Montoya amendment. You are playing with 691 million kopecks, if you want to call it that. That is a lot of money in anybody's coinage.

I have listened a little. I listened to the Senator from Nebraska this afternoon, and I have listened to my distinguished friend from New Mexico. He thinks there is nothing so very novel in this bill.

Well, start with section 1845. This committee to which he refers is going to have authority to determine what is a qualified drug. That is a pretty good chunk of authority in itself. Then, that committee is going to determine what the allowable expense is going to be when used in connection with any quantity of a qualified drug.

This formulary committee, who is it? It is the Surgeon General, the Commissioner of the Food and Drug Administration, and the Director of the National Institutes of Health. What is the duty of this Committee? Well, they are going to determine which drugs and which biologicals shall constitute qualified drugs. Mr. President, do you mean to tell me that is not autocratic power? If it is not, I have not seen a delegation of power that is autocratic.

The formulary committee shall "determine, with the approval of the Secretary, the allowable expense." Well, you are getting pretty close to control.

Then, section 1846 reads:

Publish and disseminate at least once each calendar year among individuals insured under this part, physicians, pharmacists, and other interested persons, an alphabetical list naming each drug, or biological by its established name * * *.

It will be listed by ordinary trade name; it will be listed by so-called generic name. I dread the thought of how much printing is going to be done under this measure. It will be necessary to get extra printing presses over in the Government Printing Office. So it goes.

They are going to determine this language. I am a little alarmed about the language I find.

I am not about to vote for this proposal. As a matter of fact, I think one of the nicest, gentlest things we can do until we know a little more about this $691 million package is to put it on the table.

Mr. President, I move to table the amendment.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. AIKEN. Mr. President, will the Senator withhold his request?

The PRESIDING OFFICER. The motion to table is not debatable.

Mr. DIRKSEN. Mr. President, I withhold my motion.

Mr. AIKEN. Mr. President, I understand the Senator said that this proposal would cost nearly $700 million, which certainly the older people of this country, the beneficiaries——

The PRESIDING OFFICER. The motion is not debatable.

Mr. DIRKSEN. Mr. President, I withdrew the motion.

The PRESIDING OFFICER. Unanimous consent is required to withdraw the motion.

Mr. DIRKSEN. Mr. President, I ask unanimous consent to momentarily withdraw the motion.

The PRESIDING OFFICER. Is there objection? The Chair hears no objection, and it is so ordered.

Mr. AIKEN. Mr. President, all I want to say is that it will cost $700 million to finance this proposal. That means a good

share of that $700 million is already being paid for drugs by the old people of this country.

I simply was going to suggest that perhaps the way to handle this matter would be to reduce the oil-depletion allowances from 27½ percent to about 20 percent, and get money enough to help out these old people who cannot afford drugs and who are writing letters every day to the effect that they cannot afford to pay for drugs.

Of course, we might be creating a severe hardship on some of our international corporations, but I would rather put the burden there than on the old people of this country.

I am sorry to disagree with my leader, but I think my suggestion is better than his.

Mr. DIRKSEN. That is a wholly irrelevant suggestion. What does oil depletion have to do with a bill like this? I remind my friend that half of this amount comes out of the general fund of the Treasury. Now, that is a red herring when the Senator talks about oil depletions. Here is an administration that is fairly distraught by a fiscal crisis and in the shank of the afternoon we come along and are willing to tax the Treasury for one-half of $691 million, or about $350 million.

Mr. President, where are you going to find it? We are being jockeyed every day about a tax bill and reduction in expenditures, and you hear it from all over; and you are going to put one-half of this or another $350 million on the general revenue.

Do not let anyone take you in with this talk about oil depletion and that sort of thing. Come in here with a bill on oil depletion and make the case. Then see what the Senate will do. Let us take this for what it is and what the Chief Actuary of the social security system has to say about it in a letter that is so fresh you can smell the nest of the chickens.

Mr. President, I renew my motion to table.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD (after having voted in the negative). On this vote I have a pair with the senior Senator from Louisiana [Mr. ELLENDER]. If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." Therefore, I withdraw my vote.

The rollcall was concluded.

Mr. BYRD of West Virginia. I announce that the Senator from Nevada [Mr. CANNON], the Senator from Washington [Mr. JACKSON], the Senator from North Carolina [Mr. JORDAN], the Senator from Missouri [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Montana [Mr. METCALF], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I also announce that the Senator from Maryland [Mr. BREWSTER], the Senator from North Dakota [Mr. BURDICK], the Senator from Idaho [Mr. CHURCH], the Senator from Connecticut [Mr. DODD], the Senator from Louisiana [Mr. ELLENDER], the Senator from North Carolina [Mr. ERVIN], the Senator from Ohio [Mr. LAUSCHE], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Wyoming [Mr. MCGEE], the Senator from South Dakota [Mr. MCGOVERN], the Senator from Minnesota [Mr. MONDALE], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Florida [Mr. SMATHERS], and the Senator from Alabama [Mr. SPARKMAN] are necessarily absent.

I further announce that, if present and voting, the Senator from Maryland [Mr. BREWSTER], the Senator from North Dakota [Mr. BURDICK], the Senator from Washington [Mr. JACKSON], the Senator from Washington [Mr. MAGNUSON], the Senator from Wyoming [Mr. MCGEE], the Senator from Minnesota [Mr. MONDALE], the Senator from New Jersey [Mr. WILLIAMS], and the Senator from Nevada [Mr. CANNON] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Kentucky [Mr. COOPER] and the Senator from Texas [Mr. TOWER] are absent on official business.

The Senator from Utah [Mr. BENNETT], the Senator from California [Mr. MURPHY], the Senator from Illinois [Mr. PERCY], the Senator from Pennsylvania [Mr. SCOTT], and the Senator from South Carolina [Mr. THURMOND] are necessarily absent.

The Senator from North Dakota [Mr. YOUNG] is absent because of death in his family.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from California [Mr. MURPHY], the Senator from Pennsylvania [Mr. SCOTT], the Senator from Texas [Mr. TOWER], and the Senator from South Carolina [Mr. THURMOND] would each vote "yea."

The result was announced—yeas 37, nays 33, as follows:

[No. 323 Leg.]

YEAS—37

Allott	Fannin	Miller
Baker	Fong	Morton
Bayh	Griffin	Mundt
Bible	Hansen	Pearson
Boggs	Harris	Prouty
Byrd, Va.	Hartke	Russell
Carlson	Hatfield	Spong
Case	Hickenlooper	Stennis
Cotton	Holland	Symington
Curtis	Hruska	Talmadge
Dirksen	Jordan, Idaho	Williams, Del.
Dominick	Kuchel	
Eastland	McClellan	

NAYS—33

Aiken	Hill	Muskie
Anderson	Hollings	Nelson
Bartlett	Inouye	Pastore
Brooke	Javits	Pell
Byrd, W. Va.	Kennedy, Mass.	Proxmire
Clark	Kennedy, N.Y.	Randolph
Fulbright	Long, La.	Ribicoff
Gore	McIntyre	Smith
Gruening	Montoya	Tydings
Hart	Morse	Yarborough
Hayden	Moss	Young, Ohio

NOT VOTING—30

Bennett	Dodd	Long, Mo.
Brewster	Ellender	Magnuson
Burdick	Ervin	Mansfield
Cannon	Jackson	McCarthy
Church	Jordan, N.C.	McGee
Cooper	Lausche	McGovern
Metcalf	Percy	Thurmond
Mondale	Scott	Tower
Monroney	Smathers	Williams, N.J.
Murphy	Sparkman	Young, N. Dak.

So the motion of Mr. DIRKSEN to lay Mr. MONTOYA's amendment on the table was agreed to.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. HARTKE. I move to lay that motion on the table.

Mr. LONG of Louisiana. Mr. President, I ask for the yeas and nays.

Mr. WILLIAMS of Delaware. Are the yeas and nays now asked on the motion to table the motion to reconsider?

The PRESIDING OFFICER. Yes. There is a sufficient second. The yeas and nays are ordered on the motion to table the motion to reconsider.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. I thought we just voted on a motion to table the amendment.

The PRESIDING OFFICER. The question now is on the motion to table the motion to reconsider the vote by which the amendment was tabled. The question is not debatable. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll, and Mr. AIKEN voted in the negative.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The rollcall has started, and a parliamentary inquiry is not in order.

Mr. DIRKSEN. Mr. President, rules or no rules, there is confusion and Members of the Senate are entitled to have the Chair tell them how to vote.

The PRESIDING OFFICER. The Chair will not tell Members of the Senate how to vote, but the Chair will state that there has been a motion to reconsider the vote on the previous motion, and then a motion to table the motion to reconsider the vote was made. The vote is on the latter.

Mr. DIRKSEN. So the vote of Senators who are against the Montoya amendment is "yea."

The rollcall was resumed.

Mr. SPONG (when his name was called). On this vote, I am paired with the senior Senator from Louisiana [Mr. ELLENDER]. If he were present and voting, he would vote "nay"; if I were permitted to vote, I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. BYRD of West Virginia. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Nevada [Mr. CANNON], the Senator from Alabama [Mr. HILL], the Senator from Washington [Mr. JACKSON], the Senator from North Carolina [Mr. JORDAN], the Senator from Missouri [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Montana [Mr. METCALF], the Senator from Georgia [Mr. TALMADGE], the Senator from Maryland [Mr. TYDINGS], and the Senator from New Jersey [Mr. WILLIAMS] are absent on official business.

I also announce that the Senator from Maryland [Mr. BREWSTER], the Senator from North Dakota [Mr. BURDICK], the Senator from Idaho [Mr. CHURCH], the Senator from Connecticut [Mr. DODD], the Senator from Louisiana [Mr. ELLENDER], the Senator from North Carolina [Mr. ERVIN], the Senator from Ohio [Mr. LAUSCHE], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Wyoming [Mr. MCGEE], the Senator from South Dakota [Mr. MCGOVERN], the Senator from Minnesota [Mr. MONDALE], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Florida [Mr. SMATHERS], and the Senator from Alabama [Mr. SPARKMAN], are necessarily absent.

I further announce that, if present and voting, the Senator from North Dakota [Mr. BURDICK], the Senators from Washington [Mr. JACKSON and Mr. MAGNUSON], the Senator from Wyoming [Mr. MCGEE], the Senator from Minnesota [Mr. MONDALE], the Senator from New Jersey [Mr. WILLIAMS], and the Senator from Nevada [Mr. CANNON], would each vote "nay."

On this vote, the Senator from Maryland [Mr. BREWSTER] is paired with the Senator from Virginia [Mr. BYRD]. If present and voting, the Senator from Maryland would vote "nay" and the Senator from Virginia would vote "yea."

On this vote, the Senator from Georgia [Mr. TALMADGE] is paired with the Senator from Maryland [Mr. TYDINGS]. If present and voting, the Senator from Georgia would vote "yea" and the Senator from Maryland would vote "nay."

Mr. KUCHEL. I announce that the Senator from Kentucky [Mr. COOPER] and the Senator from Texas [Mr. TOWER] are absent on official business.

The Senator from Utah [Mr. BENNETT], the Senator from California [Mr. MURPHY], the Senator from Illinois [Mr. PERCY], the Senator from Pennsylvania [Mr. SCOTT], and the Senator from South Carolina [Mr. THURMOND] are necessarily absent.

The Senator from North Dakota [Mr. YOUNG] is absent because of death in his family.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from California [Mr. MURPHY], the Senator from Pennsylvania [Mr. SCOTT], the Senator from Texas [Mr. TOWER], and the Senator from South Carolina [Mr. THURMOND] would each vote "yea."

The result was announced—yeas 34, nays 32, as follows:

[No. 324 Leg.]

YEAS—34

Allott	Fannin	McClellan
Baker	Fong	Miller
Bayh	Griffin	Morton
Bible	Hansen	Mundt
Boggs	Harris	Pearson
Carlson	Hartke	Prouty
Case	Hatfield	Russell
Cotton	Hickenlooper	Stennis
Curtis	Holland	Symington
Dirksen	Hruska	Williams, Del.
Dominick	Jordan, Idaho	
Eastland	Kuchel	

NAYS—32

Aiken	Fulbright	Inouye
Anderson	Gore	Javits
Bartlett	Gruening	Kennedy, Mass.
Brooke	Hart	Kennedy, N.Y.
Byrd, W. Va.	Hayden	Long, La.
Clark	Hollings	Mansfield
McIntyre	Nelson	Ribicoff
Montoya	Pastore	Smith
Morse	Pell	Yarborough
Moss	Proxmire	Young, Ohio
Muskie	Randolph	

NOT VOTING—34

Bennett	Jordan, N.C.	Scott
Brewster	Lausche	Smathers
Burdick	Long, Mo.	Sparkman
Byrd, Va.	Magnuson	Spong
Cannon	McCarthy	Talmadge
Church	McGee	Thurmond
Cooper	McGovern	Tower
Dodd	Metcalf	Tydings
Ellender	Mondale	Williams, N.J.
Ervin	Monroney	Young, N. Dak.
Hill	Murphy	
Jackson	Percy	

So the motion to lay on the table the motion to reconsider was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, while Members of the Senate are present on the floor, I wish to ask the majority leader about the schedule for the balance of the day and also for tomorrow.

Mr. MANSFIELD. Mr. President, in response to the query raised by my distinguished colleague the minority leader, it is my understanding that when the distinguished assistant leader of the minority [Mr. KUCHEL] has completed his remarks, the distinguished Senator from Vermont [Mr. PROUTY] will lay down an amendment.

There will be no further yea-and-nay votes tonight.

ORDER FOR ADJOURNMENT TO 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent, with the minority leader's approval, that when the Senate completes its business this afternoon, it stand in adjournment until 10 o'clock tomorrow morning.

The PRESIDING OFFICER (Mr. Moss in the chair). Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR HATFIELD—ORDER VACATED

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at the conclusion of morning business tomorrow, the distinguished Senator from Oregon [Mr. HATFIELD] be recognized for not to exceed 15 minutes.

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

Mr. KUCHEL subsequently said: Mr. President, I ask unanimous consent that the previous unanimous-consent agreement pursuant to which 15 minutes were to be allocated on tomorrow morning to the able junior Senator from Oregon [Mr. HATFIELD] be vacated.

I do this at the request of the Senator from Oregon.

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

AUTHORIZATION FOR COMMITTEES TO MEET UNTIL 11 A.M. DURING SENATE SESSION TOMORROW

Mr. YARBOROUGH. Mr. President, will the majority leader yield for a question?

Mr. MANSFIELD. I yield.

Mr. YARBOROUGH. If the Senate meets at 10 o'clock tomorrow, what will be the status of our committee meetings? A good many are scheduled to meet in the morning at 10 o'clock. The Committee on Labor and Public Welfare has a hearing on Longshoremen's and Harbor Workers' Act amendments.

Mr. DIRKSEN. Mr. President, I am not constrained to object, but there will be some voting here tomorrow, and I should be reluctant to see Senators scattered through committee rooms, and not here on the floor.

Amendments like the one today are important, and I would prefer that committees not meet, because with Senators present, we can expedite the business with respect to this bill.

The PRESIDING OFFICER. Is there objection?

Mr. DIRKSEN. Mr. President, if the majority leader is willing to permit committees to meet until 11 o'clock, I have no objection.

Mr. MANSFIELD. Mr. President, in accordance with the request of the distinguished minority leader, I ask unanimous consent that all committees ordinarily prohibited from so doing be permitted to meet during the session of the Senate tomorrow until 11 o'clock.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the following concurrent resolutions of the Senate:

S. Con. Res. 40. Concurrent resolution authorizing the printing of the report of the proceedings of the 43d biennial meeting of the Convention of American Instructors of the Deaf as a Senate document;

S. Con. Res. 42. Concurrent resolution authorizing the printing for the use of the Senate Banking and Currency Committee, of additional copies of its hearings of the present Congress on housing legislation; and

S. Con. Res. 46. Concurrent resolution to provide for the printing of additional copies of certain hearings of the Special Committee on aging.

SOCIAL SECURITY ACT AMENDMENTS OF 1967

The Senate resumed the consideration of the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes.

A COMMITMENT TO THE MEDICALLY NEEDY OF THE NATION—AMENDMENT NO. 444

Mr. KUCHEL. Mr. President, in 1965, the Congress made a pledge to help those low-income Americans unable to pay the cost of adequate medical care. It told these people that the Federal Government would provide matching funds to assist States operating Federal-State medical care programs established under

title XIX of the Social Security Act. Today, the very existence of these programs is being threatened by the social security legislation now pending before the Senate.

In 1950, for the first time, the Federal law permitted States to pay vendors of medical care directly. The Congress in 1960 took a major step forward when it enacted the Kerr-Mills law which authorized vendor payments to aged persons who were not receiving cash assistance payments, but who required help to pay for medical care.

In 1965, the category of medical indigence was broadened significantly to include the medically needy in all public assistance categories: the blind, the permanently and totally disabled, and dependent children and their families as well as the aged.

In order for States to establish such a medicaid program under title XIX, they must provide medical care for all persons receiving cash assistance and, at their option, may include "medically needy" or "medically indigent" persons—those above the poverty line but unable to pay high medical bills. Each participating State must determine its own criteria on who will be deemed to be "medically indigent" under its own State laws.

Today, 29 States have approved medicaid programs providing care to over 8 million Americans. In my own State of California, close to 1.6 million needy Californians are participating in one of the largest medicaid programs in the Nation. In fiscal 1969–70, the estimated cost of this program in California will run close to $218 million.

The financing of this program is accomplished by a carefully balanced combination of Federal, State, and local funds. Federal participation ranges from 50 to 83 percent, depending on the State average per capita income. In California, the Federal Government pays for 50 percent of the program, with the State contributing 22.3 percent and the counties paying 27.7 percent.

The proposal reported by the Senate Finance Committee would strike drastically at this balanced combination of Federal and State funds. Under the committee bill, the full Federal percentage would continue to be available for medical care granted to cash assistance recipients but, with respect to the medically indigent, there would be substantial cutbacks in Federal matching funds.

Beginning July 1, 1969, Federal participation in the cost of medical services for the medically needy would be determined by squaring a State's Federal medical assistance percentage. Thus, States like California, whose Federal medical assistance percentage is 50 percent under present law, would, under the committee bill, receive only 25 percent Federal matching funds toward the costs of the medically needy. Using the 1969–70 estimated cost of the program in California of $218 million, the Federal Government will be paying approximately $54 million of matching rather than the $103 million figure required under present law.

This provision may result in a substantial reduction of Federal expenditures, but it also will result in a sharp escalation of expenditures by State and local governments who must now pick up the extra percentage abandoned by the Federal Government. To curtail the Federal obligation in meeting its responsibility for matching funds is not to reduce costs but merely to transfer the burden from one shoulder to another.

Congress ought not now to repudiate its initial pledge to the medically needy in the States of this Nation. Close to 200,000 needy Californians are receiving assistance under the term "medically indigent." These are families who have managed to pull themselves up from the depths of poverty and who are just becoming productive members of society. Are they now to be denied the assistance promised to them under medicaid? I cannot believe that the Congress is enacting the original legislation in this area intended to abandon half of an obligation it originally invited California to share in equally. Mayor Lindsay of New York, formerly a Member of Congress, phrased the result in these words:

> Will the medically indigent population of every State be encouraged, recruited, and enrolled and then offered quality medical services and then be told eventually that they must give up the protection they just began to receive . . . the original legislation declared the intent of Congress to protect a large proportion of the population from potential destitution by guaranteeing high quality medical care.

The State Welfare Department of California informs me that the financial burdens imposed by the committee bill could well threaten the existence of the medicaid program itself in California. Surely, this is not the end we seek in attempting to improve the operations of these Federal-State health programs.

It is my belief that the Congress need not resort to such drastic measures in attempting to reduce Federal costs. A reduction of expenditures can be achieved through placing a limit on Federal participation with respect to the income level States establish in determining who is medically needy. The Department of Health, Education, and Welfare proposed a limitation which I believe to be far more reasonable than the committee approach—the Federal Government would not participate in matching the cost of medical assistance to persons whose income exceeds 150 percent of the highest amount provided under the various federally aided public assistance programs within the State. This proposal establishes broad limitations on Federal participation but preserves for the State the power and flexibility to establish eligibility standards in accordance with their individual requirements. Such an approach further would eliminate the hazard of severe cutbacks were the committee proposal to become law.

I offer this approach as an amendment to the social security bill as reported out of the Finance Committee. I am hopeful that the Senate and the Congress will adopt this proposal and, in so doing, stand by the commitment to provide assistance to the medically needy of this Nation under the original medicaid program.

AMENDMENT NO. 444

Mr. President, I wanted to make that statement first. I submit an amendment intended to be proposed by me and ask that it be printed and lie on the table. It is my intention to take it up later in the debate.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

PUBLIC SILENCE FROM ADMINISTRATION WITNESSES

Mr. HARTKE. Mr. President, the strange pageant of silence continues. Meeting before the Foreign Relations Committee today, in a session closed to the public and to the press by request of these privileged witnesses, were the U.S. Ambassador to South Vietnam, Ellsworth Bunker, and the special representative of the President, Robert Komer. In the tradition of that great poobah of secrecy, Secretary Rusk, these worthy gentlemen will spare themselves public questioning in greater candor and depth by Senators who are longtime students of international affairs.

These appointed representatives will, however, subject themselves to less critical examination in public speaking appearances where their own prepared points of view have little likelihood of challenge.

In defense of their refusal to submit Vietnam policy to public scrutiny under cross-examination by the Foreign Relations Committee, I must admit that it is prudent of them to choose media of public expression more favorable to them. While it is a test of true democracy to present ideas and policy in the perspective of differing views and judgments, the refusal of this administration to allow its operatives to testify openly can only be construed as a judgment that its policy will not stand close examination.

RESERVE COMPONENTS OF THE ARMED SERVICES—CONFERENCE REPORT

Mr. STENNIS. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2) to amend titles 10, 14, 32, and 37, United States Code, to strengthen the Reserve components of the Armed Forces, and clarify the status of National Guard technicians, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The assistant legislative clerk read the report.

(For conference report, see House proceeedings of November 15, 1967, pp. 32631–32634, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

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

Mr. STENNIS. Mr. President, the mat-

ter before the Senate is the conference report on H.R. 2. The House yesterday agreed to the report with the result that only the pending action by the Senate remains prior to sending the bill to the President for approval. I will comment briefly on the bill as finally agreed to by the conference committee.

First, Mr. President, I would emphasize that there is only one difference between the bill as it passed the Senate as compared to the form in which it was agreed to in conference. In other words, with one distinction, the conference report before you represents the bill as passed by the Senate. This difference represents the authority, added in conference, under which the Air Force, until June 30, 1969, may exceed the statutory Reserve officer personnel ceilings in order to make unit promotions to the grades of major and lieutenant colonel in the organized units of the Air Reserve and Air National Guard. The bill as it passed the House contained a provision which would have permitted both the Army and the Air Force to exceed the statutory personnel ceilings in order to make unit promotions. Further, Mr. President, the House version would have permitted this authority in the form of permanent law, that is, without any limit on the duration of time for the suspension.

When this issue was considered in the Senate committee, it was observed that this was not a new question. For over 10 years from 1954 to 1965, the Air Force possessed the temporary authority for exceeding their Reserve ceilings in order to make unit promotions. The Senate in 1965 refused to further extend this temporary authority on the premise that over a 10-year period the Air Force should have taken such measures and rearranged its Reserve affairs in such a manner that such authority would be no longer necessary. The committee in the recent hearings, Mr. President, took somewhat the same position and deleted the House provision. The Senate committee report notes that this matter should have been resolved either in the form of administrative action by the Air Force or in the form of some suggested legislative relief other than a request to exceed the authorized strengths.

I am glad to report, however, that in the conference a compromise was worked out under which the Air Force will be given temporary authority until June 30, 1969, whereby they may exceed the authorized ceilings for the purpose of making a specified number of promotions to major and lieutenant colonel who are assigned to units in the Air Force Reserve and Air National Guard. It is anticipated that by June 30, 1969, no further authority will be needed. In the meantime, it was agreed that there are a number of deserving officers in the Air Reserve and Guard units and it was not wished that these officers fail to receive their promotions under the unit system because of the failure of the Air Force to bring its officer strength down to the authorized numbers for the grades concerned. I discussed this provision with the Secretary of the Air Force and Deputy Secretary of Defense for Reserves, each of whom assured me the provision was adequate for the need of the problem.

Mr. President, as I have indicated, the conference bill represents the legislation as passed by the Senate with the exception of the change on the unit promotions I have just discussed. I would, however, like to briefly refer to certain other issues in this legislation.

First, concern has been expressed to me that the newly created Office of Deputy Assistant Secretary of Defense for Reserve Affairs as contained in the Senate version of the bill might not do the job for which it is intended, that is, to provide a strong civilian voice at the highest level for the purpose of making certain that we have a vigorous Reserve program for the entire Department of Defense.

Under the House version, a new Assistant Secretary of Defense for Reserve Affairs would have been created. The Senate did not go along with this concept, however, on the premise that we did not desire to have two assistant manpower secretaries at the Department of Defense level. We recognize the need for a single coordinator on all reserve matters, both for the active and reserve forces at the Department of Defense level. At the same time the Senate committee did recommend that there be within the Office of the Assistant Secretary of Defense for Manpower and Reserve Affairs a statutory deputy assistant secretary who would be responsible exclusively for Reserve affairs. This deputy will be appointed from civilian life by the President with the advice and consent of the Senate.

Mr. President, the concern has been expressed that by virtue of being a deputy, the whole work of this office would be too subordinate to be effectively responsible for Reserve affairs within the Office of the Secretary of Defense. It should be made clear that the Congress intends that this person have direct access whenever necessary to the Secretary of Defense and we expect that he will have the authority necessary to carry out his responsibility for Reserve affairs.

Of course, like other secretarial assistants in the Department, he will be subject to the guidance of the Secretary of Defense. With respect to his own statutory duty, however, he will be looked to as the responsible spokesman for Reserve matters at the Department of Defense level. This means that we expect him to see to it that the needs are met in order for the Reserves to be an effective team of our national defense in terms of manpower, equipment, and other essentials.

The other matter I shall briefly comment on, Mr. President, relates to what was title II of this legislation regarding the proposal for converting the National Guard technicians to Federal employees. I would emphasize that, as the Senate knows, action on this title was deferred.

I would again emphasize, however, that the fact the Senate committee did not recommend title II should not be considered in any way an attempt to kill this legislation. It should be considered a deferment in order to permit further review of a number of complicated questions. The issues involved in converting the technician program to one of Federal employee status presents a number of legal and equitable questions as well as a number of actuarial problems.

It is the intention of the Senate committee to deal with this matter as early as possible during the next session of the Congress and I can assure the Senate and all persons concerned that consideration will be given this matter as early as practicable in 1968.

This statement is concurred in by all the conferees. The Senator from Maine [Mrs. SMITH] authorizes me to say that she concurs fully in the statement I just made.

Mr. President, I move that the conference report be agreed to.

The motion was agreed to.

SOCIAL SECURITY ACT AMENDMENTS OF 1967

The Senate resumed the consideration of the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes.

Mr. PROUTY. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. PROUTY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered, and the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

Add the following new section after line 21, page 423:

"PROTECTION OF VETERAN'S BENEFITS

"SEC. 508. (a)(1) Section 415(g) of title 38, United States Code, is amended by adding at the end thereof a new paragraph as follows:

"'(3) Notwithstanding the provisions of paragraph (1) of this subsection, in the case of any individual—

"'(A) who, for the month in which the Social Security Amendments of 1967 is enacted, is entitled to a monthly insurance benefit under section 202 or 223 of the Social Security Act, and

"'(B) who, for such month, or for any subsequent month, is entitled to dependency and indemnity compensation under this section,

there shall not be counted, in determining the annual income of such individual, any increase in benefits under such sections of the Social Security Act which result from the enactment of the Social Security Amendments of 1967.

"(2) Section 503 of title 38, United States Code, is amended by inserting '(a)' after '503', and adding at the end thereof the following:

"'(b) Notwithstanding the provisions of subsection (a) of this section, in the case of any individual—

"'(1) who, for the month in which the Social Security Amendments of 1967 is enacted, is entitled to a monthly insurance benefit under section 202 or 223 of the Social Security Act, and

"'(2) who, for such month, or for any

subsequent month, is entitled to pension under the provisions of this chapter, or under the first sentence of section 9(b) of the Veterans' Pension Act of 1959, there shall not be counted, in determining the annual income of such individual, any increase in benefits under such sections of the Social Security Act which result from the enactment of the Social Security Amendments of 1967'."

Mr. PROUTY. Mr. President, I ask unanimous consent that the name of the senior Senator from New Hampshire [Mr. COTTON] be listed as a cosponsor on the amendment I just sent to the desk.

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

Mr. PROUTY. Mr. President, it is common knowledge that the best of intentions often create irreparable harm to other individuals. For example, I am sure that each one of us felt a certain sense of pride in having performed a vitally important service when we voted for the Social Security Amendments of 1965, and certainly, Mr. President, the establishment of medicare under those 1965 amendments and the 7-percent-across-the-board benefit increase aided millions of older Americans who had been crying out for help from their elected officials.

However, as tragic as it may seem, those 1965 amendments also created a great disservice to over 26,000 individuals receiving pensions from the Veterans' Administration. I am sure that every Member in this Chamber received numerous heartbreaking letters from widows of individuals who had given the supreme sacrifice for the love of their country. I am sure that every Member in this Chamber received numerous letters from veterans themselves who were stunned with disbelief that the Government would give them a pension one year and pass legislation the next year which would have the effect of substantially diminishing their income. Quite frankly, Mr. President, I am certain that most Members of this Chamber were as shocked and surprised as the VA pensioners who suddenly have a substantially decreased income.

Mr. President, the sad situation which existed after the last social security increase was not deliberate nor malicious on the part of Congress. In fact, Congressman TEAGUE, esteemed chairman of the Veterans' Affairs Committee in the House, guided to passage a bill in 1964 which was designed to take care of the effect of any social security increases on the means test applicable to VA benefits. In 1964 this bill was passed by the House and the Senate and signed into law, with the expectation that it would prevent hardship which might result from pending legislation designed to increase social security benefits. Unfortunately, there were no social security increases in 1964.

During the hiatus between passage of the veterans bill increasing the income limitation by 10 percent and the social security bill of 1965 which increased benefits by 7 percent, numerous individuals qualified for veterans benefits because of the more liberalized formula. Consequently, when the social security bill provided a 7-percent benefit increase, many of those individuals found their total income exceeded the limitations provided under the veterans pension law. Therefore, many of them either entirely lost their eligibility for veterans pensions or had their benefits cut by as much as 30 percent.

During this session of Congress, Mr. President, both the Senate and House favorably acted on S. 16, a bill which increased veterans pensions. In the version of S. 16 that passed the Senate, there was a specific provision for exempting future social security increases from counting toward income for purposes of veterans pensions. Unfortunately, this provision was deleted from the bill during the conference between the House and the Senate.

Mr. President, I can readily understand the reasons this provision was deleted from S. 16. Certainly it would be inadvisable to create a situation similar to the one created in 1964 whereby individuals could become eligible for veterans benefits only to face certain disappointment when and if Congress ever increased social security benefits.

Now it is my understanding that during the conference on S. 16, Congressman TEAGUE assured the conferees from the Senate that as soon as a social security bill was passed his committee would initiate action on a separate bill which would exempt veterans pensions from the effect of the social security increase on their income limitations. While I have no doubt that Representative TEAGUE would do his utmost to encourage prompt enactment of such legislation, I fear that since the time is growing late during this session of Congress and the press of unfinished business is upon us, we must be efficient and add a savings clause to the social security bill which is before us.

During April of this year, the Subcommittee on Employment and Retirement Incomes of the Special Committee on Aging, of which I am a member, conducted hearings on the reduction of retirement benefits due to social security increases. Now both H.R. 5710, the administration's proposal, and the majority of the members on the Special Committee on Aging, recommended that persons receiving veterans benefits be given the right to waive any social security increases so as not to jeopardize their veterans benefits. I felt, as did the minority of the Special Committee on Aging, that the waiver position is grossly unfair because it in effect penalizes beneficiaries of veterans pensions by not providing them the same benefit increases granted beneficiaries of social security who do not receive veterans pensions.

For a long-range solution to the problem of reduction of retirement benefits due to social security increases, I believe that the next session of Congress should seriously consider including an automatic cost-of-living increase proviso with respect to the income limitations contained in the veterans pension law. Only by the use of such a proviso will we be able to avoid the re-occurrence of the tragic situation which occurred after the 1965 social security increase.

Mr. President, for this session of Congress I believe that we should enact the short-term solution of permitting the veteran to disregard social security increases with respect to their income limitations. I believe that the Minority report of the Special Committee on Aging clearly stated the desirability of such a solution when it pointed out:

> Because the greatest absolute injury produced by social security increases, as disclosed in the subcommittee hearing, is that being experienced by many veterans who suffer actual loss of dollar income, we believe an additional word about possible emergency action is appropriate.
>
> Rather than use of a waiver of social security benefits by the veteran, we would prefer that part or all of such benefits be disregarded in determining his eligibility for pension.
>
> We recognize that this, like any narrow approach, fails to take into account the veteran who receives income increases—which may not increase his purchasing power—from sources other than social security. It is partly because the piecemeal, stop-gap approach so commonly generates new inequities that we urge the long range, fundamental approach to such problems.

There is nothing novel about this proposal, Mr. President. On at least two previous occasions, both the Senate and House have enacted similar provisions.

I think the desirability of the amendment which would in effect exempt this particular increase in social security benefits from counting toward the income limitation in the veterans pension laws cannot be questioned. After all, the purpose of increasing social security is to provide older Americans with some relief from the inflationary pressures which have become a way of life almost since the end of World War II. Moreover, Mr. President, the very basics of the social security system is that of a social insurance. As a social insurance, it contains a contributory feature whereby those Americans covered by the system pay for or earn a substantial portion of their benefits. It seems grossly unfair to me to deny recipients of veterans pensions the increased benefits merely because there is a clash between two Federal pension systems.

If we accept the desirability of passing social security increases on to the recipients of veterans pensions as well as other Americans covered by social security, then the only question which remains is whether or not this bill is the proper vehicle for accomplishing our desired purpose.

As far as the Senate of the United States is concerned, I am sure that it makes little difference since the Finance Committee handles both social security and veterans legislation. However, in the House there is a certain jurisdictional problem because social security legislation is handled by the House Ways and Means Committee and veterans legislation is handled by the Veterans' Affairs Committee.

During the hearings before the Ways and Means Committee, on H.R. 5710, Chairman MILLS stated:

> Why would it not be simpler to allow an additional percentage of the social security payment to be disregarded for the purpose of paying veterans payments? That is what he did before. I thought that is what he wanted to do this time.

At another point in the hearings, Representative CONABLE conducted the following colloquy with Wilbur Cohen, Under Secretary of Health, Education, and Welfare, and chairman of the Ways and Means Committee, WILBUR MILLS:

Mr. CONABLE. Is there any way in which these pieces of legislation could be tied together so that if one failed and the other did not, you would not have a repetition of this kind of unfortunate thing?

Mr. COHEN. I think that at the point at which we last time imposed it, the logic was to put it in the social security bill, and over in the Senate, where the Senate Finance Committee handles both programs, in the past that has somtimes been considered; if you keep them together in the social security bill, then I think you would have a closer, more intimate relation along the line of what the chairman himself said, but I think the last time the difficulty came because it was in a different bill.

The CHAIRMAN. On the basis of the action taken in the House to provide for an increase in benefits in 1964, the Veterans' Affairs Committee passed legislation and sent it speedily through the House providing that 10 percent of the amount of the social security payment would be disregarded in determining one's eligibility for pension payments. That passed and our bill did not pass. It is our understanding that that immediately made people eligible for veterans' pensions who were not up until that time eligible for pension.

Then later on we did increase benefits, you will remember, in 1965, and because there wasn't a comparable percentage reduction in social security payments for purposes of determining one's eligibility for pension payments, some people received $5 or $6 in the way of a social security increase and then lost $25 or $30 in pensions because they were cut back from say, $105 to $80.

Mr. CONABLE. If there had been no hiatus, there would not have been this problem. This would have to be done on the Senate side.

Mr. President, I am sure that we all agree that we do not want to see veterans or their widows have a reduction in income because of social security increases provided by this bill. I believe that my amendment provides the most efficient and safest way to insure that veterans benefits are protected. It provides that this particular social security increase shall be disregarded when determining whether or not a veteran or his widow meets the eligibility requirements of the income limitations contained in the veterans pension law.

The adoption of this amendment with respect to this particular bill will avoid any confusion which might result either in Congress, the administrative agencies involved or the general public.

Mr. President, I have discussed this amendment with the distinguished chairman of the Finance Committee and with the ranking minority member, the distinguished Senator from Delaware. I understand that it is acceptable to them.

Mr. LONG of Louisiana. Mr. President, the Senator has a worthy project in mind.

The House Veterans' Affairs Committee proposes to meet the same problem in a somewhat different manner. Their approach would be to see how much the maximum increase would be under the final bill as reported from the conference committee, and then permit people to continue to get their veterans' benefits and to enjoy increased income from any source, including social security, up to the maximum provided in the bill.

Their approach, as I say, is different. However, the purpose of the Senator is what we have tried to do in the Senate on a number of occasions. We have been unable to prevail because the House conferees point out that it would be inequitable with respect to people receiving income from other sources—that they, too, should be considered.

I would be glad to take the amendment with the understanding that we anticipate difficulty on the House side because the House Veterans' Affairs Committee would propose to answer the question in a somewhat different way. However, it reaches the same result insofar as the veterans receiving the social security benefits are concerned.

I told the Senator, and I say to the Senate, that I have no objection to the amendment with the understanding and with his recognition of the fact that we will face a problem, and a difficult problem, when we reach the House side, because there is a jurisdictional problem as well as a difference in approach.

The amendment is meritorious, and I personally have no objection to it.

Mr. PROUTY. I am very grateful to the Senator for his consideration.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. PROUTY. I yield.

Mr. WILLIAMS of Delaware. I agree with what the chairman of the committee has said, and I shall be glad to take this amendment to conference. It does have a great deal of merit.

However, as the chairman has pointed out, we are confronted with a jurisdictional question when we get to the House, because the Veterans' Affairs Committee perhaps will insist upon acting on the proposal. However, I would be willing to accept the amendment and do the best we can.

Mr. PROUTY. In my judgment, adoption of the amendment as part of the Social Security Act will serve to expedite the matter in the House, if it does nothing else.

I am grateful to the chairman of the committee and the ranking minority member of the committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Vermont.

The amendment was agreed to.

AMENDMENT NO. 445

Mr. PROUTY. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. PROUTY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

Beginning on page 62, line 3, strike out all through line 6 on page 68 and beginning on page 73, line 13, strike out all through line 15 on page 77 and add the following new section after line 21, page 423:

"PROVISION FOR MAINTAINING FINANCIAL BALANCE OF SOCIAL SECURITY TRUST FUNDS

"SEC. 508. Title XI of the Social Security Act is amended by adding the following new section:

" 'APPROPRIATIONS FROM GENERAL REVENUES

" 'SEC. 1121 (a) Prior to the beginning of each fiscal year (except in the case of the fiscal year ending June 30, 1968, and in the case of such year, as soon as practicable after the enactment of the Social Security Amendments of 1967) the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall submit to the Congress his estimate of the amount, if any, by which the expenditures from the Federal Old-Age and Survivors Insurance Trust Fund during such year will exceed the amounts deposited (without regard to this section) into such Fund during such year, and his estimate of the amount, if any, by which the expenditures from the Federal Disability Insurance Trust Fund during such year will exceed the amounts deposited (without regard to this section) into such Fund during such year, such estimate to be increased or decreased, as the case may be, by the amount, if any, by which the appropriation for any prior year under this section was greater or lesser than the actual difference between the amounts of expenditures and deposits involved and for which a prior adjustment in the amounts appropriated under subsection (b) had not been made.

" '(b) There are hereby authorized to be appropriated to the Federal Old-Age and Survivors Insurance Trust Fund and to the Federal Disability Insurance Trust Fund, for the fiscal year ending June 30, 1968, and for each fiscal year thereafter, amounts equal to the estimates submitted to the Congress by the Secretary pursuant to subsection (a)'."

The PRESIDING OFFICER. Does the Senator request that the various amendments be considered en bloc? I notice that they are on various pages.

Mr. PROUTY. I believe it is the same amendment.

The PRESIDING OFFICER. It is all in one amendment. It refers to five different places in the bill.

Mr. PROUTY. Mr. President, I ask unanimous consent that the amendments be considered en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendments will be considered en bloc.

Mr. PROUTY. Mr. President, I ask unanimous consent that the distinguished senior Senator from New Hampshire [Mr. COTTON] be listed as a cosponsor.

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

Mr. PROUTY. Mr. President, I will explain briefly what the proposed amendment would do.

First, the present taxable salary base of $6,600 would be retained.

Second, the amendment would maintain the scheduled payroll tax rates as amended in 1965.

Third, it would retain the increased benefits provided in the social security bill as reported by the Finance Committee.

Mr. President, I have prepared a chart which illustrates the projected surpluses which would be created under existing tax rates with a $6,600 base.

In the judgment of Senator COTTON and myself, these surpluses are clearly ample to provide increased benefits without saddling employees and employers with unconscionable tax increases.

As a matter of fact, without a benefit increase, existing social security taxes would create a surplus of over $344 billion by the year 2000.

Mr. President, under the bill reported by the Finance Committee, increases in social security benefits would be financed by two means: First, by gradually increasing the payroll tax upon employers and employees from the present 4.4 percent to 4.8 percent in 1980; and, second, by gradually increasing the taxable income base from the present $6,600 to $10,800 in 1972.

To put it another way, under the committee bill, the maximum amount payable by an individual employee will increase from $290.40 in 1967 to $561.60 in 1972 to $626.40 in 1980.

The amendment which Senator COTTON and I propose is very simple. By striking the sections of the committee bill which change the payroll tax rates and annual base incomes subject to the tax, it leaves intact the more modest increases enacted in 1965 which are currently contained in the present law.

If my amendment is adopted, the maximum contributions by an individual employee will increase from $290.40 in 1967 to $323.40 in 1969–72 to $366.30 in 1980 to a high of $372.90 in 1987.

At the rates and bases contained in the existing law, it appears that there will be sufficient surplus each year to pay the increased benefits until 1971 or 1972, at least, and perhaps beyond that.

However, in the event that the social security surplus is not sufficient for this purpose, my amendment further provides that additional funds required to pay these benefits will be appropriated from general revenues.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a chart, that I have compiled, which represents a comparison of contribution income and benefit outgo under present law and other proposals.

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

NO NEED TO INCREASE SOCIAL SECURITY TAX RATE OR SALARY BASE TO FINANCE H.R. 12080 AS REPORTED BY THE FINANCE COMMITTEE

COMPARISON OF CONTRIBUTION INCOME AND BENEFIT OUTGO UNDER PRESENT LAW AND OTHER PROPOSALS AS COMPILED BY SENATOR PROUTY

	Contributions under present law	Benefits provided under bill reported by Finance Committee	Surplus or deficit
1967	$28,500,000,000	$	$4,300,000,000
1968	29,600,000,000	29,000,000,000	600,000,000
1969	33,700,000,000	32,700,000,000	1,000,000,000
1970	35,200,000,000	34,400,000,000	800,000,000
1971	36,200,000,000	35,900,000,000	300,000,000
1972	37,200,000,000	37,400,000,000	[1] −200,000,000
Surplus			6,800,000,000

COMPARISON OF CONTRIBUTION INCOME AND BENEFIT OUTGO UNDER PRESENT LAW AND OTHER PROPOSALS AS COMPILED BY SENATOR PROUTY—Continued

	Contributions under Finance Committee bill	Benefits under Finance Committee bill	Surplus or deficit
1967			$4,300,000,000
1968	$31,200,000,000	$29,000,000,000	2,200,000,000
1969	36,300,000,000	32,700,000,000	3,600,000,000
1970	38,300,000,000	34,400,000,000	3,900,000,000
1971	42,500,000,000	35,900,000,000	6,600,000,000
1972	46,000,000,000	37,400,000,000	8,600,000,000
Surplus			29,200,000,000

	Contributions under House bill	Benefits under House bill	Surplus or deficit
1967			$4,300,000,000
1968	$30,800,000,000	$28,700,000,000	2,100,000,000
1969	34,900,000,000	30,300,000,000	4,600,000,000
1970	36,500,000,000	31,700,000,000	4,800,000,000
1971	40,300,000,000	33,100,000,000	7,200,000,000
1972	42,000,000,000	34,600,000,000	7,400,000,000
Surplus			30,400,000,000

	Contributions under present law	Benefits under present law	Surplus or deficit
1967	$28,500,000,000	$24,200,000,000	$4,300,000,000
1968	29,600,000,000	25,500,000,000	4,100,000,000
1969	33,700,000,000	26,900,000,000	6,800,000,000
1970	35,200,000,000	28,200,000,000	7,000,000,000
1971	36,200,000,000	29,400,000,000	6,800,000,000
1972	37,200,000,000	30,800,000,000	6,400,000,000
Surplus			35,400,000,000

[1] Deficit.

Mr. PROUTY. Mr. President, I yield the floor.

Mr. LONG of Louisiana. Mr. President, I yield to the Senator from West Virginia.

CORRECTION OF PRINTED AMENDMENT

Mr. BYRD of West Virginia. Mr. President, on yesterday, I offered on behalf of the junior Senator from Florida [Mr. SMATHERS] an amendment which was intended to be proposed by him to H.R. 12080, the social security bill.

In the printing of the amendment, my name was incorrectly shown as cosponsor of the amendment. Although I may very well vote for the amendment, I would not want to arrogate to myself any authorship of this amendment, and I would not want to take advantage of the distinguished Senator from Florida [Mr. SMATHERS] at a time when he was necessarily absent.

Therefore, I ask unanimous consent that the amendment be reprinted and that the correction be made. I was merely offering the amendment in his absence, and it was not intended to be proposed by me in behalf of myself and the junior Senator from Florida, as the printed amendment incorrectly states.

The PRESIDING OFFICER. Without objection the amendment will be reprinted, to show that it is offered by the Senator from Florida [Mr. SMATHERS] and was merely presented by the Senator from West Virginia [Mr. BYRD].

Mr. LONG of Louisiana. Mr. President, I should like to discuss some of the arguments that have been advanced as the debate has progressed; and I thought it might be well, particularly at a time when I would not be impeding the work of the Senate otherwise, to summarize the debate from the point of view of the manager of the bill.

From time to time, I will attempt to debate the general issues of the committee bill and answer the arguments that have been advanced against it.

Mr. President, on yesterday, Senators on the Republican side of the aisle charged that the social security bill was inflationary. I want to respond to that charge by pointing out that the social security program this year, next year, the following year, and every year into the future that we can predict will be collecting more in taxes than it would be paying out in benefits.

Between now and 1972, the committee-approved bill would raise $17 billion more in taxes for the old-age and survivors insurance trust fund than that fund would pay out in benefits. Over the same period of time, the disability insurance trust fund would accumulate almost $4 billion more in taxes than it would pay out in benefits and the hospital insurance trust fund would accumulate $3 billion more than it would pay out in benefits. That means that under the Finance Committee bill—for a period of 5 years—$24 billion more taxes would be collected than would be paid out in benefits.

In fact, Mr. President, it is against that very fact that the Senator from Vermont [Mr. PROUTY] proceeds to suggest that we should not have any tax increase at all—the amendment that is pending at present. The logic of his position, as well stated by him, is that even without any tax increase, we would have enough funds to pay the benefits which the committee bill proposes.

When I studied economics, I was taught that taking money out of circulation was deflationary. Now, to the extent that the social security program will do that, it will continue to be deflationary, even as amended by the House committee and as amended by the Senate Committee on Finance. The program is now in the black. It will be in the black next year. It will be in the black the following year. It will stay in the black for as long as we can foresee into the future, under existing law, under the House bill, and under the Senate committee bill.

Furthermore, the social security program is not the sort of program that should be debated on fiscal policy grounds, although it is desirable that it should not be a burden on the Federal budget—as, indeed, it is not. It should be debated on social policy grounds, on humanitarian grounds. It should be debated from the heart and not from the pocketbook. Based on these considerations, the bill reported by the Committee on Finance must be thunderously applauded, not criticized.

I have in my hand the long-range cost estimates for the old-age survivors disability insurance system, 1966. It is identified as actuarial study No. 67, published in January 1967, by the Office of the Actuary of the Social Security Administration. It states on page 17 in describing table 22:

Under all three estimates, the trust fund is projected to increase continuously, reaching a level of about $250 billion in the year 2000 under the high-cost estimate, and higher levels under the intermediate-cost and low-cost estimates. These high levels result from the fact that the OASI portion of the system has a significant positive actuarial balance under all three cost estimates (i.e. it is over-financed).

Mr. President, in other words, the law today does not underfinance the social security program; it overfinances it.

Our bill does not underfinance it. If we are subject to any criticism, it would be the criticism of the Senator from Vermont [Mr. PROUTY] that we are putting too much in; not too little.

Mr. President, that is the fact. We are not subject to a charge that we are underfinancing the program as the Senator has pointed out.

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

Mr. LONG of Louisiana. I yield.

Mr. PROUTY. Mr. President, I appreciate the help that the Senator seems to be giving me at this time. I hope tomorrow it will be the same.

Mr. LONG of Louisiana. Before the Senator departs from the Chamber I wish to tell him that I am not supporting his amendment, and I do not intend to support it. I point out that any allegation that the program was underfinanced does not stand up.

It is the position of the actuaries, and this is attested to by our experts as well as those in the department, that the program is overfinanced; it is not underfinanced.

Mr. PROUTY. I could not agree more with the Senator.

Mr. LONG of Louisiana. I thank the Senator.

Mr. President, it was these considerations of overfinance which prompted the Committee on Ways and Means to approve a benefit and tax structure to put the system back into a more responsible balance.

Many Senators during the committee discussion on this bill pointed out that it should not be used for fiscal policy purposes. I submit to the Senate that if we were to enact a tax structure designed to fully pay for the benefits provided under this bill on a current basis, we would be using the social security system for fiscal purposes. I submit that even if we attempted to preserve the status quo we would be using the social security system for fiscal purposes.

Only by adopting the same sort of responsible approach to the financing of these social security benefits as was agreed to by the House Committee on Ways and Means can we prevent the social security trust funds from having fiscal policy implications. The House financed its 12½-percent increase with a modest increase in the progression of the tax rates up to 5.9 percent in 1987 and by increasing the taxable wage base. The Committee on Finance would pay for its 15-percent benefits by adopting virtually the identical rate structure approved by the House of Representatives and by further increasing the taxable wage base. For 1968 the Finance Committee bill produces a larger surplus of income over outgo than does the House bill. For 1969, 1970, and 1971 the House bill has a little larger surplus than our bill, but beginning in 1972, the Finance Committee bill again produces a larger balance and will continue to do so for many years into the future because of the high wage base in our bill.

Neither our bill nor the House bill is inflationary. Both bills represent good, sound financing for the social security benefits they recommend.

The Senator from Delaware has expressed a philosophy which has some fallacies from the point of view of some of us who voted to report the committee bill. For example, with regard to the Byrd amendment, this amendment would pay out benefits of a half billion dollars in 1969, but over the long run this amendment would not cost the system anything.

Under the Williams theory we would be forced to impose a tax rate increase effective in 1969 to raise funds to cover this benefit outgo and, of course, if we did do this we would be overfinancing the system over the long run. But the point is that we finance the system on a long-term basis trying, as best we can, to keep annual income and outflow on a roughly equivalent basis and a trust fund equal to about a year's benefit payments.

The same fallacy in the Williams theory is illustrated by the current actuarial surplus in the fund. At one time it was the basic Republican position to merely pay out an 8 percent benefit increase without any increase in taxes, a perfectly reasonable position if you believed that this was a sufficient benefit increase. Such an action, however, would violate the Williams theory and, incidentally, feed inflation since over $2 billion a year would be paid out of the trust fund with nothing coming in. This illustrates once again that we must balance both the long-term and short-term effects in making our decisions.

There appears to be some confusion in the Republican camp as to just what is good legislation. Senator CURTIS praises the House bill to the hilt. Senator WILLIAMS of Delaware says, however, that a bill such as the committee bill which increases the wage base when some of the benefits go into effect, but retains the present tax rate, is bad medicine. But the Ways and Means bill—which Senator CURTIS believes is perfect—provides tax rates through 1986 which are just like the committee bill. Down which path would the Republicans have us go?

Yesterday the distinguished Senator from Nebraska compared the increase in the earnings base under the committee bill with the original $3,000 earnings base. He implied that the program has gone way beyond its original intent in this respect. I would like to give some figures which I believe will reassure the Senator from Nebraska on this point.

In 1938 the $3,000 earnings base allowed about 94 percent of all regularly employed men to get credit for their full earnings. About 93 percent of all earnings in covered employment were taxed under the $3,000 base. Under the ultimate base of $10,800 in 1972 in the committee bill the full earnings of about 78 percent of all regularly employed men would be covered—well below the figure under the original base. Moreover, 90 percent of all earnings in covered employment would be taxable, still not as high as in 1938. Thus, Mr. President, if we were to have an earnings base in 1972 that would be equivalent to the original $3,000 base, it would have to be between $13,000 and $15,000, and we do not propose to put it that high.

Mr. President, I hope these figures will illustrate to the Members that the earnings base in the committee bill is responsible and is in line with the traditions of this program established more than 30 years ago.

Another one of the points raised against the Finance Committee's bill is that it is unfair to young workers. It is said that the burden of the increased taxes would fall on this group. The committee tried to be equitable in distributing the tax burden, and as a result those who can best afford to pay the increased taxes will pay them. This will be true next year and 20 years from now.

We are aware of the tax burden on the young, and the tax schedule will help the young. The young are those most likely to earn less than $6,600, and they would not be affected by the wage base increase.

Of course, we expect the young man of today, as well as the young man in the future, to improve his situation and to increase his earnings. As he becomes better off, his social security taxes will go up until, if he is fortunate enough to earn fairly substantial amounts, he will be just about paying his own way under the program.

Mr. RIBICOFF. Mr. President, the Social Security Act Amendments of 1967 represent a landmark in the administration of aid and services for the needy. This bill will substantially change the direction and emphasis within the public welfare programs. It holds the prospect of a reversal in the trend toward increasing numbers of dependent persons and increasing costs for the taxpayer. Closely associated with the public welfare programs for many years, first as Governor of my State and later as Secretary of Health, Education, and Welfare, I am aware of the complicated nature of the program and the intricate and frustrating problems which individuals in need bring to the public welfare agencies. The question we face is how best to administer these services and what can be done to reduce the number of persons who must rely on public assistance.

During my term as Secretary, the significant Public Welfare Amendments of 1962 were enacted. These amendments encouraged the States to establish programs of social services to help needy people to become self-supporting. In spite of these constructive measures, the number on welfare has continued to grow. We must look at the program again in the light of the situation we currently face in the Nation and see what additional changes are needed.

This essentially was the approach that was used in the House. The bill H.R. 12080 is the result of that consideration.

That body gave considerable study to the problem and set forth recommendations for a modified public welfare program designed to reduce the number of persons receiving aid. As a member of the Senate Finance Committee, I had the opportunity to contribute toward major modifications and improvements in that bill. The Senate Finance Committee has retained the essence of that bill and has included changes designed only to clarify some of the provisions to make more explicit the intentions of the Congress, and to set up some safeguards to assure proper administration of its provisions. I recommend the bill to everyone as a reasonable, humane, and effective approach to some of the most difficult problems the Nation faces.

A WORK-TRAINING EMPHASIS

The major feature in the bill has to do with a program of work incentives for families receiving aid to families with dependent children. These provisions are innovative because they recognize for public welfare purposes what has long since become a fact in our society—that women are working in the economy, that they want to work, and that it is possible for satisfactory arrangements to be made for the care of their children. This legislation provides funds for daycare services for the children of AFDC mothers and low-income working mothers.

It is appropriate for all parents and older children to have their circumstances reviewed to identify those who are available for a work or training experience. The Senate bill wisely identifies certain groups of people who ought not to be considered in the pool of those automatically considered appropriate for training or work experience. These include any person with an illness, incapacity, or advanced age; a person whose remoteness from a project precludes effective participation in work or training; persons whose presence in the home is required because of illness or incapacity of a member of the household; a mother who is actually caring for one or more children of preschool age if her presence in the home is necessary and in the best interest of the children. All other persons are to be considered available for training or work.

It is not anticipated that in very many instances will this decision by the welfare agency be questioned by the recipient. If he has such question, he has available to him the fair hearing machinery of the public welfare agency. Since training will lead to work and work will lead to earnings, very likely above the current level of assistance, it is hoped that assistance recipients will welcome this opportunity to be a participant in the labor force.

A major feature of the work-training program will be its administration by the Department of Labor using all of the manpower training skills of that agency. Under the provisions of the bill, that agency will be responsible for evaluating the work potential of everybody referred to them by the welfare agency as suitable for employment. Testing and analysis of the work history should enable the Labor Department to develop a plan for each individual leading to some kind of work. The individual referred may be immediately suitable for employment. If so, he will be placed by the Labor Department. He may need the benefits of some of the existing manpower training programs operated by the Department of Labor. If so, these will be available to him. He may need a program of compensatory education, training in work skills, and training on the job before he can be given employment. The Labor Department has accepted responsibility for the provision of such services to available people.

If the individual's background indicates he is not likely to benefit by training, or if employment for him is not actually available, the Department of Labor is instructed to negotiate with private and public employers for noncompetitive jobs for the people involved and the welfare departments are directed to pay to the Secretary of Labor an amount equal, approximately, to the assistance payment, which amount, when added to the amount the employer agrees to pay for the work performed, is then used to pay the individual an hourly rate. Under this plan, individuals who would otherwise not have the opportunity to work will be able to do so, employers will have work performed which needs to be done, and the individual will earn money beyond his assistance payment which will serve as an incentive for him to keep on the job. Thus, under the committee bill, the public welfare programs will be pointed toward employment and every employable person receiving AFDC will have an opportunity to become a wage earner and to benefit from his employment.

WORK INCENTIVES

Closely tied to this provision is the arrangement for the disregarding of some earned income for employed adults and older children in the AFDC program. For the first time, adults will have the encouragement to take a job and to retain some of their earnings for themselves. The first $50 a month from a household can be retained and one-half of all additional income earned. This provision responds to the accepted fact of life that we live in an incentive economy and people are more likely to work if they receive material benefit for such employment.

ASSISTANCE TO CHILDREN OF UNEMPLOYED FATHERS

The unemployed fathers program is strengthened and improved over both the existing program and the program as proposed for modification by the House. Under the committee bill, there will be a Federal definition of unemployment which should end the variations around the country in the determination of who is eligible. The House bill is improved by making the program available to persons even though they may have only a slight previous attachment to the labor force. If ever there were a group of people who need the advantages of the work-training program, it is the young fathers who have had very little work experience. Also, under the committee bill, it will be possible for the States to supplement the benefits paid by the unemployment insurance program, something the States are prohibited to do under the House bill.

CHILD CARE SERVICES

One of the keys to increased employment of women receiving AFDC is the availability of child care services. Two provisions are contained in the bill to help deal with this acute shortage in the Nation. Under the AFDC program, States would be required to provide adequate child care services and this could be done either by purchase or by the actual operation of facilities. States would receive, initially, 85 percent Federal sharing in the cost, and later, 75 percent. This provision is aimed at mothers of dependent children who are found available for work, and would not be available to persons who are not receiving assistance. The provisions relating to child welfare services under the Social Security Act would also be amended, however, for the purpose of increasing the funds for daycare services for low-income persons who are not receiving assistance. This will help to meet a very substantial need for these services throughout the whole Nation.

RELATIONSHIP TO LAW ENFORCEMENT AGENCIES

There are several provisions in the bill on the relationships of public welfare programs to the law-enforcement agencies. These provisions are designed to secure the legal rights of children by establishing paternity, in all instances of children born out of wedlock, and making sure that the law-enforcement people are informed of all instances of expected exploitation or neglect of children, and to enlist the total support of law-enforcement officials in the location of absent parents and the collection of support orders. To assist in the effective implementation of these provisions, the State welfare departments are directed to meet part of the cost of the State law-enforcement function that relate to services to needy children. The committee bill contains a unique provision to aid in the location of deserting parents and in the collection of the amounts due their children. Welfare agencies are to have the use of information in the files of the Internal Revenue Service in the location of absent parents, in addition to the resources they now have of the social security files. There may be some persons who owe support to their children who have the ability to pay the required sums and who have refused to do so. In those instances, the Internal Revenue Service is directed to proceed against the individual as though he had a tax obligation which he has not paid and to collect the sums due. We do not expect that very many cases will reach this point. We expect that the very existence of this provision and the knowledge of its possible use will help to bring about support from persons who are obligated to pay and that the actual collection machinery will be used only rarely.

MORE ADEQUATE ASSISTANCE

I am pleased that the Senate bill includes a provision for increasing the income of the recipients of old-age assist-

ance, aid to the blind, and aid to the permanently and totally disabled.

Many of these people are now receiving social security benefits and these benefits will be increased under the bill. Without contrary provisions in the Federal law, the States will be making adjustments in the size of the assistance payment to take account of the increase in the social security benefit. Thus, the bill provides that States are to make such adjustments in their standards of assistance necessary to assure that all the needy adults will receive an increase in their assistance, or assistance and social security benefits, that totals $7.50 a month. States which have made very recent adjustments in these payments—during 1967—will be permitted to use the amount of the increase against the $7.50, if they wish. Thus, no State need feel compelled to increase assistance if it has done so recently.

FLEXIBILITY IN DEALING WITH EXCEPTIONAL CASES

Although nearly all recipients of public assistance are able to handle their money and spend it in the best interest of their family, there are a few persons who consistently fail to use the money for the purposes of their family needs. These cases often get in the newspaper and create public relations problems for the public welfare program. Already, it is possible for States to make a payment to a third party in behalf of the needy parent and child if the money is being misspent. These provisions will be broadened to take account of additional problems that States are encountering. Rather than the protective payment provision being optional with States, as under present law, the States will be required to have the machinery for these payments, including vendor payments, if needed. Some of the restrictions in the law which have made it difficult for States to use these provisions have been modified in the bill. In the event a parent refuses to take work or training without due cause, the payment to the family is to be made as a protective payment during the period the agency will be consulting with the individual about his refusal to take advantage of opportunities for employment.

Another change in the present law which the bill will make offers the States the opportunity to provide emergency assistance to families with children, either in the form of cash or as vendor payments. This is a very useful provision and takes into account the problems that poor families meet in the day-to-day life. Fires, desertions, and other emergencies constantly arise and welfare agencies need to have flexibility in dealing with these situations. Sometimes it is not possible, or perhaps desirable, for money to be given. States may use this provision to meet the needs of migrants.

DELETION OF LIMITATION ON AFDC

I am pleased that the committee bill has deleted the provision included by the House which would have limited, for Federal matching purposes, the number of AFDC children whose eligibility depends on the absence from the home of a parent. I can understand the reasons why the House Members included this provision. They wanted to control the overall Federal obligation and they wanted to provide an incentive for States to move ahead with efforts to restore persons to self-support. Other provisions included in the bill by the committee, in my opinion, make this provision unnecessary. Its inclusion, furthermore, raises the possibility of denying some children the assistance they need.

IMPROVEMENTS IN CHILD WELFARE AND HEALTH SERVICES

The bill contains some significant improvements in the child welfare program. Foster care for children will be opened up for Federal sharing of the cost in two respects. Under the AFDC program, the scope of federally matched foster care is broadened to include a substantial number of additional children. In addition, the child welfare services grant will also give further recognition to the needs of this aspect of the program. The bill also contains provisions to bring about a closer relationship between AFDC and child welfare services by moving toward the integration of these services in a single organizational unit. Daycare services, as mentioned earlier, will also be expanded for the care of children of working mothers.

The child health grants are consolidated and rewritten to make a more rational program. The authorization is increased with respect to a variety of services, including family planning services.

SOCIAL WORK EDUCATION

The bill contains a forward-looking provision to provide Federal support for social work education. This provision is one that I have strongly advocated both in the last Congress and in this one. There is a serious shortage of professional social workers as well as persons with social work training obtained in an undergraduate program. Programs continue to expand upon the assumption of social work manpower for their administration. Although the funds provided are small—$5 million—it should enable a beginning to be made on the expansion of social work education facilities.

CONCLUSION

This bill is forward looking and constructive. It will rank with the very significant legislation of this and other Congresses. If it results in a sound and substantial start being made, and more than this is likely, it will be a successful measure; for the problems it is dealing with are among those in our society that are most in need of correction and change.

ADJOURNMENT TO 10 A.M.

Mr. LONG of Louisiana. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in adjournment until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 6 o'clock and 23 minutes p.m.) the Senate adjourned until tomorrow, Friday, November 17, 1967, at 10 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate November 16, 1967:

U.S. CIRCUIT JUDGE

James M. Carter, of California, to be U.S. circuit judge for the ninth circuit.

U.S. CUSTOMS COURT

Herbert N. Maletz, of Virginia, to be a judge of the U.S. Customs Court.

HOUSE OF REPRESENTATIVES

THURSDAY, NOVEMBER 16, 1967

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Watch and pray, that ye enter not into temptation.—Matthew 26: 41.

Slow us down, Lord, slow us down until in our inmost being we kneel quietly and reverently before Thee. For this moment deliver us from coldness of heart and wanderings of mind, that with steadfast thoughts and kindled affections we may worship Thee in spirit and in truth. Save us from the anxieties and confusion of the world and strengthen the tie that binds us together and to Thee.

Grant us in all doubts and uncertainties the spirit to seek what Thou wouldst have us do, that the spirit of wisdom may save us from false choices and lead us into all truth.

Guide, we beseech Thee, our Nation and the nations of the world into the ways of justice and good will, and establish among us the peace which is the fruit of righteousness. In Thy light may we see light and in Thy straight path may we not stumble in the Master's name we pray. Amen.

THE JOURNAL

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

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed with amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 480. An act to amend the act of October 4, 1961, relating to the acquisition of wetlands for conservation of migratory waterfowl, to extend for an additional 8 years the period during which funds may be appropriated under that act, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 162) entitled "An act to grant the masters of certain U.S. vessels a lien on those vessels for their wages and for certain disbursements," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MAGNUSON, Mr. BARTLETT, Mr. BREWSTER, Mr. GRIFFIN, and Mr. COTTON, to be the conferees on the part of the Senate.

The message also announced that the