SENATE—*Friday June 21, 1968*

(Legislative day of Wednesday, June 19, 1968)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by the President pro tempore.

Rev. Patrick J. Hunter, S.J., New Orleans Province of the Society of Jesus, Loyola University, New Orleans, La., offered the following prayer:

God of humanity, we come before You this Friday in June of 1968 with a familiar plea—that You listen, and understand, and help.

You have heard us all—Senators or clergymen or just human persons—give this plea so often. And it always comes with an unspoken hope:

The hope that "God" means a person who always listens, even when our words are confused or boring or even threatening;

The hope that "God" means a person who always understands our real meaning, even when that meaning may be clouded by the tensions, anxieties, and complex actions in the midst of which we ask for understanding;

The hope that "God" means a person who always helps, even when that help may interfere with a kind of divine luxury or expose God to human ingratitude or cost the very life of God's Son.

And on this day above all, we ask You to give us more—to give us Your very ability to listen, to understand, to help. And as we are poor when we pray before God, we ask You to give us Your ability to listen to the poor, to understand the poor, to help the poor.

Let us never say we have listened enough to the poor. Let us listen to Resurrection City, even when the words offend us. Let us never say we have understood enough, even when tensions hide an inner plea for peace. Let us never say we have helped or given enough, even when we must sacrifice our wealth in higher taxation and must focus our limited expenditures on human welfare and not on luxury, convenience, security, or war.

As we ask You, our God, to listen and respond to us poor humans, let us as humans listen and respond to our fellow humans who are poor. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Wednesday, June 19, 1968, be approved.

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

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, without amendment, the joint resolution (S.J. Res 180) to provide franked mail privileges for surviving spouses of Members of Congress.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 15189) to authorize appropriations for certain maritime programs of the Department of Commerce; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. GARMATZ, Mr. DOWNING, Mr. LENNON, Mr. MAILLIARD, and Mr. PELLY were appointed managers of the conference on the part of the House.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15414) to continue the existing excise tax rates on communication services and on automobiles, and to apply more generally the provisions relating to payments of estimated tax by corporations.

The message also announced that the House had passed a bill (H.R. 17903) making appropriations for public works for water and power resources development, including civil functions administered by the Department of Defense, the Panama Canal, certain agencies of the Department of the Interior, the Atlantic-Pacific Interoceanic Canal Study Commission, the Delaware River Basin Commission, Interstate Commission on the Potomac River Basin, the Tennessee Valley Authority, and the Water Resources Council, and the Atomic Energy Commission, for the fiscal year ending June 30, 1969, and for other purposes, in which it requested the concurrence of the Senate.

The message further announced that the House had passed a joint resolution (H.J. Res. 1302) to authorize the President to issue a proclamation designating the week of October 13, 1968, as "Salute to Eisenhower Week," in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

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

H.R. 1655. An act for the relief of Clara B. Hyssong;

H.R. 2270. An act for the relief of Capt. David Campbell;

H.R. 2455. An act for the relief of Dean P. Bartelt;

H.R. 2688. An act for the relief of the estate of Charles C. Beaury;

H.R. 4566. An act for the relief of Mary F. Thomas;

H.R. 4961. An act for the relief of Donald E. Crichton;

H.R. 5199. An act for the relief of James E. Denman;

H.R. 5854. An act for the relief of Mrs. E. Juanita Collinson;

H.R. 6305. An act for the relief of Claud Ferguson;

H.R. 6890. An act for the relief of Lester W. Hein and Sadie Hein;

H.R. 8088. An act for the relief of Willard Herndon Rusk;

H.R. 9568. An act for the relief of Lucien A. Murzyn;

H.R. 10050. An act for the relief of Capt. Russell T. Randall;

H.R. 10058. An act for the relief of Mrs. Esther D. Borda;

H.R. 10655. An act for the relief of Arthur Anderson;

H.R. 10199. An act for the relief of Lloyd W. Corbisier;

H.R. 11166. An act for the relief of Earl S. Haldeman, Jr.

H.R. 12073. An act for the relief of John Allunario; and

H.R. 15856. An act to authorize appropriations to the National Aeronautics and Space Administration for research and developments, construction of facilities, and administrative operations, and for other purposes.

HOUSE BILL AND JOINT RESOLUTION REFERRED

The following bill and joint resolution were each read twice by their titles and referred, as indicated:

H.R. 17903. An act making appropriations for public works for water and power resources development, including civil functions administered by the Department of Defense, the Panama Canal, certain agencies of the Department of the Interior, the Atlantic-Pacific Interoceanic Canal Study Commission, the Delaware River Basin Commission, Interstate Commission on the Potomac River Basin, the Tennessee Valley Authority, and the Water Resources Council, and the Atomic Energy Commission, for the fiscal year ending June 30, 1969, and for other purposes; to the Committee on Appropriations.

H.J. Res. 1302. Joint resolution to authorize the President to issue a proclamation designating the week of October 13, 1968, as "Salute to Eisenhower Week"; to the Committee on the Judiciary.

REPORT OF A COMMITTEE SUBMITTED DURING RECESS

Pursuant to the order of the Senate of March 16, 1967,

Mr. PASTORE, from the Committee on Appropriations, reported favorably, with amendment, on June 19, 1968, the bill (H.R. 17734) making supplemental appropriations for the fiscal year ending June 30, 1968, and for other purposes, and submitted a report (No. 1269) thereon, which was printed.

ORDER OF BUSINESS

The PRESIDENT pro tempore. The time now is under the control of the Senator from Florida.

Mr. SMATHERS. Mr. President, I yield to the distinguished majority leader such time as he may desire.

EXECUTIVE SESSION

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

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

DISTRICT OF COLUMBIA COURT OF APPEALS

The assistant legislative clerk read the nomination of John W. Kern III, of

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Maryland, to be associate judge of the District of Columbia Court of Appeals.

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

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA

The assistant legislative clerk read the nomination of George A. Avery, of the District of Columbia, to be a member of the Public Service Commission of the District of Columbia.

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

DISTRICT OF COLUMBIA REDEVELOPMENT LAND AGENCY

The assistant legislative clerk read the nomination of Stephen S. Davis to be a member of the District of Columbia Redevelopment Land Agency.

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 the Permanent Subcommittee on Investigations of the Committee on Government Operations and the Committee on Public Works be authorized to meet during the session of the Senate today.

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

OBJECTION TO COMMITTEE MEETING

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Subcommittee on Employment, Manpower, and Poverty of the Committee on Labor and Public Welfare be authorized to meet during the session of the Senate today.

Mr. KUCHEL. Objection, Mr. President.

The PRESIDENT pro tempore. Objection is heard.

REVENUE AND EXPENDITURE CONTROL ACT OF 1968—CONFERENCE REPORT

Mr. SMATHERS. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15414) to continue the existing excise tax rates on communication services and on automobiles, and to apply more generally the provisions relating to payments of estimated tax by corporations. I ask unanimous consent for the present consideration of the report.

The PRESIDENT pro tempore. The report will be read for the information of the Senate.

The assistant legislative clerk read the report.

(For conference report, see House proceedings of June 20, 1968, pp. 17978–18000, CONGRESSIONAL RECORD.)

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

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

Mr. SMATHERS. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time for the quorum call be charged equally to both sides.

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

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SMATHERS. 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. SMATHERS. Mr. President, this conference report may well prove to be the most important legislation to come before the Senate in this session of Congress. Approval of the conference report is necessary, as I said on Wednesday past, to dampen the fires of domestic inflation, prevent a repetition of the credit crunch of 1966 in domestic financial markets, and preserve the status of the dollar here and abroad and the fabric of international trade.

The principal provisions of the report agreed to by the conferees will reduce expenditures and impose a 10-percent income tax surcharge. These provisions form a package which represents the single most important step we as a nation can take to put our financial house in order.

These provisions were not a part of the bill when it originally passed the House, nor were they included in the bill that was reported by the Committee on Finance. They were proposed and adopted on the floor of the Senate on April 2.

These provisions form the package which was put together by the distinguished Senator from Delaware [Mr. WILLIAMS] and myself in an effort to arrive at a compromise solution to the Nation's fiscal problems. The compromise involved pairing the 10-percent income tax surcharge which the President had recommended, and some of us had supported as early as last year and some Senators even prior to 1967, with a $6 billion cut in Federal expenditures.

The need for this program arose out of continued and progressively larger budget deficits, which have now reached the point where deficits in excess of $20 billion are in prospect for this fiscal year and the next. The economic impact of these deficits is more than we can withstand without suffering severe inflation. The only alternatives available are increased taxes or sharp cutbacks in Federal expenditures, or a combination of the two.

For a time in 1966 we hoped that temporary measures would be sufficient to meet the need. By mid-1967, however, it became obvious that the pressures exerted by the excess of expenditures over receipts in the Federal budget would disrupt the economy so seriously that remedial action was vital. The administration proposed a 10-percent income tax surcharge.

Many Members of Congress were reluctant to support this surcharge. Some felt that we should meet the crisis by reducing one category or another of Federal expenditures. Disputes of this nature were inevitable, but they have gone on long enough. We have reached a point where further delay to debate the details of the package will cause more damage to the economy than any adjustment in the provisions warrants.

THE CRISIS WE FACE

I discussed the current state of the economy on Wednesday, urging that Congress act on this tax increase and expenditure cut. Therefore, I shall not go into detail on the economy now. We all know how serious is the current situation. I need not tell Senators that inflation is loose in the land. Prices are rising rapidly and generally. In April, the Consumer Price Index rose at an annual rate of 4.1 percent. The Nation has not experienced price rises of this magnitude since the early days of the Korean war. Wage demands are escalating as labor seeks wage increases to catch up with the cost of living. These wage increases will set off another round of price increases unless we take some firm action to restore price stability.

I read an article in the Wall Street Journal this morning which stated that some economists predict we will have price increases at the rate of 5 percent in the month of June.

I cannot claim that this report will cause prices to fall to their former levels nor that it will even put an end to all further price increases. Prices will still go up to some extent as the economy adjusts to the inflation that has already taken place. But if we agree to this conference report, I believe that the rate of price increase will gradually taper off and the situation will improve. If we do not agree to the report, on the other hand, surely the inflationary pace will accelerate and the situation will deteriorate further.

The adoption of the report is also required because of the difficult situation in our domestic credit markets. Interest rates have risen to levels thought to be fantastic a few years ago. The interest rate on home mortgages exceeds 7 percent in most parts of the country today. The Treasury is now paying almost 6 percent in order to find borrowers who will accept its 5-year notes. In some cases interest rates are higher than they have been in over 100 years. If we do not adopt the report, they will go even higher.

Together with most Members of the Senate, certainly I support the confer-

ence report, not only because I deplore high interest rates but also because I fear a repetition of the painful experience of 1966.

That year, the demands of borrowers rose sharply at a time when the Federal Reserve felt it was necessary to follow a restrictive policy to keep inflation in check. Interest rates rose sharply, and savings and loan associations and other institutions whose earnings are tied to past loans were unable to retain deposits by offering competitive interest rates. Large amounts were withdrawn from these institutions—in many cases to purchase Federal securities. It became impossible to obtain mortgage loans in some areas of the country because the traditional mortgage lenders were without funds to loan. The housing industry suffered severely, and many needed housing units were not constructed.

Thus far this year the Federal Reserve has not adopted so restrictive a policy as it did in 1966. Perhaps they fear that a more restrictive policy combined with heavy Federal borrowing to finance a $25 billion deficit will provoke a repetition of the 1966 experience. As a result, inflation has proceeded at a rapid rate. Interest rates have not fallen, however, and if the interest rates on Government securities rise a little more, the outflow of funds from savings and loan institutions may once again reach serious proportions. We stand on the brink of another credit crunch. The fate of this report may well determine whether we withdraw from that brink and bring interest rates down or whether we step over the brink into financial chaos.

Domestic inflation and the conditions of domestic financial markets give us reason enough to support the report. But there is another compelling reason. It is the need to strengthen the position of the dollar and to preserve the international monetary system.

Led by efforts of the United States, the trade and commerce of the world has expanded tremendously since the end of the Second World War. This expansion has contributed to rising incomes, higher standards of living, and stable political conditions in Europe, Japan, and many other areas of the world. In this system, the dollar has functioned as a reserve currency. When the overseas earnings of any country fall short of payments to foreigners, the difference must be made up through payments of gold or of a reserve currency. There has simply not been enough gold available to finance the balancing payments generated by the very heavy flow of trade which now exists. The dollar, therefore, has been widely used as an alternative means of payment.

The system would be severely disrupted if the dollar were to lose its status as a reserve currency. I cannot say precisely what results would follow. The risk is great, however, that the resulting disruption in established financial arrangements could lead to a serious decline in world trade and commerce. In turn, this would weaken the economies of the United States and the other nations of the free world and provide fertile ground for domestic political unrest.

Unless we adopt the conference report, there will be a real threat to the status of the dollar. Our balance of payments has been in deficit almost continuously since 1950. At first, foreigners were eager for more dollars to add to their reserves. Now they are beginning to feel that they have enough. They are becoming uneasy about holding onto more dollars. They want proof that the United States is willing to take the steps necessary to restore equilibrium to its balance of payments. If we reject the conference report, it will be a symbol in their minds of our unwillingness to assume the responsibilities of a reserve currency nation.

Foreigners who decide they no longer care to hold dollars might try to exchange them for gold. Since there are more dollars in foreign hands than can be redeemed at the present $35 an ounce price, a run on the dollar would be a serious matter, and it would be inevitable. In March, a sudden increase in speculation led to a large loss of gold by this country and the other nations in the so-called gold pool and eventually forced a new arrangement in which central banks have agreed to buy and sell gold at $35 an ounce in transactions with other central banks. They have also agreed not to buy gold on the private market. The gold in private hands now exchanges in a free market. This so-called two-tier system will continue to work only if the difference between the two prices remains slight. If it widens significantly, some countries will be tempted to obtain gold from us at the $35 an ounce rate and sell it at the higher price prevailing in the private market. When enough other central banks refuse to follow the rules of the two-tier system, it will collapse. The result will probably be a general loss of confidence, particularly in the dollar.

While it may be true that the existing system is not ideal, it is far better to preserve it until a better one can be devised and installed, than to permit a crisis to develop which will bring it crashing down around our heads. We certainly need time to develop a better system and we have no assurance that a transition to such system can be made once chaos develops.

The conference report is the single most important step we can take to restore price stability in the economy and protect the integrity of the dollar. Reducing the budget deficit to manageable proportions will remove the source of much of the inflationary pressure now evident and will remove heavy demands for Federal borrowing from the domestic credit picture. This, in turn, will permit an early reduction in interest rates. A reduction in inflationary pressures will strengthen our balance of payments while the adoption of the conference report will directly bolster the confidence of foreigners who today hold dollars.

THE CONFERENCE REPORT

The Senate was aware of the problems the country faced when it voted to accept this bill originally. The bill as modified by the conferees is very close to the version approved by the Senate. I think we will agree that the Senate conferees were unusually successful in persuading the House conferees to accept Senate amendments to the original House bill, which was a bill for excise tax extensions and speed-up of corporate payments. Rarely has the House agreed to the substance of so many important Senate amendmnets on a revenue bill.

The details of the conference report are contained in a special conference committee general explanation of the report, which was placed in the RECORD on June 10 and is available as a separate document. I shall not attempt at this time to cover all that is discussed there.

I might add that a copy of that report is on every Senator's desk. I do want to point out that the major provisions of the bill approved by the Senate are retained. The provisions of the 10-percent surcharge are the same as the provisions originally approved by the Senate. The same $6 billion expenditure reduction for the fiscal year 1969 is included in both the conference report and the bill that was originally proposed on the floor and passed by the Senate. The conference report also calls for a $10 billion reduction in new obligational authority—and, of course, both the conference and Senate versions of the bill extend the existing excise tax rates on automobiles and telephone service until June 30, 1969. That provision has remained unchanged.

The Senate conferees were forced to recede on only five provisions of the Senate bill. Perhaps the most important of these was the provision for import quotas on textiles. The Senate conferees were well aware of the importance attached to this particular provision sponsored by the distinguished Senator from South Carolina [Mr. HOLLINGS] and other Senators. As I recall the original proposal of the Senator from South Carolina was cosponsored by 63 Senators.

But our efforts failed. The House conferees refused to accept this provision. They insisted they must have an opportunity to review the Nation's entire trade picture and suggestions for its improvement, including the provisions which related to textiles and other related proposals. The Senate conferees finally receded on the issue when we were assured that the House Ways and Means Committee would promptly begin hearings in which the subject of import quotas would be discussed. Such hearings have been underway since June 4. I am sure that the issues raised by the Senator from South Carolina will receive a thorough, careful hearing by the House Ways and Means Committee.

The House conferees also refused to accept the provision offered in the Senate by the Senator from Colorado [Mr. DOMINICK] regarding the collection of debts owed this country by foreign nations. Eventually a compromise was reached, however, in which the Senate conferees agreed to recede on condition that the Secretary of State and the Secretary of the Treasury be required to submit a report to Congress on the appropriate terms and conditions for payment of indebtedness of foreign countries to the United States.

One of the other provisions upon which the House conferees insisted that the Senate conferees recede was the amendment offered on the Senate floor by the Senator from California [Mr. MURPHY], which concerns the tax status of the ad-

vertising revenues of periodicals published by tax-exempt organizations. A recent Treasury ruling would make these revenues taxable. While this is an issue that deserves congressional study, it can be considered carefully in the proper committees of Congress.

Finally, the House conferees adamantly refused to accept the committee amendment which would have eliminated the prior work requirement as a condition for eligibility for AFDC payments for dependent children of unemployed men.

The amendments agreed to by the conferees in the Senate-passed provisions can, I believe, be considered relatively minor. Many are perfecting amendments fully within the intent of the Senate provisions.

Perhaps the most significant compromise was the one that was reached with respect to industrial development bonds. It will be remembered that the Senate adopted two separate amendments concerning these bonds, one a committee amendment, the other a floor amendment offered by the Senator from Connecticut [Mr. RIBICOFF]. These amendments had the effect of continuing the tax exemption for the interest on such bonds until January 1, 1969, and then terminating the exemption for certain classes of these bonds. The conferees agreed to continue the exemption for certain classes of these bonds. The conferees agreed to continue the exemption for all such bonds when the issues are $1 million or less. This will insure that small communities can continue to issue exempt bonds to encourage industry to locate in their jurisdictions. The conferees also agreed to continue the tax-exempt status of certain limited categories of industrial development bonds even where the issues exceed $1 million. That is explained in detail in the booklet to which I earlier referred.

Additionally, May 1, 1968, was selected as the date the new provision was to be effective. The date was selected to forestall any last minute surge in bond issues of this type on the part of those trying to get in ahead of the deadline. Such a surge would be particularly disruptive at this time. The conditions under which bonds issued after the May 1 date would remain tax exempt are similar to those contained in the amendment sponsored by the Senator from Connecticut [Mr. RIBICOFF]. Additional exemptions are added for industrial parks, exclusive of specific facilities, and for residential real property under certain conditions.

I may add that the distinguished Senator from Oklahoma [Mr. MONRONEY], the distinguished Senator from Mississippi [Mr. STENNIS], and the distinguished Senator from Missouri [Mr. SYMINGTON] were likewise greatly interested in this provision, and I think the conference agreement on this point meets with their approval.

Unlike the Ribicoff amendment, the conference report applies to purchases of land as well as to purchases of depreciable property.

A compromise was also reached with respect to the corporate speedup provisions of the House and Senate bills. Under that compromise the current $100,000 exemption for corporate estimated tax payments is to be reduced in five stages to $5,500, as the Senate bill provided. Then the $5,500 exemption is to be eliminated over a 5-year period so that by 1977 corporations and individuals will be on the same current payment basis.

The conferees agreed to the Senate provision offered by the Senator from Kansas [Mr. CARLSON] extending tax-exempt status for certain hospital service organizations, but limited the exemption to a joint enterprise which is organized and operated solely to perform data processing, purchasing, warehousing, billing and collection, food, industrial engineering, laboratory, printing, communications, or personnel functions for hospitals. Purchasing for this purpose includes the purchasing and dispensing of drugs and pharmaceuticals to member hospitals.

The conferees amplified the expenditure control provisions of the Senate bill. In addition to the $6 billion expenditure reduction, the conference report also required a $10 billion reduction in new obligational authority for fiscal year 1969. In addition, the President is to submit recommendations for $8 billion of rescissions in outstanding authority in his budget for fiscal year 1970. These latter two provisions were reviewed with the Senate Appropriations Committee before they were adopted by the conferees. The same exemptions from the expenditure provisions are included in the conference report that were adopted by the Senate with one exception. The conferees agreed to delete the exception provided by the Senate for the TVA. The expenditures of the TVA are not as uncontrollable as those in the other exempt categories—Vietnam expenditures, Social Security Act payments, interest on the debt, and veterans benefits. Any saving made by TVA will contribute to the overall reduction goal regardless of how TVA is financed.

Modifications were agreed to in the Senate provision imposing a limit on the number of Federal employees. Separate limitations were provided for full-time permanent employees and for part-time employees. In the former case, the limit was set as the number of employees on the Federal payroll on June 30, 1966. The number of such employees on that date is known, whereas there is some question as to the number that were on the rolls on September 20, 1966, the date selected by the Senate. No exceptions were provided under this provision for full-time permanent employees, but the Budget Director is given the authority to allocate positions as necessary to achieve the more efficient operation of the government. The method for reaching the new limit is the same as that adopted in the Senate bill, but the rate at which that limit will be approached is slower. Three out of four positions vacated by normal resignations can be filled until the limit is reached, under the conference report, whereas the Senate bill would have allowed only two out of four vacancies to be filled.

In the case of part-time employees, the limitation is to be the number employed in the corresponding month of 1967, with the exception that up to 70,000 temporary employees may be hired under the program to provide summer employment for disadvantaged youth. In addition, the conferees expressed the intent that the Director of the Bureau of the Budget not reduce the number of employees in the Veterans' Administration below the June 30, 1966, level.

With regard to the public welfare amendments approved by the Senate, I think the Senate can take satisfaction in the conference agreements. While the final bill does not contain all that some of the Senators would have liked, it makes a major step in achieving the aims of the Senate bill.

The limitation on aid to families with dependent children, known as the "AFDC freeze," is postponed for 1 year to allow time for effective implementation of the work incentive program designed to guarantee training and jobs for appropriate AFDC recipients.

Equally important, the conference agreement makes special provision for adjusting the AFDC limitation in those States whose eligibility requirements are affected by court decisions. This is particularly appropriate in view of the recent Supreme Court decision striking down the so-called man-in-the-house rule.

We were also able to get the House conferees to agree to two other important welfare amendments. The first will permit States to pay AFDC to unemployed fathers during any week they do not receive unemployment compensation. Present law prohibits payment of AFDC anytime during a month in which unemployment compensation is paid—even though it may only be for the first week of the month. The conference agreement preserves the main purpose of the Senate bill.

A second Senate welfare amendment was accepted by the House conferees without change. It postpones for 2 years a cutoff of Federal funds for Medicaid services which would have been provided under part B of medicare if the State had bought in for eligible persons.

CONCLUSION

I have outlined what I believe are the more important modifications in the Senate bill made by the conferees. These modifications do not dilute the basic impact of the Senate bill. They do not change the fact that the deficit in the Federal budget will be reduced to manageable proportions through a balanced program of expenditure reductions and a tax increase.

This report, then, is essentially the same as the one the Senate approved by a vote of 57 to 31 on April 2. The factors which persuaded us that it was necessary to pass the bill then have become even more compelling since that time. I urge the Senate to adopt this conference report promptly to put the world on notice that the United States has begun to move in the direction of putting its financial house in order.

Let me add just a few words more on the programs. Related to the financial health of this Nation is the physical health of its citizens. Illness and the consequences of illness are extremely costly. The billions of dollars we now spend for medicare and medicaid are

ample proof of that. The billions of dollars in wages and taxes lost because of sickness also testify to the need to make good medical care more generally available in order to prevent that social and financial loss through timely treatment and prevention.

The heart of the solution to this problem is to increase the supply of physicians and to generally improve our medical schools. The Congress has already recognized this in enacting the Health Professions Assistance Act and related legislation.

The bill we are now considering could cause some reduction in financial aid to medical schools—probably in the areas involving construction grants and to some extent research project grants. But we would expect that the administration would not make expenditure reductions below the amounts appropriated for "educational improvement grants" and "general research support grants." In the case of medical schools, the amounts involved for these grant programs total approximately $67 million for fiscal 1969.

Just yesterday, the Committee on Appropriations of the House approved the full amounts requested for the educational improvement and general research support grants. In their report they expressed their serious concern, which we share, "about the financial difficulties that beset a number of medical and dental schools." They stated:

> At a time when the country is faced with the prospect of a growing shortage of medical and dental personnel and when serious efforts are being made to expand educational facilities, it would be highly imprudent to weaken existing institutions by the withdrawal of support on which they are, directly or indirectly, partially dependent.

The House Appropriations Committee then reported:

> The committee believes, therefore, that it is not desirable to reduce programs, such as the general research support grants, and the educational improvement grants under the health manpower appropriation, that provides some measure of flexible support for these schools.

Some medical schools have indicated that they might simply have to stop teaching doctors if Federal assistance is curtailed. These schools which are painstakingly building up their faculties will be able, at least, to hold the line—if there is no cut by the administration in the amounts appropriated for the general research support and educational improvement grants.

The distinguished senior Senator from Alabama has fought for many years to get the assistance needed by our medical schools in order for them to turn out more and better doctors. We would not want to reduce these grant programs and, in effect, lose overnight what took so long to win.

Mr. HILL. Mr. President, let me take this opportunity to commend the Senator from Florida for calling attention to the critical financial situation that prevails among our schools of medicine and dentistry. The University of St. Louis, solely for financial reasons, has felt compelled to discontinue its dental school. The dental school of Loyola University of New Orleans has been closed, but its facilities and faculty will be absorbed by the new dental school of Louisiana State University. Other medical and dental schools are considering closure and many are in danger of losing accreditation.

The shortage of physicians and dentists are already severe. It is essential and urgent, therefore, that a high priority be given in 1969 to the funding of basic improvement grants, special improvement grants, and general research support grants for medical and dental schools.

It is equally urgent that there be no cutbacks in the appropriations for construction assistance for medical and dental schools. The facilities of many existing schools are so obsolete as to pose a threat to accreditation. We need many more new schools as well as expansions of our existing schools if we are to meet the medical and dental needs of our country.

Furthermore, I strongly oppose any reduction in the appropriations for the health programs of the Department of Health, Education, and Welfare. These programs are an investment in the health, the strength and well-being of our country. To curtail the investment would weaken our Nation and so I oppose adoption of the conference report.

COMMITTEE MEETING DURING SENATE SESSION TODAY

Mr. SMATHERS. Mr. President, I ask unanimous consent that the Committee on Interior and Insular Affairs be authorized to meet during the session of the Senate today.

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

REVENUE AND EXPENDITURE CONTROL ACT OF 1968—CONFERENCE REPORT

The Senate resumed the consideration of the conference report on the Revenue and Expenditure Control Act of 1968.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield me 12 minutes?

Mr. SMATHERS. Mr. President, I am glad to yield to the distinguished Senator from Delaware such time as he may desire.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The Senator from Delaware is recognized.

Mr. WILLIAMS of Delaware. Mr. President, I strongly urge the Senate to adopt the conference report. I do not think we have any choice.

In the past few months we have seen the American dollar challenged as never before. Our supply of gold in January 1960 was $19.4 billion. In January 1964 it had dropped to $15.5 billion. The most recent report, dated June 12, shows it had dropped to $10.3 billion.

During that same period our inventory of silver dropped from $2.2 billion to $303 million in June 1968.

A further examination of the Treasury Department's report for fiscal 1968, the most recent report, shows that up to June 12 we spent $27.5 billion more than our income. This amount will be reduced somewhat by the larger collections on June 15, but that will also be offset by the heavy expenditures at the end of the fiscal year.

THE BUDGET DEFICITS

In the fiscal year 1968, which closes at the end of this month, there will be a deficit in the Federal budget of roughly $25 billion. This follows a period of 7 consecutive years in which we have had deficits, albeit smaller deficits. While we can do little to alter the disturbing outcome of the fiscal year 1968, we must act now to prevent a repetition of this dreary record next year. But the harsh fact is that if we do not approve this bill the deficit in the fiscal year 1969 will exceed 1968's record-breaking level.

The estimated deficit in the budget for 1969 in the absence of tax increases or expenditure reductions or the continuation of those excise taxes in the conference report is slightly over $28 billion. Vietnam costs have already raised this $2.6 billion, bringing the total to over $30 billion, and who knows how much more expenditures will rise in the absence of stern fiscal action—and this bill admittedly is stern fiscal action. But let those who will not take this action be prepared to bear the responsibility for the havoc which will be wrought upon our land if they should represent the majority. Failure to act now to prevent the Government from incurring another large deficit would be an act of fiscal irresponsibility and nothing else. In a period like this we must all tighten our belts to preserve the fiscal welfare of our country—and it is the fiscal welfare upon which in the last analysis all other welfares must depend. Let me also say that this belt tightening must be shared—not only must the taxpayer tighten his belt, but the Government must tighten its expenditure belt as well.

DOMESTIC INFLATION

I turn now to the danger of domestic inflation.

Our prosperity in recent years has been coupled with what we all must recognize, whether we like it or not, is a wartime, forced-draft economy and excessive budget deficits. Given this situation, it is no wonder that we have begun to feel real pains of inflation, and we will feel them still more in the months ahead.

Last year when the tax surcharge was initially considered the evidence available indicated that the upward push of costs was then the primary source of price increases. The situation has changed since then, however. Now it is clear that the pull of excessive demand is the prime source of inflationary pressures.

Nearly half of the record $19 billion increase in gross national product in the first 3 months of this year was attributable to price increases. Unlike 1966, increases were not concentrated in selected sectors but occurred throughout the economy.

Consumers, who had been saving at historically high rates, increased their outlays at an annual rate of $17 billion in the first quarter. This record increase was only made possible by an appreciable reduction in their previous rate of savings. The savings rate fell, for example, from 7.5 percent in the fourth quarter of 1967 to 6.6 percent in the first quarter

of 1968. As might be expected in a period such as this, the demand for automobiles has shown substantial increases in this period. Automobile production in the first quarter of 1968 is 13 percent over the seasonally adjusted level of November of last year.

Demand in the other segments of the economy also has increased. This is true not only of Government purchases at the State and local as well as Federal levels but also in the case of fixed investment by business. Plant and equipment spending, for example, was up to an annual rate of nearly $65 billion in the first quarter of 1968 from a level of slightly under $62 billion in 1967. Other evidence of demand increases which we can anticipate for the future is suggested by an increase of nearly 5 percent in corporate profits in the first quarter of the year over the fourth quarter. Inventory increases also have started to occur in recent months, and once these begin to accumulate their impact can be substantial.

What does this prospect of inflationary pressure mean? It means that the real income of the poor—yes, of the middle income class too—and the elderly and others forced to live on fixed incomes will be down sharply. In effect, if we should not impose a tax here there will be an inflation tax which will likely be far more severe and discriminatory in its application. It is important for those advocating expanded programs for the poor to remember that the poor suffer most from this inflation tax and that a more realistic treatment of the budget in fact means more in terms of real incomes for the less fortunate. Inflation also distorts investment choices and sows the seeds of a future recession.

HIGH INTEREST RATES

The third problem is high interest rates.

Certainly fiscal restraint is called for in our financial markets today. Although the Federal Reserve has not pursued a monetary policy even approaching the tightness of the "credit crunch" of 1966, nonetheless interest rates have moved up to the highest levels in over a hundred years. From May 1967 to May 1968, for example, interest rates on corporate triple-A bonds have gone up a full percentage point from 5¼ to 6¼ percent.

Until recently these high interest rates have not been accompanied by a loss of funds on the part of mortgage lenders. In April and May, however, such losses, reminiscent of the experience of 1966, began to occur. Interest rates on Federal securities, now at a level of 5.90 percent for 3- to 5-year issues, are so high that savers are tempted to shift funds from accounts with savings and loan associations to Government bonds. In some areas of the country mortgage money is available only at rates of 7½ percent or higher.

Banker after banker has warned us that we face a monetary crisis. In fact, the banking community is all but unanimous in favoring this bill. This also is almost true of the business community—despite their natural distaste for tax increases. I have seldom if ever seen a bill providing for tax increases which commands the wide business support that this bill does.

I might also call attention to the fact that the stock market, since the prospect of the enactment of the bill, has definitely turned upward. The analyses are in wide agreement that it is the improved credit position that this bill will provide for the country that accounts for this improvement in the market.

Unless Federal credit demands can be reduced the country must face a choice between a repetition of the credit crunch of 1966 or a further acceleration in the rate of inflation—neither of which is a tolerable prospect.

The effects of these high-interest rates are severe distortions in the economy which will last for many years to come. We must not allow these distortions to be further accelerated. By distortions I refer to the high cost of making investments—whether the investments are in homes for our younger people just getting married or whether they be in the form of capital goods required for increased productivity by industry.

THE OUTFLOW OF INTERNATIONAL PAYMENTS

The fourth problem is worsened international payments.

The damage, resulting from the failure to approve this bill, to the international standing of the dollar might be irreparable. I never thought I would see the day when foreigners refused to accept our dollars. Yet that day arrived last winter. Fortunately the episode lasted only briefly. Decisive action is necessary, however, to prevent it from occurring again.

The position of the dollar has declined from the peak reached in the early post-World War II years, eroded by persistent balance-of-payments deficits. The record of the last 6 months demonstrates the way large budget deficits at a time of full employment, by contributing to inflation, cause a deterioration in the balance of payments. Rising prices have made imports more attractive and have made our exports less attractive. When domestic demand exceeded domestic supplies many disappointed buyers turned to imports. The result has been a steady deterioration in our traditional surplus of exports over imports. In March imports actually exceeded exports. In April, although there was an improvement, on a census basis we have only about one-half our traditional balance-of-trade surplus, a surplus which is needed to carry other less favorable factors in our balance of payments. If we do not improve our trade balance a worsened balance of payments may be in prospect for the future.

Confidence in the dollar has also been weakened, of course, by events in other countries. The devaluation of the British pound last November was followed by a general loss of confidence and a sharp increase in the demand for gold. The resulting crisis led to the adoption of a two-tier system under which gold is exchanged between central banks at the fixed price of $35 an ounce while the price of gold is allowed to find its own level in the private market—recent price for this free gold seems to range between $42 and $45 an ounce.

The announcement of this new two-tier system restored calm to the gold markets of Europe, at least for a while. The establishment of the system owes much to the hard work and dedication of Secretary of the Treasury, Henry Fowler, and to Mr. Martin, Chairman of the Federal Reserve Board. Both these men have worked hard to sustain the value of the dollar and preserve the fabric of international finance. Yet they would be the first to affirm that the new system will continue to work only if we can avoid a further serious loss of confidence and only if we improve our balance of payments.

I cannot say what the precise results would be if confidence in the dollar were to be destroyed. The tremendous expansion in free world trade in the postwar period was based upon a financial structure in which the dollar was accepted as a reserve currency. The destruction of this system would surely have grave consequences for world trade. Even if a worldwide recession were avoided, all would lose through a general reduction in trade and commerce between nations.

The present crisis in France may weaken confidence in the dollar, not strengthen it. The chaos in France now may shake confidence in all currencies. It is more imperative than ever, therefore, that we take a decisive step to convince the world that the United States is able and willing to preserve the value of the dollar.

IMPACT OF THE BILL

A return to fiscal responsibility is necessary through curbs on expenditures and an increase in receipts sufficient to reduce the budget deficit to manageable proportions. A sharp reduction in the budget deficit accomplished in the manner set out in this bill will reduce excess domestic demand for goods and services, both directly through cuts in Federal spending and indirectly through a reduction in disposable incomes, and restore a proper balance between spending and production in the economy. It will also relieve pressures in the financial markets and promote the early reduction of interest rates. Moreover, the action provided in this bill will strengthen the position of the dollar. It will convince foreign bankers and other foreigners who hold dollars that the United States stands ready to adopt the measures which are necessary to keep our financial House in order.

A combination of expenditure reductions and the tax surcharge will reduce the prospective budget deficit in the coming fiscal year by an estimated $20 billion. In 1 year the deficit will decline from just under $25 billion to well under $10 billion—probably closer to $5 billion—provided expenditures for Vietnam do not increase substantially beyond present expectations. This step will be sufficient to restrain inflationary pressures without the risk of recession. Certainly, we stand a far better chance of avoiding a recession if we take positive action to restore balance to the economy than if we do nothing to prevent the present inflationary boom from proceeding to a bust. I should make it clear, however, that it may take some time before the bill has the effect I have suggested. Therefore, unfortunately there may be further price increases before the impact of this bill is felt.

The long delay in the enactment of this tax increase—expenditure reduction

package has already planted the seeds for a recession—a recession which could have been either avoided or at least minimized had the proper fiscal restraint been displayed.

It is unfortunate that we have waited as long as we have before taking action on this bill. The burdens required by a return to fiscal responsibility are distributed fairly under this bill. It requires the Government whose increased expenditures are largely responsible for the present situation to share equally with taxpayers. The $6 billion reduction in proposed expenditures for fiscal year 1969 provided in this conference report is in addition to the $4. billion reduction carried out in fiscal year 1968 as the result of congressional action last fall. Together, the two expenditure reductions are approximately equal to the amount of additional tax that will be collected under the surcharge.

EXPENDITURE CONTROL

It is also appropriate for Congress to impose a ceiling on Federal expenditures. This feature of the bill is not an innovation. It is an attempt to meet the obligations imposed by the Legislative Reorganization Act of 1946—legislation which remains in force although it has been largely ignored. That leglislation, in turn, attempted to reestablish congressional control over the budget. When the Nation was smaller and expenditure programs were not as numerous or as complex. Congress was able to control the overall level of expenditures and to relate it closely to tax receipts. This ability has been lost. We no longer focus on the broad dimensions of the budget but only on individual programs. As a result, the total of expenditures is generally not known until all the individual appropriations bills can be added up. Taxes then have to be adjusted or additional borrowing authority granted to meet these expenditures. We must return to the practice of first deciding how much we can afford to spend and then determine how to spend it. This was the intent behind the 1946 legislation. This bill is a further attempt to move in that direction. I hope it will encourage us to find more efficient ways to achieve this objective in the future. If we do not Congress will surrender control over the broad outlines of the Federal budget.

Mr. President, I urge the adoption of the conference report.

Mr. President, as the acting minority leader, I yield 10 minutes to the Senator from Oregon on the opposite side of the conference report.

Mr. MORSE. Mr. President, I thank the Senator. I may ask for an additional 5 minutes.

I oppose the bill, because what the country needs is a tax reform bill, not a tax increase bill.

It is a sad thing that Congress, having the great opportunity that it has had to revise and reform the tax structure of this country, is proceeding now to entrench the injustices that already exist in the very bad tax structure of our country.

It is very difficult to understand, but the American people are beginning to understand. The American people in large numbers know the injustices of the bill, and the American people are well aware of the fact that Congress is walking out on its responsibility to bring proper tax relief to the American people.

The bill increases taxes on those who are already paying taxes and on those who are entitled to some relief from the taxes they are already paying. What they need is a tax reform bill that will bring into taxation the minimum of $21 billion that is involved in tax escapism in this country.

The bill contains nothing that would tax those who are able now, because of their vested influence to continue to escape the payment of taxes they ought to be paying.

We have been pleading here for the last 18 months to increase Federal revenues through a tax reform bill. However, the pressure from the lobbies has been able finally to impose this pending injustice upon the taxpayers instead. They are already paying taxes that are too high—and they are too high because approximately $21 billion of tax escapism is going on.

The charitable trust is one. The charitable trust has become a tax racket. A church or some group qualifying as a nonprofit religious group may operate a farm implement business, a hotel, a department store—you name it. It pays no tax on that business, although a competitor down the street or in the next town, in competition with them, who operates the same type of business, pays taxes on it. Give me a reason for it. You cannot.

I am for charity and I am for churches. But I am also for the separation of church and state. This is one field in which we have not separated church and state, because when those charitable trusts are given this type of tax exemption, the American taxpayer generally is paying for that church and its program in large measure.

We ought to do something to require the payment of millions and millions of dollars in taxes which is being avoided by the oil industry of the country—one of the most powerful lobbies in the Republic. We ought at least to reduce the 27.5 percent depletion allowance. It ought to be entirely eliminated. There is not the slightest justification for this kind of favoritism being given the oil industry of the country—and that includes the Texas oil wells as well as oil wells in other parts of the country. They all ought to be brought under a tax structure in which they would pay their fair burden. That also includes the issue of vertical monopoly development in this country and the need for reform in the capital gains tax.

Why did this Senate not come to grips with the tax-escapism that is involved now under the system of capital gains and vertical monopoly development in this country?

That is why the farmers of the country are greatly concerned with what is happening in America agriculture. Listen to the American farmers. We will listen to them this fall, I say to my Democratic colleagues, because once again we are walking into a reactionary Republican trap in regard to this bill.

The great Republican financial lobby houses of this country are strong for this bill. The stock market is waiting, mouth watering, for this bill to be passed. The banking houses are waiting, their mouths watering for the economic killing they are going to make as the result of this unfair tax bill.

What we ought to give the American farmers and the American taxpayers generally is a tax reform bill. The American farmers know what the vertical monopoly development is doing today to American agriculture.

That is one of the reasons—only one—for the great migration of farmers to the urban centers. That is why the evidence before us shows that within 10 years there will be more teachers in this country—although there will not be enough—than family farmers.

The vertical monopoly approach has already taken over the poultry industry, has almost taken over the production of hogs, and within 10 years or less will take over the production of beef. Of course, many tax gimmicks in regard to the vertical monopoly approach are working to the advantage of these increasing, powerful monopolies in this country and to the disadvantage of those who really believe in a free enterprise system.

I would be less than honest if I did not let the RECORD show my great disappointment as to what has happened to many liberals in Congress in regard to this tax bill. They have been sucked in again because of the great wave of propaganda that has engulfed the country that the bill is necessary for inflation control.

A bill of this type will not do much to check inflation. We will not check inflation in this country until we return to producing goods that create wealth, and we are not doing so at the present time. We are producing goods that destroy wealth as well as destroy lives. We cannot escape this wrong economic policy in this country by this unsound bill. It will prove in fact not to be an inflation control bill at all.

We have already slaughtered more than 25,000 American boys in a war in which we should not be involved at all. As a result of this war, we are seeing the military-industrial complex take over more and more the economy of the country. But millions of American people are beginning to get wise, and they are already beginning to register their wisdom at the ballot boxes of the country. And millions more will do so come November, Mr. President, because the American people are not going to tolerate any longer—and should not—the taking over of the economy of this country by the military-industrial complex that has come to determine so many of the policies of the Republic.

WILL TAX BOOST HELP HOMEBUILDINGS?

Mr. President, I doubt the bill will have much effect on inflation. I know the propaganda. I am getting the wires and the letters in my office, too, from some of the organizations interested in housing, from the bankers, and from the building and loan associations: "Vote for the bill, because it will help us with housing."

What do they mean? They mean they hope it will curb interest rates and price increases. But it is equally likely that prices will continue to go up. At best in-

terest rates may level off. But nothing in the bill will lower interest rates.

We also need a reform bill that will do something about lowering the interest rates, not letting them continue to go sky high.

Mr. President, the savings institutions, the home construction industry, and building materials industry, chiefly lumber, have written me often and at length in support of this conference report. They favor it in a belief, which I think is a mistaken belief, that it will reduce interest rates and enable the home construction industry to revive.

So long as the war in Vietnam continues, with its budget of $30 billion plus, I see no real prospect that interest rates will come down. In fact, I have heard little evidence that they will come down. What is hoped for is that they will not go higher.

But what of the buyer's end of the situation? The whole purpose of the tax increase is to sop up consumer spending to curb inflation. The theory is to take the money in taxes so it will not be spent in the marketplace and bid up prices.

If the tax increase succeeds in having this result, I do not see how it can help but reduce the disposable income that the average family will have to put into buying a new home.

The best I can see coming from the program is a leveling off of interest rates and a reduction in disposable income. That does not spell a spurt in home building to me. And both of these results may well be pure wishful thinking.

Let me say to the lumber industry of my State, which this morning thinks it wants this bill, that this legislation may just as likely have a detrimental effect on the lumber industry.

IMPACT ON DOMESTIC BUDGET

What of the other part of this package—the $6 billion budget cut? It will sacrifice general welfare programs. Some noises are being made by the administration that some of the money will come out of military expenditures. Let them particularize it. We do not have the slightest justification for passing the bill today until we, Congress—for we raise the funds, appropriate the money, authorize the expenditures, and have the responsibility of passing the tax legislation—tell the American people in advance where every dollar of that $6 billion cut will come from.

We should stop passing the buck to the President. That is all the two committees have done thus far. They have not earmarked anything. It is not good politics to earmark it. The election is too close. I do not know whom they think they are kidding, but they are not kidding the senior Senator from Oregon and millions of American taxpayers. Millions of American taxpayers are entitled to have Congress tell them exactly where the money will come from for the $6 billion cut.

I speak as chairman of the Subcommittee on Education. I know where a lot of the money will come from. It will come by way of budget cuts that will injure the kids of America, as they are denied the opportunity to which they are entitled—to develop to the maximum extent their intellectual potential, which is the greatest security weapon this country has.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). The time of the Senator has expired.

Mr. MORSE. I ask unanimous consent that I may proceed for 5 additional minutes.

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

Mr. MORSE. A great deal of the money will come from general welfare needs; and for much of the money that it is believed will be saved out of the $6 billion, much more will be paid, because there will be great internal trouble throughout the country. Millions of people are not going to stand by and let Congress invoke this type of injustice upon them. They are not going to stand by and let Congress slash these domestic programs so the country can send more and more boys to be slaughtered in South Vietnam, in a completely unjustified, immoral, and illegal war. That is why the Republic is split; and the Republic will not be united by this type of injustice.

I do not intend to pull in my flag 1 inch just because I am a candidate for office. I just came through a tough primary, as everyone knows. My foreign policy did not make it tough. What made it tough was that I lost many labor votes because I do not yield to labor when it is wrong. I stood up for what I knew the facts were in regard to the two great cases—the railroad case and the airline case—and won the disapproval of certain segments of American labor. I do not intend to pull in my flag on foreign policy, on labor policy, or on any other policy that I know is supported by the facts.

The American people are making clear to Congress—and Congress should read their handwriting before it is too late, and it is large on the blackboard of American public opinion—that if Congress continues this type of injustice and goes forward with the cuts that will be made from general welfare, from education, from poverty, from the model cities program, from public works, and from all the things that are necessary to give economic protection to the masses of the people, the people will hold Members of Congress to an accounting—and they should.

Mr. President, I say to the lobbyists who are urging me this morning—with the large pack of wires I have—that the bill has something to do with housing: You will build fewer houses when this budget cut is passed. I say to the building and loan associations, I say to the housing groups: You will build fewer houses after this bill is passed than you are building now.

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

Mr. MORSE. I shall be happy to yield to the Senator from South Dakota in just a moment.

TAX INCREASE A BOON ONLY TO MILITARY ESTABLISHMENT

The last thing I wish to say is that the place to check a growing monster in this Republic that threatens our whole economic and political system is the American military, and I am speaking of its policymakers at the Pentagon Building and its counterparts in the State Department. It is most dangerous for us in the Republic.

This tax increase will perpetuate the unreal and artificial military and political policy we are pursuing in Europe. Twenty years after the end of a war in which we affirmed that we had no ambition to hold conquered territory, the U.S. military still sits atop Western Europe. We say we are there to protect our friends. We say our friends want us there. If they do, it is only because we are spending our money and using our manpower in place of their own. I am not impressed by arguments that if the United States did not dominate Europe militarily, Germany would become its principal defender with some insidious implication that this means a revival of German imperialism.

I say that we cannot anticipate history. We cannot figure all the angles years in the future and try to prevent the hypothetical from happening without a tremendous, wasteful expenditure of money and people.

Germany is a big, wealthy, modern nation. It has a lot to defend and a lot to use in its own defense. Why should the United States provide its defense? It is a ridiculous policy.

But it will be perpetuated just as long as we continue to furnish the money to continue it. We will continue to have men not only in Germany, but in Belgium, Great Britain, Italy, Spain, Turkey, and Scandinavia, as part of this great military complex. We will continue to spend over $2½ billion on it, we will continue to lose out on our balance of payments with Europe. Remember that there are no offset arrangements that reimburse the American taxpayer for keeping those men there. Some of the dollars spent in Germany are frozen through German purchase into U.S. bonds, but that only means they cannot be exchanged for gold. The talk about "offset arrangements" has misled too many Americans into thinking Germany repays us for the cost of those U.S. soldiers, and this is not the case at all. In fact, we will pay Germany interest on the bonds she has purchased, so it will cost the United States more than just the cost of the soldiers.

The burden of the Military Establishment on the backs of the American people has to be lightened. The 10 percent surtax will increase it, and it will assure the perpetuation of the antiquated but ingrained policies of the Pentagon that are costing us so dearly.

What we must do is to serve notice that we are going to stop the present spending of $77 billion in a military defense budget. In a few weeks it will be $83 billion.

One year from today, remember the prediction of the senior Senator from Oregon as I give it to the Senate now: If we do not change our present foreign policy, we will be spending over $100 billion for a defense budget. We could take the $6 billion budget cut out of the military budget without missing it, instead of taking it out of the general welfare of the American people in relation to their economic interests at home.

We have to serve notice that we are

going to draw back. We have to serve notice that more and more people are getting wise to the unsoundness of the American position in Paris, for what is our position in Paris when all the semantics are eliminated from it?

We say to the North Vietnamese: "We will stop bombing if you will stop infiltrating." What does that add up to? It adds up to: "You leave to our tender mercy the Vietcong and we will stop our bombing." Of course they are not going to do it. Why should they? Why should they withdraw forces unless we do?

We talk about infiltration by them. We have more than one-half million men in Vietnam and we do not have the slightest justification under international law, including the Geneva convention, to have a single soldier over there. General Shoup is quite right when he says that the whole area is not worth the life of a single American. It never has been, yet we have sacrificed, according to this morning's newspapers, 25,000 precious American lives in a war in which the slaughtering of not a single one can be justified.

We have to serve notice on the world that we are falling back.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MORSE. Mr. President, I ask unanimous consent that I may proceed for 2 additional minutes.

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

Mr. MORSE. We have to serve notice on the world that we are falling back to the lines of defense that General Gavin, General Ridgway, and others have told us we can hold, and not escalate. It is our escalation that is killing the boys.

I say to the Senate, because it is pertinent to the bill, that the American people are crying out to Congress to stop the killing of our boys. The killing in South Vietnam cannot be justified. It cannot be justified until there is a declaration of war, and even then it could not be justified because a declaration of war would not be justified. There is not the slightest justification for killing a single man unless it is justified by a declaration of war. Then, at least, we would be back inside the framework of both our Constitution and international law. However, the facts never have justified our becoming involved in the civil war in Vietnam. I think one of the reasons a war message has never been sent to the Congress is because it has always been recognized that we have had no justification for making war in Southeast Asia.

I close by saying that this measure should be a tax reform bill, but it is not. Until I am given a tax reform bill, I shall vote against this bill.

I now yield to the Senator from South Dakota.

Mr. McGOVERN. Mr. President, I had asked the Senator to yield to me for the purpose of commending him for the remarks he made on the floor of the Senate this morning. I did not hear the Senator's entire speech, but what I did hear meets with my strong approval. It does not surprise me at all that the voters of Oregon have again renominated him.

This is as good a time as any to remind the Senate that the Senator from Oregon more than any other Member of this body first stood up clearly and courageously on the issue of Vietnam.

I have a high regard for the senior Senator from Minnesota [Mr. McCARTHY], who has been widely hailed as the Member of the Senate who pioneered on the issue of Vietnam, but it really was the senior Senator from Oregon, as every Senator knows, who walked alone on this issue when it was much harder to do so than it is today.

He has been right on that issue as he is right on the tax and budget issue today. I commend the Senator on both positions and expect to stand with him.

As I came into the Chamber, I heard the Senator discussing problems of American agriculture as it relates to the tax proposal before us. I am sure he is aware that perhaps as much as $400 million in tax revenues are now escaping us and going into the pockets of people and corporations in agriculture, not for the purpose of producing food, not even for the purpose of farming primarily, but for the purpose of using that industry as a tax dodge. They are making income on nonfarm operations and are using agriculture as a means of reducing taxable income.

Out of all of the 17,578 farm corporation tax returns in the 1964–65 fiscal year, for example, only 9,244 had taxable income. They wound up with only $199 million of income subject to tax out of $4.3 billion gross receipts. They owed $74 million of income tax for the year but they took about $5 million investment and foreign tax credits. So they finally paid Uncle Sam as corporation income tax about 1½ percent of the $4.3 billion they grossed.

Out of 3 million farm income tax returns in 1965, there were 680,000 or 22 percent filed by people who deducted farm losses from nonfarm income and still had some income tax to pay on their nonfarm income. That included 86 percent of all persons who paid on $1 million income or more, 84 percent of those who had $500,000 to $1,500,000 income, and 73 percent of those with $100,000 to $500,000 income.

We have obtained some other new data on the extent to which individual income taxpayers—individuals as contrasted with corporations—avoid high income tax rates by establishing farm losses which are later recaptured as capital gains. Senator METCALF late last year called attention to the fact that 381,000 residents of our 85 biggest cities filed farm returns in 1965. Those figures showed that "farmers" in Los Angeles, claimed $42 million more in losses than profits from farming, while the "farmers" in nearby Anaheim said they lost $6 million on farms.

The "farmers" in Dallas, Tex., claimed $10 million net farm loss, Houston "farmers" lost another $20 million, Fort Worth $5 million, and San Antonio $5 million.

The "farmers" who dwell here in Minneapolis and St. Paul, possibly because they own fewer oil wells, only claimed $0.5 million more in farm losses than profits.

In 35 of those 85 biggest cities, and in the entire States of California, Louisiana and Nevada, the farm loss claims exceeded farm income reported. The Department of Agriculture says that net farm income in California was $896 million in 1965, but taxpayers in the State reported to the Internal Revenue Service that they lost $6 million more than they made.

This can only mean that a lot of high income urban residents were in the business of farming to convert ordinary income, taxable up to 70 percent into capital gains, taxable at a maximum of 25 percent. Well-to-do urban residents who make a good deal more on tax avoidance than a farmer can make from production amount to subsidized, unfair competitors for bona fide farmers. They are little concerned about the price depressing effect of their production. They can pay much higher prices for land, "double-cropping" it as they do, than the farmer who must make his living only from his produce.

The Internal Revenue Service recently supplied me with a new table which is intended to indicate the total amount of farm losses before claimed by nonfarmers to offset nonfarm income. It shows that 661,000 taxpayers in 1964 deducted $1,016,000,000 from nonfarm incomes, and that 680,000 in 1966 deducted $1,036,000,000, and still had nonfarm income left over on which taxes were due. We do not know how many nonfarmers hid all their nonfarm income with farm losses, paying no taxes at all. Available statistics on such returns include both farmers and nonfarmers, if a return was filed at all. We do know that persons in the higher income brackets were claiming the largest farm losses. In 1964 there were 76 individuals with incomes over $1 million who claimed $4½ million in farm losses, or nearly $60,000 each on an average. They would have had a tax savings of about $40,000 each, which would be a mighty good living by itself for any of us at this convention.

I hope we can make progress in that area before we approve another unjust tax increase, and will close that loophole and other loopholes which the Senator has referred to this morning.

I did not rise for the purpose of making a speech of my own, but to commend the Senator from Oregon, who has been so right on these issues and other issues.

Mr. MORSE. Mr. President, I wish to thank the Senator from South Dakota very much. He is generous and kind. He has been one of my teachers in the Senate in regard to foreign policy. He deserves a great deal of credit for his courage in standing up and speaking with regard to our foreign policy for as long a time as he has. I appreciate being associated with him again this morning in opposition to this bill. He has already expressed his reasons for opposition to the bill, and I share his views. I thank him for his contribution.

With respect to the cutting of the military budget, I wish to add that I am one of the cosponsors of the majority leader's proposal to bring four of the six American divisions home from Germany. We cannot possibly justify maintaining six divisions there. We cannot justify having more than two divisions there. The Senate has heard me say many times that we are the only country which has ever fulfilled its manpower commitments

under NATO. Most other countries have not gotten above 50 percent of their manpower commitments under NATO. We have been taken for an economic ride under NATO. I am for NATO. I was one of the floor leaders who helped to bring it through the Senate in 1949, but times do change.

England has not met her commitment. France has practically stepped out entirely. Italy comes nowhere near filling her commitment; and not even Canada, to the north of us, fulfills its commitment.

Here is a chance to save hundreds and hundreds of millions of dollars. That is where some of this $6 billion should be saved. Tell me why I should vote for hundreds of millions of dollars of American taxpayers' money for American military aid in Africa, where the per capita income of most of the people is less than $100 a year. We are sending them bullets when we should be sending them bread and literacy. Bread and literacy will not only make them free in a course of time but also will get us out of supporting dictatorships, military juntas, and tyrants, for which our money is being used around the world in the form of military aid. And we call ourselves a democracy. What hypocrisy. So much of our action in foreign policy is anything but supporting freedom. We support tyranny when we support the group in South Vietnam that we are maintaining and for whom we are sacrificing the lives of American boys. Most of them are former officers in the French military establishment. We can make some savings there. Also, we could save hundreds of millions of dollars in Africa. As chairman of the Subcommittee on American Republics Affairs, I have been more successful in that area because my subcommittee has been with me in an overwhelming majority, and we have cut back on military aid to Latin America—not enough, let me say, but cutbacks were adopted by the Senate, only to be rejected by the House.

What we are doing in many Latin American countries is trampling freedom underfoot because of U.S. military aid.

Tell me why I should vote millions of dollars of military aid to a South American dictatorship.

We should send to South America, instead, bread and literacy, not bullets. The principal purpose of the Alliance for Progress is to do something to help South America economically. That is what will make them free. Until we do that, I shall continue to vote against the foreign aid bill.

We again have an administration proposal for approximately $3 billion of foreign aid. I shall vote against the whole package because it is so wrong in regard to its objective. But we cannot possibly justify more than $1 billion at this time of crisis.

We should tell the rest of the world that we are going to suspend foreign aid and let some other countries come in and help for a change. That would be quite novel, of course. But until we get out of our fiscal crisis and our foreign policy crisis which confront us today, we should do just that.

Now let me talk about the permanent military bases we are building. I know that this is "hush-hush" stuff. Do not forget that the administration keeps telling the American people, from coast to coast, and on one television network after another, that America seeks no permanent military installations. We have all heard it. Some people are kind enough to call it softly a "credibility gap." The representation that we seek no permanent military bases has no relation to the facts, because we are building permanent American military bases. We have plans to spend billions of dollars more, as the military-industrial complex makes more progress in building an American military lifeline around the world. We are seeking to set ourselves up on a unilateral basis as the military policeman of the world. We are not going to be allowed to do that by the nations of the world.

Mr. President, the politicians do not seem to think in terms of the next century, but about what is going to happen at the next election. That is what most of them are thinking about now, so they think this bill is a good political policy. But wait until the taxpayers catch up with them. Let me say to my friends on this side of the aisle—and I never advise the other side of the aisle—I would be the last one to do that—this bill is a great political mistake as well as a great tax mistake. Wait until the taxpayers catch up, when they realize what we will be doing to them. The taxpayers want cuts made in foreign expenditures and cuts in military spending. They want us to get out of the war. If we did not need these cuts, we would not need a tax bill at all; we would be talking about a tax reduction bill.

No, Mr. President, what we have to do is to produce more goods which create wealth. We have to stop wasting the largess of the Republic in an unconstitutional and immoral war in Vietnam. It is a war which endangers us to greater escalation until we finally get into the total holocaust itself, beginning with a war with China.

For these reasons, I shall oppose the bill.

I thank the distinguished Senator from Delaware [Mr. WILLIAMS] for allowing me to make this summary of my objections to the conference report.

Mr. WILLIAMS of Delaware. Mr. President, I yield 10 minutes to the distinguished Senator from Ohio [Mr. YOUNG].

The PRESIDING OFFICER. The Senator from Ohio is recognized for 10 minutes.

Mr. YOUNG of Ohio. Mr. President, at the outset, I congratulate and commend the distinguished senior Senator from Oregon [Mr. MORSE] on the magnificent statement he has just made on the great need for tax reform in this country. That is what we should be dealing with today instead of the conference report which has come over to us.

I associate myself with his views and say, regretfully, I am sorry more Senators were not in the Chamber to be privileged to hear them. I was much impressed by everything the Senator said.

Mr. President, in 1949, just about 19 years ago, it was my honor to be elected by my colleagues in the House of Representatives as a member of the Ways and Means Committee. I served as a member during the time following that, when the citizens of Ohio were good enough to afford me the opportunity and the privilege to be a Member of the House of Representatives as Congressman at Large from Ohio.

I dealt constantly with tax problems during that period of time. It was then that I learned in depth of the tax loopholes which should have been eradicated at that time, but now, almost 20 years later, are still in existence. Unfortunately, some of the wealthiest people in America are paying no income taxes whatever because they take advantage of these tax loopholes, including the notorious 27½ percent depletion allowance for oil and gas production. In 1965 there were 624 taxpayers with incomes of $1 million a year or more who through tax loopholes reduced their effective income tax rate from 70 percent to 44 percent. Even more outrageous, there were 35 Americans with incomes exceeding $500,000 who paid no income taxes at all. At the same time the ordinary men and women of America are being heavily overburdened.

We should abolish the atrocious oil and gas depletion allowance of 27½ percent for oil-producing companies of this Nation. We should close all tax loopholes which favor the few at the expense of the many. Of course, we should have real tax reform before we proceed to add a 10-percent income tax surcharge on already heavily taxed Americans.

It is most unfortunate that taxpayers, already heavily overburdened, must now have this additional 10-percent surtax added to that burden carried by individuals and corporations, if the conference report is adopted by the Senate today. Our corporations and individual men and women taxpayers of America, those particularly who are not in the extreme top brackets and who have not availed themselves over the years of the tax loopholes, are truly heavily overburdened. Now, this added demand is made on them entirely due to the fact that this administration has unwisely involved the United States in a civil war in Vietnam.

With respect to the tremendous cost in money resulting from an all-out American air and ground war in Vietnam, from the time President Johnson took office in November 1963 to the present time, it has cost our taxpayers approximately $110 billion.

Mr. President, last year nearly $7 billion of taxpayers' money was spent for munitions alone—blown up into smoke, of course—because of our involvement in an immoral, illegal, and stupid war. I say "stupid" because it is the gravest mistake any President has made. It is stupid, folly, that we are involved in the civil war in Vietnam.

At the present time the cost in dollars alone is approximately $2.6 billion every month. That cost is increasing.

In addition thousands of young Americans have been killed in combat. Those are priceless lives. As you know, Mr. President, every community in Ohio has been afflicted with losses. Just yesterday I signed my name to 26 letters of sympathy and regret that went out to young widows and fathers and mothers of the finest young men in Ohio who were killed in combat in South Vietnam.

The Defense Department admits that more than 25,000 men have been killed in combat there. What the Defense Department does not tell the American people so readily is that of the some 150,000 who have been wounded in combat, 3 percent have eventually died. What the Defense Department does not tell the people of the United States—and the senior Senator from Oregon referred to it as the credibility gap in the Pentagon, and he said it could be called worse names than that—is that there is a category the Pentagon has of "Accidents and Incidents"—men killed and injured, for example, when helicopters collide in the combat zone or when a truck is overturned outside the immediate combat zone. The present Presiding Officer knows, and those of us who served in combat in World War II know, these should be regarded as combat casualties.

To return to the dollar cost, in addition to the 10-percent surtax that is to be added to existing taxes—instead of having tax reform and eliminating some of the most atrocious taxes—we in the Congress are urgently requested by the President to extend and continue abominable excise taxes, such as taxes on telephone bills and air travel, and other excise or sales taxes, which, all of us know, very unfortunately burden those who have the least. They are regressive in their character.

At this time, in addition to the tragedy of the deaths and wounding of so many American youngsters in Vietnam, and at a time when more than $2.6 billion is being spent every month in the Vietnam war, we should be working on tax reform to tax fairly and equitably all Americans, instead of being brought here today and requested to pass this conference report to support this most unpopular war. Instead of voting on a tax increase on individual taxpayers and on corporations, we should be working on an excess profits tax bill to recover for taxpayers the billions of dollars in excess profits with which some war profiteers are fattening their incomes. There were excess profits taxes in World War II and during the Korean war, and as a result billions of dollars of taxpayers' money was saved, as much as $10 billion in a single year.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. WILLIAMS of Delaware. Mr. President, I yield 5 minutes to the Senator from Ohio.

Mr. YOUNG of Ohio. I thank the Senator.

Mr. President, incidentally, the war in which we are now engaged in South Vietnam is an involvement in an ugly civil war. There can be no question about it. I interviewed General Westmoreland on two occasions, in October 1965, and in January of this year. He may have forgotten what he told me in 1965, but I reminded him in January 1968. I said, "You told me in October 1965, that the bulk of the VC fighting us in the Mekong Delta"—which is south and west of Saigon—"were born and raised in South Vietnam, most of them in the Mekong Delta, and your top deputy, General Stilwell, stated to me that 80 percent of the VC fighting us in Vietnam were born and reared in South Vietnam." I said "General Westmoreland, I remember those statements. I said to your deputy, 'Well, then, we are involved in a civil war over there.' He said, 'Well, it could be called that'." I said, "Of course I call it that, and any sensible person calls it that."

Mr. President, next Sunday, this American ground war in South Vietnam and American air war over the temporary demarcation line over what is North Vietnam, will become the longest war that the United States has ever engaged in—6 years, 6 months, and 1 day. It will then be a longer war than was our War for Independence, which lasted 6 years and 6 months; longer than the 2 years and 6 months of the War of 1812; longer than the 4 years of the War Between the States; longer than the 1 year and 7 months of World War I; longer than the 3 years and 9 months of World War II; longer than the 3 years and 1 month of the Korean war.

The war we are engaged in in Southeast Asia continues to erode the very moral fiber of the Nation. It is blocking an attack on social problems at home, which have reached the point of disaster, because of our neglect of them. The senior Senator from Oregon [Mr. MORSE] referred to that in detail. I support every statement he made. This war that President Johnson involved us in because he gave in, in a servile manner, to the Joint Chiefs of Staff and to the industrial-military complex that President Eisenhower warned against in his final statement to the American people, has demoralized our politics and has deranged our daily lives. It is setting American against American. It is encouraging the violence that now seems to pervade our society. It is inevitably leading to a pocket-picking inflation. It is undermining the United States dollar abroad as it is leading toward uncontrolled inflation at home and higher and higher interest rates. It is strengthening Communist countries which have been torn and weakened by internal conflicts. It is undermining our influence in other vital areas of the world. It is pushing us ever closer to world war III and a nuclear holocaust.

Mr. President, Defense Department officials have announced that as of June 15, 24,364 Americans have been killed in combat and 150,243 wounded in combat. This total of 174,607 American casualties exceeds the total French casualties killed and wounded in combat in the entire Indochinese war for liberation which the French finally lost to the Vietminh, now called Vietcong. Historians list the total French losses during 7½ years of combat seeking to reestablish their lush Indochinese empire at 172,708.

Unfortunately for us Americans, the Pentagon is not truthful in its casualty reports. The Defense Department credibility gap is deep and wide. These figures of killed in combat do not include the thousands of Americans who died of wounds. In addition, some thousands have been killed in what the Pentagon terms "accidents" or "incidents." Also, most unfortunately, disease has taken its toll. Thousands of GI's have been afflicted with malaria in a virulent form. Some will suffer recurrences of this as long as they live. In addition, men of our Armed Forces have died from hepatitis, bubonic plague, and various jungle diseases. All of this in an undeclared war in South Vietnam—a small faraway country of no strategic or economic importance whatever to the defense of the United States.

Now, since the successful VC Tet offensive the VC or forces of the National Liberation Front have been hurling mortar shells into Saigon intermittently day and night. The tempo of these attacks has increased in recent weeks. In our retaliation from bombers and helicopters not only have many civilians lost their lives but whole city blocks in densely populated slum areas including Cholon, the closely built and densely populated Chinese slum district of Saigon, have been hard hit. Entire city blocks have been utterly destroyed. In 1 month, from May 16 to June 15, 130,000 Saigon civilians either lost their homes or fled from Saigon. On a typical night, June 7, 25 men, women, and children were killed, and 27 homes were destroyed. By these attacks, the VC have brought about a record desertion from the armed forces of South Vietnam stationed in Saigon. More than 15,000 deserted in one 30-day period, presumably returning to their hamlets. All or nearly all of these members of the so-called friendly forces of South Vietnam carried with them their rifles and ammunition. How many joined the VC or turned their guns over to the VC, no one knows.

It speaks ill of the generals commanding thousands of American soldiers stationed in and about Saigon that we have remained on the defensive instead of engaging in bold offensive action to drive away the VC and thereby put an end to the mortar fire on targets within Saigon. The forces of the National Liberation Front, or VC, have cared for thousands of additional refugees whose homes have been destroyed or who have fled from the combat area. These uphappy people, if considered friendly to the Americans months ago, no doubt think only of fleeing to some place where they may live in peace or join with the VC and further demonstrate enmity toward Americans. A final result detrimental to the United States is that in the various Asiatic capitals, Tokyo for example, where there are anti-American riots, the Saigon street fighting adds further emphasis to the fact that there is a civil war raging in South Vietnam and that we are fighting on the losing side.

Let us hope that the negotiations now limping on in Paris will soon give signs of leading toward a cease-fire and an armistice and an end to the bloodshed in Vietnam. However, we cannot blind ourselves to the fact that the war in Vietnam continues in its ferocity with its continuing horrendous toll of human life and material resources and its brutalizing effect on us as a nation.

Mr. President, when President Johnson appeared before the Congress early in 1964 to deliver his State of the Union message, he proposed a wonderful program for war on poverty and the creation of a Great Society. I recall he said that under his leadership he proposed we would win against poverty, deprivation, and ignorance and give the underprivileged and those discriminated against the opportunities they never had. He spoke of the uncrossed desert and the un-

climbed ridge and of how we would go forward. We had high hopes not only for complete civil liberties and civil rights for all Americans but for a new life, a new opportunity, a job for every worker, a home for every family and for every man to come home to his family at night after a day's work with something for them to eat; and for youngsters regardless of race or the financial status of their families to be given every opportunity to achieve a higher education.

Then came the crash. President Johnson became subservient to the Joint Chiefs of Staff of our Armed Forces, Secretary of State Rusk, and Gen. Maxwell Taylor, yielding deference and devotion to them and following their urging and advice to wage war to achieve ultimate military victory instead of a diplomatic settlement.

These high hopes that his statements created early in 1964 had to be given up with our escalating and expanding the fighting in Vietnam. Low-cost housing, Federal aid to education, government aid to rebuild ghettos and slums in our cities became casualties of our Vietnam involvement.

It is tragic that President Johnson a very great man, could have achieved the goals he set out to achieve had he not been subservient to the military-industrial complex represented by the men and groups I have named.

Had he done otherwise, we would not today be considering a 10-percent income tax surcharge on individual taxpayers and corporations and a drastic cut in expenditures which will very, very seriously curtail programs vitally needed for the welfare of all Americans in these days of serious domestic unrest. He could have carried out his goal of eliminating poverty in our Nation, of replacing our ghettos with decent homes and decent schools, of cleaning up our Nation's polluted rivers, lakes, and streams, of eliminating the filth from the air we breathe, of giving hope to the hopeless, and equal opportunity for all.

Mr. President, instead of wasting the huge sums that are being spent in an immoral undeclared war, this conference report before the Senate today should be rejected, and then we should immediately set about to achieve a tax reform in this country. At the same time, of course, we should cease supporting a military regime in Saigon, which is not representative of the people of South Vietnam, but which is composed of 10 generals who overturned the civilian rulers there, and 9 of those 10, including Ky, fought with the French against their own people, seeking to restore the French empire. When I interviewed General Ky in Vietnam, he made a very bad impression on me—though, of course, one should not attempt too rigid an appraisal in 40 minutes. When I remarked about a certain medal on his chest, he puffed himself out and said, "I won that when I was with the French forces in 1954." He won it fighting against his own people, who were fighting for the liberation of all of Vietnam.

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

Mr. YOUNG of Ohio. I yield.

Mr. MORSE. I rise simply to congratulate the Senator from Ohio. Once again he has shown what a man of courage he is. Time and time again, during this historic debate for the last 4 years, he has dared to stand up and speak out against the great foreign policy mistake we are making because the Pentagon took over, a long time ago, the foreign policy of this Republic.

What the Senator is saying, in effect, if I were to characterize this speech, is that he recognizes that the general welfare programs of this country, so vital to restore and maintain domestic tranquillity here at home, are to continue to be sacrificed at the altar of the American money changers, who are watering at the mouth, as I said earlier this morning, to get this monstrosity passed today, so that they can make their economic killing, to go along with the physical killing this war is producing of American boys in Vietnam.

I congratulate the Senator, and I am glad to stand shoulder to shoulder with him once again.

Mr. YOUNG of Ohio. I thank the Senator from Oregon.

Mr. President, I feel that those of us who vote "no" on this conference report today will cast a vote in favor of real tax reform in the United States, a vote in favor of winning the war against poverty in this country, and a vote in behalf of the already overburdened taxpayers of America.

The PRESIDING OFFICER. Who yields time?

Mr. WILLIAMS of Delaware. I yield 15 minutes to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, with great reluctance I intend to vote for the 10-percent surtax legislation reported by the conference committee. I shall do so because of my overriding concern about the need to act without any further delay in putting our fiscal house in order.

Over the past several months it has become increasingly apparent that our national budget must be brought into closer balance if the dollar is to be saved from devaluation. The consequences of further inaction have not, in my judgment, been exaggerated. Here at home we would be faced with an upward spiraling of prices which robs the pockets of those least able to defend themselves—those living on social security and fixed incomes, the elderly, teachers, and others whose salaries tend to lag behind surging prices. Wages would lag behind prices as they usually do.

In our international financial affairs, we would be faced with a new and far more serious run on our dwindling gold supply. It is true that the gold supply was augmented in its ability to meet foreign claims as a result of the bill freeing the domestic reserves, which I was the first to introduce over 3 years ago, which we took far too long to pass, and which was finally signed into law only early this year. But that law is just first aid; it is no final cure.

Although I shall vote for the surtax, I would have far preferred that the additional revenue be raised in a more equitable way. That is why I voted against this bill some weeks ago.

All that this new tax will yield and more could be produced without raising a single taxpayer's rate by a single percentage point—just by closing some of the more obvious and outrageous loopholes which have existed for years. Ever since I came to the Senate I have worked and voted against the continuation of the oil depletion allowance, even though I personally benefit from it. It has been estimated that this loophole costs the taxpayers $4 billion a year. It should be closed.

But, Mr. President, we do not have the votes to close it. The House Committee on Ways and Means will never let us close it in the foreseeable future. Therefore, it is a condition that confronts us, and not a theory; and I have never been one who believed in banging my head against a stone wall unless there was some chance of the stone wall giving way.

Other tax gimmicks such as stock options for corporate executives which are simply not available to 95 percent of the taxpaying public should likewise have been abolished years ago. But, Mr. President, we do not have the votes to do it, and I question when we ever will have. The net result, if we were able to close these tax loopholes, would be: First, more money going into the Federal Treasury, and quite likely; second, lower tax rates for everybody. But this is not in the cards, because the lobbies of the wealthy control the Congress of the United States. I say this with chagrin and some shame. But we do not have the votes for tax reform. We do not have the zeal from the administration to urge us to make the necessary tax reform; and I, for one, do not feel that therefore I can close the book, abdicate my responsibility, and go home.

Next to a thoroughgoing tax reform, I would have preferred to see the needed tax dollars raised in the traditional way—through a wartime excess profits tax. This is another reason why I voted against this bill the last time it was before the Senate. It is obvious that this surtax is a war tax. If we did not have the war going on, we would not need the tax. If we were not spending $82 billion for a swollen military budget, we would not need this tax.

Mr. President, we cannot persuade the Pentagon and we have not been able to persuade the President of the United States to cut that budget, although I think we must cut it and cut it soon, and do it partly, at least, through the military construction bill which is presently on the floor. And I shall move to cut that bill by at least 10 percent and obtain rollcall votes on my various amendments before we come to final passage.

Without Vietnam the annual Federal budget would be at least $30 billion lower. Why not raise war revenues as we have traditionally done in the past—not by putting the burden on the back of the individual taxpayer, but by taking the needed revenue out of business' excess profits? And there are excess profits. And no one need deny it. The swollen military-industrial complex of corporations is getting rich on the military expenditures which Congress has voted.

There is another aspect of this bill which causes me serious concern—the $6 billion spending limitation. My concern is not over the limitation. I believe that $6 billion at least can and should be pruned out of the Federal budget.

My concern is with where these cuts will be made, not where they ought to be made. And I have dealt with that.

When the tax bill was on the Senate floor I offered an amendment to lay down priorities for the President in making spending cuts. I think it is the duty of the Congress to establish priorities for the President. It is easy to tell the President to cut the budget wherever he likes and reserve the right to complain whenever he cuts a Senator's pet project. It is easy to be for economy in general and against all cuts in particular. But the honest course is for Congress to take the responsibility for indicating to the President the areas in which it believes cuts should be made. We control the purse strings, not the President. He recommends. We appropriate.

My amendment would have directed the President to concentrate the budget cuts in the foreign military aid program; the space program; and the Defense Department budget, to the extent that cuts in defense spending would in no way endanger the security of the United States or the safety of U.S. troops.

I assert categorically that we could cut $8 billion out of the defense bill, and the American people would never know it was gone, and the security of the United States would not be adversely affected.

I had intended to include the proposed supersonic transport as an area for spending cuts, but I was assured by the chairman of the Senate Commerce Committee that the administration does not intend to spend any money on this project in the coming fiscal year in any event. So, I did not include that amendment, although perhaps I should have.

The budget requests for next year for the three programs listed in my amendment come to more than $88 billion; $2.1 billion for the military aid budget; $4.3 billion for space; and $82.3 for defense—and that is where the cuts have to be made if our economy is going to survive.

The arguments for cutting military aid would be convincing even if we did not need the money for other things. We have gotten too much in the habit of poking our military noses into all sorts of places in which we do not belong. Vietnam, it seems to me, is a prime example of the kind of so-called commitment we can get ourselves into with a small beginning through a military assistance program. We should not need another lesson like that. While I do not view these programs as commitments, and never have, there are others—including the President and most of his advisers—who obviously do. The answer is to cut back severely on military assistance and stop being arms mongers and drill masters to every underdeveloped country that comes asking. Let us begin giving the cold shoulder to those who use our arms to keep their own people in a state of subjugation, like the illegal junta in Greece. There is no excuse for us to give $1 in military aid to be used by them to enslave their own people.

Let us save our aid for those who deserve it, as Israel does, because of their commitment to democracy, and who need it, as Israel does, to prevent aggression by their neighbors.

I have no quarrel on principle with the objectives of our space effort. It is a noble thing to aspire to place men on the moon and to explore the planets. The question is, do we have to be in such a hurry? Our cities are being torn apart by civil disorder. Our air is polluted; much of our water is unfit to drink. Too many of our children are not getting the kind of education they need in order to get and keep meaningful and remunerative jobs. Too many of our fellow citizens are still ill housed, ill fed, and ill clothed; thousands, if not millions, are actually hungry. And I know and have seen it personally. It was my job as chairman of the Subcommittee on Employment, Manpower, and Poverty of the Committee on Labor and Public Welfare to go all over the country and determine the extent of hunger and poverty in the United States.

I assure my colleagues that millions of Americans will go to bed hungry tonight. This is a disgrace in the richest country the world has ever known. And we paid $82 billion for defense and cannot spend $2 billion to alleviate poverty.

Surely obtaining solutions to our problems here on earth must be speeded up, even if this means the race to the moon must be slowed down.

Obviously the bulk of the spending cuts will have to come out of the defense budget, since that is where the great bulk of the money is. The simplest and most obvious cut should be the antiballistic-missile program, which is responsible for $1.141 billion of the budget request for the coming year. I know of no responsible scientist or military expert who believes that the ABM is any good in terms of safeguarding this country against a Russian missile attack.

I was flabbergasted and gravely disappointed to note that the new Secretary of Defense, Mr. Clifford, wrote a letter the day before yesterday reversing the position taken by his predecessor, Secretary McNamara, and going along with the generals and the admirals in the Pentagon in promoting a proposal which has no logical basis in fact.

I hope that the Cooper amendment will be soundly adopted when we vote on it next week.

If not another penny were spent on this program, the net result would be a strengthening of our security through the sound reallocation of this money. We should direct this money into essential domestic programs instead of creating a toy erector set for the generals and admirals to play with at a high cost to the American taxpayers and with no benefit whatever to the security of the United States.

In addition, the new Secretary of Defense should take a good hard look at our military manpower requirements. At the beginning of this year there were 3.4 million Americans in uniform, of which only 568,000 were in Southeast Asia. Every businessman knows that a swollen payroll is a shortcut to financial disaster. We have all heard of Parkinson's law in government. I know it is true here, too.

I suspect there is room for substantial cutting—perhaps on the order of 10 percent—in the uniformed personnel not engaged in the Vietnam fighting. I would not be surprised if in the end the fighting efficiency of our forces was upgraded as a result of the cuts. In any event, it is obvious that reductions can be made in the nonessential elements of this 3.4 million uniformed force without endangering our national security. And I shall propose amendments to enable us to get just this result.

Similarly, civilian personnel serving the Department of Defense at home and overseas could be significantly cut with large attendant savings. Other military areas where cuts are entirely feasible without prejudicing national security are the military construction and military hardware appropriations.

Although I would have preferred the bill if it had included my amendment directing the President to make priority cuts in defense and space appropriations, nothing in the bill would prevent the President from making the required spending cuts in these areas. I hope he will. In fact, I believe he almost has to. I simply do not believe that at a time like this we can afford to take any money out of basic domestic programs, such as education, housing, the war on poverty, manpower training, health, antihunger programs, and the like. These programs are already seriously underfunded. To cut these programs further is to cut the very fabric of American life. We simply cannot do it. In my opinion, we do not have to do it.

If Congress will wake up, if it will put the Pentagon in harness, it will cut the defense appropriations where they should be cut, and let us get away from the military-industrial ownership of this country—that military-industrial complex against which former President Eisenhower so prophetically warned us.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. WILLIAMS of Delaware. I yield 1 additional minute to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, we have as a nation three great crises with which to deal. First, we must find a way to an honorable end to the fighting in Vietnam and the killing of American boys as promptly as possible. Second, we must act with dispatch to rescue the dollar and repair our sagging fiscal condition. This is one reason that I am going to vote for this bill: because the dollar is in jeopardy. If we do not protect it, the savings of every American will go down the drain. Third, we must move promptly to establish social and economic justice within our own society, and restore order and domestic tranquillity to our cities.

With this bill, we can take a step toward meeting one of these three great objectives. It is not a perfect bill. It is not even a good bill. But it is better than no bill at all, and for that reason, I shall vote for it.

Mr. WILLIAMS of Delaware. Mr. President, I yield the remainder of my time to the Senator from Wisconsin.

Mr. PROXMIRE. I thank the Senator.

Mr. President, I yield 3 minutes of my time to the Senator from Michigan.

Mr. HART. Mr. President, economists are by no means agreed as to the necessity for a tax increase of the character recommended by the conference report, and one need not be an economist or a Ph. D. in Sociology to understand the implications to this country in the reduction of $6 billion unearmarked.

We can cut back on a dozen search and destroy missions in Vietnam for every small neighborhood Headstart or medical care center that has been created in the last year in a dozen of our cities; and if that is where the cuts fall, let us not look around for the Stokely Carmichael to put the finger on for what will happen this summer.

Mr. President, undoubtedly some Senators in this debate will consider that a vote for this conference report will be interpreted as a statesmanlike act. Generally, in Congress it is assumed to be politically unpopular to vote for a tax increase.

However, Mr. President, after listening to the rhetoric surrounding this tax bill and the predictions of its proponents of galloping inflation and complete financial disaster if this bill is defeated, I wonder if politically the popular position is not in favor of the conference report. To me the proper course is to vote against this tax bill—thus casting a vote for the poor and disadvantaged in addition to the long-suffering overtaxed middle-income families all of whom have the most to lose if this 10-percent surtax coupled with a $6 billion expenditure cut goes into effect.

And let's make no mistake about this $6 billion expenditure cut. As was clearly evidenced by the action of the House Appropriations Committee yesterday, much of the $6 billion will be taken from our vital human resources programs—programs that are so essential to saving our cities and giving all Americans a real stake in the future. At this point, I ask unanimous consent to insert in the RECORD today's New York Times account of yesterday's House Appropriations Committee action.

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

HOUSE PANEL CUTS SCHOOL FUNDS—VOTES BAN ON REQUIRED BUSING

WASHINGTON, June 20.—The House Appropriations Committee cut deep into education funds today, trimming $847.8-million from budget estimates for the Health, Education and Welfare Department.

Even so, the department was allotted $14.38-billion, almost $3-billion more than it received for this year.

The committee inserted in the bill a ban on compulsory busing of students. It provided that no funds could be used for this purpose or for "abolishment of any school, or to force any student attending any . . . school to attend a particular school against the choice of his or her parents or parent."

The appropriation bill now goes to the floor.

The committee approved $1.32-billion for elementary and secondary school activities, a reduction of $200-million from budget requests and of $356.15-million from the amount appropriated for the present fiscal year, ending June 30.

MORE MEANINGFUL FIGURE

But its report said part of the cut was "due to transfers, expiration of authorizing legislation for certain parts of the program, and other adjustments." A "more meaningful" reduction figure, it said, is $186.1-million, a figure resulting from comparing the bill with amounts actually obligated this fiscal year.

Total reductions under budget estimates in the bill, which combines funds for the Labor Department, the Health, Education and Welfare Department and related agencies, was given as $1.17-billion. The committee said this should result in cutting actual expenditures for the coming fiscal year by $450-million.

The panel said it followed a "general rule of denying the many requests for funds to initiate new great programs."

The Public Health Service, which includes the National Institutes of Health, was reduced $165.5-million under budget estimates, receiving $2.54-billion, or about $161-million less than its appropriation for this year.

The committee approved $1.87-billion for the Office of Economic Opportunity, which administers the antipoverty program. This is a reduction of $307-million from the amount requested, but an increase of $100-million over the amount appropriated for this year.

Mr. HART. Mr. President, the arguments in support of the 10-percent surtax and the $6 billion expenditure cut are familiar to all of us. Unless we take this action, we are told, we will push up interest rates on all types of loans, we will see the number of housing starts reduced to a trickle, business expansion will be shut off because of the high cost of money, growing inflation will take even more out of the pockets of the workers, the purchasing power of the dollar will be reduced, and the soundness of the dollar will be jeopardized around the world.

While these may be sound arguments, economists are not in agreement on this rationale. I respect the judgment of Senator PROXMIRE in this area. Having read the argument he is about to make, I adopt the view he shall voice.

But there is another set of problems that requires our attention. To say that our cities are in a period of crisis has become a cliche. Ears seem to have become almost deaf to the daily cries for the basic American right to have the opportunity to fulfill one's ambitions, unhampered by poverty, inadequate housing and diet, and insufficient education and training.

To ignore the pleas of those without opportunity is shameful enough. For the Congress to demand that the President cut expenditures and curtail programs aimed at broadening the promise of America to everyone is not only cruel, it is foolhardy. Such denials could undo our society.

This bill would hurt low-income families in two ways. First, it would actually increase their tax more than it would the tax of certain wealthier individuals and corporations. At present, the first $1,000 of taxable income is already taxed at 14 percent. In 1964, there were 19 individuals earning over a million dollars who paid no tax at all.

Second, it is clear that human resources programs would, as a result of the $6 billion cutback, suffer. Budget Bureau Director Charles Zwick has mentioned probable cutbacks in elementary and secondary education aid, anticrime activities, maternal and child welfare grants, the school lunch and food stamp program, and model cities grants. Health, Education, and Welfare Secretary Wilbur Cohen said that this reduction would force "substantial" cuts in many HEW programs.

The Congress cannot be a party to this Nation's taking a step backward in its resolve to assist the problems of the poor, of inadequate housing, of inferior education, of insufficient training, of unemployment.

Therefore, Mr. President, I urge that this proposal be defeated. If it is defeated, I would suggest that it be sent back to conference with specific instructions to the conferees that at least half of the $6 billion be "raised" not through budget cuts, but through tax reform.

I urge consideration of tax reform in three areas: Excess corporate profits tax, tax loopholes, and the minimum income tax.

First, a corporate profits tax. Certainly prices have been rising at a steady pace, but it seems to me that we may be confusing traditional inflationary pressures with rising prices not directly related to supply and demand or cost-push considerations. Many of our key industries are operating far below capacity. Labor costs have been rising moderately in the past year, but not in a fashion which would explain our continuing price spiral. Therefore, I am not sure that reducing demand or severely curtailing wage hikes, will have much effect on our present price structure. Many economists share this doubt, as Senator PROXMIRE has outlined.

One item that has been rising dramatically is corporate profits. This is true both in absolute and in relative terms. In absolute terms, they have shown an approximately 88-percent increase since 1958. In terms of return in shareholder equity there has been a greater than 30-percent gain during the same period.

It would seem, then, that a rather dramatic increase in corporate profits over the past 10 years may partially explain the price hikes. Apparently, prices seem to be going upward despite any supply and demand consideration. In addition, corporations received the 7-percent tax credit on investment in new equipment.

I recommend that we raise part of the $6 billion by initiating tax laws that would reduce excessive corporate profits. I recommend that the 48-percent tax ceiling on corporate profits be raised—allowing a graduated levy of possibly up to 75 percent on firms with a very high profit rate.

The amount of additional revenue this would bring would depend, of course, on the rate schedule adopted. If the corporate income tax rate were 52 percent, rather than 48 percent, there would be $3.5 billion additional revenue. If the rate were 55 percent, the figure would be $4.25 billion. Incidentally, repeating the 7-percent investment credit allowance would add $2.5 billion to Federal revenues.

Second, tax loopholes. Perhaps the most glaring loophole is the oil depletion allowance of 27½ percent. It is true the exploration for oil and minerals is a costly business. But I cannot believe that, given oil companies' profits, modifying the oil depletion allowance would mean the end of exploration for oil.

Something is out of kilter when the

man in the lowest tax bracket pays 14 percent of his net income and, in 1965, the 20 largest oil companies paid an average of 6.3 percent of their net incomes in Federal taxes. I have seen estimates for additional revenue resulting from the end of the oil depletion allowance ranging from $1½ to $2½ billion a year; whichever is correct, it would be a substantial amount of money.

Another key tax loophole area is capital gains. The tax rate for one's capital gains; that is, the increase in price of any property or stock, is half the regular income tax rate. Why should capital gains not be taxed as ordinary income? Halving the rates for the capital gains that are now reported costs the Federal Government a minimum of $3 billion a year.

There are other tax loopholes which should be closed—with a resulting more equitable tax system for this country.

Mr. President, I am aware that the tax reform measures such as those I have recommended will not come overnight.

But, Mr. President, if this measure is defeated, I will propose that the conferees adopt a minimum income tax of 10 percent for corporations and individuals on presently tax-sheltered income. It has been reliably estimated that under a 10-percent minimum income tax proposal on such items of nontaxable capital gains for free income from State and municipal bonds, on oil and mineral depletion allowance income, and income from rapid real estate depreciation and other tax-sheltered income, we could raise an additional $4 to $6 billion in tax revenues.

It is incredible and unfair—but true—that there are individuals in this country who pay no income tax whatsoever. In 1964 there were 35 individuals with adjusted gross incomes in excess of $500,000 who paid no income tax. In 1965, three taxpayers earning more than $5,000,000 annually paid no tax.

Today, the United States has one-third of the world's industrial production. We have solved the problem of creating wealth—but not of sharing it.

The present income tax system, which was supposed to tax in accordance with the ability to pay has not done so. Herman Miller of the Census Bureau compared income distribution in the United States and came up with the following:

[Percent of wealth]

	1937	1962
Top 5th	46	45.5
2d	22	22.7
3d	16	16.3
4th	11	10.9
Low 5th	5	4.6

The situation with many corporations is equally unhappy. I have already noted that the 20 largest oil companies paid an average of 6.3 percent income tax in 1964.

I am not implying these individuals and corporations avoid taxes by illegal means; their means are entirely legal. But is it fair for the rich individuals and corporations to escape paying taxes or to pay less than the poor? As Congressman TENZER has said:

If, "taxation without representation is tyranny," the representation without taxation is scandalous.

In conclusion, Mr. President, if we need additional tax revenues to pay for the cost of a tragic war in Vietnam, it would be a mistake to take this money from the demand side of the economy, as its primary effect would be to penalize the American consumer, without at the same time bringing down prices. What is needed is total tax reform as I have said.

Yet we are told it is never the proper time for basic tax reform. Either there is a fiscal crisis and no time for the careful analysis on which to base the overhaul, or, with the economy moving smoothly there is no will to do this job. There is gross inequity in our Federal tax system. To underwrite the cost of a war I believe we ought not to have escalated, we should not add 10 percent to the tax obligation imposed by that inequitable system. And most certainly we ought not cut by $6 billion—blindly—in Federal expenditures.

No Member can claim that cut will not reach domestic programs waging war on poverty. The war on poverty must not be lost; and victory over poverty will not be found in a bargain basement. In terms of our survival as a nation we could cut back on "search and destroy missions" with far less danger than now closing small neighborhood health care or Head-start centers in a dozen cities. Such closings can follow a $6 billion cut and we should need no fortuneteller to describe the likely repercussions.

Admittedly, Mr. President, there are many here today who reach the opposite conclusion on this question.

Admittedly, this issue involves the delicate balancing of competing claims and priorities.

I conclude, however, on balance that we can do better than the conference report would have us do, and therefore respectfully urge my colleagues to reject the conference report.

UNLIKELY TO ACHIEVE ANY OF THE OBJECTIVES USED TO JUSTIFY ITS PASSAGE

Mr. PROXMIRE. Mr. President, I intend to vote against the tax increase conference report for a number of reasons.

In my 11 years in the Senate, I can remember no economic legislation which has had more comprehensive claims for what it will achieve; and I can remember no legislation which is more doomed to disappoint its supporters than this.

On the basis of many weeks of testimony before the congressional Joint Economic Committee—of which I am chairman—by some of the outstanding economic experts in government, business, universities and elsewhere, and after a very careful review of scores of analyses of this issue, I have come to the conclusion that it represents a very serious economic mistake for this Nation.

I say this recognizing that a very large proportion of the Nation's economists, business leaders, and other experts do support this legislation.

The vote in the House just yesterday showed how very powerful and widespread this support is.

The first and most obvious argument for this package is that we are confronted with a deficit in the coming fiscal year which may exceed $25 billion. It is argued that unless taxes are sharply increased and spending drastically cut, the Nation is headed for a budgetary irresponsibility that is certain to destroy waning confidence in the dollar and provoke very serious inflation.

It is argued that if taxes are increased as proposed and if spending is cut, it will reduce the deficit below $10 billion.

This is based on the simple-minded assumption that if taxes are increased, the growth of the economy will not decline during the coming year, in spite of the very sharp degree of fiscal restraint involved in this conference report on which we are asked to vote.

Mr. President, such a conclusion is not based on economic experience. It is not based on the Nation's most recent economic response after a sharp change in fiscal policy by our Federal Government.

Four years ago, in 1964, Congress sharply reduced—I stress "reduced"—taxes; and on the basis of today's reasoning in support of the tax-hike conference report, the conclusion should have been inevitable that with a tax cut revenues would drop.

But did they? What happened?

Far from dropping, they increased and increased sharply. Why?

They increased because the massive 1964 tax reduction so stimulated the economy, so increased the number of jobs, the wages paid to those who were working in those jobs, and the profits to corporations, that taxes on the increased income and increased profits, even at lower tax rates, yielded an increase in revenue.

Now, Mr. President, I ask, is it not logical to contend that if we increase tax rates—as we are doing in this bill—we may—it is not inevitable—so slow down the economy, so decrease the number of jobs, so reduce the size of profits, that tax revenues will decline, even though the tax rate has been increased.

Now, I would be the first to concede that such a development is not inevitable. Whether this tax increase shoves the economy into a recession that will result in lower revenues and an increased deficit depends upon economic conditions.

So let us take a hard look at those economic conditions as we know them at the present time.

The best available publication on our economic indicators is Business Cycle Developments of the Department of Commerce.

Unfortunately, the most recent period for which data is available is the month of April. However, there has been little change in the overall mix of economic indicators in the last few weeks.

In April, the economy began to turn around and point down instead of up. Of the 21 available series on leading indicators—I want to emphasize that these indicators foreshadow developments in the economy at a later time and have been demonstrated for many years to be the best forecasters of economic activity

available to us—15 now either point compared with a modest six which suggest the economy may continue to expand.

Among the series which showed declines were the following:

Average workweek: 40.4 hours in April; 40.7 in March. I shall indicate in a moment how important that particular statistic is.

Nonagricultural job placements, all industries: Down 8 percent from March to April.

New orders, durable goods industries: Down 2.6 percent in April, compared with March.

Contracts and orders, plant and equipment: Down 6.1 percent in April.

New building permits, private housing: Down 5.8 percent in April.

Industrial material prices: Down 1.8 percent in April.

Ratio, prices to unit labor cost, manufacturing: Down 0.3 percent in April.

Sales of retail stores: Down 1.7 percent in April.

Labor cost per unit of output, manufacturing: Up 0.5 percent in April. When that goes up, it is bad news for the future.

Mr. President, just last week, a panel of some of the most competent economists in the country appeared before the Joint Economic Committee to testify on the economic implications of the recommendations of the President's Commission on Riots; that is, the Kerner Commission.

At this hearing Professor Thurow, of Harvard, informed the committee that if we program the tax increase and expenditure reductions that are in this conference report into an economic model that he knew of, it shows a recession in 1969.

Mr. President, there is no question that if the fiscal restraint involved in the conference report does shove our economy into a recession, we will not reduce the deficit, we are likely to have a deficit greater than $25 billion, and, of course, the so-called fiscal restraint will have caused untold human misery in the process.

At the hearing to which I have referred, Dr. Gerhard Colm, one of the Nation's most eminent economists, said that this tax package could increase unemployment to 4½ percent which would be close to an additional million men and women out of work.

WILL NOT RETARD INFLATION

Mr. President, the major economic claim for this tax package is that it will slow down the rise in prices. I flatly deny that it will do this unless it does so through the painful and unacceptable process of a serious recession.

This massive tax increase will not retard inflation for these reason:

We are not at the present time suffering from a demand-pull inflation. The whole theory behind the argument that the tax increase will slow down the price rise is that it will reduce excessive demand, restrain people from buying as much as they otherwise would buy, and thus ease pressure on limited resources in our factories and in our manpower supply.

This theory does not stand up because there is no strain on our factory capacity, or on our manpower.

The statistics are clear and emphatic. It is true that in early 1966, we were operating at 91 percent of capacity which is the preferred level for most of American business. At the present time, however, we are operating at only 84 percent of capacity, far, far below the level at which American industry would prefer to operate and actually lower than the 85 percent of capacity at which the economy was operating in 1964 when we reduced taxes to get the economy moving.

Just imagine that, Mr. President. In 1964 we cut taxes because demand was presumably inadequate and yet that demand was sufficient for the economy to operate at 85 percent of capacity.

Now, we are increasing taxes with the argument that demand is excessive but the pressure of that demand on our capacity is lower—I repeat, lower—84 percent—than it was when the inadequacy of demand was used as an argument to reduce taxes. We need more demand to keep our factories busy.

Now, much more emphasis has been put by proponents of the conference report on a theoretical shortage of labor.

Mr. President, there are today 3 million men and women out of work. Report after report has told the Congress that the answer to the problem of our cities is more jobs.

Today, the hours of work in our factories, shops, and stores are not only lower than they were in 1964, when we reduced taxes so that people could work more, but is as low as it has been since 1962.

Mr. President, it is senseless to argue that demand is putting an excessive burden on our limited supply of manpower. If it were, men and women would be working far longer hours, there would be far more overtime than there is at the present time.

Of course, it is true, once again, that if this tax increase shoves this country into a serious recession, throwing hundreds of thousands of men and women out of work, one consequence of a serious increase in unemployment will be less cost pressure through wage increases and that in this way the cost-push inflation that we now suffer may be moderated.

But, Mr. President, this is the worst possible way to cope with a cost-push inflation.

The last time we did this, this way, in 1957–58, unemployment went to a level of more than 7 percent before price increases began to moderate. If that happens again, it will mean an additional 3 or 4 million Americans out of work and this Senator simply does not want to pay that price.

Also, Mr. President, it is clear that you do not retard a cost-push inflation by increasing costs and certainly every Member of the Senate knows that a tax increase represents a cost increase.

Who is going to pay the increased taxes that this bill imposes on corporations? Mr. President, you and I know who it is. It is the consumer who buys what the corporations produce. He always pays all costs in the end.

Furthermore, as this conference report reduces the take-home pay of tens of millions of American workers, they will do their best to restore their net reductions by seeking more substantial wage increases which in turn will be reflected in higher prices.

MEASURE WILL HURT, NOT HELP, BALANCE OF PAYMENTS

One of the most emphatic claims for this conference report is that it is necessary to improve the Nation's seriously adverse balance of payments.

It is my understanding that if there is any argument that has changed the minds of a majority of Members of the House of Representatives and of the business community, it is the argument that this tax increase is necessary to end the gold drain and shore up the dollar by improving our balance of payments.

Mr. President, this is probably the weakest argument of all those mustered to support the conference report.

In February of 1964, Secretary of the Treasury Douglas Dillon came before the Ways and Means Committee to plead for a tax reduction. Note I said a tax reduction.

One of his principal arguments was that this tax reduction was necessary to improve—yes I said improve—our balance of payments. And how did Mr. Dillon justify this argument? Very sensibly.

He said that the tax reduction would improve the profitability of American corporations as compared with businesses throughout the world. He pointed out that the decrease in taxes would increase the profitability of American corporations compared to European and Japanese corporations. He argued that this reduction in taxes would lure capital from abroad to this country to invest in American corporations, that this capital would mean that the dollar outflow would be reduced and that at the same time American dollars would not flow as rapidly overseas because the profitability of foreign corporations would be relatively less.

Now, Mr. President, what happened after Mr. Dillon's arguments prevailed and we reduced taxes? What happened to our balance of payments? Was he right? Did the tax reduction so increase the flow of dollars to this country and decrease the flow of dollars abroad that the balance of payments improved?

The answer, Mr. President, is that Mr. Dillon was absolutely correct. The balance of payments did improve and the tax reduction was a principal reason for its improvement.

Now, Mr. President, we are asked to increase taxes to improve our balance of payments. In view of our 1964 experience, how foolish that would be. It is obvious that a 10-percent increase in taxes on American corporations, which now pay half of their profits to the Federal Government in taxes, would mean a 10-percent reduction in the profitability of those corporations. This is a universal reduction throughout all of American business. A 10-percent reduction in

profitability is a decisive reduction, indeed. It is sure to discourage investment in American corporations. It is sure to encourage investment by Americans abroad. It is sure to worsen our balance of payments.

As I said earlier, Mr. President, taxes are a cost. To the extent that these taxes on American corporations are shifted to the consumer, they are bound to increase the prices of the goods American corporations sell. As they do this, what American corporations sell will decline in competitiveness with what foreign corporations sell. This tax increase will certainly tend to worsen our balance of trade, as well as our investment balance, and I say this recognizing that there might be some slight decline in American imports because of the reduction that the tax increase represents in the income of American consumers.

MEASURE WILL NOT RESTORE CONFIDENCE IN THE DOLLAR

Mr. President, one of the vaguest and fuzziest arguments in favor of this conference report is that it is necessary to restore confidence in the dollar.

I suppose more businessmen and Congressmen have made this argument than any other. Mr. President, I think that this is a completely mistaken notion.

May I ask what is the principal ingredient in the confidence by Americans and by foreigners in the soundness of the economy?

My answer is that that confidence depends on the capacity of the economy to grow, to produce, to expand, to provide economic opportunity for more and more Americans.

In a simple word, Mr. President, that confidence depends on American prosperity.

The one economic development sure to enfeeble that confidence is a recession or a depression. And yet, Mr. President, recall that Professor Therow, of Harvard, assured the Joint Economic Committee just a week ago that every responsible economic model shows that if we pass this conference report, we will have a recession in 1969. Now, Mr. President, do we achieve confidence in the dollar by shoving this economy into a recession? Frankly, I cannot think of anything that Congress can do more likely to upset confidence than to take economic policy action that will provoke a recession.

The so-called tough Draconian actions to slam the brakes on the economy may appeal to some masochistic streak, especially on the part of those who will not lose their jobs through a recession, but there is no record that it ever increased confidence in the economy of the country that went through a recession.

For those who are skeptical of this viewpoint, I refer to the experience of the United Kingdom which has just endured a series of extraordinary tough, economic measures. In her case, necessary because of the extraordinary dependence of England on foreign trade—but which have developed a recession in England and certainly have not succeeded in establishing confidence either in the British economy or in the pound.

IN SPITE OF SHORT-TERM EFFECT ON SPENDING, MEASURE ENCOURAGES SPENDING IN THE LONG RUN

Mr. President, I voted with enthusiasm for the part of this conference report which would reduce spending by $6 billion. Frankly, I think the reduction in spending should have been greater. It is true that for the next few months, the enactment of this conference report will have the effect of holding spending down. But, Mr. President, you and I know, and certainly every Senator must know, that this spending reduction is strictly temporary—and I mean temporary.

After all a new administration will take office 7 months from now. That new administration, whether it be Democratic or Republican, will have its own ideas on the budget. Anybody who has eyes to see or ears to hear, or who has observed the conduct of the Congress over the past few years must know that if revenues permit, that Congress will undo that part of the conference report which inhibits the new President and the new Congress from carrying out the new programs which they wish to carry out.

The PRESIDING OFFICER (Mr. BURDICK in the chair). The time of the Senator has expired.

Mr. PROXMIRE. Mr. President, will the Senator yield to me for 5 additional minutes?

Mr. SMATHERS. I yield 5 minutes to the Senator from Wisconsin.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 5 additional minutes.

Mr. PROXMIRE. Mr. President, the only realistically restraining force on that Congress, as on all past Congresses, will be the amount of revenue available.

There is no question that if we increase taxes today, and do not have a recession, we are going to make more revenue available for calendar 1969 and future years, and certainly the oldest and surest natural law of modern government is that spending rises to meet revenues.

And this brings me to my next emphatic argument against the conference report and that is that once a tax is enacted, it is very, very hard indeed to secure its repeal.

This is not simply a theory, Mr. President; it is a fact. For months now I have asked witness after witness before the Joint Economic Committee to indicate a single tax increase which has been repealed before its expiration date or shortly thereafter and indeed very, very few can recall any tax increase which has been allowed to expire, until years have passed.

As taxpayers throughout this Nation know so well, we are still paying many of the temporary tax increases imposed more than 25 years ago during World War II. We will be paying this tax increase for many, many years to come.

SERIOUS ADVERSE EFFECT ON POOR

Mr. President, whatever the arguments may be pro and con the effect of this tax increase package on American corporations or on the American taxpayer, the American who is going to be hit hardest and surest by this tax hike is the poor man.

In the last few years, we have made more progress in developing programs to give all Americans a chance to develop the skills necessary to enable them to enter the productive forces of American industry.

With the passage of the antipoverty bill, with the remarkable mobilization of public support for legislation to begin to end the poverty in this country, with the overwhelming support of the American public as reported by the Gallup poll just last Sunday for providing all Americans with an opportunity of gainful employment, with the Government as the residual employer, if necessary, the future has begun to look much brighter for an America with real opportunity for all.

This tax package explodes the high hopes that this mobilization of American opinion in favor of acting to end poverty had developed.

The very heart of the Kerner Commission report is that we must provide more jobs for the Nation's poor. The report specifically recommends the creation of 1 million public sector jobs and 1 million private sector jobs forthwith.

Mr. President, how can we begin to create an additional 2 million jobs when we are taking action today that will destroy a million jobs?

I have in my possession a letter from Gardner Ackley, former head of the Council of Economic Advisers under President Johnson, and a leading proponent of the tax increase. Mr. Ackley assures me in this letter that the tax increase will eliminate hundreds of thousands of jobs.

Mr. President, if we add to the tax increase that mandate for expenditure reduction, this whole package bill in my view, will increase unemployment by 1 million. Mr. President, let us ask, who are going to be those who are among the million to be laid off?

All of our experience shows that the last hired and the first fired are the marginal workers, the poor, the Negroes, the very ones who have been victimized by inadequate job opportunities in the past.

One recent study, for example, showed that whereas Negro income is about 60 percent of white income in periods of prosperity, in recession that Negro income drops down to only 50 percent of white income.

These will be the victims of this conference report.

Garth Mangum, eminent economist, told our committee and told it truly that the poor have been the price stabilizers of our economy, that we have achieved price stability by keeping a proportion of our population out of work and the incidence of unemployment has fallen very, very heavily among the unskilled white and especially Negro American citizens.

Mr. President, just think what this conference report does to the hopes of those who are seeking jobs. What the overwhelming majority of these people need more than anything else is the development of a skill. They need the training that is essential to give them

something to sell to an employer. This is crucial if they are to hope to earn a respectable income adequate to support their family in dignity.

Of course, it is true that the Federal Government and State and local governments have provided more and more training programs of this kind but the overwhelming majority of such training programs have been provided by private employers. And private employers, in general, provide these programs for a very clear economic reason. They do so in periods of prosperity. They do so when the economy is expanding. They do not do so in periods of economic retraction, in recession, when they are laying men off.

And the reason is perfectly obvious. Why in the world should any private employer seek out and train unskilled men and women at considerable cost when he does not have enough work for the skilled men and women who have toiled faithfully for him for years? Obviously, the first victim of a recession that may be brought about by this conference report are the private training programs which constitute literally 90 percent of all of the opportunity for the unskilled, untrained dwellers in American ghettos can hope to get.

SLOWS GROWTH

Mr. President, every proponent of this conference report agrees it will slow our economy down, that it will retard the growth of our economy.

Now this slowing in the growth of our economy comes after a year, 1967, in which the economy grew at a rate of only 2½ percent—far, far below the target level of 4½ percent necessary to keep our manpower and factory capacity busy.

After all, we have a million and a half additional persons net coming into our workforce each year.

We must speed up our rate of growth over 1967 if we are to avoid unemployment, stagnation, and if we are to provide the kinds of economic strength necessary for American security in world leadership.

It is true that in the first quarter of this year we grew at a rapid rate. But as I indicated at the beginning of this speech today, that rate slowed down sharply in April and there is every indication that even without this conference report, without this amended fiscal restraint, the economy would slow down in the remainder of this year and 1969.

What this tax hike will do will be to slow America's growth for years to come. This will mean less automation, less productivity, because automation and productivity are peculiarly the product of economic prosperity and growth. Only in prosperity are the funds available and the incentive available for instituting the technological change, for engaging in the highly expensive research, for investing in the expensive automated equipment, necessary to improve the efficiency as well as the productivity of the American economy.

SUMMARY

Mr. President, I am strongly opposed to the conference report. I will vote against it and I will do my very best to secure as prompt a repeal of its tax increase provisions as I possibly can.

I will do this because I believe very strongly that this tax increase is unlikely to achieve any of the objectives used to justify its passage. It will not decrease the deficit. It will not retard inflation.

It will not help our balance of payments. Indeed it will seriously aggravate that balance of payments.

It will not restore confidence in the dollar.

In spite of a short-term tendency to reduce spending, in the long run it will increase expenditures as expenditures rise to meet the higher rate of taxation.

It will seriously hurt the poor. It will not only increase unemployment by hundreds of thousands but it will destroy most of the training programs for the poor now in effect in American industry. And it constitutes a very serious blow to the long-term growth of our economy.

Mr. NELSON. Mr. President, this country is faced with a series of serious fiscal, social and international problems including an unbalanced budget, a drain on the dollar, inflation, the war in Vietnam and massive unmet social needs at home. This tax increase will not solve our fiscal problems, and the budget cut will intensify our social problems. The tax increase puts the burden on the wrong people and the budget cut will take the money from the wrong places.

I recognize we must make budget cuts and increase revenues to close the gap between income and outgo. When this measure was before us several weeks ago, I voted for a $14 billion tax on excess profits and against the 10 percent surtax because it is unjust and unfair in the extreme. I would vote again for an equitable tax measure if there were one before us despite the fact that our fiscal problem is caused by a tragically mistaken war that I have fought and voted against since 1965. Today, I hope we will not have to listen to pious lectures on high taxes and fiscal irresponsibility from those who supported the launching of a ground war in Vietnam in 1965.

This tax package will levy a 10 percent surtax for $11.6 billion, continue auto and phone taxes and speed up corporation tax collections, for a total of about $15 billion. Combined with a $6 billion budget cut it still leaves an untenable budget gap; it will not stop the inflationary spiral; it will not stop the drain on the dollar; and it will not leave enough in the budget for critical social programs. You know that, Mr. President, and I know that, and administration spokesmen will privately concede it if we press the point vigorously enough. But they tell us, this is the best stopgap emergency measure we can get through Congress. What other measure has the administration tried to get through Congress? Why have they not come to Congress with the kind of tax that lays a fair share of the burden where it ought to go—an excess profits tax on the unprecedented profits of a war economy. Is it not ironic that the financial and business leaders of America are the administration cheerleaders for this tax increase. Well, why not? They will not have to pay it.

It is in the national interest they tell us. In times of crisis, we Americans must all stand together, they say. I can buy that, but while we are all standing together why not throw in our tax money together too? During the Second World War in 1944 the excess profits tax produced $10 billion out of an economy a fraction as large as this one.

The 10-percent surtax will not much be noticed by the rich, the affluent or the well to do. It will just reduce their savings or investments a relatively modest amount. But for those who are trying to save a little bit or who are having trouble balancing their budget and keeping up with the inflation, the tax increase does mean something. Even more important is the principle involved. Americans have always been willing to sacrifice in the interests of their country when called upon to do so. I trust it will always be so. But they properly resent it when the sacrifice is not fairly shared by all. In fact it is pretty hard to make a convincing case for the urgency of the cause with a proposal like this one. In good conscience we must concede this is a tax prescription with the wrong medicine for the wrong patient.

If we mean business about this serious matter, for heavens sake let us confront it head on with a proposal that resolves the issue and does it fairly. That means we should junk this measure and call upon the administration to come up with a proposal that does the job. Under the circumstances, that is where the proposal should come from. If they have no recommendation to make we then should do the job ourselves.

The budget should be put in balance and it can be accomplished if we have the courage to levy the taxes where they should be levied and cut the budget where it should be cut. We are living in a wartime economy with the highest profits in history yet we are asking them to sacrifice almost nothing while we discriminate against programs for the poor, the jobless, the elderly, the hungry, and the untrained and uneducated youth of America.

We should enact a tax and budget package that raises $22 billion in taxes and cuts the budget by the amount recommended by the President—$4 billion; $14 billion should be raised by an excess profits tax, $5 billion from the surtax, $2.7 billion by extension of the phone and auto excise taxes and $300 million miscellaneous—removal of tax exemption from certain industrial development bonds, and so forth. This combined with a $4 billion budget cut will total $26 billion.

In my judgment, the emphasis on budget cuts should be in the military budget—a 5-percent research and development cut, for example, would save $1.2 billion; postponement of the thin ABM several hundred million—public works—$1 to $2 billion should be postponed—with most of the balance being cut from space, SST, European troop reduction, and military procurement.

This would put us in a fiscally sound position with a balanced budget or at most a modest imbalance. If within a reasonable time this did not reverse the inflationary trend the President should request the imposition of price-and-wage

controls. We cannot afford to permit the inflationary trend to continue at its present rate.

We are in a war. Our fiscal situation is serious. We ought to have the courage to face up to it with a program that will do the job.

I therefore will vote against this conference report as I voted against the original bill.

Mr. SMATHERS. Mr. President, I yield myself 4 minutes.

The PRESIDING OFFICER. The Senator from Florida is recognized for 4 minutes.

Mr. SMATHERS. Mr. President, this is a historic legislative proposal now before the Senate. It is the first time in over 100 years that Congress has considered at the same time a tax proposal and an appropriation proposal in one piece of legislation.

This idea is not original with me. I got the idea from an economist, Dr. Pierre Renfret, on the basis of which I made a speech, on October 4, 1967, recommending that if there was a tax increase proposed which the majority on this side of the aisle believed, and if a majority also believed that we need to cut expenditures, the two should be put together.

Thereafter, the distinguished Senator from Delaware [Mr. WILLIAMS], in January of this year, came in with a proposal attempting to to just that. He even went further and spelled out in detail that which he thought could be accomplished.

He proposed an $8 billion expenditure cut proposal, and he coupled it with a tax increase bill, after some conversations with me. We took it to the Finance Committee of the Senate and presented it there, and it failed in the Finance Committee by only one vote.

Thereafter we decided we would offer it as an amendment to the excise tax bill when that bill, which had cleared the House, came before us. In developing this package one of the more difficult problems was to develop the delicate balance necessary between expenditure reductions and tax increases which was necessary to attract sufficient support. This was not merely the question of obtaining support in the Senate but in the House as well. Many thought that even if the bill passed the Senate in the form we sought it still would not be acceptable to the House. The Senator from Delaware and I, however, never shared that view.

It was a great privilege for me to be able to work with the distinguished Senator from Delaware and an inspiration to see him try to get through something that he felt was in the interest of the Nation, just as I did. He was willing to reduce the $8 billion expenditure cut which he originally wanted, and he came down to $6 billion. I cooperated with him and compromised with him in various aspects.

We finally put together the language which was voted on and passed on the floor of the Senate in April of this year.

During the deliberations and debate we were very encouraged and helped by the work of the distinguished Senator from Kansas [Mr. CARLSON]; by the senior Senator from Tennessee [Mr. GORE]; by the distinguished Senator from Ohio [Mr. LAUSCHE], who is here on the floor who supported our position and finally became a cosponsor of the bill; and by other Members of the Senate, particularly the distinguished majority leader and the distinguished minority leader. So we were able to finally pass a type of bill combining expenditure cuts and tax increases, as I say, which had been unheard of in the last 100 years.

Before all time expires, I want to congratulate the distinguished Secretary of the Treasury, Joe Fowler, for the manner in which he stood up for and defended his position with respect to this particular proposal. He did not like the expenditure cut, but every time we asked him about an expenditure cut, he said, "We need the tax increase so badly that I will take an expenditure cut." Every time the Senator from Delaware asked him whether he favored an $8 billion or $6 billion or $4 billion cut, he said, "I do not care for any cut, but I will follow the advice of the Congress on that." His position never changed. He was straightforward and honest. He said, "Whatever you gentlemen believe you have to have to get the tax increase through the Congress which is so urgently needed for this Nation and the free world, I will take." So he gave us his support. I thought his position in respect to this whole matter was outstanding and most deserving of every type of commendation.

Mr. President, yesterday the House of Representatives voted to approve the Revenue and Expenditure Control Act of 1968, H.R. 15414 and in a few minutes the Senate will act on the conference report.

According to our Constitution, the Congress is the center of the decision-making process on taxation and spending, and for excellent historical reasons. These prerogatives were gained in many battles over many centuries by parliamentary assemblies in Britain and America. They were viewed by the Founding Fathers as a treasured guarantee that the executive branch of the U.S. Government would not go beyond the expressed wish of the electorate and their representatives.

It is certainly easy and popular to exercise these powers to reduce taxes and to appropriate additional sums of money for projects which many people believe to be worthy. Since 1962, Congress has indeed cut taxes by $22 billion, and has left this country as the most lightly taxed of all Western industrialized countries. Since 1958, Federal spending for projects within this country rose over 100 percent on a rising tide of prosperity.

Increasing taxes and cutting spending are not easy and not popular, particularly when they are combined into a single package. A vote in favor of such a measure is extremely difficult, and a Representative or Senator does not do this without searching his soul and, in many cases, risking his career and the many years of hard work which he has put in to reach his present position.

However, if our system is to be preserved, Congress must act in the difficult cases as well as the easy ones.

A recent editorial in a respected business publication put the issue this way:

> The nation will pay dearly if its elected representatives continue to avoid what is so clearly needed: cuts in government spending and an increase in taxes. The consequences of a failure by Congress . . . will be disastrous. . . . Renewed attacks on the dollar are sure to come. The European members of the Gold Pool went along with the United States very reluctantly in response to American pledges of imposing restraints on the domestic economy to safeguard the dollar. But they did not agree to (wait indefinitely). . . . If it becomes clear that the United States does not mean to make good its pledges, an international monetary crisis . . . will return with a vengeance. . . . A tax increase and budget cuts have acquired a kind of symbolic significance as evidence that the United States has the moral fortitude to take politically unpopular action to assure the value of the dollar . . . in circumstances . . . more dangerous for the United States and the world monetary system (than ever before).*

We might prefer to do otherwise; but if the Congress is to be responsible to our country's best interests, acceptance of a tax increase at this time is imperative. This is the course of statesmanship, and I hope and trust that responsible action is also the course of good politics.

It is therefore my pleasure to offer my congratulations to the Members of the other body who supported the Revenue and Expenditure Control Act of 1968. They have shown that our institutions can meet tests of our times. They have acted to restore financial responsibility to the councils of our Government, and deserve the deep gratitude of the Nation. I would like particularly to express my appreciation to the great chairman of the Ways and Means Committee, Mr. WILBUR D. MILLS, of Arkansas, and the ranking minority member of that committee, Mr. JOHN BYRNES of Wisconsin.

I would also like to commend the Chairman of the Federal Reserve Board, Mr. William McChesney Martin. He wanted the tax increase, but he was also in favor of an expenditure cut, although he did not name a figure.

Mr. President, I yield myself 1 additional minute.

I would like to commend other people, but the time does not permit it. I want to make special mention of our staff, particularly the director of the staff, Larry Woodworth. Frankly, without his services, we could not have passed this bill. He was able to take our wishes, ambitions, and desires, and put them into the correct language. He was the one who offered us good counsel, not only here on the floor but later when we went to conference with the House. He was the one who wrote all the details of the conference report. He and his staff have done most of the preparation for the speeches which have been made. What he has done deserves the commendation of every one of us, and certainly our appreciation.

Mr. President, at this time I yield 6 minutes to the distinguished Senator from Virginia [Mr. BYRD].

Mr. BYRD of Virginia. I thank the Senator from Florida.

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* "Why Fiscal Restraint is Crucial", *Business Week*, March 30, 1968, p. 173.

Mr. President, we have a basic problem of Government deficits and a basic problem of domestic inflation.

These deficits are eroding the value of the American dollar, and the resulting inflation is eating deeply into the paychecks of every wage earner and into the grocery money of every housewife.

The major cause of this inflation is Government spending, as was candidly admitted recently by the Chairman of the President's Council of Economic Advisers.

Yes, our Government is facing a financial crisis. Our national debt exceeds $350 billion. The interest charges thereon exceed $15 billion, the largest nondefense item in the entire budget.

Approximately 13 cents of every income tax dollar now goes to pay the interest, which is another way of saying that when the wages are taken out of the paycheck of an individual employee, 13 percent of that money goes to pay the interest charges on the national debt.

It is estimated that the Government will take in the next year $80 billion in personal income taxes and $34 billion in corporate income taxes, for a total income tax take of $114 billion, in round figures; and the interest on the national debt will be $15 billion.

Drastic action is required if we are to put our financial house in order.

Both Houses of Congress—and the President—have agreed to a proposal for the enactment of a 10-percent surtax on personal and corporate incomes, coupled with a $6 billion reduction in Federal spending.

If runaway inflation is to be avoided, there appears to be little alternative to the package legislation combining an increase in taxes with a reduction in Federal spending. Even with this legislation, a substantial deficit is in prospect for the new fiscal year which begins July 1. And this will be on top of this year's deficit of $20 billion, by far the highest deficit in our history, except during the years of World War II.

Putting our financial house in order is a joint responsibility of both the Congress and the President. The Congress cannot do it alone, and the President cannot do it alone.

Federal spending has doubled during the past 9 years.

Yet all of the candidates for President, with one possible exception, are telling the people that if elected they will demand greater spending.

All of them, or most of them, appear to be promising each group in our Nation anything that that group wants in the way of new Federal spending programs.

So regardless of the enactment of the joint tax increase-spending cut legislation, our Nation is a long way from being on a sound financial basis.

But I think this is worth a try.

It is significant that the 10-percent surcharge will automatically expire June 30, 1969, 1 year from now.

If by that time, the Congress and the President—by President, I mean both Mr. Johnson and his successor—have not taken firm steps to bring Federal spending under control, then many of us who support this package today will vigorously oppose any efforts to reinstate the tax when it expires a year from now.

I emphasize again that the Congress and the President face a joint responsibility. That is why it is so discouraging when candidates for the Presidency are seeking to outpromise one another in the amount of Federal money they will spend if elected.

What is so often overlooked by those seeking votes is that approximately two-thirds of all the individual income taxes is obtained from those with an annual income of less than $15,000.

It is possible that presidential candidates are misjudging the intelligence and the stamina of the American people. There is only one place from which the money to finance these big spending programs can come. That is for the Government to dig deeper into the pockets of the wage earner—either through more taxes or more inflation.

Mr. SMATHERS. Mr. President, I yield the distinguished Senator from Ohio [Mr. LAUSCHE] 3 minutes.

Mr. LAUSCHE. Mr. President, I was a cosponsor of the amendment under which the 10-percent surtax and the expenditure were combined into one measure.

Now is not the time to consider whether or not this proposal should be approved. It must be approved. We will have to collect the moneys that are needed to run the Government and stabilize the price of the American dollar. Inflation is speeding up. It will become unchecked unless we do something about it.

I believe the interest rates paid by the Federal Government on short-term obligations of 3 to 5 years will soon be from 5 to 6 percent. The cost of borrowing money from banks for the building of houses is up to 6.5 percent. The price of goods is rising daily. The housewife and those who purchase goods understand what the fact is.

The economic advisers to the President, the Secretary of the Treasury, the financial experts of the world, the economists in the International Monetary Fund and the World Bank have been telling Congress and the Government of the United States, "Unless you put your fiscal house in order, there will be collapse of the dollar, causing untold damage to the economy of the American citizens, and probably collapsing the economy of the world."

Pierre Jacobson, now deceased, 7 or 8 years ago, said that we had to put our fiscal house in order. In effect, he said, "You cannot, each year, be spending more than you take in, without eventually getting into trouble."

The PRESIDING OFFICER. The Senator's time has expired.

Mr. LAUSCHE. May I have 2 more minutes?

Mr. SMATHERS. I yield the Senator from Ohio 2 additional minutes.

Mr. LAUSCHE. We did not heed his words. The need for caution was expressed on the floor of the Senate to the same effect; but it fell upon deaf ears. Spending has continued in excess of the revenues taken in, and the national debt has been climbing. It is my understanding that our Government now owes more money to creditors than all the other nations of the world put together.

Something must be done about it. I do not want to impose taxes; but unless we tax at this time, the money which will be taken from our citizens through inflation will by far exceed the 10-percent surtax.

The 10-percent surtax will be operative for 1 year. At the end of that time, those who will remain here will have the task of determining what shall be done.

I conclude, Mr. President, as follows: We are either going to take more through inflation or through the imposition of this tax; and if we do not tax and do not stop spending in the extravagant manner we have followed, there will be grave trouble ahead.

Mr. SMATHERS. Mr. President, I yield 1 minute to the distinguished Senator from Washington.

Mr. MAGNUSON. Mr. President, after much thought and after carefully weighing all of the arguments, I have very reluctantly come to the conclusion that it is in the best interest of the United States for the Congress to approve H.R. 15414. I have, therefore, voted for the bill.

Whether one supports the Vietnam war or is against it—whether one favors escalation or deescalation; one thing should be crystal clear to all of us. This is a war tax. The Federal Government is spending around $30 billion a year on the Vietnam war. We could decimate the Department of Labor, the Department of Health, Education, and Welfare, the Department of Agriculture, the Department of Commerce, the Department of the Interior, the Department of Housing and Urban Development, the Office of Economic Opportunity and all 26 independent agencies and we still would not offset the cost of this war. We should call a spade a spade. It is the Vietnam war which has overheated the economy. This should not surprise anyone; every other war has caused a similar disruption of the economy.

Nor should anyone be surprised if this tax increase results in a net loss of revenue for the Federal coffers. Indeed, its primary purpose is to dampen the economy. Our past experience with increased taxes leads me to believe that this tax increase will bring in much less money than is generally anticipated.

In my view, it would have been infinitely better if this bill could have been voted upon in segments. But we were presented with an all-or-nothing choice. The result will be a curtailment of many vital programs such as health and education to mention only two. Social programs which could have cooled our sizzling cities will be crippled in some respects. But it will help one main facet of the problem, low-cost housing.

The spending portion of this legislation because of the way it is drafted will have the effect of removing from the Congress further control over appropriations. It provides the executive branch with a line item veto and as such defers from the constitutional authority of the Congress to appropriate money.

At least, temporarily, I would have much preferred coupling any tax increase with tax reform. It is time that

the Congress paid heed to the inequities in the Federal income tax structure. Why, for example, should we continue giving oil companies such an unconscionable tax break? But as I said before, we were confronted with an all-or-nothing proposition.

With all these reservations, why do I now support this legislation?

Early last fall there was considerable evidence that a tax increase was not desirable at that time. The leading economic indicators were mixed, and our most brilliant economists could not agree on when a tax increase should be imposed. As it turned out, the economy did not heat up as rapidly or as much as many had supposed.

In the intervening months, much has happened to change the economic picture.

Prices are now beginning to rise at an alarming rate. People in lower and moderate income brackets are beginning to notice severe reductions in their buying power. A great credit crunch is upon us—interest rates are much too high. Homebuilders, lumber and logging companies, and small businessmen of all kinds are begininng to feel the pinch. International loss of confidence threatens the stability of the dollar and the viability of U.S. trade with other countries.

So, I do agree, with most all economic experts, however, this proposal will help our world financial situation.

There are persuasive arguments in opposition to a tax increase; but the overwhelming weight of opinion supports the increase.

A tax increase is never popular. But it is curious that this particular proposal has generated so much antagonism. The tax increase represents less than one-half the tax reduction realized by the 1964 act. The surtax will leave personal income taxes lower than at any time during the 20 years preceding 1964. For most people, the cost of this increase will be only 1 percent of their income, but it could save them 2 to 3 percent in reduced consumer prices. It could significantly improve the buying power of the poor, the elderly, and others with fixed incomes.

I want to make it quite clear at this point, however, that my vote for this measure was conditioned upon its being a temporary tax. I definitely do not intend to support any extension of this tax after its termination date and I will do all in my power to help remove the tax when it has served its purpose of cooling an overheated economy.

After careful consideration, then, it appears to me that this temporary measure, with all its infirmities, is in the best interests of the United States and its citizens—particularly, its effect on inflation—I am going to urge the President to be selective in the reduction so that we will not be "penny wise and pound foolish" on programs to meet the social and economic needs of the people.

Mr. SMATHERS. Mr. President, I yield 2 minutes to the distinguished Senator from Michigan.

REPORT OF CHIEF JUSTICE WARREN'S RESIGNATION

Mr. GRIFFIN. Mr. President, an unconfirmed report has been circulating this morning that Chief Justice Earl Warren has submitted his resignation.

Rumors appeared in print earlier this week to the effect that the Chief Justice might make such a move so that President Johnson could designate the next Chief Justice of the Supreme Court.

While the report is still only a rumor which has not been confirmed or denied—and before we know what the next development, if any, may be—I want to indicate emphatically, as one U.S. Senator, that I shall not vote to confirm an appointment of the next Chief Justice by a "lame duck" President.

I hope, if it should become necessary to pass on such a question, that a majority of my colleagues in the Senate would take the same view.

Under established precedents, the appointment of the Chief Justice of the Supreme Court, whether or not it is made from among sitting justices, is subject to confirmation by the Senate.

Mr. President, I do not speak from the standpoint of a critic of the Supreme Court. In fact, I agree with most of the Court's decisions. That is not the point.

The Supreme Court has adjourned for the summer, and the people of our Nation are about to choose a new Government in November.

If a "lame duck" President should seek at this stage to appoint the leadership of the Supreme Court for many years in the future, I believe he would be breaking faith with our system, and that such a move would be an affront to the American people.

I do not know whether Mr. Johnson, in such an event, would appoint a Democrat, a Republican, a liberal, a conservative, or a moderate. The point is that such an appointment should be made by the next President—whether he be a Democrat or a Republican—after the people have an opportunity to speak in November.

I have no reason to believe that President Johnson would take advantage of such a situation if, in fact, it should develop. I would hope, and expect, that he would not seek to deny the people and the next President of their appropriate voice in such a crucial decision.

REVENUE AND EXPENDITURE CONTROL ACT OF 1968—CONFERENCE REPORT

The Senate resumed the consideration of the conference report on the Revenue and Expenditure Control Act of 1968.

Mr. SMATHERS. Mr. President, I yield 1 minute to the distinguished Senator from New York

Mr. JAVITS. Mr. President, I support this measure because:

First, without it we could not possibly accommodate within the existing budget the heavy expenditures that are and will be necessary to finance high-priority domestic programs to alleviate the causes of poverty in this Nation; and

Second, it is an essential step to bring our fiscal situation under control and to assure continued confidence at home and abroad in the management of the American economy in the U.S. dollar.

I would have preferred a cut in nonessential expenditures after a comprehensive review of our national priorities. This the administration failed to do. During Senate debate on this measure the Senate refused to agree to an amendment I proposed which would have specifically exempted certain essential domestic programs from the proposed spending cuts.

This measure will raise an estimated $14 billion in new revenue in fiscal year 1969 and at the same time reduce $6 billion in fiscal year 1969 spending. Even with the enactment of this measure the deficit in the 1968 budget is expected to remain $20 billion and $10 billion in the current fiscal year.

Interest rates are the highest in 100 years which is hurting our consumers through higher credit payments and higher mortgage costs. The Treasury's heavy borrowing operations to finance this deficit is causing a credit squeeze, despite continued ease in the Federal Reserve Board's monetary operations. Prices are rising by more than 4 percent.

It will be up to Congress as well as to the President to insure that the cuts are concentrated on those programs not directly related to the most urgent domestic problems.

There is nothing in this conference report that requires expenditure cuts in any particular program and there is no reason to believe these cuts would come from the area of essential domestic programs. On the one hand we have the assurances of the President that these cuts will not come from these areas. Second we have the assurances of Chairman WILBUR MILLS that the proposed expenditure cuts will not come from this area. Third those of us in the Congress with a lifetime concern for the disadvantaged will certainly do our part that this will not happen. Finally, and most importantly, the aroused conscience of this Nation cannot permit it in this unprecedented election year.

There is room in the fiscal year 1969 budget to accommodate a $6 billion expenditure cut, without cuts having to be made in essential programs in the field of health, education, and welfare. The conferees exempted from reductions only $84 billion of the President's $186.1 billion budget. The remaining $102 billion is at least legally available for reduction, including the $54 billion in the Defense budget not devoted to Vietnam; the $7 billion agricultural program; the $4.6 billion space program; and the $351 million for the SST, and so on.

There are those who say that if the war in Vietnam could be ended tomorrow the need for this measure would disappear. Unfortunately, the war is still with us and the bills must be paid until it can be brought to an end through a negotiated settlement. Moreover, even

when the war will be over—and I hope and pray it will be soon—the pressing domestic and international responsibilities we face will require substantial Federal revenues and expenditures.

Enactment of this measure will do much to strengthen the international position of the dollar. It will dampen demand for imports, which in March, for the first time in the postwar period, exceeded our exports. It will reassure those abroad who hold close to $33 billion in short-term claims against us that the value of their claims will not be eroded through inflation. It will reassure the international financial community that the management of the American economy is in responsible hands.

I am pleased that the conference report contains my amendment which requires that not later than December 31, 1968, the President is to submit to the Congress proposals for a comprehensive reform of the Internal Revenue Code. This is an important victory for the American people. At a time when they are asked to undertake new tax burdens, they are assured that Congress will within 6 months have before it proposals which will do away with many inequities in the present tax code, and spread more evenly the burden of heavy taxes among the American taxpayers. There are many areas ripe for reform and at the appropriate time I will make specific proposals of my own.

This measure contains another set of amendments which, like the expenditure cut, very directly affects our antipoverty efforts. As the Senate will remember, we passed last year as part of the amendments to the Social Security Act a group of amendments which, in my view, set the welfare system back by several decades in terms of policy and administration. Two of the most serious of those amendments were first, the freeze on the level of payments made to States under the aid for families with dependent children program; and, second, the requirement that payments to fathers under the AFDC-unemployed parent program could not be made unless the father had a certain period of attachment to the labor force. The effect of these provisions is not really to force more persons into gainful employment, as some Members of the Congress apparently thought, but is rather to shift the burden of steadily mounting relief costs wholly onto the States and localities.

The bill before us improves somewhat on those previous amendments by postponing the effect of the freeze until July 1, 1969, and by barring a family from receiving AFDC only as to those weeks when the parent receives unemployment compensation. But this is only postponing the effect of bad legislation rather than curing the problem which the Congress itself created. And these postponements, while welcome, are not enough, for the States and localities are even now gearing up for the impact of the freeze, and many have already begun to trim the welfare rolls and deny vital assistance to new applicants. We badly need a thorough overhaul of the entire public assistance system, and I am hopeful that with the report of the Heineman Commission the Congress can next year make major progress on this urgent task.

This bill also contains a technical amendment to the title 19 of the medicaid program, which would delay the effect of one aspect of the changes made in that program last year, that is, the provisions allowing States to buy into part B of medicare. The Congress may quite properly seek to coordinate those changes with other Federal requirements; however, the medicaid amendment in this bill does not change nor does it delay the major impact of last year's bill on state medical assistance programs. It grants no relief to those States which enacted broad and comprehensive programs on the basis of earlier Federal legislation. These States have been forced to cut those programs back in compliance with severely limited standards for Federal matching funds. Thus, further attention to the health care needs of the "medically indigent" is urgently required.

I want to express my concern over the provisions in the conference report dealing with industrial development bonds. I supported the amendment sponsored by Senator RIBICOFF when it came before the Senate because I have long felt that many of these bonds have been used to pirate industry out of my State and as leverage against unions seeking to organize. Yet, I did caution the Senate at that time that in dealing with a specific problem, we must be careful not to use such a broad brush so as to invalidate some of the most important State and local economic and social programs which use bonds to raise capital. When the problems concerning the New York State Dormitory Authority and the Job Development Authority were brought to my attention during the debate on the Ribicoff amendment, I immediately obtained from the Treasury Department an opinion stating that the tax-exempt status of both the dormitory and the Job Development Authority would not be impaired by the passing of the Ribicoff amendment.

In addition, I sought and am pleased to note the inclusion of an exemption for residential housing which will materially assist the continued effectiveness of the New York Urban Development Corporation.

I am still concerned about some of these activities which are carried out by the State of New York. I note that Chairman MILLS yesterday said he would hold hearings on this industrial bond question as soon as the various Governors came up with a specific plan. I hope that will be prompt. I feel quite certain that Governor Rockefeller will urge his fellow Governors to act as soon as possible so as to protect some of our State's programs financed through tax-exempt bonds.

In the meantime, at the request of Governor Rockefeller, I shall soon introduce a proposal to amend section 103 of the Internal Revenue Code to provide exemptions for bonds such as those to finance the building and rehabilitation of blighted urban areas.

Not by any means will we have solved our fiscal problems with passage of this bill. In addition to reforming our tax code we must undertake a fundamental reassessment of our national priorities as the first order of business in the next session of Congress.

If the new administration will not undertake it then Congress should appoint an independent commission on national goals.

We must then streamline the operation of the executive branch with the aid of a Hoover-type commission.

There is an urgent need for some form of revenue sharing between the Federal Government and State and local governments.

Consideration should be given to minimizing politics in the determination of fiscal policy just as we minimized politics in the area of monetary policy by setting up the Federal Reserve Board.

Time for action on the economic and fiscal front is now. The alternative is inflation followed by a recession lest we are willing to impose wage and price controls on the American economy. I, for one, do not wish to contemplate this course of action and will vote for this conference report.

The PRESIDING OFFICER. Who yields time?

Mr. SMATHERS. Mr. President, I would like to comment on one point raised by the senior Senator from New York [Mr. JAVITS]. I understand there is no question under the conference report as to the tax-exempt status of the New York State Dormitory Authority, at least as we understand how it is now operating. I must say, however, that the conference report on the industrial bonds differs from the Ribicoff amendment with respect to which the Treasury letter, referred to by the Senator, was written. I can give no assurance as to the tax-exempt status of the Job Development Authority, especially as to its leasing or selling of industrial plants or commercial properties.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter addressed to me from the Secretary of the Treasury concerning the transition to the new withholding level.

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

THE SECRETARY OF THE TREASURY,
Washington, June 19, 1968.

HON. GEORGE A. SMATHERS,
Chairman, Select Committee on Small Business, U.S. Senate, New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: You have asked for my opinion as to whether any steps might be taken to ease the transition for small business to the new withholding level required to implement the 10 percent surcharge contained in H.R. 15414.

The bill states that the new withholding shall go into effect with respect to wages paid after the 15th day after the date of enactment of the bill. To accomplish this, businesses must change their payroll procedures in order that withholding may be calculated at the new level. Many small businesses use withholding tables as the basis for the calculations of the amounts to be withheld. Others use machine programs, which will have to be changed to the new withholding rates. The Internal Revenue Service has prepared the necessary new withholding rates and tables and is ready to mail them to all employers as soon as the Congress has given its approval to this measure.

In view of the President's statement that he would sign this measure if approved by the Congress, small businesses, as well as

other businesses, could commence to change over their payroll procedures as soon as they have the necessary information. Consequently, it is important that they have these new rates and tables as early as possible.

In this light, if the Conference Report is approved in the House on Thursday of this week, then if the Senate were also to approve that Report on either Thursday or Friday, such approval would enable the Internal Revenue Service to mail immediately the necessary information. Businesses would thus have this information by Monday morning and could commence at once to start the changeover of their payroll procedures. The weekend could thus be used to absorb the necessary mailing time, so that there would be no delay in business days in getting at once to the task of effectuating the new withholding level. This procedure would thus facilitate a prompt implementation of the new withholding level.

I believe that this step, which combines both a minimum time between Congressional approval and the new withholding and as much lead time as possible for employers, will be of considerable help to small businesses generally. I therefore believe it is a factor to be taken into consideration in the scheduling of this measure in the Senate.

Sincerely yours,

HENRY H. FOWLER.

Mr. SMATHERS. I yield 5 minutes to the distinguished Senator from Kansas.

Mr. CARLSON. Mr. President, the Senate will soon be privileged to vote upon a conference report that, in my opinion, is not a panacea for all of our domestic and international monetary problems, but I personally believe it is absolutely essential that we have this legislation and that we take affirmative action upon it now.

It will have some rather serious economic consequences in our own Nation. It will have helpful consequences, I hope, in the field of our international relations with every country on the globe.

I take 1 minute of my few minutes to pay tribute to the many who are entitled to credit for the action that we will be privileged to take soon on a tax bill.

I think it can be said that there were indications early this year that it would be impossible to pass a tax bill this year. There were indications that we could not get together as Members of Congress and that the President himself had some different ideas on the legislation than Congress had.

The President earlier had recommended a 10-percent surtax. The House Ways and Means Committee, I think we can state accurately, refused to act because they insisted on a substantial reduction in Federal expenditures before they would consider a tax bill.

It looked impossible at the beginning of this year to get a tax bill. The House Ways and Means Committee did send over to the Senate a bill to extend the excise taxes on automobiles and communications services. That bill was referred to the Committee on Finance, and our chairman, the distinguished Senator from Louisiana [Mr. LONG], held hearings on the measure. We reported the bill to the Senate and, for the first time in my 30 years of service in Congress, the Senate added a completely new tax bill to a House-passed bill. In the final analysis, we received concurrence from the House of Representatives yesterday on that matter. This is the first time I have seen such a situation develop.

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

Mr. CARLSON. I do not have much time, but I am pleased to yield to the distinguished Senator from Tennessee.

Mr. GORE. Mr. President, the able Senator from Kansas has made a noteworthy observation.

There was a time when the Senate played a very minor role in the enactment of tax legislation. The role of the Senate has been increasing in importance. In this instance, the tax bill was virtually written on the floor of the Senate.

Mr. CARLSON. Mr. President, I appreciate very much the remarks of the Senator. That is exactly what I am trying to stress at the present time.

It should be stated that when the bill came before the Senate on the extension of the excise taxes on automobiles and communications services, the distinguished Senator from Florida [Mr. SMATHERS] and the distinguished Senator from Delaware [Mr. WILLIAMS], who had prepared a tax bill dealing not only with an increase in surtax but also with a substantial reduction in Federal expenditures and a reduction in Federal personnel, offered their measure as an amendment on the floor of the Senate. That amendment was agreed to by a vote of 57 to 31.

I pay my respects to both of these distinguished Senators for their determination to secure action in an effort to strengthen the fiscal structure of the Nation.

I think it was absolutely essential that such action be taken. For a time it looked as though it would be impossible to tell the world that we in America had finally reached the conclusion that we would take action to stabilize and expand the value of the dollar in the world and strengthen our fiscal economy by coming closer to a balanced budget.

The distinguished Senator from Florida and the distinguished Senator from Delaware are entitled to much credit for this action. In addition, other Senators on both sides of the aisle were involved in this battle.

Mr. President, if it had not been for the distinguished Senator from Delaware, there would not be a tax bill before the Senate today.

Mr. President, I shall read briefly from an article written by Marshall McNeil, a Scripps-Howard staff writer. The article is entitled "The Tenacious Senator WILLIAMS—Spending Cut Owed to One Man."

The Senator from Delaware would not agree with that statement, but I think that the statement ought to be made a part of the RECORD.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SMATHERS. Mr. President, I yield 2 additional minutes to the Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas is recognized for an additional 2 minutes.

Mr. CARLSON, Mr. President, the article reads in part:

It's a good thing for a senator to have guts. But in the law-making process he must also be tenacious.

Sen. John J. Williams of Delaware is loaded with tenacity. He has shown his political courage time and again fighting federal extravagance and waste, petty and major chiseling, and lapses in government ethics.

It was these two qualities of courage and tenacity that caused the President Thursday to say: "Yes!"

The question put to the President in his press conference at the Texas ranch was: Would he sign a bill that linked a $6 billion budget cut to the 10 per cent income tax increase his administration has been seeking unsuccessfully for more than a year? The President said: "Yes!"

Thus Williams won what can be considered the biggest battle of his career, a victory which—unless our whole economy unravels—will protect the foundation of the dollar and curb the speeding inflation that's penalizing everyone.

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

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

THE TENACIOUS SENATOR WILLIAMS—SPENDING CUT OWED TO ONE MAN

(By Marshall McNeil)

WASHINGTON.—It's a good thing for a senator to have guts. But in the law-making process he must also be tenacious.

Sen. John J. Williams of Delaware is loaded with tenacity. He has shown his political courage time and again fighting federal extravagance and waste, petty and major chiseling, and lapses in government ethics.

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Thus Williams won what can be considered the biggest battle of his career, a victory which—unless our whole economy unravels—will protect the foundation of the dollar and curb the speeding inflation that's penalizing everyone.

Washington was a sorry sight early this Spring. The administration demanded a 10 per cent tax increase. The House Ways and Means Committee, where such a law must originate, refused to move until the White House came through with firm promises of substantial cuts in government spending. The White House stood fast by what it called its "tight" budget.

This stalemate threatened our whole national fiscal posture. The dollar was running into trouble here and abroad; the Treasury deficit was rising toward record levels.

Then the Ways and Means Committee approved and the House passed a bill extending excise taxes on autos and communications services. The bill went to the Senate, was cleared by the Finance Committee and reached the floor.

There Williams, a Republican, moved in where Democratic leaders feared, or refused, to tread. While others cried for economy and higher taxes, Williams offered an amendment to the excise tax bill to achieve those very things, very specifically. His amendment called for a $6 billion cut in spending and a 10 per cent income tax increase. Sen. George Smathers (D., Fla.) cosponsored the amendment.

Last April 2, the Senate approved that amendment, 53 to 35, with most of President Johnson's Democrats opposing and most of Williams' Republican colleagues approving.

The administration's fight against so deep a budget cut then began. The President wanted only a $4 billion cut, or less. His men in virtually every department began to tell tales about how this service or that,

this project or the other, would be killed or badly maimed if government spending were cut $6 billion.

Every few days the tenacious Williams got to his feet in the Senate, and in his unlikely low-pitched, sometimes squeaky, voice complained. The President said he wanted a tax increase? Well, the Senate had approved it. The House wanted a spending cut? Well, the Senate had ordered a cut. All the administration had to do was to put the heat on its own party members in the House and the tax increase and the budget cut would become law. House and Senate conferees met on the issues, but the stalemate continued.

Then, prodded by another Floridian, Democratic Rep. Sydney Herlong the Ways and Means Committee instructed its conferees to accept the Senate proposal. This was done. But still the administration clamored against so deeply reducing government spending.

Last Wednesday the House was given a chance to say whether it wanted spending cut only $4 billion. By a vote of 259 to 131, again with most Republicans on the side of the deeper cut, and most of the Democrats against it, the House spoke its mind. It said $4 billion wasn't enough.

It may never have had this chance if it hadn't been for Williams' guts and tenacity. He was the man who laid the issue squarely before Congress. And before President Johnson.

So, yesterday, the big question was: Would the President relinquish his fight for a budget cut of only about $4 billion, and accept the $6 billion cut to get his tax increase?

The President, reluctantly, said: "Yes."

ORDER FOR RECOGNITION OF SENATOR PELL TODAY

Mr. SMATHERS. Mr. President, I yield to the distinguished Senator from West Virginia for a unanimous-consent request.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that immediately following the vote on the conference report, the Senator from Rhode Island [Mr. PELL] be recognized for a period not to exceed 1 hour.

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

REVENUE AND EXPENDITURE CONTROL ACT OF 1968—CONFERENCE REPORT

The Senate resumed the consideration of the conference report on the Revenue and Expenditure Control Act of 1968.

Mr. SMATHERS. Mr. President, I yield 1 minute to the distinguished minority leader.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 1 minute.

Mr. DIRKSEN. Mr. President, when the pending measure was before the Senate, the impressive vote by which it was passed certainly reflected the Senate's sense of fiscal responsibility.

As has been indicated, we are deeply indebted to the distinguished Senator from Delaware [Mr. WILLIAMS] and the distinguished Senator from Florida [Mr. SMATHERS] for keeping this matter constantly before the committee and before the House and before the Senate until it eventuated in the action that brings the measure here today.

I am rather proud of this body, and I am proud of the Senator from Delaware and the Senator from Florida for the job they did.

I am speaking as a member of the Senate Committee on Finance, and I know what a difficult undertaking it was. And I know also the obstacles and impediments that were encountered. However, it finally eventuated in a complete result.

Mr. SMATHERS. Mr. President, I yield one-half minute to the Senator from Delaware.

The PRESIDING OFFICER. The Senator from Delaware is recognized for one-half minute.

Mr. WILLIAMS of Delaware. Mr. President, I thank the Senator from Illinois, the Senator from Kansas, and the other Senators for their kind remarks. However, I am sure that the Senator from Florida will agree that we could not have succeeded if we had not received cooperation in our efforts from many Senators on both sides of the aisle.

Likewise, I wish to join the Senator from Florida in paying respects to Dr. Woodworth and other members of the staff. Their services were invaluable.

Mr. SMATHERS. Mr. President, I yield 1 minute to the distinguished Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized for 1 minute.

Mr. MOSS. Mr. President, I propose to vote for the Revenue and Expenditure Control Act of 1968, and I hope it will pass.

Early last November, in the closing days of the first session of the 90th Congress, I took this floor to ask my colleagues to defer adjournment until we completed a full debate on the need for, and the obligation of, a surtax. I felt confident that any sustained discussion on this important public policy issue would lead to the conclusion that Congress should act, and act immediately. We did not debate, of course, and we are not taking final action until today—some 7 long months later.

At the time I first spoke, many opponents of the bill doubted that failure to act would bring serious consequences. I could not agree—I felt the consequences would be severe and predicted a number of them. All have proved correct in one degree or another. The consequence which I most feared, because it would most directly affect the people, was inflation. As we now know, the cost of living has risen about 2 percent since last November. It is no coincidence, that the 2 percent of personal income which has been eaten up in inflation since that date—or about $12.8 billion—is a little more than the $11 billion surtax will cost the taxpayer. It was a sound forecast, and one which I made, that the surtax would cost the average citizen less than the increase in the cost of living which would result without it.

It is incredible to me that the other body could have held up a surtax bill for so many months. The case for a surtax has become more insistent with each passing day. The Senate had to resort to attaching an amendment to the excise tax bill to get action—taking the initiative away from the House where tax measures are supposed to originate.

The Senate had also to take the initiative on the $6 billion spending cut which the bill contains, in order to get a tax-spending package. So in this respect, the Senate had also to initiate action which the House could have initiated, since it acts first on appropriation bills.

It is with some reluctance that I support a $6 billion cut in expenditures in fiscal 1968, because I know how difficult it is going to be to make a slash of this magnitude without hurting essential Federal operations, but I am trusting that we can make these cuts without damaging our economy, without generating more social unrest and without emasculating important programs and projects.

There is one aspect of the delay in enacting this surtax which I find heartening. Many, many more of our citizens have come to realize that a surtax is essential, and to support it. At the time I first spoke out on the Senate floor, I had received only a half dozen letters from people who read the economic signals clearly enough to be willing to pay more taxes, but now I am receiving dozens of letters from constituents who know this bill must be passed, and are willing to dig down in their pockets for more money to pay for it.

I am heartened, too, by relief with which economists and other governments around the world are greeting this evidence of fiscal restraint in the United States. If we had taken action earlier, perhaps we could have prevented the dollar crisis which occurred earlier this spring. Certainly what we are doing here today should provide greater protection for the dollar in the future.

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

The yeas and nays were ordered.

Mr. SMATHERS. Mr. President, I yield 1 minute to the distinguished Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 1 minute.

Mr. CURTIS. Mr. President, I thank the distinguished Senator for yielding.

I add my voice to the others in praise of the distinguished Senator from Delaware [Mr. WILLIAMS], and the distinguished Senator from Florida [Mr. SMATHERS] for the leadership they have shown.

A tax increase and a reduction in spending will be painful. However, we owe it to the future of the United States to enact this measure. We owe it to our children and to our grandchildren. It is absolutely necessary that we set our financial house in order to keep faith both at home and abroad. I hope that out of this situation will come a determination to reduce the size of the Federal Government.

We are spread too far, with too many programs—not only abroad, but also at home. I hope that we can soon return to a government restricted to those things that are properly the functions of the Federal Government.

I am happy for the gains we made on the industrial bond issue. The Congress retained the right to legislate. We turned back the efforts of the Treasury Department to enact tax laws. It is my hope that the $1 million limit on tax-free issues of industrial bonds can soon be

materially increased. The States involved are entitled to a hearing on this issue.

Mr. WILLIAMS of New Jersey. Mr. President, the Senate is asked today to accept the conference report on legislation to increase taxes and cut Federal spending. These measures have been advocated by economists, administration spokesmen, and tax strategists. There seems to be general agreement that some kind of tax increase is necessary, and that some degree of spending reduction is going to be required to make the tax increase acceptable.

These are not popular actions, but they will be more than unpopular—they will be catastrophic—if we allow spending cuts to infringe on vital domestic programs. A conference report urging $6 billion in cuts seems to me to threaten the existence of programs only recently begun, and only lately successful.

When this measure was originally considered by the Senate, I opposed the cuts in domestic spending proposed and urged a reorientation of priorities. Today, I wish to further expound on this theme.

President Johnson's 1969 budget is a tight budget. There are no extravagant domestic expenditures; there is little ornamentation. Today we are a nation of 200 million people. By the year 2000 we will be 300 million. And we are charged with the responsibilities and opportunities we face today, cannot expect the Federal budget to remain static. It must grow, and as it grows, it must reflect the needs of the people.

A $6 billion spending cut, trims about 3 percent from the fiscal 1969 budget, or about $3 from every hundred. A $4 billion cut could have reduced this to about 2 percent. I think most of us recognize that the difference is drastic, particularly at a time when we need to do so much to mend the fabric of our society.

The acceptance of any spending cut should require much care about where spending is reduced. The Bureau of the Budget has described the present "tight budgeting" as "a rigorous application of priorities." We have all heard the talk about national priorities, and now seems to be an appropriate time to establish some priority programs which must not—absolutely must not—be cut.

Some programs and activities which I believe to be most in need of continued full funding include ongoing programs of direct Federal assistance to the Nation's poor: these include Office of Economic Opportunity programs, labor and manpower development and training, school food programs, direct welfare payments; elementary and secondary education; higher education; teacher training; veterans' education programs; business and economic development in low-income urban areas; urban renewal, community development, model cities; housing programs; food for peace; Agency for International Development; and air and water pollution control program.

These are the Federal programs that have promise for an immediate, identifiable return on the investment. These are the programs that represent our "outreach" toward the victims of pollution and congestion and blight. These are the steps we said we would take after Watts, after Newark, after Detroit—and after we looked deep into the troubled heart of America.

These are minimums. In a tight budget, all programs and all activities reflect some trimming; but what I suggest in some programs should suffer no more cuts, or any kind, for any reason. Let us do it in the name of priorities, or let us do it in the name of economy, but let us be clear about this: we must honor our commitment to Americans in need of help.

Additionally, I want to urge the budgeteers to seek ways to trim demonstration programs, personnel additions, and administrative costs. Let us focus the power of the Federal budget on the doing—and less on the demonstrating and conferring.

Priorities, indeed, are called for today. We have budgeted more money for ammunition for the U.S. Army than for low-income public housing. We have planned to spend more for migratory bird refuges than for health services for migrant agriculture workers. Somewhere in the scheme of things, the Congress must declare that it values human growth and human progress above all else.

Mr. President, very reluctantly and with considerable misgiving, I am going to vote for the adoption of the conference report. But in doing so, I strongly urge that the utmost consideration be given to a system of priorities in line with my previous comments.

Mr. BREWSTER. Mr. President, with great reluctance, I have decided to cast my vote in favor of the tax bill conference report. My reluctance stems from long-standing opposition to a tax increase and from the hope that we could cool off the economy sufficiently by means other than a raise in personal and corporate income taxes.

Today, I do not think that we realistically can expect to put our financial house in order without a tax increase. This is not a happy situation, and I realize that the citizens of my State will be severely burdened by yet another claim on their earnings.

Yet, what are the alternatives? We face a huge deficit, mounting inflation, rising interest rates, a critical imbalance on our international payments account, and a very shaky international monetary situation. These problems cannot be left unsolved, and unpleasant though the job may be, it is we in this Congress who must solve them. To turn our backs would be totally irresponsible, all the more so because in the long run our negligence would impose a burden on the taxpayer far in excess of the proposed, modest tax increase.

The situation is one in which we must act now to avoid drastic action later. It is a situation which gives a Congress responsible for the financial welfare of the Nation no choice but to act.

There is even a chance now that our action will come too late and involve too little. It is possible to understand the seriousness of the crisis we face by realizing that even the $15.5 billion more the tax hike is estimated to bring into the Treasury will only hold the fiscal year 1969 deficit down to about $10 billion. The point is not that we cannot afford important social legislation and a costly war at the same time. The point is that we must pay for them, or risk budgetary disaster.

For the average American consumer, a huge deficit and an overheated economy mean one thing: inflation. Unless we pass this tax measure today, we endanger the economic welfare of every American who must depend on a fixed income, and even those with more flexible incomes could be sucked into an inflationary spiral the likes of which this Nation has never seen.

For the prospective homeowner and credit buyer, a failure to enact a tax surcharge will mean a continuation of high interest rates and, in all probability, a trend toward even steeper rates. Financial institutions, for example, have warned of a possibility of 8 percent interest on prime loans, to be followed by a complete credit collapse.

Unless something is done to cool off the economy, we run the risk of pricing our goods and services completely out of the world market, thereby throwing the international payments account into an even heavier imbalance. This spring, for the first time in many years, our international trade account showed an unfavorable balance, and this unfortunate development could continue unless we sell more abroad. Needless to say, we will not be able to sell if our prices are too high, and nothing pushes prices up faster than runaway inflation.

One of the most serious consequences of inflation could be another gold rush, a development which this time would force abandonment of the two-tiered price on gold, established only last winter. Already European bankers are concerned about the maintenance of this price system, but should we not pass the surcharge as a hedge against inflation, our inaction might persuade them to reduce their dollar holdings substantially. With some $32 billion in foreign hands and only $10.5 billion in gold reserves, we are in no position to encourage another gold rush. On the contrary, we must persuade the world that we are serious about halting inflation and intend to keep the dollar at its present value.

Finally, Mr. President, this tax increase can be justified because it is accompanied by an absolute guarantee to reduce Government expenditures by $6 billion. There is no chance whatsoever that the additional tax dollars will lead to more Government outlays; the Congress has written into this bill a firm promise to the American people that this will not happen.

The need for the surcharge derives, of course, from the continuation of the tragic war in Vietnam. If the war should be scaled down, no increase in revenue would be necessary, and the peace talks in Paris offer some hope that this may actually come about. Let us pray that it does. In the meantime, I feel it would be wise to review our tax situation 6 months after this conference report becomes law. If in 6 months there is any chance that we can reduce our war expenditures, then we should lift this additional tax burden.

Mr. MONDALE. Mr. President, I vote in support of this conference tax bill with

great reluctance and misgivings. But I do so believing that—on balance—the danger of not passing it is the greater.

I fully support the theory that the Federal Government ought to use appropriately and fully its powers of taxation, spending, and control of interest rates to spur economic underperformance and to check economic overheating and inflation. My deep concern is not based on the tax increase portion of this measure.

If it were only a question of a tax increase, what we really would be talking about today is a choice between higher taxes on the one hand, and higher interest rates and prices on the other. I would certainly want to avoid higher interest rates and prices, because those consequences tend to deprive those sectors of our economy which are already starved and which do not share equally in our economic wealth. They affect poor people on fixed or poverty level incomes very severely. Higher taxes, on the other hand, would not have the same effect because the tax burden of the poor is already low, and this bill exempts individual taxpayers in the two lowest brackets from the surcharge.

I am, however, deeply concerned over the provisions for a $6 billion reduction in Federal spending, especially with no direction agreed by the Congress for itself or the President as to the areas in which the reductions are to be made. I simply do not believe that cuts should be made in any case in the programs we have passed to bring the poor, and the deprived, and the hungry into an equal share of national opportunity and abundance.

In the last analysis, my vote in support of this bill is a vote of confidence in the President. It reflects my belief that he will not make any significant reductions in programs dealing with poverty, civil rights, education, urban assistance, pollution, manpower and job training, and other hard-won and sorely needed social welfare legislation.

It is my belief that the President is firmly committed to these programs, and that budget cuts made by him pursuant to this bill will be made in nonessential and deferrable public works programs, military programs, the space program, the supersonic transport, and the like. For example, the President could defer, if the Congress does not, the deployment of an anti-ballistic-missile system.

I am also persuaded that some of the other features of this conference report deserve support.

The partial closing of the unjustifiable tax loopholes for industrial development bonds is a sound first step.

The deferral of the severe restrictions on public assistance and aid for dependent children programs is absolutely necessary.

And finally, the bill contains a provision for submission by the President to the Congress of proposals for a comprehensive reform of the Internal Revenue Code of 1954. This is definitely not earth shaking. It could be a beginning.

It is especially relevant now when the obvious alternative to a tax increase for more revenue is tax reform.

A system which presently allows—as it does—its wealthiest citizens to escape taxation or pay only a minimal percentage of their incomes in taxes, while the majority of wage-earning middle-income taxpayers are seriously burdened by their tax load, is outrageous. In theory our system is progressive; in practice, it is not. Statutory tax rates rise from 14 percent on incomes under $5,000 to 70 percent on those over $100,000. Actual tax rates paid show that a taxpayer earning $50,000 or more on the average pays an effective rate of only about 25 percent.

Some escape taxation altogether. In 1962, three taxpayers with incomes in excess of $5 million annually paid no Federal income tax. In 1965, 35 taxpayers with annual incomes or more than half a million dollars paid nothing. We have a system riddled with loopholes, devices, and gaps which enable the rich to throw the tax burden on the middle-income taxpayer.

This system allows deductions for expense account living for corporation personnel, while the wage-earning individual must meet his daily expenses without that subsidy.

Big business is allowed a 7-percent credit for new plant investment, and accelerated depreciation for rapid tax writeoffs.

Financial institutions such as banks and life insurance companies may set up huge reserves for losses which provide a tax benefit to them.

In December of last year, Congress passed a bill to allow American Motors to carry back net operating losses for 5 years instead of 3 years as allowed by present law, in effect giving the company a rebate of $20 million.

I cite these examples for only one reason. Such tax relief and loopholes are in actual effect Federal subsidies supporting assumed public policy objectives. My purpose is not to say they are unjustified, but rather, that these subsidies ought to stand or fall in the same arena as farm subsidies, education assistance, urban programs, and all of the other budgeted expenditures. Their size and effect is unfairly masked by inclusion in the tax law, since they then do not appear in the Federal budget.

Mr. Stanley Surrey, Assistant Secretary of the Treasury, has suggested that tax loopholes and breaks be designated as Federal expenditures. This would show that tax relief and tax absolution are actually the same as Federal spending—an allocation of economic resources for specific policy goals.

Mr. Surrey argues that such a scheme would make those who argue for Government expenditure cuts, particularly businessmen, aware that large Federal budgets include, as well, the tax subsidies that enable him to stay in business. For example, the Department of the Interior would be required to include the oil depletion allowance benefit in its "billion dollar budget" as a subsidy supporting the oil industry.

Or tax credits and untaxed industrial or municipal development bonds might be counted as expenditures by the Federal Government—paid for by the middle-income taxpayer—to attract new business to certain cities. We might even reduce Federal spending in such areas by allocating by States or cities a certain number of dollars in the budget for such bond subsidies.

The day of tax reform—and public recognition of tax loopholes as Federal subsidies—may not be far distant. We have riots in our cities, 15 million starving and malnourished people in our Nation, a Poor Peoples' March, and an economic pie which gives 20 percent of the wealth to 5 percent of the people, and gives only 5 percent of the wealth to the bottom 20 percent of the people. It is time for a change.

Mr. YARBOROUGH. Mr. President, as we pass this tax bill, I would like to state that I am voting for the bill not because I think it is just or an equitable distribution of the financial burden of running this country, but because some kind of an increase in revenue is an economic necessity. I believe that some kind of a tax bill is absolutely necessary because of the uncertain condition of the U.S. budget due to the great drain on the Government's fiscal resources caused by the war in Southeast Asia.

During World War II, excess profits taxes aided in the financing of our war effort. This bill is in stark contrast, as it is the individual wage earner who finances the cost of this war, not those making vast fortunes and profits out of our defense expenditures. It is almost inconceivable in these times of economic difficulty that the Senate of the United States would turn down an excess profits tax to be levied on those making war fortunes, but it has happened. The proposal of Senator MCGOVERN for an excess profits tax, for which I voted, received only 16 votes in this body. Even the Renegotiation Board established by the Renegotiation Act of 1951 has had its authority and personnel substantially reduced—even though they recovered more than $800 million through renegotiated contracts in the Korean war alone.

In this war in Southeast Asia, there are those who are taking advantage of the Federal Government through large defense profits. Vice Adm. Hyman G. Rickover pointed out in congressional testimony that he has seen profits of defense contractors rise by 25 percent. These profits are taken right out of the individual taxpayer's pockets at a time when he is contributing more than his share in taxes and lives to keep this country strong. The average John Q. Public is footing the bill for the war, not only in blood, but in money.

I would like to point out that the individual's percentage of the revenue collected to run this country has risen from 41.1 percent in 1967 to 49 percent in the 1969 budget. Yet, at the same time, corporate contributions have dropped from 22.7 percent in 1967 to 20.8 percent in this year's budget. And yet, we are here today putting an additional surtax on the individual.

For these reasons, I vote for this tax bill reluctantly, as an economic necessity under the conditions existing in the Government and private sectors today. I vote for it not because of its fair application, but because it is the only tax bill we have any hope of passing this session, at a time when it is an economic necessity to raise the tax levies in order to pay for our ever-increasing military efforts, else the dollar is so weakened as to jeopardize our economic strategy.

Mr. HOLLINGS. Mr. President, when

this tax bill was before the Senate nearly 3 months ago, I offered, on behalf of myself and 67 other Senators, an amendment and a plea. The amendment was the textile quota amendment and the plea was for the jobs of over two million American workers whose livelihood depends on the textile industry.

In spite of strenuous opposition, the Senate refused to turn a deaf ear to these workers and the amendment was adopted overwhelmingly.

When the bill reached conference the Senate conferees led by the distinguished junior Senator from Louisiana were true to their charge and they made every effort to retain the Senate amendments. They fought long and hard and I would like to take this opportunity to thank them for myself and the textile workers of this country.

But we did not prevail. We were unable to obtain any help from the House conferees—in spite of the fact that 197 Members of that body had sponsored similar legislation.

We were hopeful at this juncture that the administration would live up to past pronouncements and help the industry obtain the help that even the administration calls vital. But once again the real policy of the Government was affirmed—a policy of promises, promises.

Because of the efforts of the Senator from Louisiana, I was allowed to appear before the conference committee and present my case along with Ambassador Roth who spoke for the administration.

Mr. President, the Grimm brothers would have been hard put to conjure up a stranger encounter.

I spoke of job loss.

I spoke of declining profits.

I spoke of money not invested.

I spoke of facilities being built overseas.

As my source I quoted the Department of Commerce Textile Economics Bureau, the U.S. Department of Labor, Bureau of Labor Statistics, the FTC-SEC Quarterly Financial Reports, the U.S. Department of Labor, Division of Foreign Commerce Conditions.

Ambassador Roth spoke of a light at the end of the tunnel and prosperity that was just around the corner. He talked of a booming economy that would soon affect the textile industry. And he quoted Nations Business, Women's Wear Daily, and prospectus' issued by companies trying to sell stock.

The entire presentation was ludicrous—but then so is the administration's trade policy.

Less than a month ago on May 28, the President sent to the Hill his trade message. In it he said:

> At the present time, proposals pending before the Congress would impose quotas or other trade restrictions on the imports of over twenty industries.
>
> . . . In a world of expanding trade, such restrictions would be self-defeating. Under international rules of trade, a nation restricts imports only at the risk of its own exports. Restriction begets restriction.
>
> . . . In reality, "protectionist" measures do not protect any of us.
>
> . . . Our policy of liberal trade has served this nation well. It will continue to advance our interests in the future.

On June 10, just 13 days later, the President, by proclamation, acted to place a quota on certain dairy products. The tariff commission had not acted—their investigation was still underway. Congress had not acted—indeed the Senate had defeated milk quotas immediately after they had overwhelmingly passed textile quotas. And only 13 days had passed since the President said that our policy of liberal trade would continue to advance our interest in the future.

Now, Mr. President, this is not sour grapes. The dairy industry has a problem—I have supported them in their efforts to obtain relief and I am glad that it was forthcoming.

However, the fact remains that the problems of the textile industry are long standing—they are provable beyond question by Government gathered figures—and a legislative solution has the endorsement of at least 265 Members of Congress. All we ask, Mr. President, is that the American businessman and the American workers be shown the same consideration we show their foreign counterparts.

Mr. President, 6 weeks ago I was forced to carry to the 210,000 textile workers that hold 70 percent of the jobs in my State the message that the job assurance they had sought so long would not be forthcoming.

Today I am asked to carry them a new and equally apalling message. I am asked to explain to these workers why the Government cannot manage its own fiscal affairs in the way in which every householder is required to manage his.

I am asked to explain why Government is not able to differentiate between the desirable and the necessary and why the Federal Government refused to cut back spending when it first became necessary.

Now the taxpayers of America are going to be asked to dip into their already depleted pockets to ante up the difference in Uncle Sam's income and outgo and I am going to have to tell the textile workers in South Carolina that the excuse the Government is using is that the economy is "overheated" and needs to be "cooled off."

Mr. President, the textile workers' economy is already "cooled off." He faces the hard, cold reality of layoffs, unpaid vacations, shorter work weeks, and a lighter paycheck.

I do not intend to ask him to assume more responsibility when the Government apparently ignores its responsibility.

For these reasons I intend to vote against the income tax surcharge conference report and I urge every other Member of this body to do so.

Mr. TOWER. Mr. President, in April, after a good bit of effort, the Senate passed H.R. 15414 to ameliorate our Nation's fiscal problems by both cutting Federal spending and increasing Federal taxes. Though the Senate-House conferees made some changes in the original Senate-passed bill, this legislation retains its most important aspect: substantial reductions in the expenditures scheduled by the Federal Government during fiscal year 1969. Our present Federal financial dilemma requires that we do all that we possibly can to correct our Nation's financial ills. Latest estimates of the Federal budget indicate that we shall have a mammoth deficit of perhaps $19.8 billion during the current fiscal year—the largest such deficit we have had since the years of World War II. The need to close the huge gap between Federal income and output is paramount, and this legislation at least represents a step in the right direction.

The Revenue and Expenditure Control Act of 1968 as approved by the conference committee contains some important revisions. It was agreed, with respect to permanent full-time civilian employees in the executive branch, that one vacancy in four in each department or agency is not to be filled until such time as the overall number of employees reaches the level of June 30, 1966. Hopefully, of course, any needed manpower needs can be met while substantially reducing any sinecures or overstaffing.

I am pleased that the conference committee approved without change what I consider the most important provision of the bill: the limitation of expenditures for fiscal 1969 to $180.1 billion. This represents a $6 billion across-the-board cut. Some important limitations in such reductions apply to expenditures for special support of Vietnam operations, interest payments on the debt, veterans' benefit payments, and payments from trust funds established by the Social Security Act.

However, in several areas of higher priority, I believe that it may be necessary to defer some reductions. Certainly our Vietnam commitments must remain firm. We must move carefully in the area of necessary veterans' benefits, for it is my understanding that the Veterans' Administration may well lose some 3,000 employees in the critical area of nurses and VA hospital aides. Clearly, the Veterans' Administration will be hard pressed to stand such a shortage. I presume the administration will exercise some insight and judgment in such cases.

I am, of course, pleased that the Senate-House conferees retained the provision for reduction of new obligational and loan authority for the fiscal year 1969 by some $10 billion. This represents a cut from $201.7 billion proposed in the budget to $191.7 billion.

Mr. President, I believe that cuts in excessive welfare spending in some areas was wisely retained by the conferees, as was a provision calling for a comprehensive reform of the Internal Revenue Code of 1954.

Mr. President, as much as we all deplore the imposition of higher taxes, I believe that the 10-percent tax surcharge must be temporarily imposed if we are to return to a course of fiscal responsibility and to restore foreign confidence in the dollar. As of March 1968, our gross public debt had climbed to $351 billion. We must move with haste to correct this situation.

Such an enormous public debt and wanton Federal spending can only lend to the mounting spiral of inflation which

threatens to undermine the stability and strength of the U.S. dollar. Inflation, of course, falls with particular severity upon low-income individuals and the aged on fixed incomes who find that their dollars buy less and less of the necessities of life.

Mr. President, I support the conferees' action on H.R. 15414, for this important piece of legislation should demonstrate to the world and to ourselves that we, too, are willing to tighten our belts and to make whatever sacrifices may be necessary to bring greater stability to our national economy and to the international monetary system, which is of course in our own best interests.

Mr. SPONG. Mr. President, the Senate has before it legislation that would impose a 10-percent surcharge on individual and corporate income taxes, require a $10 billion reduction in projected fiscal 1969 appropriations, and require a $6 billion reduction in fiscal 1969 spending. In addition, the bill would require a $6 billion reduction in fiscal 1969 spending.

Our country is facing one of the most difficult times in its history. The violence and disorder in our society, the problems of our cities and the war in Vietnam and our obligations around the world impose a heavy burden on our resources.

The deficit in the administrative budget for fiscal year 1968 will apparently be $28 billion while the deficit in the unified budget for the same year will be $25 billion. In the absence of a tax increase and budget cuts, it is estimated that the administrative budget deficit for 1969 would be around $31.3 billion and the unified budget deficit would be approximately $24 billion.

The impact on our economy of our current policies has become more obvious and damaging in recent months. In the first quarter of 1968, the gross national product increase was $19.4 billion, the largest quarterly increase that we have ever had. However, it is estimated that 50 percent of this increase is due to inflation. In April, prices rose by 4.1 percent on an annual basis, the highest monthly increase since the Congress began considering a tax increase, and wage costs outstripped the increase in productivity during the first quarter of the year.

The burden of this inflation will be felt by millions of our people, and the cruelest blow will be on those who can least afford it—the poor, the infirm, and those living on fixed incomes.

The strain on the money market of financing the Federal deficit and the policies of credit restraint imposed by the Federal Reserve to restore balance in our country have pushed interest rates up and they are expected to continue to rise unless action is taken. For example, since last August the cost of financing good quality corporate bonds has risen 4.8 percent to about 7 percent, while the interest cost on 3-month treasury bills has risen from 4.15 percent to 5.65 percent, an increase of one and one-half percent. Mortgage interest rates have risen from 5.5 percent to 7 and even 8 percent in some areas and is expected to go even higher. Unless the deficit is cut it is likely that the pressure on the money market will dry up much of the available credit for housing.

The soundness of the American economy and the dollar underlie our commitments at home and abroad, as well as the international monetary system and the world economy. In March, the continuing deficit in our balance of payments and doubts about the soundness of the dollar contributed to an increase in the speculative buying of gold and a crisis in the international monetary system.

The United States and its friends moved quickly to meet the crisis. The Congress freed all of the U.S. gold stock from the reserve requirements for Federal Reserve notes. The London gold market was closed for the last half of March. A two-price gold market was established with leading nations agreeing to buy and sell gold only among central banks. In Stockholm there was agreement to accelerate the plan to supplement international monetary reserves with a new and additional form of reserve currency for international payments settlement called special drawing rights.

These actions have had a salutary effect and the possibility of the collapse of the international monetary system has been deferred. Whether this is a temporary or a permanent solution of the world monetary crisis depends on the policies of both the United States and other countries.

Most observers believe that the United States must act to solve its balance-of-payments deficit, and that the key to this is a program of austerity for the domestic economy. This view holds that current price inflation in our economy must be stopped or slowed because such inflation undermines the competitive strength of the dollar in world markets and thus the country's international balance of payments.

The Congress, the President, and the country must face the facts of our current economic situation and be willing to take the steps necessary to set our financial house in order.

The war in Vietnam is costing us over $70 million a day, and Vietnam costs represent a figure that is strikingly similar to the size of our budget deficits. Traditionally, America has responded to the costs imposed by war by increasing taxes. For example, after the fighting began in Korea Congress imposed $8 billion in new taxes in 1950 and $6 billion in 1951. This would be the equivalent of $36 billion in today's economy.

During my tenure in the Senate, I have called for the establishment of rational priorities in Federal spending and I have supported selective and substantial cuts in the budget which represent what I believe the priorities should be.

During the past year, I have said that before I would support the enactment of new taxes, I would have to be convinced that substantial cuts in Federal spending would be imposed, and that a tax increase was absolutely necessary to meet our obligations overseas and protect our economy at home.

In the face of the cost of the Vietnam war, the international monetary crisis, and the threat of inflation, I concluded on April 2, 1968, that a combined tax increase and spending cut was vital to our Nation and I voted for an amendment to the Tax Adjustment Act of 1968 that had much the same effect as the legislation before us today. Events since that time have strengthened my belief that such action is necessary and I intend to vote in support of the pending legislation.

Mr. COOPER. Mr. President, I rise in support of the conference report on H.R. 15414. When the bill was before the Senate, I voted for and supported the Smathers-Williams amendment providing for the 10-percent tax surcharge coupled with the mandatory expenditure reduction of $6 billion. I am pleased to note that the Senate conferees were able to retain in conference the $6 billion expenditure cut rather than compromise on the lesser amount of $4 billion contained in the House bill.

It has been my view that before the Congress should ask the American public to pay increased taxes, that every effort must be made by the Congress and the administration to reduce Federal spending. Yesterday in the debate in the House on the conference report, the chairman of the House Ways and Means Committee [Mr. MILLS] stated that the deficit in the administrative budget, as adjusted for participating certificates, for fiscal year 1968 will amount to $28 billion without H.R. 15414, and that for fiscal 1969 we would be faced with a prospect of a deficit of $31.3 billion in the administrative budget—as adjusted for the participating certificates, proposed for fiscal 1969—unless something is done.

A brief reference to some of the current key economic indexes is sufficient to underline the serious and mounting inflation that our country faces today. Prices rose by 4.1 percent on an annual basis in April, the highest increase in prices on an annual basis that we have experienced in a long period of time. In the first quarter of 1968 we experienced an increase in gross national product of $19.4 billion which, I understand, is the largest quarterly increase in our gross national product in our history. More than half of that increase is attributable to inflation. Last year interest rates rose to a level greater than at any time in the last 40 or 50 years. In 1968 interest rates increased even further and are now higher than they have been in over 100 years. The interest rate on mortgage money to finance the purchase of residential homes is now 8 percent and the interest on triple A corporate bonds increased from 5.25 percent in May 7, 1967 to 6.25 percent in May 7, 1968.

I believe that it is absolutely necessary that the administration and we of the Congress face up to their responsibilities to reduce Federal spending by eliminating unnecessary programs and projects and by postponing the initiation of Federal programs carrying a low priority if we are to control inflation and restore confidence in the dollar at home and abroad. This bill is a good first step.

In the past few months I have voted for substantial cuts in the authorization bills for military procurement, maritime

construction and NASA. I shall continue to vote for further cuts.

The distinguished Senators from Delaware and Florida, Senators WILLIAMS and SMATHERS, deserve the commendation of the country.

INDUSTRIAL REVENUE BONDS

I would like to draw attention to a provision agreed to by the conferees which has not received a great deal of public discussion to date. I refer to the provision which places certain ceilings on the tax-exempt status of industrial revenue bonds and thereby limits their effective use.

On March 23 of this year the Internal Revenue Service published proposed regulations providing that the interest paid on industrial development bonds described in the proposed regulations would no longer be considered to be exempt under section 103 of the code. The amendment introduced by Senator CURTIS, and agreed to by the Senate, would have, in effect, suspended the application of the proposed regulations by requiring the continued application of the present revenue rulings until the Congress acted on the subject. Later an amendment offered by the distinguished Senator from Connecticut [Mr. RIBICOFF] was adopted which denied tax-exempt status to industrial development bonds issued after January 1, 1969, except to finance certain limited projects of a municipal or quasi-public character. The conferees have retained these exemptions of the Ribicoff amendment in addition to establishing a limitation of $1 million on the use of tax-exempt industrial revenue bonds for all other projects.

The $1 million ceiling on industrial revenue bond financing would, in my view, unduly restrict, if not eliminate the use of revenue-bond financing as a means for assisting industry to seek new locations in the economically depressed areas of the country.

In my own State of Kentucky the sale of industrial revenue bonds has provided an important impetus to the economic growth and development of many communities. In recent years some 137 revenue bond issues have financed a variety of new industries in Kentucky, and have produced an estimated 27,000 additional jobs.

In opposing the Ribicoff amendment I concluded my remarks with the following statement:

> Mr. President, in conclusion, I note at page 108 of the hearings that representatives of the Treasury Department have estimated that the loss of tax revenue to the Department as a result of the tax-exempt status of industrial revenue bonds amounts to some $50 to $100 million annually.
>
> When we compare this loss of tax revenue with the billions of dollars that the Federal Government is spending in the country on programs to assist in economically depressed areas and in its war on poverty, it is my view that we should not curtail the limited means at the disposal of local communities to attract new industry and new jobs not financed by the Government. If abuses have developed in the employment of this means of financing, then efforts should be made to cure or remove the abuses without eliminating the tax-exempt status of revenue bonds for industrial purposes.

I believe that the limitation agreed upon by the conferees of a million-dollar ceiling should be increased to a higher ceiling of perhaps $5 million, or a comparable amount, which would permit the program of financing new industries in economically depressed areas of the country to continue, and, at the same time, would set an amount sufficiently low enough to correct those situations where the program has been abused in its application by businesses of sufficient financial strength which can provide their own financing.

I hope that the Finance Committee will have an opportunity to review these questions and to consider a raise in the ceiling established by the conference report.

THE TAX INCREASE AND THE CUT IN SERVICES

Mr. McGOVERN. Mr. President, I am voting against the proposed 10-percent surtax and the $6 billion cut in such programs as agriculture, education, FHA, REA, and river development.

I am voting no on the tax increase because it aggravates an already unjust tax system and fails to correct any of the existing abuses. The present tax laws permit some citizens to write off various items so that they go tax free on incomes running to hundreds of thousands of dollars a year. I recently pointed out that urban investors are using sideline farming operations as a tax dodge to escape an estimated $400 million in taxes that they would otherwise owe on nonfarm operations.

We all know that the tax increase is requested because of the enormous cost of the Vietnam war. I have for years opposed our deepening involvement in the tangled affairs of the Vietnamese people. But if a special war tax is now needed, it should come in the form of an excess war profits tax as I proposed months ago. That is the way we financed the Korean war and World War II when extra war funds were needed. Since we began the big military buildup in Vietnam 3½ years ago, corporate profits have jumped by $22 billion. If we taxed these excessive wartime profits fairly, we would have more revenue than is proposed in the 10-percent surtax. Yet, it would be a fair tax paid by those corporations that are getting fat off war profits.

Farmers and small businessmen and other residents of rural States such as South Dakota are not getting rich off of this ill-advised war. Yet, they would be hardest hit by the proposed 10-percent tax increase.

I oppose the $6 billion cut in Government services and programs because those cuts are most likely to come not in the vested interests with powerful lobbies, but in programs essential to ordinary citizens.

For years I have tried to bring about reductions in such costly programs as the stationing of 300,000 American troops in Europe. Why cannot the prosperous nations of Europe now take over their own military manpower needs?

Why do we proceed to build another antiballistic missile system at a cost of $30 or $40 billion when we already have enough missiles to blow up the world?

Why do we continue to pour billions of dollars into a corrupt regime in South Vietnam?

The cuts will not come in these areas, but in our schools, roads, hospitals, farm credit, and water development programs.

Mr. President, I cannot vote for this unjust tax increase coupled with the costly weakening of many of our important domestic programs.

I want to do what I can to combat inflation and budget deficits, but this monstrosity before us today is not the way to do it.

The PRESIDING OFFICER (Mr. MUSKIE in the chair). Pursuant to the previous order, the vote will now take place on the adoption of the conference report. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. DODD (when his name was called). On this vote I have a pair with the junior Senator from Connecticut [Mr. RIBICOFF]. If he were present, he would vote "nay." If I were permitted to vote, I would vote "yea." I therefore withhold my vote.

Mr. GORE (after having voted in the affirmative). On this vote I have a pair with the senior Senator from Indiana [Mr. HARTKE]. If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." I therefore withdraw my vote.

Mr. BYRD of West Virginia. I announce that the Senator from Indiana [Mr. BAYH], the Senator from Idaho [Mr. CHURCH], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Indiana [Mr. HARTKE], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Missouri [Mr. LONG], the Senator from Minnesota [Mr. McCARTHY], the Senator from Montana [Mr. METCALF], the Senator from Oklahoma [Mr. MONRONEY] the Senator from New Mexico [Mr. MONTOYA], the Senator from Connecticut [Mr. RIBICOFF], and the Senator from Georgia [Mr. RUSSELL] are necessarily absent.

I also announce that the Senator from Alaska [Mr. GRUENING] and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

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

I further announce, that if present and voting, the Senator from Massachusetts [Mr. KENNEDY] would vote "nay."

On this vote, the Senator from Oklahoma [Mr. MONRONEY] is paired with the Senator from Alaska [Mr. GRUENING]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Alaska would vote "nay."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT], the Senator from Massachusetts [Mr. BROOKE], and the Senator from Colorado [Mr. DOMINICK] are necessarily absent.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Massachusetts [Mr. BROOKE], and the Senator from Colorado [Mr. DOMINICK] would each vote "yea."

The result was announced—yeas 64, nays 16, as follows:

[No. 189 Leg.]

YEAS—64

Aiken	Hayden	Muskie
Allott	Hickenlooper	Pastore
Anderson	Holland	Pearson
Baker	Hruska	Pell
Boggs	Inouye	Percy
Brewster	Jackson	Prouty
Byrd, Va.	Javits	Randolph
Carlson	Jordan, N.C.	Scott
Case	Jordan, Idaho	Smathers
Clark	Kuchel	Smith
Cooper	Lausche	Sparkman
Cotton	Magnuson	Spong
Curtis	Mansfield	Stennis
Dirksen	McClellan	Symington
Eastland	McGee	Thurmond
Ellender	McIntyre	Tower
Ervin	Miller	Tydings
Fannin	Mondale	Williams, N.J.
Fong	Morton	Williams, Del.
Griffin	Moss	Yarborough
Hansen	Mundt	
Harris	Murphy	

NAYS—16

Bartlett	Hatfield	Nelson
Bible	Hill	Proxmire
Burdick	Hollings	Young, N. Dak.
Byrd, W. Va.	Long, La.	Young, Ohio
Cannon	McGovern	
Hart	Morse	

PRESENT AND GIVING LIVE PAIRS, AS PREVIOUSLY RECORDED—2

Dodd, for.
Gore, for.

NOT VOTING—17

Bayh	Gruening	Monroney
Bennett	Hartke	Montoya
Brooke	Kennedy	Ribicoff
Church	Long, Mo.	Russell
Dominick	McCarthy	Talmadge
Fulbright	Metcalf	

So the conference report was agreed to.

Mr. MANSFIELD. Mr. President, it has been well over a year since President Johnson first requested the tax surcharge proposal just adopted with this conference report. His call then for this tax boost was based upon the best economic forecasts available at the time. I think the Senate and the great majority of the American people now agree that the original request was made with a great deal of foresight, a great deal of wisdom.

I am happy to note that the effort to achieve this success was truly bipartisan; that the initiative here in the Senate was taken by two prominent members of the Committee on Finance, representing both sides of the aisle. I refer, of course, to the Senator from Florida [Mr. SMATHERS] and the Senator from Delaware [Mr. WILLIAMS]. Together they carried the President's message through the Senate. Together they must share the achievement. And they also deserve commendation for reading correctly the economic barometers and for so strongly urging passage of this tax measure simply because it is of such vital importance to the Nation's financial position.

It is true that not all Senators were satisfied with every feature of the conference. Perhaps a $6 billion expenditure reduction is more than some thought necessary. Perhaps the limitation on Federal employment will cause some inconvenience. But all in all, the proposal contains what is necessary to provide the economic stability that must be applied at this time.

Over the years Senator SMATHERS has consistently lent his deep understanding and broad knowledge of fiscal matters to obtaining constructive legislation. His strong and able support on this measure certainly carries on that tradition. The same may be said of the senior Senator from Delaware [Mr. WILLIAMS].

Others, too, deserve our commendation. The Senator from Kansas [Mr. CARLSON], the Senator from Virginia [Mr. BYRD], and so many more spoke in support. I personally want to thank all those who participated.

But our particular thanks today must go to those two Senators most responsible—to Senator SMATHERS and Senator WILLIAMS. The entire Senate, indeed, the Nation, are in their debt.

TEN-PERCENT SURTAX AND SPENDING CUT MEASURE SQUARES WITH FISCAL RESPONSIBILITY

Mr. RANDOLPH subsequently said: Mr. President, the Senate, in passing and sending to the White House a tax bill providing a 10-percent surtax and a $6 billion cut in spending, has completed in Congress action that is fiscally responsible. It is a statute which, when signed by the President of the United States, will have many good effects which should vastly exceed the problems it will create.

I voted for this measure when the Senate amended the excise extension bill on April 2, 1968, and I voted for it in its final form today. In doing so, I acknowledge that we have had to perform a painful duty—that of increasing taxes and coupling with it a substantial cut in Government spending.

But, Mr. President, if we had not taken these actions many disturbing realities of the national and international economy could return to haunt us time after time.

The tax increase and the expenditure cuts ordered by law are vital to the United States because it demonstrates that we can act responsibly to curb our own excesses. As bad as are the budget deficits, other problems inherent in the national economy and in the implications of the world money market are even more foreboding.

The measure we have passed will not set the economy right overnight. The inflationary spiral will not be checked automatically by this or any other single action—but the tax increase coupled with the ordered retrenchment in spending will make significant contributions to slowing the inflation in which price increases and cost-of-living escalation are the outward manifestations bearing down on every citizen.

The taxpayer who grows unhappy over the 10-percent surtax can be comforted in some degree by the knowledge that this action by Congress will keep this same taxpayer's hidden taxes—in the form of 4 percent or higher annual inflation—from going much higher. Actually, in the net, the taxpayer probably will be better off paying the out-in-the-open surtax which he can see than meeting the cost of the hidden taxes which these actions taken by Congress should help to reduce.

I believe the tax increase should have been applied sooner, and I believe there is general agreement on this point in the economic community if not in the political community. But it has not been invoked too late. The boom of the economy is going at a sufficiently high level to keep fiscal and monetary brakes from causing a recession.

CONSTRUCTION AT MILITARY INSTALLATIONS

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which will be stated.

The LEGISLATIVE CLERK. A bill (H.R. 16703) to authorize certain construction at military installations, and for other purposes.

The Senate resumed the consideration of the bill.

Mr. PELL was recognized.

Mr. BYRD of West Virginia. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. PELL. Mr. President, I yield to the Senator from West Virginia.

ORDER FOR ADJOURNMENT TO MONDAY, JUNE 24, 1968

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that, when the Senate completes its business today, it stand in adjournment until 12 o'clock noon on Monday next.

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

AUTHORITY FOR THE VICE PRESIDENT TO SIGN DULY ENROLLED BILLS

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the Vice President be authorized to sign duly enrolled bills during the adjournment of the Senate or away from the Chamber while the Senate is in session today.

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

THE HELEN KELLER MIRACLE

Mr. SPARKMAN. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial entitled "The Helen Keller Miracle," published in the Washington Post on June 3, 1968.

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

THE HELEN KELLER MIRACLE

Mark Twain's comment that "the two most interesting characters of the 19th century are Napoleon and Helen Keller" has an element of humor because the two were so different. Yet Miss Keller's conquest of the spirit was as striking in its way as the military conquests of the dashing French general. Her life was truly one of the remarkable phenomena of our time, and her death just short of the age of 88 years leaves the whole world poorer.

Miss Keller would doubtless have been a notable figure if illness had not left her blind and deaf at the age of 19 months. But her attainment of the status of eminent writer and lecturer, known throughout the world, despite these usually crippling handicaps, clearly falls into the category of the miraculous. And for this generation her achievement is the more meaningful because it was centered in the area of personal struggle and spiritual triumph.

The blind and deaf girl who found a way to express the "sweet strange things that were locked up in" her heart had an enormous appeal to the imagination. She came to reflect in a very real way the finest aspects of the American spirit. Her indomitable will

was akin to the motivation behind our pioneers and empire builders. Her relentless pursuit of goals that once seemed impossible was a dramatic example of the restless questing which is characteristic of this country.

Yet her courage and skills were channeled into intensely human endeavors that are well understood and appreciated by this generation. She will long be remembered not only as a remarkable individual but also as an inspiration to all those who have gigantic problems or handicaps to overcome.

In this age of disillusionment and easy surrender to hardships and discouragement, the world can ill afford to lose the shining example of Miss Keller fighting her way through every adversity to a rich and satisfying life in which she became, despite her handicaps, a source of help, comfort and strength to her generation.

JOE SEWELL NAMED SOUTHEASTERN CONFERENCE COACH OF THE YEAR

Mr. SPARKMAN. Mr. President, we are in the midst of the baseball season and much of our attention goes to baseball from day to day.

Back many years ago while I was a student at the University of Alabama a young fellow named Joe Sewell was called up just before the beginning of the world series in order to take the place of Ray Chapman who had been killed by a pitched ball. For a good many years Joe Sewell had a wonderfully successful career in the major leagues.

Joe is now back home serving as baseball coach for his alma mater, the University of Alabama. In fact, his team won the Southeastern Conference championship this year to Joe's great delight.

Recently Benny Marshall, the Birmingham News sport's editor, wrote a column about Joe Sewell and his career. The next day there came out an article in the Birmingham News telling of Joe Sewell's being named the Southeastern Conference Coach of the Year. I think we all would agree that he is having quite a success in baseball at the good age of 69.

I believe all of this will make interesting reading for those who may remember Joe Sewell and for all who like baseball.

Mr. President, I ask unanimous consent to have printed in the RECORD the article entitled "Bigger for Joe Sewell Than All of It," published in the Birmingham News.

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

BIGGER FOR JOE SEWELL THAN ALL OF IT

(By Benny Marshall)

Joseph Wheeler Sewell came Saturday morning, in the 69th year of his life, to one of the special moments which the young are given to thinking are reserved only for them.

Alabama's baseball team was playing for a Southeastern Conference championship, and Joe Sewell was the coach.

The Little General had an undefeated pitcher ready, and momentum going, and his team was at home on Thomas Field as the Crimson Tide and the Florida Gators went to work at 11 in the first half of the biggest springtime doubleheader the University of Alabama ever knew. The second half was Tennessee's winning the conference track championship, which everyone knew would happen, anyway.

Coach Sewell approached the morning with extra bounce in the step, and an added gleam in the eye, and it was a very good morning which had showed up to crown a lifetime spent in baseball.

He brought to it the old pro's willingness to ride with fate. You do all you can to get ready. Then you play, and accept what a day brings. Some you win, some you lose, some are rained out, and there's always tomorrow.

THE LAST CHANCE

There was the suggestion of something more riding with this one, however, and maybe a little bit of extra yearning for the coach of Alabama.

Joe Sewell will be 70 years old Oct. 9, and that's an inflexible retirement age. This, he might have thought, was the last chance, and the best way for big leaguers to go is winning. The applause can last, then, forever.

"Right now I wouldn't trade jobs with the President of the United States," Sewell was saying Friday night after all the cheers and the congratulating following the 5–0 Alabama win which took the championship playoff to Saturday for final settlement. He was dressing, in a hurry, because now he had to go and be on television, and it was a big moment. Take them where you find them.

Forty-eight years ago, before slugger Stan Moss' dad was born, though later than this in the American League season, the Cleveland Indians sent for the shortstop they had farmed to New Orleans, a kid from Titus, Ala., who had played on an Alabama baseball team which would deliver five players to the majors for extended stays.

Cleveland's Ray Chapman had been killed by a Carl Mays pitch which hit him in the head. Now, this kid reported, and his name was Joe Sewell.

HE COULD DO IT

The Indians were playing Connie Mack's Philadelphia Athletics that day, and Scott Perry was pitching. The second time up Sewell singled. The fourth time up he tripled and he fairly flew around the bases, the insides of him singing, "I can do it, I can do it."

And he did do it, too, for 11 years with Cleveland, and five more with the Yankees. He played in two World Series, and the record books know his name. In 1925, Sewell struck out only four times, while batting .335. He tied the record in 1929, four strikeouts, with a .315 average.

The first time, and the World Series times, Joe Sewell, being much younger and not knowing, really, had to regard them as supreme.

Saturday, in its time and its place in the scheme of things, came up equal and maybe ahead for a man who thinks he must have picked up a ball and bat "as soon as I got out of the cradle."

EXTRAORDINARY STORY

Sewell is an extraordinary story, all the way. After his playing days were done in 1936, he was many years in the hardware business in Tuscaloosa. Then he went back to baseball as a scout, and he'd help the late Happy Campbell in the springtimes on Thomas Field.

Paul Bryant, the athletic director of whom you have heard, had his man right on the scene when a new coach was needed. Not many athletic directors go around hiring 64-year-old head coaches, but Bryant isn't like many athletic directors. He hired Joe Sewell to be baseball coach five seasons ago, and he was wishing with him Saturday when they brought it down to the finish.

"I've got the best seat in the house," Bryant said, and he means the view from his office window in Memorial Coliseum looking out over the vast Crimson Tide sports complex which has grown and grown since he checked in back in 1958.

"The dog-gondest thing happened to me Friday, though the telephone rang and I turned away to answer it, and that's when Moss hits his home run.

"Don't call me Saturday afternoon."

EXCELLENT VIEW

As the muggy morning progressed, Coach Bryant's view from upstairs proved to be eminently satisfactory.

Joe Sewell's pitching produced another shutout, and there were three runs to go with it, and that meant a championship for the Tide.

Friday night, the coach of the baseball team had said, "It has been a great season, whether we win or we lose. We've had a lot of fun."

Saturday night, it was even greater, and it was much more fun, and it wasn't a last chance at all for the young men, or the 69-year-old coach who had turned up Alabama's first conference championship since 1958 in his game. More big moments have been created for the days ahead, bigger than starting in the big leagues, bigger than the World Series that were.

That's because all of this is right now in the happy life of Joe Sewell, champion college coach.

TIDE'S SEWELL SOUTHEASTERN COACH OF YEAR

(By Ben Cook)

It was a banner day for coach Joe Sewell and the Alabama Crimson Tide Sunday afternoon, but, after all, it was a banner year for the NCAA District Three-bound Tide.

Sewell walked away from the Sunday afternoon baseball meeting at the Thomas Jefferson Hotel with the Southeastern Conference baseball championship trophy and the 1968 Coach-of-the-Year trophy.

Alabama also landed five men on the All-Western Division team with three named to the over-all All-Southeastern Conference team.

Pitchers Eddie Prospt, Mike Innes and third baseman Stan Moss were picked on the All-SEC squad. Centerfielder Bill Parker and shortstop J. C. Ranelli joined them on the All-Western Division group.

The Coach-of-the-Year award for Sewell climaxed a drive from the last place spot in the Western Division to the top spot in the conference this season.

The Titus native said he figured he had the team to win it all this season.

"The boys started out to win this thing in the spring training and they just kept coming," he smiled after Alabama's 3-0 clincher over Florida. "We just outhustled everybody and got great pitching down the stretch."

Sewell was a star shortstop for Alabama, Cleveland and the New York Yankees back in his playing days. He will be 70 soon, having taken over the coaching reins at Alabama when Happy Campbell left the scene in 1963.

The 24 wins posted by this year's championship team set a new record for the Crimson Tide. The previous high was 23 by the 1967 Sewell-coached nine, although they finished last in the Western Division.

Third baseman Moss finished the season with a .342 average and seven home runs in nailing down the hot corner spot on the All-SEC team. It was his home run on the final day of the season that threw the race into a tie, and his grand slam in the play-off game that put the Tide at the top of the heap.

Propst compiled an 8-3 record and pitched shutouts against LSU on the final day of the season, had two and two-thirds innings of scoreless relief in the playoff game and then blanked Florida Friday to complete an amazing string of twenty and two-thirds innings of scoreless pitching in the final week as Alabama drove to the top.

Innes, a freshman lefthander, picked up three hits in the last week of the season to

run his record to 7-0. He shutout LSU in the next to the last game of the season. He then came back and beat LSU in the playoff for the Western Division crown with three and one-third of relief work and then came back to shutout Florida in the final playoff game Saturday.

Ranelli hit .279 and played brilliantly in the field for the Tide while Parker came through with some clutch hits in compiling his .247 average. It was Parker's single that drove in two runs against Florida in the finale.

PHILIP N. BROWNSTEIN, COMMISSIONER OF FEDERAL HOUSING ADMINISTRATION

Mr. SPARKMAN. Mr. President, in the May 25 editions of the Washington Post there was published a story by John Willmann about the tenure of Philip N. Brownstein as Commissioner of the Federal Housing Administration.

Mr. Brownstein has now served longer in this position than any other individual. This is a remarkable achievement by Mr. Brownstein not from the point of the years he has served, but rather for what he has accomplished during those years.

Armed with legislation provided through the Senate Banking and Currency Committee and this Congress, plus his own will, Mr. Brownstein has guided FHA from a suburban orientation to a place where it is a meaningful device for providing housing for all, including low- and moderate-income families.

He has given strength and substance to our efforts. I ask unanimous consent that Mr. Willmann's article be printed in the RECORD.

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

P. N. BROWNSTEIN AN UNFLAPPABLE: FHA CHIEF SETS ENDURANCE MARK

(By John B. Willmann)

Almost 33 years ago, Philip N. Brownstein decreased the population of Ober, Ind., 2 per cent by leaving his birthplace and coming to Washington.

With the help of a friend, he got a job as an assistant truck driver and mail handler for the then-infant Federal Housing Administration. Today—he often works on Saturdays—Brownstein sits behind a desk in spacious Room 741 of the Lafayette Building, 811 Vermont ave. nw., as the Assistant Secretary for Mortgage Credit of the Department of Housing and Urban Development.

In that presidential-appointment post, Brownstein also serves as Commissioner of the Federal Housing Administration. As of next Wednesday, he will have held the top FHA post longer than any of his 10 predecessors. And he has been the only FHA Chief also to serve as Assistant Secretary of HUD, created in 1965.

Brownstein, whose career has included a law degree from Columbus University here . . . four years of World War II duty in the Marine Corp. . . . and 17 years with the Veterans Administration and its housing programs, now is facing his biggest challenge.

In the year that already has seen an open housing law passed, major civil disorders and property loss, and the FHA-VA interest rate ceiling raised to 6¾ per cent, the FHA Commissioner views the proposed 1968 housing bill as "the next piece of legislation we need to give added substance to urban life . . . by breaking down the remaining barriers to the fullest private participation in providing housing for those who are economically unable to obtain a decent home in the open market."

Swinging back on his swivel chair this week, Brownstein recalled that the original FHA insurance program for liberal mortgages amortized over 20 years made false prophets of financial experts who feared that many, many of those home loans would be foreclosed.

"Well, the record shows that the foreclosures were truly minimal considering the millions of home loans insured through FHA. At the moment, our portfolio shows only 27,000 repossessed houses that have not been resold. Our largest inventory was 56,000 in 1964."

Besides aiding many middle-class families into home ownership, that original FHA insurance program also helped to establish a new posture within the conventional (non-FHA-insured) mortgage market, where terms recently rose as high as 30 years (before the latest money pinch) on amortization and down payments fell to 10 per cent.

"It's time for us to be bold again and bring FHA insurance to the lower-income levels in the inner city. We already have rent supplements through which the Federal Government pays a portion of an individual's rent to the owner of a housing project—but this program has suffered from lack of adequate funding," said the relaxed Brownstein.

The newest HUD-proposed program would permit Federal payments to the mortgage lender as an interest rate subsidy to reduce the homeowner's monthly mortgage payment.

"This reduction," said Brownstein, "could result in the homeowner making payments on the basis of an interest rate as low as 1 per cent, depending on his income . . . With the proposed approach, families with incomes as low as $3600 a year may be able to afford a home with a $12,000 mortgage."

Besides the new programs to help poor people achieve home ownership and a recent FHA action to keep its own insurance in force in areas where civil disorders prompted some insurance firms to refuse further protection, Brownstein likes to point to another FHA achievement.

"Dramatic progress has been made in speeding up the procedures to enable home sellers to get (or not get) FHA commitments on their houses in five days and to get the credit check on the purchaser done within three days. This is the cycle in 95 per cent of the cases," he added.

However, some area builders still complain that FHA is slow in making its inspections and providing commitments to developers of subdivisions. Often builders moan about the FHA red tape. But the FHA point of view is that procedures must be followed for the protection of home purchasers and that paper work is inevitably a part of any Government program.

Brownstein is part of the Administration-HUD team that is pushing for enactment of a new housing bill this year, regardless of the realization that the Johnson regime is winding up. Recently, HUD Secretary Robert C. Weaver announced his intention to resign toward the end of this year and become a college president in New York City.

Mentioned in housing circles as a possible successor to Weaver for the balance of the four-year Federal cycle or the top HUD spot if another Democratic administration materializes in November, Brownstein remains personally implacable.

"I've been in Washington and in Government too long to look too far ahead," he said. "I didn't seek this job. But now that I have it the work is enough to keep me too busy to fish or read much of anything except reports or housing material. The mortgage money pinch is a full-time worry in itself.

"On the other hand, I'm really excited by a new FHA-supported 221(d)(3) program project that will provide wonderful new housing on an open occupancy basis for about 500 families right here in Washington (on New Hampshire Avenue, just across the District line).

"I am also tremendously heartened by the reactions of the National Association of Home Builders and the local metropolitan affiliates to the new open housing law. I am really hopeful that a financially qualified Negro family can now shop for a new house in any part of this area and get a fair shake. Let's hope that the days of the 'We will sell to you but we don't think you'll like it out here' are over."

Whatever happens to the housing bill or in the November election, Brownstein likely will remain in Washington, which he unabashedly describes as "still the greatest city in the world."

The Brownsteins, who rented a Hyattsville apartment when he was made FHA Commissioner in 1963, now own a share in Harbor Square and occupy a two-bedroom condominimum there. It's a private development project (no FHA funds) on urban renewal land.

While their married son Michael is pursuing a combined Ph.D-MD degree, the Brownsteins enjoy in-city life.

"We're just like any homeowners anywhere. My wife fusses with her planting boxes on the balcony and I grumble about cars that drive over the edge of our lawn," said the FHA's respected boss.

VIOLENCE IN RESURRECTION CITY

Mr. THURMOND. Mr. President, the city of Washington is once again being threatened by a wave of violence and mobs. The conditions of lawlessness in Resurrection City are without precedent. This administration has permitted to be established in the Nation's Capital an enclave of anarchy where capital crimes such as rape have gone unpunished.

The Washington Police force and the National Capital Park Police have been denied the right to police an area within their own jurisdiction. Information from a high source in the District of Columbia government reveals that the Justice Department entered into an agreement with leaders of the Poor People's Campaign that they alone would have policing powers within Resurrection City.

Mr. President, this situation is almost unbelievable. Here we have a situation where the highest law-enforcement agency in America has turned over its police powers to hoodlums and so-called marshals who have witnessed week after week of rampant crime within this enclave in the Nation's Capital.

It is my understanding that the so-called marshals at the camp have not been deputized or commissioned, yet they are reportedly using paddles to mete out punishment to offenders in the camp.

This is sheer madness, a condition unparalleled in the history of this great Nation. Many well-intentioned poor people have been assaulted, robbed, and molested without the benefit of full application of our Nation's laws. To pacify a minority group, the rights of many citizens have been cast aside and run over roughshod.

Mr. President, many Senators, including myself, urged the responsible author-

ities to deny a permit for this illegal and violent circus. How can our national leadership uphold law and order when they condone this disorderly mob? When the present permit expires, it should not be extended. This time, our warnings should be heeded.

Mr. President, three articles appeared in the Washingotn Post on this subject which I would like to call to the attention of my colleagues: "Police, Poor Clash Outside Tent City" on June 20, 1968; "Police, Protesters Clash—77 Arrested at Agriculture" and "Resurrection City: A Community Concerned by Growing Violence" both on June 21, 1968. I ask unanimous consent that these articles be printed in the RECORD.

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

[From the Washington Post, June 20, 1968]

POLICE, POOR CLASH OUTSIDE TENT CITY

Two days of recurring violence within and near Resurrection City flared into a heated confrontation between police and city residents early today.

The incident just outside the encampment was sparked about 1:10 a.m. when six youths, two carrying tent poles, confronted an equal number of Park Police near the Reflecting Pool chanting "Going to get me a whitey" and "Going to get me a honky."

Police forced the group back toward Resurrection City to a point about 100 yards from the main gate, where the youths stopped, yelled for help and started pushing the police.

A large contingent from within the city rushed out to join the youths and began throwing bottles at the police, who called for reinforcements.

A mixture of 50 Park and Metropolitan Police arrived in moments and the two groups faced one another for several uneasy moments while the youths continued shouting threats and hurling bottles.

At one point the police called for tear gas and an ambulance.

Shortly afterward, Resurrection City marshals conferred with police who told them they would move away from the city area if the marshals would quiet the groups and take them back into the city.

About 2 a.m. today most of the youths returned to the encampment with only a dozen or so milling outside. Police armed with shotguns, remained in the area.

The flareup occurred after 17 reported assaults within the city last night.

One blood-covered victim was taken by ambulance from the city at 9:30 p.m. He was still being treated at Freedmen's Hospital early today for a cut throat and convulsions. He refused to discuss the incident with police or give his name.

A second blood-spattered man, identified as a Campaign marshal, was taken from the city by ambulance at 11 p.m. after he was hit over the head with a plank of wood by another marshal, according to a third marshal.

Police could offer no further information on the assaults because, they said, they are not permitted inside the city and marshals would give them no information.

Earlier in the day, marshals slapped a tight guard on all entrances to the city after a rash of assaults and robberies near the camp Tuesday night.

Marshals, some of them tough-talking and clearly drunk, flushed most residents and visitors out of the fenced City in midmorning after Poor People's Campaign leader Hosea Williams urged all persons to assemble at the west gate for a march to the Washington Monument.

Residents moved sluggishly, some grumbling about the show of extra police strength around the nearby Lincoln Memorial. Several residents carried baseball bats and large tree limbs. Numerous marshals on the gates also wielded bats and limbs.

Visitors and questioners were turned away, some courteously, some gruffly. A youth threw an empty soft-drink bottle at a tourist and struck him in the back when the tourist ignored his beckoning gestures.

Park Police reported that persons were beaten, stabbed or robbed by youths either near Resurrection City or inside it between 6 p.m. Tuesday and midnight last night.

One group of about 20 youths broke up a softball game in a nearby field and in the scuffle one of their own number was struck with a bat and suffered a skull fracture. He was reported in fair condition at George Washington University Hospital.

Resurrection City marshals said last night most of the unrest within their city was caused by rumors that the youth had died during the night.

Information that the victim was still alive but in critical condition helped calm the confrontation early today outside the city. A number of the group in the clash went to the hospital to donate blood to the victim about 2:05 a.m. after learning that he was still alive.

In another incident, a sailor, who wandered into Resurrection City was taken by youths to the City's "security building," questioned for a half-hour, relieved of his personal papers and released.

Drew Pearson Arnold, 20, grandson of the columnist Drew Pearson, was attacked Tuesday by youths near the Reflecting Pool while he was going to the main gate to volunteer to work on Solidarity Day. A senior at George Washington University, he said he was not badly injured and completed his intention of signing up for volunteer work after the incident.

Police also reported that youths periodically peppered them with bricks and bottles Tuesday night.

The population of Resurrection City, which has dwindled from 2500 to about 400 in the last six weeks, increased again Tuesday when several hundred persons moved in overnight for the Solidarity Day rally.

Many of the newcomers were white middle-class pacifists and anti-Vietnam war crusaders who stood in sharp contrast to the predominantly Negro population of Resurrection City.

Early yesterday morning, Mayor Walter E. Washington made a surprise visit to Resurrection City, chatted briefly with residents, then left.

By midmorning, Hosea Williams was exhorting residents to assemble at the west gate and warned that no food would be served in the camp but would be available only at the Washington Monument.

At 11:30 a.m., the residents gathered to sing freedom songs at the base of the Lincoln Memorial, then joined several hundred visitors and began marching toward the Washington Monument just as the first contingents of Solidarity Day participants started marching from the Monument toward the Lincoln Memorial. The groups passed each other, waving good naturedly.

Later, the residents returned to the Lincoln Memorial, many of them taking special seats of honor for the afternoon's rally on the steps of the Memorial.

Williams welcomed visitors to Resurrection City as "the only city in America where you don't pay taxes where the police don't beat you with a stick and where there ain't no jailhouse."

During the afternoon, many Solidarity Day participants stopped to chat, occasionally to argue, with Resurrection City residents and marshals along the snow fence fronting the Reflecting Pool.

Sometimes a knot of white persons gathered at the fence while Negroes sitting behind the fence gave testimonials of poverty and hardship. Loudspeakers from the Solidarity Day rally blared in competition.

Signs posted along the south fence of Resurrection City reflected impatience with the National Park Service's requirement that Resurrection City's existence be authorized by an official permit. They read: "Land is not Liberated by a Permit, but by the People" and "The Government be Damned."

No one was saying that Solidarity Day was among the last days for Resurrection City. Tomorrow would be another day.

As the afternoon waned, residents returned in increasing numbers to the encampments. A normal pace resumed. Families scrambled through the hardening mud to get supper. Campfires sprouted here and there. Children played tag in the rutted roadways between the shacks.

Williams and other Campaign leaders rejuvenated the Solidarity Day rally by addressing residents over the public address system as dusk came on, while Campaign chieftain, the Rev. Ralph David Abernathy, and his wife, Juanita, stood in a reception line with other leaders and shook hands with residents and visitors.

Many old friends met and embraced. For a while it looked like old home week.

[From the Washington Post, June 21, 1968]

POLICE, PROTESTERS CLASH—77 ARRESTED AT AGRICULTURE—TEAR GAS ROUTS 300 MARCHERS

Metropolitan and Park Police hurled tear gas into an unruly crowd of rock and bottle-throwing Poor People's Campaign marchers last night during a heated confrontation outside Resurrection City.

The confrontation occurred when about 300 Campaigners returned to the encampment from a demonstration at the Department of Agriculture where 77 persons were arrested earlier.

When the group started crossing 17th Street on the east side of Resurrection City, a dozen of them sat in a line across the street 100 yards north of Independence Avenue, blocking traffic for the group to cross.

A Park policeman, the only one on duty at the site, attempted unsuccessfully to persuade the group to move on, and most of those who had already crossed the street began returning.

At this point a white woman, caught up in the mass traffic jam with her husband, screamed out her car window:

"We're going to a hospital. Doesn't that make any difference to you?"

Youths swarmed around the car and the policeman, Sgt. L. T. Hawkins, called for reinforcements at 8:02 p.m.

Park and Metropolitan Police units arrived moments later to form a line on the west side of 17th Street.

The youths, who by then numbered about 250 began hurling bottles, rocks and sticks of the baton type carried by Resurrection City marshals at the 150 policemen.

Assistant Police Chief Jerry Wilson threw three tear gas canisters into the crowd at 8:04 p.m. and gas masks were distributed to all policemen.

Deputy Police Chief Raymond S. Pyles was hit by several objects hurled from the crowd and instructed his men: "OK, the ground rules are any rocks thrown over here, throw tear gas back."

Reporters said a total of 15 tear gas canisters were thrown into the crowd by police. Campaign marshals said several also were tossed over the snow fence into Resurrection City about 200 yards away, but police denied this.

After about 20 minutes of direct confrontation, police and Campaign marshals conferred and the police agreed to pull back if the marshals would restore order.

The marshals then linked arms and forced most of the demonstrators back into Resurrection City.

Once inside, a loudspeaker directed the women and children to go to their homes and the men to stand by. The men were massed at a meeting inside the city at 9 p.m., receiving undisclosed instructions while police milled outside.

The group was still meeting at 11:30 p.m., an hour after police had released 80 of their men from the scene who had been held over from their regular day shift.

About midnight, there were still more than 100 police near Resurrection City, some armed with shotguns. A line of Park Police was assembled along the Reflecting Pool, while the remainder were gathered in small groups further back in the Mall area. Assistant Attorney General Fred M. Vinson, Jr. was on the scene conferring with police.

Traffic on 17th Street, which had been closed in the area from the start of the incident about 8 p.m., was permitted to move along the section again about 11:30 p.m.

The Agriculture Department demonstration earlier occurred after participants in the Campaign turned to mass civil disobedience in an effort to dramatize their demands.

They used their bodies to block the Department's doorways and also surged into 12th Street nw., bringing rush hour traffic to a temporary halt.

Most of those arrested simply went limp and were dragged to buses waiting to haul them to the central cellblock at Police Headquarters.

Police met resistance from many demonstrators, however, and some officers made use of their night sticks in the effort to restore order.

The action began within an hour after Rev. Ralph David Abernathy told newsmen the Campaign would intensify its program of civil disobedience.

There were indications, however, that the confrontation yesterday took place without the knowledge or approval of the Campaign's top leaders.

At one point early in the disturbance, attorney Frank Reeves, one of Mr. Abernathy's legal advisers, arrived at the scene and told the demonstrators that "We are nonviolent and must remain nonviolent."

He also expressed concern that none of the Campaign's principal leaders was present when the arrests began.

The action broke out after a group of about 80 protesters walked from Resurrection City to the Agriculture Department. Before leaving, they huddled with Hosea Williams, the Campaign's chief of direct action, who would not permit reporters to listen. Williams did not accompany the group.

Arriving at the Department about 3 p.m., the marchers ate lunch, served from a caterer's truck parked at the building's Mall entrance.

They then demanded an appointment with Agriculture Secretary Orville L. Freeman.

Freeman's aides explained that the Secretary was busy but would be glad to meet with a small group of no more than 12 persons if they would first set up an appointment.

The marchers then dispersed and took up positions in the building's doorways.

At that point, District Public Safety Director Patrick V. Murphy and Wilson conferred with Joseph M. Robertson, Assistant Secretary for Administration, and Thomas R. Hughes, Freeman's executive assistant. The decision was made then to remove the demonstrators.

Hughes explained: "This is a violation of the law . . . "we have no choice but to have our building open for public business."

Using a portable loudspeaker, Wilson approached seven demonstrators sprawling in front of the north building's independence Avenue entrance.

He told them, "In the name of the people of the District of Columbia, I order you to disperse or you are under arrest." When they refused to move, police moved in and hauled them to two waiting buses, one for male prisoners and one for women.

The first protester removed, a slender Negro in blue denims, shouted "Freedom now, baby," as he was being pulled away.

Police then cleared the other doorways in turn, methodically photographing and making out arrest slips for each arrestee.

The first busload of 22 men arrived at the central cellblock about 6 p.m. The suspects, chanting "Here comes the judge," were each charged with disorderly conduct and placed on $300 bond.

A second group of about 50 marchers arrived on the scene about 5:30. Members of both this and the original group moved into 12th Street and blocked traffic temporarily.

The officers moved out to clear the street, dragged demonstrators onto the sidewalks, occasionally using their night sticks.

Deputy Police Chief Joseph V. Osterman, head of the Traffic Division, said the demonstration at Agriculture "tied up rush-hour traffic good and tight."

He said the "whole downtown" was congested because of the interference with traffic on Independence Avenue and the difficulty to access to 14th Street during the demonstration period.

Police removed several persons by placing clubs under their chins and tugging. One youth was pulled by his hair. A reporter overheard one officer tell a demonstrator, "I've been waiting for this for a long time."

Waves of protestors kept arriving during the next two hours and police estimated the demonstrators peak strength at between 525 and 550.

Williams and the Rev. Jesse Jackson, another Campaign official, arrived at the scene about 6:45 p.m.

At about 6 p.m., part of the crowd of demonstrators surged into a line of policemen and about 20 officers retaliated by swinging their clubs. At least three persons were felled.

One youth showed blood on his head and an older man accused police of breaking his arm. Another elderly marcher was seen lying on a grassy area with a cut over one eye and a puffy face.

A group of marchers circled him and sang "We Shall Overcome." Others poured water on him while onlookers shouted, "'Who hit the brother?"

The protestors, mostly young people, shouted taunting remarks at police and made things difficult for them by continually shifting the scene of action. The outbreaks occured over a wide area adjoining the Agriculture Department.

Reeves was seen arguing with one group and told them, "What you're doing is not SCLC policy. I know what the policy is. I get it from Abernathy."

Leon Hall, one of those who led a force of reinforcements to the scene from Resurrection City, answered, "Your job is to get us out of jail, not to worry how we get in."

Reeves later commented, "In my observation, there was some brutality on the part of police," but he added: "It was a moving situation and there was provocation on both sides."

Campaign representatives held a milder confrontation with authorities yesterday, during a 1½-hour meeting with Federal and District officials on the question of possible renewal of the Campaign's permit to occupy Resurrection City, which expires at 8 p.m. Sunday. No decision was reached and meetings are expected to continue today.

Meanwhile, it was learned that House leaders have deferred until next week action on a pending bill that would ban all overnight camping on public land in Washington.

However, key House members are building to bring the bill to a vote next week.

[From the Washington Post, June 21, 1968]

RESURRECTION CITY: A COMMUNITY CONCERNED BY GROWING VIOLENCE

"The reason the population of this city is going down is not mud, poor food, rain or lousy homes . . . The reason they leave is that men are getting tired of coming home from a day's picketing to find their belongings stolen or their wife raped."

These are the words of Alvin Jackson, 35, a Washington TV repairman, who until his resignation yesterday afternoon was the chief security marshal at Resurrection City.

"If the leaders don't do something soon, this is going to be known as blood city instead of Resurrection City."

Jackson's resignation—some marshals say he was fired—came as tension reached new heights in the wake of a growing number of violent incidents that have police and city officials worried.

The Rev. Ralph David Abernathy, leader of the Poor People's Campaign, said yesterday that reports of assaults and robberies in the encampment indicate "restlessness" among some residents.

"We do have some people in the city who have not adequately gone through the stage of self-purification to my satisfaction," he said.

He said he believes policemen provoke some incidents by their presence.

Park Police Acting Chief Grant Wright estimates that about 100 assaults and other violent incidents have occurred inside Resurrection City since it was built in mid-May and that at least 20 visitors have been robbed, beaten or stabbed by residents outside the snow fence surrounding the encampment.

Jackson, a Negro who gave up two weeks vacation, a week's leave of absence and all his nights to help out at the troubled city, said:

"Please, mister, if you put this in your newspaper, don't just put the bad things. Put in all the good things, too.

"This is a great Campaign and a just one, and it has just goals."

In a rare instance of candor by a Resurrection City official, Jackson unburdened himself early yesterday after he had calmed down a band of Negro youths who almost precipitated a serious fight with police.

DISORDER DENIED

Later yesterday, the Rev. James Bevel, director of nonviolent action for the Southern Christian Leadership Conference, denied that the youths taunted police—or threw bottles at them.

The incident was witnessed from beginning to end by reporters from The Washington Post and Washington Evening Star and was reported in yesterday's editions of both newspapers.

"There are rape, robbery and cuttings every day, and there is nothing we can do about it even when we catch the guys who did it," Jackson said.

At another point he said, "There are about 20 guns in Resurrection City. There are lead pipes, knives and Molotov cocktails in there."

He said he has tried desperately to gain an audience with Mr. Abernathy or other SCLC leaders to plead with them for some form of discipline inside the city.

DISCIPLINE LACKING

"My bosses are (Chief Marshal Albert) Spencer and Mr. (the Rev. James) Orange (an SCLC official). They are both fine men but they just won't allow any kind of discipline in the camp.

"Today one white guy burned his shanty down. He has been a real hard worker around here and spent all day in the march but when he got back every stick of clothing and furniture he had, right down to his bed, had been stolen. I guess he was just so frustrated that he burned his shanty down to relieve his feelings.

"And he was just about ready to cry he felt so bad. I guess we're going to have to punish

him. I can hardly blame him though I know how he must feel."

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ALWAYS PEACEMAKER

"We could always talk to him and he would keep us informed if anything serious happened and we know we could trust and deal responsibly with him. He was always the peacemaker if any young hotheads would blow up," said one police source.

"I'll give you an example of the problems we have here," said Jackson during the interview.

"Earlier today one of my marshals caught a resident in the act of punching a white woman in the nose and stealing her camera. All we could do was paddle his rear with a tent stick and put him on a bus home.

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"The reason they leave is that men are getting tired of coming home from a day's picketing to find their belongings stolen or their wife raped.

"I am ashamed to say this but the only thing that keeps this camp going is donations of goods and work from white people.

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"Almost all the whites here are dedicated but they take a real hard time from some of the blacks. I just can't understand my black brothers who will take things from the whites and then spit on them.

"I ask some of these guys if they hate whites so much why do they come up here and take things from them. Why don't they stay in Marks, Miss., where the man put his foot on your back and you don't move.

"They answer that they are needed here but that's not the answer. The answer is that they can get away with more up here.

"There are all kinds of guys on soapboxes in there saying 'we don't need discipline' but they are the ones who are going to do wrong. Hell, man, you can't run a cat show without some kind of discipline but I just can't get through to the leaders to tell them this."

At the end of the interview Jackson was almost crying as he recounted what he felt were the frustrations of trying to keep order without discipline.

"I'm only afraid that one of these days its going to blow up and in 30 years your grandchildren and mine will only know about the bad things and not the good."

Jackson's comments came as new incidents occurred at Resurrection City.

Though most residents went about their business yesterday ignoring visitors and newsmen in the area individual Negro youths kept up a continual barrage of hostile comments and threats.

One youth brandished a saw blade and cursed an NBC camera crew filming residents. Other young toughs surrounded the crew and it withdrew.

Later, the crew attempted filming the city from beyond the snow fence boundary. A youth hurled a pair of roller skates at them. No one was injured.

At the main gate, a husky Negro cursed two white men dressed in business suits when they said they were looking for a white girl in the city. The Negro ordered the pair to leave. They retreated, and spoke to a marshal who entered the city and returned escorting a white girl who appeared to be in her teens.

TENSIONS INCREASE

Tensions rose during the day as idle residents loitered about the front gate, some arguing among themselves, others grumbling about the Park and District policemen on patrol nearby.

Chief Grant said marshals and residents generally refuse to cooperate with police authorities when incidents occur inside the city.

Marshals say the incidents are "internal matters" and do not require police intervention, and the residents say they don't trust the police.

A complicating factor is that the organizational structure of the marshals has been changed at least once. Originally, many marshals were recruited from tough urban street gangs in a deliberate effort by SCLC to involve disadvantaged youths in leadership functions.

These younger marshals attended to routine matters while an older, elite group called "Tent City Rangers" provided major security measures and attempted, not always successfully, to maintain discipline among their younger colleagues.

The Tent City Rangers were recently augmented, and many of the younger marshals refuse to recognize them and now operate independently of them.

Park Police say that several gangs from Chicago, Milwaukee, Detroit and Memphis are also vying for power in the city and that one of their weapons is simple terror.

Police patroling the area say they are frequently threatened and are the targets of stones and bottles.

PASSING CARS STONED

Youths have also periodically stoned cars passing the city on Independence Avenue. Police closed the street for several hours after one rash of stone-throwing about two weeks ago.

Numerous residents of the city say their cameras, sleeping bags and other personal equipment have been stolen. Police say none of their cameras has yet turned up in any local pawnshops.

Hosea Williams, chief of direct action for the Campaign, said yesterday he suspects much of the trouble in the city is instigated by "outsiders."

Bevel compared the situation to infiltration by strike breakers in the labor movement and Vietcong "peasants" in South Vietnam.

INSURRECTION CITY

Mr. BYRD of West Virginia. Mr. President, I have spoken out many times in recent weeks against the abomination the Federal Government has allowed to be created at Resurrection City, U.S.A.

It has now become a festering sore in our midst that must be excised.

Thus, Mr. President, I rise to say, as strongly as I possibly can, that in my judgment, it is the obligation and duty of the executive branch, which issued the permit for this misnamed camp which has harbored so much turmoil, to take the proper steps to see that the camp is closed when the permit expires this coming Sunday, June 23.

If it is not closed, there will be more problems and more negative results, not the least of which will be the damage done to the cause of those who are really poor and need help, as distinguished from those who have sought to exploit the situation for their own ends.

Resurrection City, I am informed reliably from many sources, has become a cesspool from which nothing but further virulence and infection can issue. Nothing good can possibly be accomplished by any further leniency or any new policy of "restraint" in dealing with the thugs and hoodlums who have taken it over and subverted any decent aims which the people who are really poor might have had at the beginning.

Mr. President, Resurrection City can now be seen in its true colors. If it is allowed to remain in the Nation's Capital, it can do nothing except become the focal point for destructive new disorders which will spread outward from its mud and filth.

We have the word of those directing the campaign that their intention, henceforth, is disruptive civil disobedience such as was staged on yesterday, when they sought to block the streets of our Capital City.

It is revealing that the civil disobedience of yesterday followed a number of meetings with various officials since the residents of Resurrection City came to Washington. Everywhere, these people have been met with responsible efforts to hear their complaints. Members of the Government of both the executive and legislative branches have bent over backward to listen to these people. Allowances have been made and established rules have been broken, so that any just grievances could be heard. In the meantime, constructive administrative and legislative actions have been taken—not as a result necessarily of the so-called Poor People's Campaign but as a result of the work and study already underway prior to the creation of Resurrection City.

What has been the predictable result? A new wave of civil disobedience—which is another name for lawlessness; a callous disinterest in anything that has been accomplished so far; the demand for "get more," and "let us get another policeman."

Even those who have heretofore supported this mismanaged, misguided, misbegotten campaign must surely have been disillusioned by the public display of shiftlessness and laziness and lawlessness that the inhabitants of Resurrection City have put on for all to see.

Where they might have created public goodwill and an image of people eager and willing to help themselves, they have shown only a slovenly disregard for even the elemental ingredients of a self-disciplined, energetic, and self-respecting community.

Their garbage has been strewn on the park grounds. The mess has been allowed to accumulate. Even the tables in the dining halls, according to the press, have been left uncleaned by trashy visitors who have taken advantage of sympathetic people whose work and generosity have fed them.

Resurrection City became a slum almost from the moment it was created. It has now become a jungle, which much more appropriately should be known as "Insurrection City."

Mr. President, it will be an outrage if the executive branch of our Government supinely allows this cancer to continue.

Some apologists for Resurrection City

have charged that the press has not told the true story, that it has played up only some of the bad things about the Poor People's Campaign and what has been going on beside the Reflecting Pool.

There may be some merit in the charge, but it may not lie in the direction of making Resurrection City look bad. Rather, the press, in the opinion of some people, has made Resurrection City look far too good. I do not say there has been deliberate distortion. Instead, in the humanitarian desire to aid people really in need, and to further their cause, the press may have simply played down the bad things.

I think that the press may have found it difficult to get exposure to the facts, in many instances. But, Mr. President, the facts had to come out and, today, in the Washington Post, we are told by a resident of the city itself that robbery, rape, and violence have been rampant—that, in fact, Resurrection City, from the beginning, has been a place unsafe even for its own inhabitants.

Mr. President, I am on record from the outset as having opposed this method of petitioning the Federal Government. There is nothing to prevent any citizen, or any group of citizens, from petitioning—through many legitimate channels—the Government for redress of their grievances; but there is also nothing in the law, or in precedent, which says that the Federal Government must debase itself by allowing an enclave of the worst elements in our society to be established and subsidized on public grounds at the foot of the Washington Monument and the Lincoln Memorial—public properties that belong to all Americans, including those who are willing to work and who obey the law.

Those two great Presidents—Washington and Jefferson—would probably be as outraged as I am at what the Federal Government is allowing to happen. Let public notice be served by the executive branch today that when the permit for this shanty jungle expires on Sunday, it will not be renewed; that the place will be sealed off; that any who seek to defy the law further by remaining will be arrested and evicted; that the shanties will be torn down; and that the parkland will be restored to its original condition and use.

The executive branch issued the original permit. It is the responsibility of the executive branch now to act to remove this carbuncle of infectious disorder from Federal properties if the occupants of the so-called Resurrection City will not leave voluntarily.

Mr. President, I ask unanimous consent to insert in the RECORD an estimate of the cost to the District of Columbia for the Poor People's Campaign through June 15, 1968. That cost is broken down among the various departments, and the overall total as of June 15, 1968, amounted to $252,729.

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

JUNE 21, 1968.

Hon. ROBERT C. BYRD,
Chairman, Subcommittee on Appropriations for the District of Columbia, U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: The estimated cost to the District of Columbia for the Poor People's Campaign through June 15, 1968 is as follows:

Agency or department	Total cost week ending June 15	Prior reported costs	Total cost through June 15, 1968
General Administration		$100	$100
Metropolitan Washington Council of Governments	$136	1,340	1,476
Corporation Council	237	4,389	4,626
Metropolitan Police	41,994	95,410	137,404
Fire Department	2,619	10,293	12,912
District of Columbia Bail Agency	210	11	221
Department of Corrections	840	536	1,376
Licenses and Inspections	31	492	523
National Park Service, National Capital Region	6,822	[1] 21,040	[1] 27,862
Public Health	11,957	40,713	52,670
Public Welfare	855	1,047	1,902
Highways and Traffic	215	3,835	4,050
Motor Vehicles	7	41	48
Sanitary Engineering	1,275	5,346	6,621
Grand Washington Aqueduct	226	712	938
Grand total	67,424	185,305	252,729

[1] In addition it is estimated that $55,730 in Federal funds have been spent to date. The amount of $63,130 reported last week for the estimated Federal funds spent to date should have been $42,090.

No attempt has been made to pro-rate the cost of the Executive Office or the City Council for the Poor People's Campaign.

This is the fourth report relative to the cost of the Poor People's Campaign. Similar reports will be submitted weekly to you. Further, a final report following the Poor People's Campaign will be prepared for you and for other levels of authority.

If this Office can say or do more concerning any of this please let me know.

Sincerely yours,

D. P. HERMAN,
Budget Officer, District of Columbia.

Mr. BYRD of West Virginia. Mr. President, I also ask unanimous consent to insert in the RECORD a copy of a telegram which I am today sending to the Secretary of the Interior and the Attorney General of the United States.

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

Hon. STEWART L. UDALL,
Secretary of the Interior,
Interior Building,
Washington, D.C.
Attorney General RAMSEY CLARK,
Department of Justice,
Washington, D.C.

The permissive position taken thus far by your department regarding the so-called Poor People's Campaign is to my knowledge without parallel in the history of our country. The growing militant effrontery and intransigence of this group which is apparently presently largely constituted of young toughs has created deep resentment among the law-abiding citizens of our land. There can now be no question as to the necessity of taking immediate action to firmly deny any new extensions of the permit for future desecration of our national landmarks.

Let me still again urge you as strongly as I possibly can to take no further action that could be and would be construed as encouragement of the seed of violence and disorder which are clearly beginning to sprout in our midst and show through this transparent effort to disrupt if not destroy the orderly, democratic processes of constitutional government.

ROBERT C. BYRD,
U.S. Senator.

Mr. BYRD of West Virginia. Mr. President, I also ask unanimous consent to insert in the RECORD various pertinent newspaper articles.

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

[From the Washington (D.C.) Post, June 21, 1968]

RESURRECTION CITY: A COMMUNITY CONCERNED BY GROWING VIOLENCE

(By David A. Jewell and Paul W. Valentine)

"The reason the population of this city is going down is not mud, poor food, rain or lousy homes . . . The reason they leave is that men are getting tired of coming home from a day's picketing to find their belongings stolen or their wife raped."

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Jackson's resignation—some marshals say he was fired—came as tension reached new heights in the wake of a growing number of violent incidents that have police and city officials worried.

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DISORDER DENIED

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"My bosses are (Chief Marshal Albert) Spencer and Mr. (the Rev. James) Orange (an SCLC official). They are both fine men but they just won't allow any kind of discipline in the camp.

"Today one white guy burned his shanty down. He has been a real hard worker around here and spent all day in the march but when he got back every stitch of clothing and furniture he had, right down to his bed, had

been stolen. I guess he was just so frustrated that he burned his shanty down to relieve his feelings.

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Youths have also periodically stoned cars passing the city on Independence Avenue. Police closed the street for several hours after one rash of stone-throwing about two weeks ago.

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[From the Washington (D.C.) Post, June 21, 1968]

TEAR GAS ROUTS 300 MARCHERS—POLICE PROTESTERS CLASH—77 ARRESTED AT AGRICULTURE

Metropolitan and Park Police hurled tear gas into an unruly crowd of rock- and bottle-throwing Poor People's Campaign marchers last night during a heated confrontation outside Resurrection City.

A combination of tear gas and Campaign marshals' muscles drove the unruly crowd back into Resurrection City after a hectic half hour. A flash fire just after 2 a.m. in the tent city sparked renewed unrest but it was short-lived.

The confrontation occurred at 8 p.m. when about 300 Campaigners returned to the encampment from a demonstration at the Department of Agriculture where 77 persons were arrested. That demonstration, in which six Campaigners and three policemen were injured, came on the heels of a call by the Campaign's leader, the Rev. Ralph David Abernathy, for increased civil disobedience.

When the group returning from the Agriculture Department started crossing 17th Street on the east side of Resurrection City, a dozen of them sat in a line across the street 100 yards north of Independence Avenue, blocking traffic for the group to cross.

A Metropolitan policeman, the only one on duty at the site, attempted unsuccessfully to persuade the group to move on, and most of those who had already crossed the street began returning.

At this point a white woman, caught up in the mass traffic jam with her husband, screamed out her car window:

"We're going to a hospital, doesn't that make any difference to you?"

Youths swarmed around the car and the policeman, Sgt. L. T. Hankins, called for reinforcements at 8:02 p.m.

Park and Metropolitan Police units arrived moments later to form a line on the west side of 17th Street.

The youths, who by then numbered nearly 300, began hurling bottles, rocks and sticks of the baton type carried by Resurrection City marshals at the 150 policemen.

Assistant Police Chief Jerry Wilson threw three tear gas canisters into the crowd at 8:04 p.m. and gas masks were distributed to all policemen.

Deputy Police Chief Raymond S. Pyles was hit by several objects hurled from the crowd. At this point, Wilson instructed his men: "OK, the ground rules are any rock thrown over here, throw tear gas back."

Reporters said a total of 15 tear gas canisters were thrown into the crowd by police. Campaign marshals said several also were tossed over the snow fence into Resurrection City about 200 yards away, but police denied this.

After about 20 minutes of direct confrontation, police and Campaign marshals conferred and the police agreed to pull back if the marshals would restore order.

The marshals then linked arms and forced most of the demonstrators back into Resurrection City

Once inside, a loudspeaker directed the women and children to go to their homes and the men to stand by. The men were massed at a meeting inside the city at 9 p.m., receiving undisclosed instructions while police milled outside.

The group was still meeting at 11:30 p.m., an hour after police had released 80 of their men from the scene. They had been held over from their regular day shift.

About midnight, there were still more than 100 policemen near Resurrection City, some armed with shotguns. A line of Park Police was assembled along the Reflecting Pool, while the remainder were gathered in small groups further back in the Mall area. Assistant Attorney General Fred M. Vinson Jr., was on the scene conferring with police.

Traffic on 17th Street, which had been closed in the area from the start of the incident about 8 p.m., was permitted to move along the section again about 11:30 p.m.

Mr. Abernathy, Campaign leader, addressed the group at midnight and urged the women and children to go to bed to be "ready for business in the morning."

He called on Resurrection City's "able bodied men" to stand guard through the night.

"We're going to stand guard, going to stand fast," he said. "If a policeman comes in they're going to come in over me."

Mr. Abernathy also said another meeting would be held sometime before dawn in the camp.

After a quiet two hours in which Campaign marshals patrolled the perimeter of the city with flashlights, the interior of the city was lighted with a fire in its center section at 2:15 a.m.

Fire officials said two of the wooden shanties were burning and reporters saw flames jumping 18 feet into the air. Firemen were

permitted in the city and immediately put out the flames.

No cause for the fire could be determined but moments after it was extinguished Mr. Abernathy addressed the city over the loudspeaker urging residents to return to bed.

"Our security is as good as ever. Go back to bed. We need you tomorrow," he said.

The Agriculture Department demonstration earlier occurred after participants in the Campaign turned to mass civil disobedience in an effort to dramatize their demands.

They used their bodies to block the Department's doorways and also surged into 12th Street nw., bringing rush hour traffic to a temporary halt.

Most of those arrested simply went limp and were dragged to buses waiting to haul them to the central cellblock at Police Headquarters.

Police met resistance from many demonstrators, however, and some officers made use of their night sticks in the effort to restore order.

The action began within an hour after Mr. Abernathy told newsmen the Campaign would intensify its program of civil disobedience.

There were indications, however, that the confrontation yesterday took place without the knowledge or approval of the Campaign's top leaders.

At one point early in the disturbance, attorney Frank Reeves, one of Mr. Abernathy's legal advisers, arrived at the scene and told the demonstrators that "We are nonviolent and must remain nonviolent."

He also expressed concern that none of the Campaign's principal leaders was present when the arrests began.

The action broke out after a group of about 80 protesters walked from Resurrection City to the Agriculture Department. Before leaving, they huddled with Hosea Williams, the Campaign's chief of direct action, who would not permit reporters to listen. Williams did not accompany the group.

Arriving at the Department about 3 p.m., the marchers ate lunch, served from a caterer's truck parked at the building's Mall entrance.

They then demanded an appointment with Agriculture Secretary Orville L. Freeman.

Freeman's aides explained that the Secretary was busy, but would be glad to meet with a small group of no more than 12 persons if they would first set up an appointment.

The marchers then dispersed and took up positions in the building's doorways.

At that point, District Public Safety Director Patrick V. Murphy and Wilson conferred with Joseph M. Robertson, Assistant Secretary for Administration, and Thomas R. Hughes, Freeman's executive assistant. The decision was made then to remove the demonstrators.

Hughes explained: "This is a violation of the law . . . we have no choice but to have our building open for public business."

Using a portable loudspeaker, Wilson approached seven demonstrators sprawling in front of the north building's Independence Avenue entrance.

He told them, "In the name of the people of the District of Columbia, I order you to disperse or you are under arrest." When they refused to move, police moved in and hauled them to two waiting buses, one for male prisoners and one for women.

The first protester removed, a slender Negro in blue denims, shouted "Freedom now, baby," as he was being pulled away.

Police then cleared the other doorways in turn, methodically photographing and making out arrest slips for each arrestee.

The first busload of 22 men arrived at the central cellblock about 6 p.m. The suspects, chanting "Here comes the judge," were each charged with disorderly conduct and placed on $300 bond.

A second group of about 50 marchers arrived on the scene about 5:30. Members of both this and the original group moved into 12th Street and blocked traffic temporarily.

The officers moved out to clear the street, dragged demonstrators onto the sidewalks, occasionally using their night sticks.

Deputy Chief Police Joseph V. Osterman, head of the Traffic Division, said the demonstration at Agriculture "tied up rush-hour traffic good and tight."

He said the "whole downtown" was congested because of the interference with traffic on Independence Avenue and the difficulty of access to 14th Street during the demonstration period.

Police removed several persons by placing clubs under their chins and tugging. One youth was pulled by his hair. A reporter overheard one officer tell a demonstrator, "I've been waiting for this for a long time."

Waves of protesters arrived during the next two hours and police estimated the demonstrators' peak strength at between 525 and 550 members.

William and the Rev. Jesse Jackson, another Campaign official, arrived at the scene about 6:45 p.m.

At about 6 p.m., part of the crowd of demonstrators surged into a line of policemen and about 20 officers retaliated by swinging their clubs. At least three persons were felled.

One youth showed blood on his head and an older man accused police of breaking his arm. Another elderly marcher was seen lying on a grassy area with a cut over one eye and a puffy face.

A group of marchers circled him and sang "We Shall Overcome." Others poured water on him while onlookers shouted, "Who hit the brother?"

The protesters, mostly young people, shouted taunting remarks at police and made things difficult for them by continually shifting the scene of action. The outbreaks occurred over a wide area adjoining the Agriculture Department.

Frank Reeves, legal advisor to the Campaign, was seen arguing with one group and told them, "What you're doing is not SCLC policy. I know what the policy is. I get it from Abernathy."

Leon Hall, one of those who led a force of reinforcements to the scene from Resurrection City, answered, "Your job is to get us out of jail, not to worry how we get in."

Reeves later commented, "In my observation, there was some brutality on the part of police," but he added: "It was a moving situation and there was provocation on both sides."

Campaign representatives held a milder confrontation with authorities yesterday, during a 1½-hour meeting with Federal and District officials on the question of possible renewal of the Campaign's permit to occupy Resurrection City, which expires at 8 p.m. Sunday. No decision was reached and meetings are expected to continue today.

Meanwhile, it was learned that House leaders have deferred until next week action on a pending bill that would ban all overnight camping on public land in Washington.

However, key House members agree that pressure is building to bring the bill to a vote next week.

On the House floor, just before adjournment last night, several members asked Majority Leader Carl Albert (D-Okla.) when the bill would come up.

The members, among them House Rules Committee Chairman William M. Colmer (D-Miss.) said they will press for vote early in the week if the Interior Department agrees to another permit extension.

At his 3 p.m. news briefing, Mr. Abernathy warned that the Poor People's Campaign will "escalate" its activity "because we're not satisfied with the response so far.

"We wanted to move the Congress and the Federal agencies we visited . . . by going step by step to show what could be done. Now it's apparent they are not going to respond," he said.

He added, "I just think it's a racist Congress."

Sterling Tucker, who coordinated the Solidarity Day march on Wednesday, said he was "seriously disappointed" that members of Congress had not sent a message to the marchers indicating their willingness to act on the Campaign's demands.

He said he felt that many members who participated in the gathering "came to be seen."

Tucker also quarrelled with the official police estimate that about 50,000 persons attended the Wednesday rally. He claimed at least 105,000 were present.

Ironically, the demonstration at Agriculture came on a day when department officials voiced their intention to review the Nation's food stamp program and said they may act to cut the cost of the stamps to the poor.

John A. Schnittker, Undersecretary of Agriculture, said "appropriate adjustments" will be made if needy families must spend too much of their limited incomes for the stamps.

Schnittker's comments were made in a talk to the District Welfare Advisory Council.

In a related development, the House Education and Labor Committee unanimously approved legislation setting up a Federal commission to study hunger in the United States and report back by next Jan. 30.

It would have from 11 to 25 members named by the President and would look into the whole problem of hunger and malnutrition.

At the quieter demonstration yesterday, members of the Campaign's Indian contingent demonstrated for several hours at the Bureau of Indian Affairs.

Bureau Commissioner Robert Bennett said there is great sympathy at the Interior Department for the demonstrators demands, which relate to food, jobs and education.

Several members of Congress commented yesterday on various aspects of the Campaign.

Sen. Robert C. Byrd (D-W. Va.) who favored the first extension of the campers' permit, said he would not agree to another.

Asked what should be done if the Campaigners do not get an extension and refuse to move out, he said:

"It was an executive decision originally and the Executive Department ought to get those people out of there . . . even if they have to be carried out."

However, Sen. Edward W. Brooke (R-Mass.) said the protesters should be allowed to remain, if they wish, until Congress adjourns.

Interviewed on NBC-TV's "Today" show, he noted that lobbyists paid for various interests regularly sit in on Senate sessions. "I don't think there should be any difference between a rich man and a poor man lobbying," he said.

Sen. Daniel B. Brewster (D-Md.) said the Campaign participants have "made their needs known" and should begin at once to restore the camp and leave Washington.

At the camp a shouting match developed when the encampment's "City Council"—made up of representatives from the various racial and geographic groups taking part in the Campaign—wrankled over who is in charge of running the camp.

Chief Big Snake, an Indian from Oklahoma who is the Council's chairman, said the Council should have charge but that the SCLC has not given it enough authority.

Hosea Williams countered by saying the Council does not have responsibility and that any administrative failures at the camp are its faults.

At one point in the late afternoon, the camp's loudspeakers broadcast a recorded statement made by Mrs. Martin Luther King Jr. in which she thanked the residents for coming and for staging a forceful demonstration of the impact of poverty.

[From the Washington (D.C.) Star, June 21, 1968]

ABERNATHY VOWS NEW PROTEST—POLICE ARREST 81, USE TEAR GAS IN SERIES OF CLASHES

New protests today have been promised by the Rev. Ralph David Abernathy in the wake of the worst eruption of violence in the Poor People's Campaign to date—an outbreak yesterday that culminated in 81 arrests and a police barrage of tear gas.

Abernathy, president of the Southern Christian Leadership Conference, said at a press conference yesterday:

". . . The actual use of nonviolent action must now be escalated." He said this would begin today.

Even as Abernathy was speaking, however, mass civil disobedience tactics were starting at the Department of Agriculture where an initial contingent of 100 protesters quickly grew to 500.

MASSIVE TRAFFIC TIEUP

As police moved in to clear department doorways, the protesters took to the streets, zig-zagging along Independence Avenue from 12th to 14th Streets and along a section of 14th Street, causing a massive, hours-long traffic tieup.

Although many of those arrested went limp in the street and allowed police to dump them into patrol wagons, there were outbreaks of fist-swinging and use of police batons amid the curses and threats.

Thousands of motorists and departmental employes watched the flowing confrontation from upper windows of the building, occasionally shouting at the demonstrators.

Police reported that 49 men, 28 women and 4 juveniles were arrested at the Department of Agriculture. Three of the men were charged with assault on a policeman and the majority were charged with disorderly conduct and obstructing traffic.

Instead of the usual $10 collateral, most of those arrested were hit with a maximum $200 bond requirement. The juveniles were taken to the D.C. Receiving Home.

POLICE RUSHED TO THE SCENE

As the strong police unit finally was clearing the area and campaigners were flowing back to Resurrection City on The Mall, trouble again exploded at the east end of the Reflecting Pool area at 17th Street, and more than 20 police were rushed to the scene.

As about 100 of the campaigners were crossing 17th Street—about midway between Constitution and Independence Avenues—trouble again broke out, when police attempted to halt the interference with traffic.

Within minutes, a volley of rocks and bottles were being aimed at police and reinforcements were called.

BATTLE FOR 45 MINUTES

As the 100 campaigners in the initial group were joined by about 100 more from the camp—many of whom were just onlookers—Assistant Police Chief Jerry V. Wilson hurled the first tear-gas grenade into the milling mob and ordered his men and Park Police to retaliate with gas for missiles from the crowd.

As traffic became totally snarled during the ebb and flow of the 45-minute battle, one campaigner sat with his back against the bumper of an idling car. Others sat with hands or legs against the wheels of others.

Several police cars, including Wilson's, were struck by rocks as the clouds of tear gas hung over the usually quiet area.

Police credited some of the camp marshals with preventing the violence from growing.

They rushed from the tent city and formed a human barrier between police and the angry, rock-throwing crowd. Police were still firing tear gas as the marshals joined hands and slowly but successfully began pushing the demonstrators back toward the camp.

POLICE PRAISE MARSHALS

Police officials credited the marshals with doing "a darn good job" in their quick action.

Police said they fired a total of 16 tear gas grenades and about 24 baseball-type gas containers.

At one point, some of the campaigners broke through the chain of marshals and ran screaming toward the police. As the riot-equipped officers—some with riot shields—stood firm, another group of marshals caught up with the charging men and tackled or wrestled them to the ground.

Among the 200 policemen that were mobilized at the scene within 15 minutes, were members of the city's specially trained Civil Disturbance unit, which saw extensive duty during last April's riots here.

BEGINS REDUCING FORCE

As darkness fell after 8:30 p.m., police gradually began reducing their force until only a handful of officers remained at the 17th Street end of the Reflecting Pool through the night.

At the height of the violence, police at the west end—or main entrance—of Resurrection City were reinforced to about 40, all with helmets and carrying gas masks. A crowd of about 100 milled about, but remaining generally orderly. By about 2 a.m. the camp was quiet.

The demonstration at Agriculture began shortly after noon with about 100 protesters.

It was getting late in the afternoon when the demonstrators began blocking doorways of both the north and south buildings, trapping thousands of workers getting ready to leave for home.

Police moved in at the request of Joseph M. Robertson, assistant secretary of agriculture, and the fracas was underway.

POLICE WATCH GATHERING

Fewer than 25 Metropolitan and Park Police officers watched the early afternoon gathering of demonstrators as they returned to the Agriculture Department and then stopped to have a hot lunch of ham, scalloped potatoes, salad and cake, served from a catering truck.

It was getting late in the afternoon when the demonstrators told Robertson that they wanted to meet with Agriculure Secretary Orville Freeman.

Robertson said he would need 15 minutes "to think about it," and walked away.

"We gonna wait 15 minutes, and then get on with the next order of business," one demonstration leader announced.

Robertson returned and said Freeman would meet with no more than a dozen demonstrators.

The demonstrators conferred briefly and where they turned south to Independence Avenue, split into two groups and walked along both sides of the street, dropping off three or four campaigners at each entrance.

ALL DOORS BLOCKED

With the demonstrators blocking all doors, Robertson formally asked police to clear them, and the prisoner transport buses pulled up.

Several of the demonstrators were singing such protest songs as "Ain't gonna let nobody turn us around," and chanted to the police "We're going to jail . . . We know you can't jail us all."

Led by Assistant Police Chief Wilson, the police methodically first cleared the main doorways and then the two parking lots facing Independence Avenue.

Wilson told each troup of pickets that he was acting under the direction of the secretary of agriculture because "you are incommoding this driveway in violation of the law. In the name of the people of the District of Columbia, I order you to move or you will be arrested."

Just ahead of Wilson at each arrest point was Howard University Law Prof. Frank Reeves, who has volunteered his services to SCLC. He said he didn't know who was leading the demonstrations and that no top SCLC officials were present.

ISSUES WARNINGS

Reeves warned each demonstrator, "I want to be sure you know once you are arrested that present SCLC policy is jail no bail. The penalty is 90 days or a $250 fine or both."

"Is that all," one demonstrator shouted back. "I had hoped to get at least life." Another demonstrator asked Reeves if he could make a phone call after his arrest. When assured he could, the youth said, "O.k., if I can get a phone call."

Using a special mass-arrest procedure, an arrest team picked up each demonstrator, searched him, filled out the arrest forms and stapled on his photograph, taken on the spot with a Polaroid camera.

Most of the demonstrators walked peacefully to the buses, but some went limp and had to be carried.

The arrested pickets, sitting in the buses watching further arrests, shouted and sang. One man yelled, "Hey, captain, you better not hit him or it's goodby Washington."

BETTER DO RIGHT

Another group slapped hands rhythmically and chanted, "You better do right white man, do right, or we're gonna get mad."

One of the demonstrators waiting to be arrested said that many of the whites in the group had come in over the weekend to take part in Wednesday's march and to be available if the government decides to run the campaigners out of Resurrection City at the expiration of the camping permit, which runs out Sunday.

At about 5:25 p.m. the police radios reported an announcement had been heard over Resurrection City's loudspeakers that more demonstrators were being recruited to reinforce those being arrested at Agriculture.

The police, who had arrested about 50 at that point, decided to send women on the buses to the Women's Detention Center and the men to the Central Cell Block.

Robertson said he was going to tell Agriculture Department employes to start going home, and it appeared that with the main entrances cleared the police were not going to make any more arrests.

About 10 or 15 minutes later Leon Hall, a short fiery SCLC field worker from Alabama, arrived and began telling demonstrators to leave the doorways.

Hall, with a growing group behind him, walked up to Reeves advising demonstrators of the penalties they might face, and growled, "Don't listen to him running our demonstration. Your job is to get us out of jail . . . You ain't helping us, you helping them . . . You are a white man's nigger."

IGNORES INVECTIVE

Reeves ignored Hall's invective and continued to advise the pickets.

Hall and his group of about 40 demonstrators then walked to the southwest corner of Independence and 12th Street.

With an order that the campaigners follow him, Hall directed the group to split in two, with one marching into the rush-hour traffic on Independence, the other across 12th.

For a few moments the police in the area looked confused and stunned as traffic began to build up. Some officers tried to direct the vehicles through the demonstrators, but every time a hole would open, the demonstrators would plug it.

Suddenly several officers started for the demonstrators sitting in the street. Grabbing demonstrators ankles and shirts, policemen began to throw them to the sidewalk. Seeing the tension building, Wilson came rushing forward, shouting through his bullhorn, "Calmly men . . . calmly, men . . . move them over to the sidewalk."

Then the demonstration became confused. No sooner would the police clear the demonstrators to one curb, than others would fill the street from the other.

In the grappling and shoving, officers and demonstrators became angry. A few demonstrators began struggling and running, and several policemen, began swinging their long riot sticks.

During the confusion, with police running back and forth along the street clearing demonstrators from several different points, it was decided to close 12th and Independence to traffic.

CONFRONTS POLICE

Hall, who was apparently unknown to the police, adopted a different tactic and confronted the police at the intersection, telling them they could not refuse to allow him to cross the street when he had the light.

Followed by a dwindling group, with others striking out on demonstrations of their own, Hall would cross from intersection to intersection, frequently stopping to sit in the street, only to be thrown roughly to the curb where he would get up and start again.

At one point, seven officers were seen chasing a demonstrator. When they caught him an officer came rushing up from behind and hit the youth. Blood ran from a wound on his head.

Wilson, seeing the clubbing, came running up shouting, "Take your time men. They are not hurting anything. There is no traffic."

But the confrontation in the street only fed the anger of both sides. One demonstrator grabbed a police camera and smashed it on the pavement. He was rushed by several policemen who knocked several demonstrators about.

Reeves ran up to argue with Wilson that there is "no cause for policemen charging the demonstrators. . . . We are peaceful."

WOMAN LIES CRYING

An elderly man from Resurrection City lay on the ground moaning and complaining that police had broken his arm. A middle-aged woman lay nearby crying.

The crowd then surged across 14th, blocking traffic for almost half an hour. Motorcycles raced up and down the street trying to contain the marchers. Again police formed lines, attempted to assist motorists caught in the crush. Several marchers were knocked down.

The demonstrators huddled together and then moved to one area at the north end of the south building. Several disagreed with Hall when he said he wanted to go back into the streets.

The group was still arguing when Reeves ran up to announce that everyone should assemble at The Mall entrance of Agriculture because Abernethy was coming to talk to them.

When the demonstrators straggled there, a few with blood running from head wounds, they cheered happily when they saw a group of about 150 from the campsite marching and singing their way to Agriculture.

Leaders were keeping the new group under control, and at one point six youths were trying to quiet another youth, who was crying and shouting that he wanted "to kill all these white people."

PRAISE FROM LEADERS

Hosea Williams and Jesse Jackson, top SCLC leaders of the campaign's action program, came to speak to the demonstrators and praise them.

"This is not the first time poor folks has had to bleed for this country," Williams said, and a man in the crowd added, "And it won't be the last."

"We got the makings of a movement. Solidarity Day gave it to us," Williams said.

He said that Abernathy had wanted to be at the meeting but had been advised to stay at a staff meeting in progress because "tomorrow afternoon he is gonna lead himself and give them a chance to beat his head." The crowd cheered.

Jackson outlined the demands of nonviolence to the group and told them, if they could not accept nonviolence, to "shape up or ship out."

He argued that it takes real men not to fight back and that their real job was to protect the women and children.

Then, his face becoming transfixed as he continued to talk, Jackson led the group in a litany to "soul power," a major cry of the campaign.

He thanked God for the rains that have hit the camp since the campaigners came into town seven weeks ago and argued it separated the strong from the weak.

Soul power, he said, was sticking it out, a kind of internal toughness, a willingness to go to jail and a willingness to follow leadership when the commands aren't understood.

The group then split, with one section remaining to walk around the Agriculture Building while the other started out for the camp and the eventual confrontation at 17th Street.

At the press conference earlier in the day, Abernathy and Sterling Tucker, Wednesday's march coordinator, complained about the police estimate of more than 50,000 for Wednesday's demonstration and placed the figure closer to 100,000.

Abernathy emphasized that though he was happy with the success of Wednesday's march, SCLC would not be leaving Washington and that the campaign was only beginning.

[From the Washington (D.C.) Star, June 21, 1968]

TENT CITY FACES WORLD WITH HOSTILE GLARE

(By Woody West)

The eruption of violence in the Poor People's Campaign yesterday, the worst in the nearly six weeks that the campaigners have been in Washington, may well be but a reflection of rapidly deteriorating conditions and attitudes within Resurrection City.

A warfare of a sort has been flaring for several weeks—within the weather-battered huts of Resurrection City and among campaigners whom camp marshals have battled to control.

VIOLENCE INCREASES

Since Tuesday night, an array of beatings, stabbings and robberies has occurred within the camp—the most conspicuous of scattered incidents that have been building in and around the campsite.

The Rev. Ralph Davis Abernathy, president of the Southern Christian Leadership Conference, admitted at a press conference yesterday to lawlessness by some camp residents.

"We do have some people in the city who have not adequately gone through the stage of self-purification to my satisfaction," he said.

With only two days left of the camp's already-extended federal permit, and with criticism growing, Abernathy and SCLC leaders have insisted that they will remain.

An ominous note was sounded last night, after police and campaigners clashed at the east end of the campsite.

At a rally in the camp about 9:30 p.m., as many speakers pleaded for nonviolence in the increasing tempo of demonstrations, several speakers explicitly rejected that tactic.

One camp resident from Minneapolis said, "I'm here to get my freedom. If I can get it nonviolently, I'll get it that way. If not I'll take the violent way."

And around midnight, as helmeted police maintained a taut vigil around the area, a group of 10 to 15 young men approached the police, shouting, "We're going to burn, baby, burn."

"PLEASE DON'T ARREST ME"

One, using a megaphone, taunted police, saying, "Please don't arrest me, Mr. Policeman."

At about 12:30 a.m. today, Abernathy spoke to camp residents, warning that "violence is not the way. Let us not use any of our energy fighting among ourselves. . . ."

The Rev. James Bevel earlier warned residents, "We came down here to change America's economy. We will not be tricked by the white folks and the sick Negroes into violence."

Despite the leadership's admonitions, an increasing hostile attitude has been observed, particularly among the younger men.

Grant Wright, acting chief of the Park Police who have primary jurisdiction over the parkland, attributed some of the latest trouble to "a couple of gangs" that he said moved into Resurrection City this week, the Associated Press reported.

Wright said that Park Police have beefed up their forces as much as possible, maintaining 20 men on 12-hour shifts, with the District police adding another 10 officers.

Wright said the job has been frustrating from the start. He said the campaigners had agreed that their own marshals would maintain security inside the camp, but that they haven't done so "as well as we thought they would."

There has been conflict with SCLC's security force for several weeks. At one point, it was reported that an older group of men known as the "Tent City Rangers" was taking over all security chores.

This was later denied and apparently, the Rangers have continued to split the job with some of the younger bands of men who have been marshals since early in the camp.

Wright noted that some of the marshals themselves are tough and unruly.

"PEOPLE MISTREATED"

When the confusion over the roles of the various groups of marshals arose in the second week of June, Johnny Patterson, the organizer of the elite "Tent City Marshals," said he started his group a few days after Resurrection City opened.

"I came here to build tents for the poor," the Detroit bricklayer said, "but when I saw people being mistreated so badly there, I decided to do something about it.

His group generally has been credited with being the more effective of the diverse contingents that handle security. Many of them are from the Washington area and are older men.

Since the opening of the sprawling Mall campsite, visitors—including volunteers—and the press have noted the officiousness and roughness of the younger marshals particularly.

A U.S. District Court judge here yesterday said the campsite presented "the most incredible example of restrained law enforcement that has existed in this country."

Judge George L. Hart described Resurrection City as "an enclave that is apparently off-limits to law enforcement," and said police are "seemingly forbidden to enter it."

BROYHILL HITS "APATHY"

Rep. Joel T. Broyhill, R-Va., also saying he was concerned about increasing reports of violence, said:

"Unless Resurrection City is a new nation within our own nation, I question the apathy to this violence displayed by some of our local government officials.

"If the residents of Resurrection City have been granted fiefdom above and beyond the constitutional limits of the United States, I think the Congress is entitled to know about it," he said.

Wright, however, said his men do go inside the camp to investigate when necessary. Metropolitan police do not.

In the incident Tuesday night, a group that grew from six or eight to about 100 faced some 40 police—deployed with shotguns for the first time.

The flareup began when two of the youths chanted, "Going to get me a whitey—going to get me a honky."

Camp marshals aided police in restoring order then and again last night, forming a human chain between police and the rock-throwing campaigners.

One camp official said yesterday that roving groups were causing trouble for campaigners living in the city, and outsiders continued to draw their share of hostility.

CAMERA CREW ROUTED

NBC news pulled a camera crew out of the area yesterday after two incidents. A cameraman first was chased by a knife-wielding youth after an exchange of obscenities, and the crew later was stoned.

While tension was high last midnight, some camp residents, enraged at what they considered brutal police treatment, began breaking broom handles in half for clubs.

They headed toward the camp gate, only to be forcibly restrained by other men, equally angry to judge from their stream of curses at police, but determined to be nonviolent, the AP reported.

About 2:10 a.m., a fire listed as of undetermined origin broke out in the mid-camp area and blazed for about 15 minutes before firemen extinguished it. Three wood shacks were destroyed. Firemen said they couldn't tell if they were occupied. There were no injuries.

With the growth of disorder inside the camp, SCLC now clearly faces increasing pressure from outside.

EVICTION SOUGHT

Rep. Kenneth Gray, D., Ill., chairman of the House Public Buildings and Grounds subcommittee, said yesterday that if the campaigners show no signs of leaving Resurrection City this weekend, he will call for House action next week on the bill to evict them.

The measure, sponsored by Rep. William C. Cramer, R-Fla., would prohibit the Interior Department from issuing any extensions of the camping permit anywhere in the city. Gray acknowledged that this might provoke a confrontation between campaigners and police, but said he thinks that is precisely what Abernathy wants.

House Speaker John McCormack is said to oppose the Cramer bill, but Gray said he feels House members overwhelmingly are for it.

BREWSTER ASKS OUSTER

Sen. Daniel B. Brewster, D-Md., also said last night that participants in the Poor People's Campaign should be evicted from Resurrection City if they fail to leave when their permit expires Sunday.

Addressing the Olney Chamber of Commerce in Montgomery County, Brewster said he opposes any further extension of the permit.

Government officials should make it clear that for anyone to stay beyond the deadline would be "illegal and intolerable," Brewster said, and that "if necessary, I would urge that they be evicted. I hope this will not be the case."

He said that no more could be gained by the marchers by staying past Sunday and that the participants "now can continue to press their cause through normal channels that all American citizens use in communicating with their government officials."

[From the Washington (D.C.) Daily News, June 21, 1968]

TO THE POOR: SHAPE UP OR SHIP OUT!

The honeymoon is over.

The glowing name "Resurrection City" has become a mockery.

The carefully nourished and generally pervasive mood of sympathy, friendship and understanding that characterized Solidarity Day has been sundered by the irresponsible words and actions of some of the Poor People and, more importantly, by the even more outrageous irresponsibility of some of their leaders.

All of this took but a few hours.

Reasonable citizens of whatever race, creed or color, will blame:

The Rev. Ralph D. Abernathy, successor to Dr. Martin Luther King Jr. as leader of the Southern Christian Leadership Conference, for his grossly intemperate remarks at the Solidarity Day ceremonies Wednesday, and for his wantonly cynical exhortation to his followers to "escalate"—to provoke arrests. In this he was successful yesterday.

Disorder at the Agriculture Department, plus objects hurled at police, provoked the use of tear gas and 86 arrests.

The Rev. A. D. King, minor league brother of the martyred SCLC leader, who successfully acted the role of a mewling infant at Wednesday night's "eat-in" at the Statler Hilton. First, he made a Federal case of a house rule requiring males to wear neckties in the dining room. Certainly this is a matter for haberdashers and fashion authorities to adjudicate. Neckties, or the lack thereof, have nothing to do with race or creed.

Then, the Rev. King and his numerous companions, having been served anyway, walked away without paying the check. There is nothing in the Constitution that grants anyone the right to welsh on a dinner tab. The Rev. A. D. King contributes no adornment to the civil rights movement, nor to the memory of his late brother.

We have said the name of Resurrection City has become a mockery. We quote Alvin Jackson, who, until his connections with it were severed yesterday, says he was the tent city's chief security marshal.

"If the leaders don't do something soon," he said bitterly, "this is going to be known as blood city." He was referring to the fact that there have been an estimated 100 cases of assault and similar crimes of violence in the "city" since it was set up in mid-May. At least 20 visitors have been robbed, beaten or knifed by residents outside the fence surrounding the community on the Mall.

Where, then, is the responsible leadership that any such enterprise as the Poor People's Campaign must have? Certainly the Rev. Abernathy is either unwilling or unable to provide it.

There remain some eminently decent leaders:

Sterling Tucker, a thoughtful and reasonable man who belatedly was put in charge of co-ordinating Solidarity Day events, and did it with calm efficiency.

The Rev. Jesse Jackson, an immensely eloquent and effective proponent of civil rights—and of discipline within the ranks of the poor.

"Shape up or ship out," he warned while he was, almost-single-handedly, bringing some order out of chaos at Resurrection City yesterday.

All of us must hope fervently that the voice of the Rev. Jackson, not those of the Revs. Abernathy and King, will ultimately prevail in the "city."

Otherwise, the vast travail of the Poor People will add up to a minus, rather than a plus, in the long, weary campaign for "equal opportunity under God."

[From the Washington (D.C.) Daily News, June 21, 1968]

MORE PROTESTS—86 ARRESTED AFTER AGRICULTURE PROTEST

More mass demonstrations and acts of "non-violent civil disobedience" were promised today by Resurrection City residents, angered and stunned after tear gas was used yesterday to disperse a band of protestors who threw rocks, can and bottles at policemen after demonstration at the Agriculture Department.

The tear gas was fired when several hundred marchers returning from the sit-in entered the outskirts of "Resurrection City," then stopped and turned on the policemen.

At least 86 persons, including nine juveniles, were arrested and one man was bleeding by the time police pushed the marchers back to the camp gate. There, Poor People's Campaign marshals took over and succeeded in getting them back inside the compound.

The police action bitterly divided the residents at a town meeting last night. Black power militants denounced non-violence and the SCLC and called for night march of "all black men" to 14th and U streets nw to gather "demonstrators who'll really demonstrate." The march never materialized.

Only a midnight appeal for calm by the Rev. Ralph Abernathy prevented a second confrontation with police massed at the plywood city entrance.

One black power speaker cried, "The Indians want to fight to get their land back. The Mexican-Americans say they'll fight. Everybody can fight but the black people."

Another speaker accused the SCLC in a plaintive voice of not preparing them for non-violence.

"A black brother was tear-gassed in the face and he didn't know what to do. Why don't you tell people what to do when they get tear-gas in the face, or Mace, or a Club?"

REASONING

The Rev. James Bevel, a Campaign leader, took the microphone and ridiculed militants who wanted to "send a mass of people against police with shotguns. It's ridiculous."

"You don't let an enemy outflank you on the battlefield," he said. "I don't want any black man with a stick to give a policeman an excuse to use his gun."

"I'm not afraid of violence. I've studied violence . . . But burning a tailor shop isn't revolution; burning a liquor store isn't revolution . . . You've got to have an economic base."

But his appeal was lost in the call by black power speakers for a night march and police outside the city broke out gas masks, tear gas canisters from crates, wheeled up a 10,100-watt fire department light truck and sealed off French Drive at the city's entrance.

Rev. Abernathy finally calmed them again, declaring, "Violence is not the way."

PROTECTION

He promised to organize men in the city to "make a sweep thru" for any "CIA men he said might be planted with Molotov cocktails" and would not allow police in the city to harm "women and children."

"Women, go to your huts," he implored.

"Men, let us stand watch. We need some men to survey this camp. There are some men who want to do some bad business tonight . . .

"Women, go to sleep; go about your business. Children, go to sleep . . . We're not going to have any trouble tonight because I'm going to be in control of these streets . . . Go to bed . . . I want you to go to bed . . . If police come in here tonight, it'll be over me . . .

"Madam, won't you go to your shack? That's right . . . All the women go to bed . . . That's wonderful . . . Isn't that wonderful . . . ?"

Some 80 Poor People marched to the Agriculture Department at 3 p.m. yesterday, ate at a concession truck parked outside and then demanded to see Agriculture Secretary Orville Freeman.

When he refused to see all of them, the marchers scattered and sat down in doorways on both sides of Independence-ave between 12th and 14th streets and blocked the entrance to the employe parking lot.

HELPERS

Frank D. Reeves, head of SCLC legal services rushed to the scene shortly and told demonstrators, "We are non-violent." He warned them the sit-in was unauthorized and that SCLC wouldn't put up bail for those arrested. He was jeered.

After ordering the demonstrators to disperse, police moved methodically from doorway to doorway making arrests and gently carried limp bodies to waiting wagons.

Some protestors scattered from doorways and moved into the street at 12th and Independence-ave and sat in the midst of rush-hour traffic, bringing it to a halt.

It was at this point that police stopped being gentle and some demonstrators resisted arrest. Policemen skinned protestors across the pavement by clothing, arms, legs or whatever was available. One older man was whacked several times with a night stick and lay on the grass nearby, blood pouring from his head, propped on a women's handbag.

A white-shirted, gold-barred District police officer screamed orders over a bullhorn against the noise of honking horns from stalled traffic: "Get them out of the street . . . Get them out . . ."

Waves of additional protestors began arriving from Resurrection City, until the camp was virtually empty. By 6:30 p.m., there were an estimated 550 Resurrection City people at the Agriculture Department, including SCLC officials Hosea Williams and the Rev. Jesse Jackson, who gathered them on the lawn across the street.

"We must not become a mob," Rev. Jackson told the marchers.

"We must remain a movement. Now that the warfare is on, shape up or ship out. Those of you who cannot undertake the discipline of nonviolence, you do not have the courage of a man to place your body on the line for what you believe."

"We saw the people who were the good soldiers," he said. "They were the ones who stayed when the rains came. It was the rains that separated the weak from the strong. It was in the rains that our feet got stuck in the mud but our spirits were raised . . . I'm tired of marching and tired of talking but I have no fear of the river of blood."

FERVOR

Taunting police on the way, the marchers began moving back to Resurrection City. There were scuffles and some more arrests along the way.

"Get back, brother." Mr. Reeves kept shouting. "You must get back. Rev. Abernathy wants you back."

One teen-ager in an "Invaders" jacket clapped hands and led a small band in singing an original song that went, "Let's go before the cops go and shoot half your back out."

As the main force of marchers agreed, marched back and crossed 17th St. to the outskirts of Resurrection City, some began taunting four policemen. Others began throwing cans, bottles and a few bricks at police and passing cars. About 200 police reinforcements rushed to the scene. D.C. City Councilman Joseph Yeldell arrived and asked police to withdraw from the area. But they didn't and the tear gas was then fired.

District Police Capt. C. M. Monroe of the Civil Disturbance United said 16 tear gas grenades were used to disperse the crowd.

[From the Washington (D.C.) Daily News, June 21, 1968]

THERE ARE RAPES, ROBBERIES, AND CUTTINGS

The man many police feel was the only Resurrection City official they could deal with effectively in trying to curb the growing incidents of robbery and violence at the camp resigned yesterday.

Alvis Jackson, 35, a District TV repairman and Negro who was the chief security marshal, had used two weeks of his vacation, and taken a week's leave without pay to help the Campaign. He said he was heart-broken because violence was destroying it.

"This is a great Campaign and a just one, and it has just goals," he said.

But even as he pleaded to The Washington Daily News, "Please, mister, if you put this in your newspaper, don't just put the bad things. Put in all the good things, too," he warned. "If the leaders there don't do something soon this is going to be known as blood city instead of Resurrection City."

He was talking about the city of Martin Luther King, Jr.'s "Dream," where one night this week 17 assaults were reported; where youngsters bum cigarets and demand money from visitors and reporters; where two ministers were beaten after coming to offer aid; where clothes donated by affluent suburbanites grow mouldy in muddy fields; and where roaming gangs terrorize residents.

The character of the plywood city's population has changed since its inception. Gradually, what was a refuge for the sad-eyed poor is now a shanty-town of strutting youngsters—white and black—wearing both love and hate on their sleeves.

Said Mr. Jackson, "We got a new band of guys in there yesterday and they were like the Blackstone Rangers." "You know, 'We're gonna whip heads.' And this isn't what Resurrection City is for.

"There are rapes, robberies and cuttings every day, and there is nothing we can do about it even when we catch the guys who did it," he said.

"There are about 20 guns in Resurrection City. There are lead pipes, knives and Molotov cocktails in there."

But his efforts to meet with Rev. David Abernathy to talk about the problem failed, Mr. Jackson said, adding that his bosses at the City, the Chief Marshal, Albert Spencer and the Rev. James Orange, "are both fine men. But they just won't allow any camp discipline."

One white man returned from a demonstration march and found his clothing and furniture stolen, and burned his shanty down.

"He was just about ready to cry he felt so bad . . . I guess he was just so frustrated that he had to relieve his feelings."

He said he was ashamed to say it, but only the donations and work from white people were keeping the camp going.

"Almost all the whites here are dedicated but they take a real hard time from the blacks. I just can't understand my black brothers who will take things from the whites and then spit on them.

"I ask some of these guys if they hate whites so much why do they come up here and take things from them. Why don't they stay in Marks, Miss., where the man puts his foot on your back and you dare not move."

It's the residents who get on soapboxes at the City and say "We don't need discipline" who are wrong, Mr. Jackson said. "Hell, man, you can't run a cat show without some kind of discipline, but I just can't get thru to the leaders to tell them this.

"I'm only afraid that one of these days it's going to blow up and in 30 years your grandchildren and mine will only know about the bad things and not the good," he said.

Park Police estimate there have been about 100 violent incidents since the City went up in mid-May, including 20 visitors who have been beaten, robbed or stabbed outside the compound fence. Mr. Jackson calls the figures "very conservative."

[From the Washington (D.C.) Evening Star, June 21, 1968]

TIME TO GO HOME

When the first of the marching Poor People came to Washington in mid-May they were given a permit to build Resurrection City and to stay there until mid-June. Because of the delay in organizing the march to the Lincoln Memorial, the permit was extended for one week. It expires this Sunday.

There should not be another permit extension. In the five weeks that they have been here, the SCLC members have had ample opportunity to petition the government for relief of their grievances. And they have won some concessions that are not inconsequential. Meanwhile, Resurrection City has become an obvious health hazard—to its inhabitants and to the rest of the city. And the rising incidence of violence, as exemplified by the disgraceful performance yesterday evening, especially after dark, indicates that the troublemakers are threatening to take control from the march's non-violent leaders.

The Rev. Ralph Abernathy, the SCLC leader, suggested in his remarks during yesterday's demonstration that he intends to stay in Washington, and that he hopes his followers will not leave Resurrection City. Many of them, of course, have already left. Others probably will be gone by Sunday. But if not, if the "city" is still occupied when the permit expires, we think those who remain should be moved out by the authorities and that Resurrection City should be dismantled.

This is not to say that the expiration of the permit need be enforced at the moment the clock strikes the hour. If promising negotiations to evacuate the city are under way, a day or two of delay might be wise. But if it becomes clear—and this is probable—that Mr. Abernathy and hs remaining followers are determined for propaganda reasons to insist upon forcible removal, then they should be forcibly removed.

It is up to the President and the District authorities to settle the details of how this should be handled. But if they are forced to grasp this nettle, they should grasp it firmly and without hesitation.

[From the Washington (D.C.) Daily News, June 21, 1968]

GUEST EDITORIAL

Let every American, every lover of liberty, every well-wisher to his posterity swear by the blood of the Revolution never to violate in the least particular the laws of the country, and never to tolerate their violation by others. As the patriots of seventy-six did to the support of the Constitution and laws let every American pledge his life, his property, and his sacred honor—let every man remember that to violate the law is to trample on the blood of his father, and to tear the character of his own children's liberty. Let reverence for the laws be breathed by every American mother to the lisping babe that prattles on her lap; let it be taught in schools, in seminaries, and in colleges; let it be preached from the pulpit, proclaimed in legislative halls, and enforced in courts of justice, and in short, let it become the political religion of the nation."

(From a speech by Abraham Lincoln in Springfield, Ill., Jan. 27, 1837—reprinted on the cover of the May-June, 1968 issue of the Riggs Bank News.)

AUTHORITY FOR NATIONAL GALLERY OF ART TO CONSTRUCT BUILDINGS IN THE DISTRICT OF COLUMBIA

Mr. JORDAN of North Carolina. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3159.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3159) authorizing the Trustees of the National Gallery of Art to construct a building or buildings on the site bounded by Fourth Street, Pennsylvania Avenue, Third Street, and Madison Drive NW., in the District of Columbia, and making provision for the maintenance thereof, which was, strike out all after the enacting clause, and insert:

That the Trustees of the National Gallery of Art are authorized to construct within the area reserved as a site for future additions by the third sentence of the first section of the joint resolution entitled "Joint Resolution providing for the construction and maintenance of a National Gallery of Art", approved March 24, 1937 (50 Stat. 51; 20 U.S.C. 71 et seq.) one or more buildings to serve as additions to the National Gallery of Art. The cost of constructing any such building shall be paid from trust funds administered by such Trustees. The plans and specifications for any such building shall be approved by the Commission of Fine Arts and the National Capital Planning Commission.

SEC. 2. Any building constructed under authority of the first section of this Act shall, upon completion, be a part of the National Gallery of Art.

SEC. 3. Paragraph (2) of section 9 of the Act entitled "An Act relating to the policing of the buildings and grounds of the Smithsonian Institution and its constituent bureaus", approved October 24, 1951 (65 Stat. 634; 40 U.S.C. 193n et seq.) is amended by inserting "(A)" immediately after "held to extend" and by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "(B) to the line of the face of the south curb of Pennsylvania Avenue Northwest, between Fourth Street and Third Street Northwest, to the line of the face of the west curb of Third Street Northwest, between Pennsylvania Avenue and Madison Drive Northwest, to the line of the face of the north curb of Madison Drive Northwest, between Third Street and Fourth Street Northwest, and to the line of the face of the east curb of Fourth Street Northwest, between Pennsylvania Avenue and Madison Drive Northwest."

SEC. 4. The Commissioner of the District of Columbia is authorized to transfer to the United States such jurisdiction as the District of Columbia may have over any of the property within the area referred to in the first section of this Act.

SEC. 5. If any public utility (whether privately or publicly owned) located within the area referred to in the first section of this Act is required to be relocated or protected by reason of the construction within such area of any addition to the National Gallery of Art, the cost of such relocation or protection shall be paid from trust funds administered by the Trustees of the National Gallery of Art.

Mr. JORDAN of North Carolina. Mr. President, I move that the Senate concur in the amendment of the House of Representatives.

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

The motion was agreed to.

DESIGNATION OF U.S. CUSTOMS HOUSE BUILDING, PROVIDENCE, R.I., AS THE "JOHN E. FOGARTY FEDERAL BUILDING"

Mr. JORDAN of North Carolina. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3363.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3363) to designate the U.S. Customs House Building in Providence, R.I., as the "John E. Fogarty Federal Building," which was, strike out all after the enacting clause and insert:

That the United States customhouse, Providence, Rhode Island, shall, from and after the date of enactment of this Act, be known and designated as the "John E. Fogarty Federal Building". Any reference in a law, map, regulation, document, record, or other paper of the United States to such United States customhouse shall be held to be a reference to the "John E. Fogarty Federal Building".

"And amend the title so as to read: "An act to name the U.S. customhouse, Providence, R.I., the 'John E. Fogarty Federal Building'."

Mr. JORDAN of North Carolina. Mr. President, I move that the Senate concur in the amendment of the House of Representatives.

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

The motion was agreed to.

Mr. PELL. Mr. President, I express my very strong support of this bill honoring our colleague. I am delighted it has passed.

Mr. JORDAN of North Carolina. We thought it was a good bill. We were delighted to get the bill reported.

DESIGN OF PUBLIC BUILDINGS RELATING TO ACCESSIBILITY TO THE PHYSICALLY HANDICAPPED

Mr. JORDAN of North Carolina. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 222.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 222) to insure that public buildings financed with Federal funds are so designed and constructed as to be accessible to the physically handicapped, which was, strike out all after the enacting clause, and insert:

That, as used in this Act, the term "building" means any building or facility (other than (A) a residential structure containing less than four dwelling units and (B) any building or facility on a military installation, including any fort, camp, post, naval training station, airfield, proving ground, military supply depot, military school, or any similar facility of the Department of Defense) the intended use for which either will require that such building or facility be accessible to the public, or may result in the employment or residence therein of physical handicapped persons, which building or facility is—

(1) to be constructed or altered by or on behalf of the United States;

(2) to be leased in whole or in part by the United States after the date of enactment of this Act after construction or alteration in accordance with plans and specifications of the United States; or

(3) to be financed in whole or in part by a grant or a loan made by the United States after the date of enactment of this Act if such building or facility is subject to standards for design, construction, or alteration issued under authority of the law authorizing such grant or loan.

SEC. 2. The Administrator of General Services, in consultation with the Secretary of Health, Education, and Welfare, is authorized to prescribe such standards for the design, construction, and alteration of buildings (other than residential structures subject to this Act) as may be necessary to insure that physically handicapped persons will have ready access to, and use of, such buildings.

SEC. 3. The Secretary of Housing and Urban Development, in consultation with the Secretary of Health, Education, and Welfare, is authorized to prescribe such standards for the design, construction, and alteration of buildings which are residential structures subject to this Act as may be necessary to insure that physically handicapped persons will have ready access to, and use of, such buildings.

SEC. 4. Every building designed, constructed, or altered after the effective date of a standard issued under this Act which is applicable to such building, shall be designed, constructed, or altered in accordance with such standard.

SEC. 5. The Administrator of General Services, with respect to standards issued under section 2 of this Act, and the Secretary of Housing and Urban Development, with respect to standards issued under section 3 of this Act, is authorized—

(1) to modify or waive any such standard, on a case-by-case basis, upon application made by the head of the department, agency, or instrumentality of the United States concerned, and upon a determination by the Administrator or Secretary, as the case may be, that such modification or waiver is clearly necessary, and

(2) to conduct such surveys and investigations as he deems necessary to insure compliance with such standards.

And amend the title so as to read: "An act to insure that certain buildings financed with Federal funds are so designed and constructed as to be accessible to the physically handicapped."

Mr. JORDAN of North Carolina. Mr. President, I move that the Senate disagree to the amendment of the House of Representatives, request a conference with the House of Representatives on the disagreeing votes thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. RANDOLPH, Mr. JORDAN of North Carolina, Mr. INOUYE, Mr. FONG, and Mr. BOGGS conferees on the part of the Senate.

TIMOTHY JOSEPH SHEA AND ELSIE ANNET SHEA

Mr. LONG of Louisiana. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 171.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 171) for the relief of Timothy Joseph Shea and Elsie Annet Shea, which was, strike out all after the enacting clause, and insert:

That notwithstanding the limitations of section 2401 of title 28 of the United States Code or any other statute of limitations, jurisdiction is hereby conferred upon the United States District Court for the Middle District of Florida to hear, determine, and render judgment on the claims of Timothy Joseph Shea and Elsie Annet Shea, of Orlando, Florida, against the United States for personal injuries and damages, including damages to property, suffered incident to the collision of two civil aircraft on or about October 1, 1960, allegedly the result of negligent landing instructions given the pilots of the aircraft by the operators of the Federal air traffic control tower, Herndon Air Port, Orlando, Florida. Nothing in this Act shall be construed as an inference or admission of liability on the part of the United States. The action authorized to be filed by this Act must be filed within one year of the effective date of this Act.

Mr. LONG of Louisiana. Mr. President, the Senate-passed bill would have authorized the Secretary of the Treasury to pay $2,000 in full satisfaction of all their respective and joint claims against the United States for personal injuries and suffering incurred, as well as damages to their residence and property sustained by Mr. and Mrs. Shea incident to an accident which occurred on October 1, 1960, when two civil aircraft collided near their residence as a result of negligent landing instructions given to the pilot of such aircraft by operators of the Federal air traffic control tower, Herndon Airport, Orlando, Fla.

The House amended the bill to confer jurisdiction upon the U.S. Court for the Middle District of Florida by waiving the statute of limitations in order to make a court determination of the claim on its merits.

I move that the Senate concur in the amendment of the House of Representatives.

The motion was agreed to.

AMENDMENT OF TITLE 5, UNITED STATES CODE

Mr. LONG of Louisiana. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 1028.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1028) to amend title 5, United States Code, to extend certain benefits to former employees of county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, and for other purposes which were, on page 1, line 3, strike out "section 5534" and insert "section 5334".

On page 2, strike out line 8, and insert:

§ 6312. Accrual and accumulation for former ASCS county office employees

Service rendered as an employee of a.

On page 2, line 11, strike out "590(b)" and insert "590h(b)".

On page 3, line 1, after "3502(a)" insert "of title 5, United States Code,".

On page 3, after line 16, insert:

SEC. 4. Effective as of the beginning of the first applicable pay period which began on or after October 1, 1967, the per annum (gross) rate of compensation of the position of Superintendent of Garages (House Office Buildings) under the Architect of the Capitol is $12,540. Such position is subject to the provisions, pertaining to the Office of the Architect of the Capitol, in section 212 of the Federal Salary Act of 1967 (81 Stat. 634; Public Law 90-206), relating to the implementation of salary comparability policy.

Mr. LONG of Louisiana. Mr. President, I move that the Senate agree to the amendments of the House of Representatives.

The motion was agreed to.

EXTENSION OF PUBLIC LAW 480

Mr. ELLENDER. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 2986.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2986) to extend Public Law 480, 83d Congress, for 3 years, and for other purposes, which was, strike out all after the enacting clause, and insert:

That section 103(b) of the Agricultural Trade Development and Assistance Act of 1954 as amended, is amended by striking out the proviso at the end thereof and substituting the following: ": *Provided*, That, except where he determines that it would be inconsistent with the objectives of the Act, the President shall determine the amount of foreign currencies needed for the uses specified in subsections (a), (b), (c), (e), and (h) of section 104, and the agreements for such credit sales shall provide for payment of such amounts in dollars or in foreign currencies upon delivery of the agricultural commodities. Such payment may be considered as an advance payment of the earliest installments."

SEC. 2. Such Act is further amended by deleting the period at the end of subsection (n) of section 103 and inserting in lieu thereof a semicolon and adding new subsections (o), (p), and (q) to section 103 as follows:

"(o) Take steps to assure that the United States obtains a fair share of any increase in commercial purchases of agricultural commodities by the purchasing country;

"(p) Assure convertibility at such uniformly applied exchange rates as shall be agreed upon of up to 50 per centum of the foreign currencies received pursuant to each agreement by sale to United States or purchasing country contractors for payments of wages earned in the development and consummation of works of public improvement in the purchasing country; and

"(q) Assure convertibility of up to 50 per centum of the foreign currencies received pursuant to each agreement by sale to United States importers for the procurement of materials or commodities in the purchasing country."

SEC. 3. Section 104 is amended by deleting the word "and" at the end of subsection (i) and deleting the colon after subsection (j) and inserting in lieu thereof "; and", and adding the following new subparagraph (k):

"(k) for paying, to the maximum extent practicable, the costs of carrying out programs for the control of rodents, insects, weeds, and other animal or plant pests:"

SEC. 4. Section 303 of the Act is amended by striking out the entire section and substituting the following:

"SEC. 303. The Secretary shall, whenever he determines that such action is in the best interest of the United States, and to the maximum extent practicable, sell or exchange agricultural commodities owned by the Commodity Credit Corporation for services, materials, goods, or equipment required in connection with foreign economic and military aid and assistance programs or required in substantial quantities for United States Government offshore programs. He is hereby directed to use every practicable means, in cooperation with other Government agencies, to arrange and make, through private channels, such sales or exchanges or to utilize the authority conferred on him by section 4(h) of the Commodity Credit Corporation Charter Act, as amended, to make such sales or exchanges. In carrying out sales or exchanges authorized by this section, no restrictions shall be placed on the countries of the free world into which surplus agricultural commodities may be sold, except to the extent that the Secretary shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United States and to assure that sales or exchanges under this Act will not unduly disrupt world prices of agricultural commodities or replace cash sales for dollars. The Secretary shall endeavor to cooperate with other exporting countries in preserving normal patterns of commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party. Agencies of the United States Government procuring such services, materials, goods, or equipment are hereby directed to cooperate with the Secretary in the disposal of agricultural commodities by means of sales or exchange. The Secretary is also directed to assist, through such means as are available to him, farmers' cooperatives in effecting exchange of agricultural commodities in their possession for the above purposes."

SEC. 5. Section 407 of the Act is amended by striking out the entire section and substituting the following:

"SEC. 407. There is hereby established an Advisory Committee composed of the Secretary of State, the Secretary of the Treasury, the Secretary of Agriculture, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development, the chairman and the ranking minority member of both the House Committee on Agriculture and the House Committee on Foreign Affairs, and the chairman and the ranking minority member of both the Senate Committee on Agriculture and Forestry and the Senate Committee on Foreign Relations. The Advisory Committee shall survey the general policies relating to the administration of the Act, including the manner of implementing the self-help provisions, the uses to be made of foreign currencies which accrue in connection with sales for foreign currencies under title I, the amount of currencies to be reserved in sales agreements for loans to private industry under section 104(e), rates of exchange, interest rates, and the terms under which dollar credit sales are made, and shall advise the President with respect thereto. The Advisory Committee shall meet not less than once during each calendar quarter at the call of the Acting Chairman of such Committee who shall preside during each quarter in the following order: The chairman of the House Committee on Agriculture, the chairman of the Senate Committee on Foreign Relations, the chairman of the Senate Committee on Agriculture and Forestry, and the chairman of the House Committee on Foreign Affairs."

SEC. 6. Section 409 is amended by striking out "December 31, 1968" and substituting "December 31, 1969."

SEC. 7. Section 102 of the Act is amended by striking out the period at the end thereof and adding a colon and the following: "Provided, however, That the Commodity Credit Corporation shall not finance the sale and export of agricultural commodities under this Act for any exporter which in the six months immediately preceding the application for such financing has engaged in any sales, trade, or commerce with North Vietnam, or with any resident thereof, or which owns or controls or is affiliated with any company which in such period has engaged in any such sales, trade, or commerce, or which is owned or controlled by any company or person which in such period has engaged in any such sales, trade, or commerce either directly or through any branch, subsidiary, affiliate, or associated company: Provided further, That such application for financing must be accompanied by a statement in which are listed by name, address and chief executive officers all branches, affiliates, subsidiaries and associated companies, foreign and domestic, in which the applicant has a controlling interest."

And to amend the title so as to read: "An act to extend the Agricultural Trade Development and Assistance Act of 1954, as amended, and for other purposes."

Mr. ELLENDER. Mr. President, I move

that the Senate disagree to the amendment of the House, and request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ELLENDER, Mr. HOLLAND, Mr. EASTLAND, Mr. TALMADGE, Mr. AIKEN, Mr. YOUNG of North Dakota, and Mr. BOGGS conferees on the part of the Senate.

VIETNAM: WHAT OUR POLICY SHOULD BE

Mr. PELL. Mr. President, I rise to discuss a subject which, paradoxically appears to have receded somewhat from the forefront of our attention in recent weeks, and that is the conflict in Vietnam. I say paradoxically because our attention has been seized to a large extent both by a series of remarkable political developments and by a shattering sequence of domestic upheavals, all of which are tied inextricably to the war in Vietnam and which, I believe, result from the great burdens which it has placed on the spirit and substance of our Nation.

It seems almost incredible that this frustrating and inconclusive war with such a tiny and innocuous country, a country or rather, a half country, which has never really jeopardized our national interest in any direct way, should have turned out to be, by all measures, one of the major conflicts of our Nation's history. It is certainly a major conflict in terms of the tragedy to the families of the 18,000 Americans who have laid down their lives over the past 7 years, and it certainly is a major conflict in terms of the more than $2.5 billion per month—or $10,000 per second—of our money which is supporting our millitary effort there. And, it certainly is a major conflict in terms of the unrest it has created at home because of expected domestic programs which have been deferred, or, worse yet, canceled. And, it is equally a major conflict judged in terms of the massive protests abroad it has caused—or judged in terms of the even more important fact of how it has chilled efforts to start to wind up the cold war or achieve detente and peaceful relations with the Soviet Union and Eastern Europe.

So our momentary diversion from the Vietnam war is, indeed, paradoxical. But it is also helpful and fortunate, I believe, because it allows us to put the conflict itself into perspective and to prepare thereby for what may be the long and nerve-wracking process of negotiating a peace. We all hope and pray that the Paris talks, the result of President Johnson's boldly initiated approach to negotiations of March 31, will be productive and yield palpable results. But we must not expect too much too soon. We must, I believe, remember the long and tedious experience at Panmunjom in Korea, and bear in mind that there are many pressures and many forces on both sides which must be reconciled imaginatively if the discussions at the peace table are to mean anything at all. And, I know if any men can produce results, it will be our two excellent Ambassadors, Harriman and Vance; but, we must not expect miracles from them.

I might say that it is absolutely essential that the leaders of Communist North Vietnam maintain an equally understanding stance of the internal forces at work in the United States, and that they realize that these forces can have great impact on the negotiations. It would be tragic if the Communists should miscalculate the recent political upheavals within the United States and proceed on the mistaken assumption that we are willing to settle for peace at any price. They should understand that their own escalation of hostilities, particularly through such steps as the bombardment of Saigon, could, in fact, turn the tide of opinion in America to demand an even higher price for our withdrawal.

We, too, must be realistic about the internal forces in the Communist bloc. It appears to be the view of Mao Tse Tung, for example, that the longer the war goes on in Vietnam, the more likely a U.S. defeat. And, even better from his viewpoint, at the same time, the more likely will come the communization of all Vietnam. The final frosting on Mao's cake would be that the Vietnamese would be left too exhausted by the long struggle to resist Peking's domination, despite Vietnam's thousand-year-old hostility to China.

Obviously, Peking views most unfavorably any peace negotiations ending the conflict while there is still something left of Vietnam and, accordingly, will do her best to sabotage them.

This kind of thoughtful analysis has some of the flaws of oversimplicity, to be sure. But it contains enough truth to suggest, I believe, that we should consider very carefully the alternatives still before us. Let us take pains to use those circumstances which can turn events more to our favor, remembering the old adage that true diplomacy is the knack of letting the other fellow have your way.

What, then, are some of the alternatives before us?

One would be to yield to impatience if the peace talks do not go well and escalate the war. We could erase the entire half nation of North Vietnam—which is about the size of the State of Georgia—in a couple of days, if we chose to do so. As Tacilus said, "We made a desert and we called it peace." But, the obvious end result of military escalation, no matter whether done slowly or quickly, will be a vacuum of power in North Vietnam. Such a vacuum would, of necessity, be quickly filled by China, with consequences hurtful to our national interest.

Alternatively, we could simply pick up and go home, leaving the Vietnamese to straighten out their problems. But this is equally unsatisfactory, because unilateral American withdrawal is abhorrent to us as a people and likewise against our national interest as it, too, would create a vacuum—only this time in South Vietnam.

It seems to me that our real job, both from the viewpoint of American national interest—and, incidentally, that of the world—is simply to avoid a vacuum in either South or North Vietnam, to promote some sort of stabilized government in South Vietnam—and, then to get out.

My own view is that this can best be accomplished through a settlement that reasonably represents the actual political forces in being there: the relatively small Ky right wing on the one hand, the Communist left wing on the other hand, and the very important, large middle ground of neutralists of all complexions. From the standpoint of the unfortunate Vietnamese, such an outcome would probably be preferable, in spite of the obvious risks of a coalition government. It is clearly a course that would permit us to bring back our young men and substantially reduce our expenses. Yet think how far this objective is from our presently stated objective of support for a government that considers all neutralists, much less members of the National Liberation Front, to be traitors.

For instance, just a few weeks ago, the Thieu-Ky government arrested Truong Dinh Dzu, the dovish runnerup in the 1967 presidential elections, because he had dared suggest a coalition government with the National Liberation Front.

I continue to believe in the specifics of the plan I outlined on the Senate floor more than a year ago. Namely, as first steps, we should cease our bombing of the north and hold still—not escalate—our present level of men in the south—steps which some of us have been advocating for several years—and steps which, I am pleased to note, we have begun to take. We must, at the same time, I believe, actively seek assurance either from the North Vietnamese or from some responsible third party, that the North Vietnamese will not increase their level of men in the south, and that they will negotiate in good faith and agree upon a cease-fire and an end of violence.

These actions must be followed by: first, a verified free election, on a broader base than has heretofore been honored, with the right to hold office and the right to vote open to every citizen of South Vietnam; second, in accordance with the principles of self-determination, the internal affairs of South Vietnam, including consideration of reunification and constitutional issues, to be settled by a new South Vietnamese Government resulting from the election; third, agreement in principle to eventual complete American withdrawal of troops, and withdrawal in fact based on completion of arrangements leading to election, replacement by Asian troops, and the withdrawal of North Vietnamese forces; and, fourth, immediate release of all political prisoners, amnesty for any political actions in the past, and right of asylum outside of South Vietnam for any South Vietnamese wishing it.

We must admit, I believe, that we have not been very celar in defining our relationship with the Government of South Vietnam, and that, as a consequence, our involvement has been complicated. A clarification is long overdue, I believe, and one guide for such clarification may come from some of the concepts we use in everyday business relationships.

In the investment business, for example, there is a distinction between a limited and general partnership. A limited partner means that only after all the resources, the full faith and credit, of the general partner have been expended, do the limited partners become liable. And, then these limited partners only become liable to the extent of the capital they have put up, that is, actually invested in the firm.

To my mind, a limited partnership is the relationship our Nation should have toward countries or regions where our real national interests are not vital. I would even go further and concede the expenditures of a limited partner's investment prior to the expenditure of all the resources of the general partners in the partnership, but no further. For example, from having been France's limited partner in Vietnam from 1946 to 1954, we have now taken on the responsibilities of a general partner. At the same time, the erstwhile general partner, France, has completely withdrawn from the partnership. As John Fairbank said of our role in Vietnam.

> We are sleeping in the same bed that France slept in even though we dream different dreams.

Actually, the alleged, original purpose of our whole AID program has been that of a limited partner—to help give recipient nations a nudge along the road to a system of reasonable free enterprise and politics, a system that respects human rights and permits freedom of dissent and one whose freedom and enterprise are flowering to such an extent that there is simply no opportunity for the seeds of communism to take hold. But, so often, when we find our original support does not work, we simply increase our investment, make our commitment open-ended, and hope by sheer weight to make it work—until as in Vietnam, we find ourselves the main partners in a full-scale war.

In many of the regions of the world, I believe we should agree that our real American national interests are negligible. And, amongst these regions I would include Southeast Asia, with the possible exception of Malaya with her control of the Straits of Malacca. Yet, because of the increasing extent of our AID programs and our policy of always being willing to raise the ante, we have succeeded in converting what was a modest, limited partnership with France, and then with her successor government in South Vietnam, into a full general partnership, with the full faith and credit of the United States having been pledged to that increasingly unhappy, increasingly ravaged little country with its corrupt, unpopular, and unrepresentational Thieu-Ky government. And, when I use the words "corrupt," "unpopular," and "unrepresentational," I use the words advisedly.

I say corrupt because of this proven mishandling of U.S. assistance programs, which led one House investigator last year to assert that our $200 million commodity import program in Vietnam is nothing short of "political ransom" paid to powerful South Vietnamese commercial interests to insure their continued support and thereby to assure political stability.

And, I refer to reports such as that of the author, William Lederer, who asserted recently that some $18 billion in private gold holdings have been sent out of the country by Vietnamese entrepreneurs for deposit in foreign banks since 1956.

And, I say unpopular and unrepresentational since many of the leaders of South Vietnam are carpetbaggers from the north who are products of foreign military indoctrination. Both President Thieu and Vice President Ky received their military training at the hands of the French; Thieu holds French military decorations and Ky served under the French flag while his compatriots were struggling for independence from French rule. We need only ask ourselves how popular a government leader would have been in the early years of our own republic if he had served in the British army, if he had served under General Cornwallis rather than under General Washington.

It is obviously beneficial to our national interest to work out as quickly as possible an attenuation of our general partnership with such a totally unsatisfactory government.

In doing so, let us be guided by the lessons of history.

And, let us remember that no arrangement is eternal. As Lord Palmerston once said of Great Britain when she was at the height of her power:

> We have no eternal allies, and we have no perpetual enemies. Our interests are eternal and perpetual, and those interests it is our duty to follow.

Our problem is how can we follow our true American national interests in Southeast Asia—interests that may actually conflict with some of our present policies—and still maintain our credibility as a nation and as an ally.

I believe that our strategy for leadership in the world today must take into account that there are many goals we would like to see achieved around the world, but not at unlimited cost.

In a more personal vein, if you see a pair of shoes that you like which cost $15, you might buy them. But, if they cost $100, you should hold off or have your head examined.

So it is with our national resources. I continue to believe that a good argument can be made for spending some lives and some dollars to halt, trip, obstruct, or to contain those who are opposed to us, be they Communists or be they simply bandits.

This is part of the price of greatness, of world leadership, and of the fact that we Americans, as 6 percent of the world's people, enjoy 50 percent of its consumer goods. But, let us keep a reasonable pricetag or top bid on our spending when we engage in such operations abroad. And let us always make sure we have partners when we do, so that we are not, as it is so often the case, left holding the bag.

There are several steps which we can and should consider to reduce our present military operation to a lean and limited commitment, fully demonstrative of our resolve and determination, but without needlessly squandering our young men and our power for goals which are not worth the cost.

The first of these, as I have long advocated, is the curtailment of the bombing of North Vietnam. I fully applaud President Johnson's decision to curtail bombing above the 20th parallel, and hope in time that the no-bombing zone can be extended progressively southward. History will show, as I have repeatedly said since November 8, 1965, that our air offensive on the north was militarily counterproductive.

Concurrently, we should curtail operations on the ground. I continue to believe, as I have said for these several years, that we should deescalate our military operations in South Vietnam, seeking to reduce our casualties and losses there.

Let us concentrate on holding and keeping clear those areas we can militarily defend by the use of those military means where we have an overwhelming preponderance of power, where possible—areas that would be in the range of our naval vessels. We would maintain aggressive patrols around these areas, too, so as to force enemy mortars and artillery to stay away from population centers. Let us concentrate on areas like Saigon and other population centers which are or have been under frequent attack and invasion.

By following this course, we would find ourselves in a situation where we could afford to stay as long as we felt absolutely necessary. We can demonstrate to South Vietnam—and to the world—that we are willing to face a low-key, minimum-casualty, long, drawn-out struggle in preference to an escalating, already high-key, high-casualty war that has a good chance of developing into world war III.

And, for the first time since this miserable war started, we might suddenly find the shoe on the other foot—it would be to the advantage of Ho Chi Minh to find something to give, some way to negotiate us out of South Vietnam, since there would be no way of militarily forcing us out. We would be like the elephant besieged by a pack of biting dogs—they could keep us awake and make life unpleasant, but they could not force us to leave. And, politically, we could afford to stay if public opinion in the United States was not faced with our continuously spilling the present amount or an increasing amount of American blood and dollars. We could then initiate and maintain a holding operation, which while painful in itself, would still be bearable and within the power of the American people to sustain.

Now that we have reached the negotiating stage, I believe we and Hanoi must return to the Geneva convention and follow it; on our part, accepting the fact that we must negotiate with the Vietcong and accepting the possibility that a nationalist Communist regime may eventually emerge. If this happens, assuming that nationalism is allowed to play its role, as is presently increasingly the case in Eastern Europe, I believe our American national interests will not unduly

suffer in the long run. In fact, they will benefit.

Looking ahead to the long-range fruits of the negotiations, I continue to believe more strongly than ever to the specifics of the plan I outlined on the Senate floor more than a year ago.

Assuming, if we can, that the bombing curtailment will continue and, perhaps with an assist from private diplomacy and some sort of responsible third-party assurance, lead to a mutual de-escalation on the ground and ultimately to a cease-fire, we should, I believe, then press on to the following objectives:

First, a verified free election, on a broader base than has heretofore been honored, with the right to hold office and the right to vote open to every citizen of South Vietnam;

Second, in accordance with the principles of self-determination, the internal affairs of South Vietnam, including consideration of reunification and constitutional issues, to be settled by a new South Vietnamese Government resulting from the election;

Third, agreement in principle to eventual complete American withdrawal of troops, and withdrawal in fact based on completion of arrangements leading to election, to replacement by Asian troops, and to the withdrawal of North Vietnamese forces; and

Fourth, immediate release of all political prisoners, amnesty for any political actions in the past, and right of asylum outside of South Vietnam for any South Vietnamese wishing it.

If the safeguards of amnesty and, where necessary, asylum are guaranteed, I believe our humanitarian commitments will be fulfilled.

Such an outcome, I believe, would be preferable to the majority of the unfortunate South Vietnamese, so many of whom today are either refugees or casualties of war—or dead.

Moreover, it is worth noting that a coalition government might well hold its own. Actually, since World War II, of the 33 countries which have had coalition governments in which Communists participated, 22 have remained non-Communist.

If at the worst, a National Communist government rose, we have only to look at history and geography to see that Vietnam's principal enemy would probably soon prove to be its traditional, overbearing threat of more than a thousand years, China, as I have already noted. Moreover, if ever there were a nationally oriented Communist, it is Ho Chi Minh. We would certainly be better off than the best alternative now ahead of us; namely, an artificial regime indefinitely shored up by the lives of American young men and our dollars. Our great responsibility, then, would be to assure amnesty or asylum to every South Vietnamese who might be penalized by such a government, withal recognizing that many may now be friendly to us mainly because of personal economic advantage. Nevertheless, we owe them the assurance of a safe and free life.

Finally, I believe that we should make every effort to internationalize our efforts both in the present military operations and in the stabilization which we hope will follow. At present some 2,866 American AID and civilian personnel are in Vietnam and just 27 from the United Nations, or approximately 1 percent. I should like to see an effort made toward the start of a reversal of these figures and the changes in responsibility that this reversal would indicate.

This would mean, too, that if the United States or the International Court of Justice would be willing to consider the Vietnam problem or any part of it, agreement in advance would have to be made by all sides to accept its decisions, a commitment that both Washington and Hanoi have so far studiously avoided.

We should remember, too, that nothing will happen quickly because Ho Chi Minh and his followers believe that they have been welched upon three times at international conferences.

First, in 1946, when the French went back on their understanding with the Vietminh that they would grant the Vietnamese their independence following the withdrawal of the Japanese.

Second, when the Russians and Chinese forced Ho Chi Minh, in Geneva, in 1954, to accept the 17th parallel as a dividing line and generally forced Ho to settle at the conference table for far less than he had won or was winning on the battlefield.

Third, when the United States supported the South Vietnam refusal in 1956 to hold the elections that had been agreed upon in 1954.

The lack of wisdom of our past course in Vietnam is to my mind confirmed by the unwillingness of other nations to help us, as shown by the all-too-thin statistics of those now bearing arms beside us in South Vietnam. Among the very few free world nations now sharing the fighting burden are New Zealand and Australia, who, because of their proximity, have an even greater fear of China than do we. The other exceptions are South Korea for whom the United States pays the entire cost, exclusive of salaries, of 45,000 troops in South Vietnam—while we still maintain 50,000 American troops in Korea and provide a third of a billion dollars a year there in economic and military aid—a commitment that is being increased because of North Korean bellicosity and the heinous *Pueblo* affair—the Philippines who have provided some engineers, and Thailand, which has provided its airfields and a battalion of troops. Otherwise, the rest of the world has only seen fit to give South Vietnam medical supplies, ambulances, and humanitarian relief.

Looking ahead, I believe, we should particularly seek more participation by other Asian nations to dispel the notion that this is a white man's war or that the regime which follows Generals Thieu and Ky will be an extension of white colonialism.

We should be particularly mindful of the present expansion of the American commitment in Thailand and seek to reverse that dangerous trend toward another Vietnam.

And we should strive to achieve a military neutralization of the whole of Southeast Asia, guaranteed either by the Geneva Convention powers together with the United States, or, better yet, by the United Nations.

We should be prepared to support and encourage, but only with limited U.S. participation, a mammoth economic and educational development program, in conjunction with pacification, which will make the promised reforms of the National Liberation Front seem pale by comparison. In promoting this long-range development program, we should insist on the maximum utilization of all available international agencies, including the United Nations technical assistance program, the Economic Commission on Asia and the Far East, and the proposed Asian Development Bank.

Finally, with regard to China, I believe it would be in our national interest to have China join and be in contact with the United Nations and the family of nations in the belief that her actions and attitudes might be improved. The most efficacious and most painless way of ending communism is by eroding it. And, erosion can only occur when contact is established and surfaces rub.

We do not have to take any positive action to bring such erosion about. All we need to do to bring this about is take a negative action; to simply cease twisting arms and blackballing China's admission into the United Nations. I must add here that from a positive viewpoint, we must be sure that Taiwan or Nationalist China remains a member of the United Nations although, eventually, her great-power permanent Security Council seat would have to go to mainland China with its quarter of our world's people.

Personally, I would be opposed to a public change of policy to actively advocate China's admission, as that would be an insulting gesture to all our friends—and her neighbors—in her part of the world, who have so far been helping us blackball her, such as Australia, the Philippines, and Malaysia.

All we need do is to stop taking the lead in opposing China's admission and then let events take their natural course; or, as I said earlier, let the other fellows have our way.

These are some elements of what I conceive to be our wisest course for the future in Vietnam and Southeast Asia, based on a realistic and long-range view of our national interest and our history.

Regrettably, I must say that our policy has not rested on such a basis in the past, and I close with a plea and a prayer that our objectives and our strategy may undergo continuing reappraisal in this year of decision, and, perhaps more important, of our own national elections. The issue is as ultimate as survival itself. We ought not continue to agree with bland acquiescence to a course based on short-term expediency fraught with far greater long-term danger and containing within itself the seeds of our destruction. Rather, let us concentrate our efforts on a rational and realistic policy keyed to objectives which merit our commitment. And, then let us pursue those objectives emphatically at the bargaining table.

Let us realize, as leaders, that until man's nature changes or until some kind

of world government under law comes into being—neither of which is likely to happen in the lifetime of any of us here—our job as leaders is to cool down the fighting, to limit the areas of hostility and lower the threshold of violence, from a long-term viewpoint, this means less blood is spilled, less gold drained, and less likelihood of general war coming upon us than if we simply concentrate on quick victory at any cost.

And at home this means that we can concentrate our efforts and our energies where they belong; namely, on imaginative solutions to unemployment, poverty, malnutrition and ill health—solutions which have been curtailed because of our costly involvement overseas.

To the needy, underprivileged and impoverished of this nation, we have an obligation to help fulfill aspirations which deserve to be fulfilled here and now and not deferred because of an obscure commitment to a people who might well be *better off* without us.

We cannot and must not allow a foreign entanglement to ensnare us to the peril of our internal progress and stability.

THE SOLIDARITY DAY MARCH

Mr. PELL. Mr. President, I wish to comment on the most successful and, in my mind, gratifying Solidarity Day march recently conducted by the Southern Christian Leadership Conference in Washington.

From the initial announcement of both the establishment of Resurrection City and of a mass march, cries of alarm were heard both in this Chamber and throughout the country. There was fear of riot; and, if the truth were told, probably an unexpressed hope that the whole undertaking would meet with failure. As the weeks passed, there were mistakes made—but they were mistakes of an administrative nature, not substantive—organization seemed to be lacking; and for those of us who hoped to eliminate the miserable conditions experienced by many disadvantaged citizens, there was concern that an unsuccessful demonstration would harm the overriding cause.

Perhaps like many others in this area, my wife, children, and myself decided to go to the Washington Monument and, if nothing else, help to swell the crowd of those who were concerned about the legitimate demands being made. The scene at the Monument was one of mass confusion. There was entertainment and an atmosphere of gaiety; however, it was also clear that there was an underlying purpose, however amorphous, for this great assemblage of people. As we strolled from the Washington Monument to the Lincoln Memorial, I was struck by the dignity of the crowd assembled. And as we moved closer to the Lincoln Memorial, which, indeed, seems to have become one of the sacred temples of our country, the frivolity ceased, and a purposeful, concerned mood took hold of the crowd.

Here we could not help be reminded of another great American, who has been our contemporary, Dr. Martin Luther King, a man of peace and a Nobel Prize winner, who spoke not too many years ago of having a dream. And the march and assembly Wednesday showed this dream has not yet been realized, and that too many years have gone by toward such a realization. The dream continues. It is time we all awakened to our times.

The speakers from the platform, in varying ways, all attempted to demonstrate the dire need, not only for food, but also for education and jobs presently being experienced not only by blacks, but also Puerto Ricans, Mexican-Americans and the American Indians who were among my forebears. The Reverend Ralph David Abernathy spoke bluntly of these needs, succinctly set forth his position, and spoke for the majority of the assembled mass. Underlying the whole speaking program was the eddying feeling that our Nation must move, must take notice of the needs, must take action to alleviate conditions which should never have been allowed to develop in the first place.

Dr. Abernathy also brought up another question, Mr. President, and that is the future of demonstration. I understand that the permit for Resurrection City expires this Sunday. I would hope that the Department of Interior would see fit to extend that permit. One would ask why grant such an extension? Affluent segments of our society are represented in Washington by lobbyists who can afford comfortable offices, high-priced lawyers, and always seem able to secure access to those in powerful positions in our Government. However, the people who marched on Wednesday do not have the wherewithal to launch a high-priced lobbying organization. Their efforts must be personal; and instead of an office, they have constructed a little city. I wonder what harm is being done by the presence of Resurrection City. Do not these citizens have the right to petition their Government in a peaceful and orderly manner, and would not the continuing existence of the city reinforce in the collective minds of both the executive and congressional branches of Government the real needs and perhaps the actual priorities we should be studying today?

I think we must be realistic in that the denial of a permit extension will not cause Resurrection City to disappear overnight. Once established, I believe the "city" and its people will naturally attempt to stay until they believe there has been some realization of their major goals.

I emphasize that any such extension should be based on the orderly, peaceful, and law-abiding nature of the activities of those covered by such a permit. Naturally, if violence or illegal actions arise from any such extension, that extension should be canceled.

Needless to say, the illegal and disorderly actions yesterday of a few of the Resurrection City residents on their way back from the Department of Agriculture are cause for real concern. Still, I believe there can yet be reasonable negotiations to allow a continuation of the permit. But the Reverend Ralph Abernathy and his leaders must give guarantees that there will be improvement in what appears to be a deteriorating situation. Steps must be taken to discipline any violators of the peace, and there must be tightening of regulations and security both for those inside the encampment and those who come as visitors and tourists outside. None of us want nor will allow violence. The purpose of this campaign of nonviolence must be reaffirmed and the spirit of Dr. Martin Luther King, practiced, as well as preached by his followers.

In closing, Mr. President, I should like to congratulate the Southern Christian Leadership Conference on the success of Solidarity Day. The quiet emotion it generated was indeed moving and demonstrative. I only hope that those of us in positions to help will heed the calls, recognize the emergency nature of them, and take the needed action.

Mr. President, I ask unanimous consent that an editorial entitled "Solidarity Day, 1968," published in the Washington Post of June 20, and an editorial entitled "Solidarity Day," published in the Washington Evening Star of June 20, 1968, be printed at this point in the RECORD.

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

[From The Washington (D.C.) Post, June 20, 1968]

SOLIDARITY DAY, 1968

Solidarity Day, like its forerunner in 1963, was a day of hope and of challenge, not a day of disaster and despair. The thousands who gathered under the hot sun at the Lincoln Memorial were there because they believe in America and in its ability to meet the wants and needs of those on whose behalf they demonstrated. The appeals that went out over the loudspeakers were not appeals for violence or for revolutionary changes in the Nation's political and economic systems. They were appeals aimed at driving home the real message of the Poor People's Campaign—that the Nation has problems in its cities, its towns, and its rural areas and must get on with the task of solving them.

Two slogans that appeared most often on the placards the marchers waved and on the buttons they wore carried the message of the day: "End hunger in America" and "I have a dream—One Nation." There were secondary messages, of course—"Black Power" and "End the War." But the predominant tone was a plea that Americans—black and white—join together to eliminate poverty, not that Negroes split off from the rest of society and go on their own way. And the efforts by some of the leaders and some of the marchers to turn the demonstration into an attack on the Government's policy in Vietnam were muffled.

It would be difficult for anyone to fault the goals that the Rev. Mr. Abernathy outlined—jobs, housing, food, adequate income, health care, opportunities for education, and an end to violence. They are the goals of almost all Americans and the demonstrators were here once again, as Mr. Abernathy explained, to seek "redress of their grievances" in these areas.

The mood of Solidarity Day was somewhat different from the mood of the March on Washington five years ago. It lacked both the inspiration and the exhilaration of that earlier day, perhaps because it also lacked the man who had given those qualities to the drive for equal rights and an end to poverty.

But the day was impressive in its own right. The size of the crowd, given the disorganization and lack of planning, was just as remarkable as the greater outpouring in 1963. So was its orderly behavior which once again disproved the contention that those who express their distress automatically cre-

ate a danger that such expression will lead to violence.

[From the Washington (D.C.) Evening Star, June 20, 1968]

SOLIDARITY DAY

From time to time the cameras focused on the massive, brooding figure in the background. And one felt that he would have understood it—all of it.

Poverty? Very few among the many thousands massed around the Memorial have known poverty as Abraham Lincoln knew it.

Housing? The only home he knew in his formative years was a log cabin in the wilderness.

Hunger? There were many days when young Abe felt its pangs.

War? It may be doubted that any man has known greater anguish than that which was Lincoln's constant companion from 1861 to 1865.

So Abraham Lincoln would have understood the demonstration—all of it.

He would have abided the demagogues, for he knew an abundance of them in his day. He would have understood and applauded the statesman-like remarks from such men as Roy Wilkins and Senator Brooke, for Lincoln also bore the stamp of statesmanship.

He would have listened with compassion as Mrs. Martin Luther King, a remarkable woman, cried out for an end to the war in Vietnam. Abraham Lincoln paced the floor on many a sleepless night searching in heart and mind for a way to end the agony of our Civil War. He would have been deeply moved as he listened to Mrs. Mary Gurley, of Atlanta, sing "My Heavenly Father Watches Over Me."

He would even have understood the threatful, even belligerent tone of the speech by the Rev. Ralph David Abernathy, and he would have hoped, as all must hope, that reflection and wiser counsel will overrule the announced intent to stay indefinitely in Resurrection City, permit or no permit.

Yes, this man who spoke of government of the people, by the people, for the people would have fully understood and appreciated the peaceful demonstration put together in Washington yesterday under the direction of Sterling Tucker. The right of the people to petition their government was close to the heart of Abraham Lincoln, who also died of an assassin's bullet, although strangely, there was little or no mention of the fact by the speakers who addressed the throng from the steps of his Memorial.

Mr. LONG of Louisiana. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. INOUYE in the chair). 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.

TRIBUTE TO SENATOR HILL

Mr. MORSE. Mr. President, last night the Board of Regents of the National Library of Medicine of the Public Health Service at Bethesda, Md., held a dinner honoring one of the great Senators of our time who is retiring from the Senate at the end of this session. I refer, of course, to the incomparable LISTER HILL of Alabama.

For many years he has been known to us in the Senate as "Mr. Health," but appreciated by us as a great statesman on all fronts. He is a giant statesman when it comes to the matter of the contribution he has made over his 30 years of service in the Senate to the health programs of our country.

Mr. President, it was a matter of deep regret to me that I was unable to be at the banquet last night honoring Senator HILL. I have served for many years under the leadership and "teachingship" of Senator HILL.

If I am honored and privileged to return to the Senate after the election this coming November, one of my greatest honors will be to succeed Senator HILL as chairman of the Committee on Labor and Public Welfare.

I could not possibly fill the shoes of Senator HILL, but I certainly will be inspired by my learning under his leadership in carrying out any future duties I may be called upon to perform for the Committee on Labor and Public Welfare for the Senate.

Last night his distinguished colleague, Senator SPARKMAN, made the major speech honoring Senator HILL at the banquet that was held in Senator HILL's honor by the Board of Regents of the National Library of Medicine. I ask unanimous consent to have printed in the RECORD at this point the address of Senator SPARKMAN which is entitled "Lawmakers and Medicine." It is a brilliant speech. There is not a word, sentence, or paragraph in it paying tribute to Senator HILL that is not deserved. I wish to congratulate not only Senator HILL but also I wish to congratulate Senator SPARKMAN in respect to the very deserving speech he made last night at the banquet to which I referred.

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

LAWMAKERS AND MEDICINE

(By Senator JOHN SPARKMAN of Alabama)

Senator Hill, esteemed colleagues, Mr. Secretary, members of the Board of Regents, ladies and gentlemen. I am proud to have this opportunity to honor my fellow Senator from Alabama in this most impressive institution which he did so much to create. Although I supported it, I have never before been inside its modern walls. I fully appreciate now the truth of a Congressional report on the establishment of the National Library of Medicine when it declared: "Had it not been for the action of Congress on this Hill measure, a resource of incalculable value to the health of the American people might have been destroyed at any moment. The loss would have been irreparable."

In gathering material for this presentation, I was reminded of the intimate collaboration between the practitioners of the two ancient professions of law and medicine. The collection of this institution includes a wealth of information on the subject and I need not go into great detail, for the exhibit in the lobby, which you are soon to view, contains such fascinating visual material as to make my words flat and uninteresting by comparison. As a matter of fact the resources of the Library are such that one could speak on almost any subject . . . and medicine.

Ever since human society began the establishment of civilization as we know it today, law and medicine have followed parallel paths. Both have concerned themselves with human welfare: the regulation of mans affairs on the one hand and the alleviation of sickness and disease on the other. The two professions which both minister to human needs have ancient roots I am pleased to note in passing that Solon, the law giver, (638–559 B.C.) to whom my own profession owes so much, antedated the physician Hippocrates (460?–477? B.C.) by 200 years. Perhaps Imhotep best symbolizes the relationship of the two professions, however. Imhotep was the personal physician to Pharaoh Zoser almost 5,000 years ago and, at the same time served as his chief justice.

Human health in the past needed protection and hence laws were made to regulate and control the potential dangers of the environment. Thus the dietary laws of the ancient Hebrew tribes had as their basis the practical matter of sanitary nutrition in a tropical country The oldest known code of laws was promulgated by the Sumerian king Ur-Nammu. It orders monetary compensation for bodily injury and, therefore, is more progressive than many later codes such as the Hammurabi Code, which set cruel penalties in case of failure of treatment. Photographs of both the Ur-Nammu and Hammurabi codes are includes in the exhibit upstairs. I think you will find them interesting whether or not you are connected with the medical or legal professions.

All during the Middle Ages when plague was such a scourge on the European continent, each of the European states organized protective and preventive measures, quarantine systems and the efforts to control by law the spread of pestilences. In our country well on down into the present century, we can find ample evidence of the lawmakers' concern for the control of communicable diseases.

I would like to dwell on one segment of this 5,000 year history—lawmakers and medicine in the United States. Specifically, I would like to trace for you briefly some of the more important legislative actions taken by Congress since 1778, the year the Marine Hospital Act was passed. That legislation was of especial significance for three reasons: it established the Marine Hospital Service, the predecessor of the Public Health Service as we know it today; it provided the organization for setting up a national quarantine system; and it represents one of the earliest examples of prepaid medical insurance. In these days of spiralling medical costs, we can look back wistfully at the 20c per month the seamen were charged for medical and hospital care. And that was "high option."

Between 1800 and 1850 the United States underwent great expansion, but public health activities remained relatively stationary. The young Nation was repeatedly ravaged by epidemics of smallpox, yellow fever, cholera, and typhoid. Tuberculosis and malaria were common. In Massachusetts in 1850, for example, the tuberculosis death rate was over 300 per 100,000 population and, even more appalling, the infant mortality rate was about 200 per 1,000 live births. State and city health departments, when they existed were not able to cope adequately with the problems.

Sponsored by the American Public Health Association, a bill was passed by the Congress in 1879 setting up a National Board of Health. The seven Board members appointed by the President included John Shaw Billings, who at that time was Director of this institution (then called the Library of the Surgeon-General's Office). The law which created the Board, however, was not reenacted four years later, as was necessary, and it died an untimely death. Its powers and functions reverted to the Marine Hospital Service, which had recently been strengthened in 1878 by the passage of the first port quarantine act.

This act involved a new principle, hitherto unknown in Federal legislation: the authority to investigate and perform medical research. In this case the Congress was specifically concerned with the origin and causes of

epidemic diseases, especially yellow fever and cholera.

In 1890 Congress gave the Marine Hospital Service authority to carry out medical inspection of all immigrants. Also that year, the Service was given quasi-military status, the men receiving commissions and uniforms.

The forerunner of the National Institutes of Health, the Hygienic Laboratory, was established in 1901. Originally organized in three divisions of chemistry, zoology, and pharmacology, its functions were expanded in 1912 by an act giving the laboratory a broad mandate to "study and investigate the diseases of man and conditions influencing the origin and spread thereof . . ." I am happy to see that one of the most outstanding investigators of the Hygienic Laboratory—Dr. James P. Leake—is here with us this evening.

In the year following the establishment of the Laboratory, 1902, Congress renamed the Marine Hospital Service the Public Health and Marine Hospital Service and gave it a definite form of organization under the direction of a surgeon general. In 1912 the name was shortened to Public Health Service. The year 1912 also saw the establishment of a Children's Bureau in the Department of Commerce and Labor (the Bureau later became part of DHEW).

A notable milestone in legislative innovation for the Nation's health was the Congressional appropriation of the even then modest sum of $25,000 in 1917 for PHS to spend in cooperating with the states on studies and demonstrations in rural health work. This appropriation represented the beginnings of a new administrative approach in Federal-State public health relationships.

The broad definition of public health implicit in that act was expanded even further by the passage in 1935 of the Federal Social Security Act. Title VI of the act, which relates to the Public Health Service, was written "for the purpose of assisting states, counties, health districts, and other political subdivisions of the states in establishing and maintaining adequate public health service . . ." To carry out this purpose, the act provided for an appropriation which made possible grants-in-aid to the states and territories. The Public Health Service was further expanded by the passage of the National Cancer Act in 1937 which provided for the establishment of a National Cancer Institute.

In 1939, as part of President Roosevelt's program for the reorganization and consolidation of Federal services, a Federal Security Agency was created for the purpose of bringing together a large part of the health, welfare, and educational services of the Federal Government. After 141 years, only nine years less than the life of the Nation itself, the Public Health Service left the administrative juridsiction of the Treasury Department (where it had been placed because of the relationship between the Marine Hospital Service and port customs officials who were responsible for collecting the 20¢ per month insurance).

The history of health legislation begins to parallel the career of Senator Lister Hill during this period. To the Nation this man is known as the Senate's "Statesman for Health"—and with good reason. For the thirty-year Senate career we are honoring tonight has been responsible, directly or indirectly, by any measure or yardstick you wish to use, for more legislation in the broad field of health than was enacted in those 140 years I have been recounting.

Of the outstanding health programs which bear Lister Hill's name, perhaps that with broadest effect today is the Hospital and Health Center Construction Act of 1946, of which Senator Hill is the chief architect and builder.

Known across the Nation as the Hill-Burton program, it has brought to this country in the past 20 years under a local-State-Federal cost-sharing formula over 9,350 general hospitals, mental hospitals, chronic disease hospitals, tuberculosis sanatoriums, public health centers, nursing homes, schools for nurses, crippled children's clinics, rehabilitation facilities, diagnostic and treatment centers, and other medical facilities that were either completed or under construction as of March 31, 1968. Over 404,000 in-patient hospital beds had been added to hospitals and nursing homes under the program. The total cost of this construction is almost $13 billion, with over two-thirds, or $9.7 billion, coming from non-Federal sources.

In 1958 Senator Hill added to the Hill-Burton Act a provision that the program can make long-term loans as well as grants. The program was extended for five years in 1964. Under the Hospital and Medical Facilities Modernization Amendments of 1967 that he introduced, a new program of direct Federal laws for improving obsolete health facilities would be authorized.

Through Senator Hill's persistence and leadership, support and funds for medical research have increased sixteen-fold since he became Chairman of the Senate committee handling appropriations for medical research. This sharp rise in Federal support has stimulated colleges, industry and other private sources of support.

Medical research gained the status and resources needed for pressing forward to new horizons with the establishment in 1948 of the National Institutes of Health as the research arm of the United States Public Health Service. The measure establishing NIH was sponsored by Senator Hill. Additional Hill legislation in subsequent years expanded NIH into added fields of research.

In the field of mental retardation and mental illness, the Hill-Harris Act of 1963 is a legislative landmark. This Act authorizes financial assistance for the construction of a comprehensive network of facilities for the mentally retarded and mentally ill that promises dramatic progress in decreasing the prolonged periods of institutional care now associated with these two conditions.

Probably all of you understand Lister's secret of being able to do such a tremendous job in the field of health and education. Of course, Lister would be capable of doing that job even without being chairman. However, he is chairman of the legislative committee which authorizes appropriations. Secretary Cohen knows that authorizing does not by any means insure appropriations. However, Lister happens also to be chairman of the appropriations subcommittee that makes appropriations for these activities.

In 1965, Senator Hill sponsored legislation that was enacted to authorize funds for initial staffing assistance for community mental health centers. Senator Hill has also secured the enactment of legislation to train teachers of the mentally retarded, to finance community mental health programs, and to train psychiatric personnel. In 1967 Senator Hill authored legislation to expand and continue the Community Mental Health Centers Act and amendments to initiate staffing assistance for mental retardation facilities as well as an extension and expansion of the 1963 Act relating to the construction of both university-affiliated and community mental retardation facilities. If I were to list all the health legislation Lister Hill has sponsored or supported, we wouldn't have time to view the exhibit.

If, as I mentioned earlier, he is known to many people as the Senate's "Statesman for Health"—to the medical library community he must surely be known as the foremost patron of biomedical communication.

This National Library of Medicine, the world's largest library in a single scientific discipline, was established and now occupies this marvelous building through the efforts of Senator Hill and the late Senator John F. Kennedy. In introducing to the Senate the bill which created the National Library of Medicine in 1956, Senator Hill said: "This medical library is a living, vibrantly functioning institution, serving members of the health professions daily and in a myriad of ways."

In 1965 Senator Hill introduced legislation that was enacted to expand and improve our medical library resources through a program embracing construction assistance, the acquisition of basic resource materials, training, research and development. The Medical Library Assistance Act, as it is known, also authorizes the establishment and operation of regional medical libraries. Great assistance has been rendered to the Nation's medical libraries under the Act, demonstrating in the most tangible terms the guiding wisdom behind the legislation.

The National Library of Medicine is more than a repository of medical literature and grant-in-aid mechanism. These functions are not ends in themselves, but means—means to the end of a Nation of healthier citizens. Further, it is becoming more apparent that these means can and should be subsumed under a larger, more all-inclusive means: that of an operating network of biomedical communication.

Such a network is, with today's technology, completely feasible. The knowledge and competence that designed and successfully operated NLM's computer-based MEDLARS can design and operate a National network of medical information, bringing to the scientist, educator, and family physician the most recent and relevant in medical findings. This is as close to the ultimate "end" as the Library can come.

To help achieve this information network, this final means to the end, the Library, with the support of the health community, is planning for the establishment of a National Center for Biomedical Communication. Such a Center would extend the computer capabilities of MEDLARS, enlarge the Library's Research and Development Program, draw upon and add to the tremendous store of information housed here, and increase the effectiveness of medical libraries and health communication centers all over the country.

Browning said, "A man's reach should exceed his grasp or what's a heaven for?"

Just so the reach of such a Center should always exceed its grasp. Television, satellites, films, lasers, computers, all these and more could be applied to those problems of medicine dependent upon communication. The Center would ensure the concentration of industrial, university, and Federal resources on those areas of information transfer of highest benefit to the biomedical community and the people of this country.

To perpetuate the name of the man who has done so much for the health of the Nation, who has exhibited an abiding concern for and interest in libraries in general and the National Library of Medicine in particular, I propose that his name be linked with that of the new facility. How better could it be designated than the "Lister Hill Center for Biomedical Communication"? How better to honor the legislative career and accomplishments of the Nation's Statesman for Health?

This may sound panegyric, Lister, after all you're retiring . . . not expiring . . . but I know I speak for everyone familiar with your career when I say that no lawmaker has ever been more deserving of a nation's gratitude for public service rendered for the health of its citizenry.

Mr. MORSE. Mr. President, I also would like the RECORD to show that I sent a wire to the banquet expressing a tribute of mine to Senator HILL. I ask unanimous consent that my wire may be printed in the RECORD at this point.

There being no objection, the tele-

gram was ordered to be printed in the RECORD, as follows:

TRIBUTE TO SENATOR HILL

I deeply regret that pressing commitments in Oregon have taken from me the pleasure and privilege of being with you tonight as you honor one of the great Senators of this or any other generation. In every state of the Union are to be found the monuments to his political sagacity and his humanitarian dedication. It is these monuments, the Hill-Burton hospitals, Hill-Elliott school rooms and language laboratories, the public libraries built under the Library Services and Construction Act, which best reflect his concept of service to the men and women, the boys and girls of this country. I am deeply honored by his friendship. I am deeply grateful for the support he has given me as my leader on the Senate Committee on Labor and Public Welfare and I value and treasure the wisdom of his counsel. He is truly a national Senator and he is a loyal son of Alabama. The nation is richer for the work he has done.

WAYNE MORSE.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Geisler, one of his secretaries, and he announced that on June 20, 1968, the President had approved and signed the act (S. 1999) to amend the District of Columbia Public Education Act.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

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

CONSTRUCTION AT MILITARY INSTALLATIONS

The Senate resumed the consideration of the bill (H.R. 16703) to authorize certain construction at military installations, and for other purposes.

UNANIMOUS-CONSENT AGREEMENT

Mr. LONG of Louisiana. Mr. President, the unanimous-consent agreement obtained on June 18, 1968, with respect to the pending military construction authorization bill is not accurately reflected in its printing on the Senate Calendar.

The intent of the unanimous-consent agreement obtained on June 18, 1968, is as follows:

First. The time limitation would begin at 1 o'clock on Monday next.

Second. The pending amendment at that time would be the Cooper-Hart amendment (No. 854), and the debate on that amendment would be limited to 3 hours, to be equally divided and controlled by the Senator from Kentucky [Mr. COOPER] and the Senator from Mississippi [Mr. STENNIS].

Third. Debate on any other amendment would be limited to 1 hour, to be equally divided and controlled by the sponsor of the amendment and the Senator from Mississippi [Mr. STENNIS].

Fourth. Debate on the bill would be limited to 2 hours, to be divided equally and controlled by the majority and minority leaders.

I ask unanimous consent that the unanimous-consent agreement obtained on June 18, 1968, on the pending bill be modified, if necessary, to reflect this intent, and that the printing of the agreement be accordingly modified.

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

Mr. LONG of Louisiana. Mr. President, for the information of all Senators, it is anticipated that the vote on the pending Cooper-Hart amendment will occur not later than 4 p.m. on Monday next, and it is the hope of the leadership that the final passage of the bill will occur before adjournment on Monday next.

The unanimous-consent agreement, as modified, and later reduced to writing, is as follows:

Ordered, That effective at 1 o'clock p.m., Monday, June 24, 1968, during the further consideration of the bill (H.R. 16703), to authorize certain construction at military installations, and for other purposes, debate on any amendment (except pending amendment No. 854 offered by the Senator from Kentucky [Mr. COOPER] on which debate shall be limited to 3 hours, to be equally divided and controlled by the Senator from Kentucky and the Senator from Mississippi [Mr. STENNIS]), motion, or appeal, except a motion to lay on the table, shall be limited to 1 hour, to be equally divided and controlled by the mover of any such amendment or motion and the Senator from Mississippi [Mr. STENNIS]: *Provided,* That in the event the Senator from Mississippi is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him. *Provided further,* That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided,* That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

Mr. TOWER. Mr. President I urge the Senate to retain in the military construction bill those funds provided for the Sentinel antimissile program. I would note that those funds have been included in this bill after full and careful consideration by the Armed Services Committee.

They are, to be blunt, crucial to our national security.

To postpone our Nation's progress toward a missile defense would be to place the dagger in our enemy's hands.

In 1949 the Soviet Union revealed its first nuclear weapon. Prior to 1949 the United States had the power to enslave the world with its nuclear power. Our course, instead, was one of peace and constructive initiative.

We offered in 1946 in the Baruch-Acheson-Lilienthal proposal to turn over our nuclear stockpile under a system of inspections to permit management of this problem. The Soviet Union vetoed it and continued on their well laid-out plan to become the primary world nuclear power.

We have made every prudent offer a country could make to try to control arms; however, we must remain strong. To abandon construction of the ABM sites at this time would leave our retaliatory strength vulnerable to possible annihilation.

The only way we have ever been successful in dealing with the Soviet Union has been through strength. We must continue to talk to them while also remaining strong to insure that they continue to listen.

I have found both misinformed and unconvincing the five alleged arguments against Sentinel propounded here Tuesday and Wednesday.

The facts of the matter, as I know them after considerable study and attention to the matter, are the reverse of the five points presented Tuesday.

First. We cannot afford to wait still longer.

Second. Sentinel is ready for initial deployment.

Third. Sentinel would enhance, not hamper, hopes for international order, balance and perhaps ultimate arms control.

Fourth. Dollar savings will be lost, not realized, by further procrastination.

Fifth. Sentinel will work.

Let me elaborate.

We cannot wait any longer because the McNamara Defense Department has waited too long already while the Soviets and Red Chinese have been busily developing nuclear systems.

And may I say that I think my colleagues who harp on the so-called lag in Chinese missile development beg the issue in a most dangerous fashion. Red China is a danger always as a warlike, irrational nation. But, our main nuclear deterrent is and must continue to be effective immediately against the Soviet Union.

The point to be remembered is just this:

Because we are faced by a reckless Red China, and—because the Soviet Union is putting in its own defensive missiles plus orbit-capable weapons and is bypassing us in offensive missile numbers—for the first time since 1945 the security of our American second-strike, deterrent missile force is endangered by advances in enemy technology and enemy recklessness.

What we are facing with the antimissile-missile is a force that can reverse the scales of deterrence which have kept the Russians at bay for 20 years.

Ever since World War II the heart of American strategic foreign and military policy has been one of deterrence of Communist aggression.

This we have accomplished so far by maintaining a retaliatory strike capability that could withstand a surprise attack and still retain the ability to devastate the Soviet Union.

Two things have been essential to this defense thesis.

The first is that the United States will not strike the first blow.

The second, flowing from the first, is that our retaliatory force must be secure and able to survive a first strike by the enemy.

The invulnerability of our offensive missiles—which have for so long been

our deterrent force in keeping nuclear peace—has been decreasing rapidly as the Soviets have emplaced more and better offensive missiles of their own. They will bypass us in ICBM's by January.

The Soviets also are building a new defensive missile screen to help protect their people and their missile force. If we did not build a similar screen, the Soviets might find themselves in a position to knock out our missiles while protecting their own—leaving the United States helpless in the face of a Red nuclear blackmail.

For years the Soviets have threatened us by aiming a few unstoppable missiles with huge warheads at our population centers. They have abdicated the ability to strike us first, however, because they have not so far been able to eliminate our own second-strike missile force.

But by adding additional offensive warheads and fractional-orbital bombs, they can approach a point at which they might wipe out our land-based missiles with a first strike. Then, having deployed antimissile defenses, they might be able to ward off what seaborne missiles we have left.

The Soviets have not given any indication of lessening their arms race speed.

Mr. President, I find that many of the arguments put forward here in recent days by opponents of Sentinel quote and rely for support upon statements made in various public prints by former Defense Secretary McNamara. I would make two points in reply.

First. Both those who now use Mr. McNamara as their authority and I have previously expressed grave concern over and doubt about Mr. McNamara's strategic decisions on weapons, aircraft and Vietnam; I still have those doubts about his record of advice and accomplishment, and I suspect that in their hearts today's Sentinel opponents do, too.

Second. Senators should understand that from time to time statements in the public prints on a system of such high security classification may be so restricted as to be misleading to the point of uselessness. I hope Senators will not make their decisions on the basis of what Mr. McNamara has said in Life magazine, but that they will rather give due consideration to the views of their committee, which has delved into the classified reason for and data on this system and unanimously recommended its deployment.

In any defensive system as sophisticated and complex as Sentinel, it is impossible to achieve perfection on paper. Final problems can be solved and ultimate improvements made only in the hardware stage. Minuteman is a perfect example. Had we awaited guaranteed perfection on paper before pushing development of that system, there never would have been a Minuteman system to deter the Soviets when we needed it.

Procrastination on paper leads only to continued inconclusiveness at the risk of being caught without adequate defenses. On the basis of many past research and development programs in both industry and national defense we know that there comes a time when initial hardware must be procured and emplaced. Now is that time for Sentinel.

To eliminate the ABM program now would be an alarming signal to our adversaries, indicating that we do now intend to maintain a credible deterrent and strike ability.

We have delayed deployment of the ABM system as long as good judgment and prudence will allow. The President's chief civilian, military and scientific advisers unanimously support the ABM program. The President himself has asked us to give him the funds so that we can proceed with this program.

Unless we keep up with their technology, the Soviets might be able to win a nuclear contest on a first strike—and might be tempted to try it.

That is why the Soviet's antimissile defenses are so important. And that is why we must begin a missile defense of our own if we are to maintain the balance of deterrence and keep the peace.

And, let me make one important additional point—even if there were no Soviet antimissile system, it still would make good sense for us to have a missile defense to save American lives in case of an accidental launching or an irrational Red Chinese attack.

These are some of the key reasons I have felt for a long time that we must proceed with our own missile defenses. I am glad the administration has decided to get on with it. Our national security is at stake.

Mr. President, I ask unanimous consent that there be printed at this point in my remarks an article from the June 19 edition of the Christian Science Monitor which presents about as much as can be said in public concerning the Soviet imminent bypassing of the United States in number of land-based strategic missiles.

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

MATCHING MISSILES: UNITED STATES WARY OF SOVIET GAINS

(By George W. Ashworth)

WASHINGTON.—The Soviet Union's land-based strategic missile arsenal will surpass in size that of the United States sometime this year.

New missiles being emplaced by the Soviets will join hundreds of others in hardened, dispersed silos.

At the same time, the Soviets are pressing ahead with an antiballistic-missile system in the Moscow region. Some intelligence experts expect the system to be completed within two or three years.

The rapid progress of the Soviet Union is a source of continuing concern to officials throughout the administration and to members of the Congress.

Most sources here have little doubt that the United States now is stronger than the Soviet Union as strengths are measured in the strategic balance of the 1960's.

But is the United States moving in the proper directions to stay ahead?

In general terms, it might be said that the Soviets are maintaining an initiative in the nuclear-arms race seized several years ago. It seems that the Soviet Union is dealing more in action; the United States more in reaction.

To a large measure, the gap was narrowed with the consent of the administration while Robert S. McNamara was at the helm in the Pentagon.

The missile-launcher buildup

1966:	
United States	1,054
Soviet Union	340
1967:	
United States	1,054
Soviet Union	720
1968:	
United States	1,054
Soviet Union	1,000

When the Kennedy administration came to power, it was certain that the United States was faced with a missile gap. But in a matter of months later, the new administration discovered what the previous administration had known but had been unwilling to declassify: demonstrable proof that the United States was far ahead both in terms of the existing arsenal and in research and development for future weaponry.

However, Mr. McNamara's Pentagon pressed ahead with deployment of more advanced land-based missiles and with the building of the 41-submarine Polaris fleet.

ESTIMATES RECALLED

Shortly before he left the Pentagon, Mr. McNamara said that better intelligence estimates in the early years of the Kennedy administration as to Soviet intentions and capabilities might have led to decisions to do less than was done to improve the United States arsenal.

His point was that the United States, in reality, had spent more than might have been necessary. The result, however, was an arsenal that Mr. McNamara was steadfast in supporting.

The former secretary of defense made certain that the United States would always have available several options that would, as necessary, enhance the capabilities of the strategic force.

The problems facing policymakers now are deciding what still has to be done and whether that which is necessary is affordable.

The Soviets have apparently had in recent years more available money for items beyond the bare essentials in the strategic arsenal than Americans have had. The United States strategic budgets have been pared extensively to allow expenditures for the increasingly more expensive war in Vietnam.

EXPENDITURE COMPARISON

The United States now is spending somewhat more than $2 billion a month on the war in Vietnam. The Soviets are believed to be spending considerably less than that a year. The difference has, of course, told in the recent defense budgets of the two superpowers. Excluding expenditures for Vietnam, the Soviet defense budget is probably about two-thirds that of the United States.

The most impressive element of the Soviet strategic arsenal is the force of intercontinental ballistic missiles, now believed to number roughly 1,000 launchers. The rapidity of deployment now is slowing, but there is no certainty as to when the Soviets might decide to increase deployment of new missiles.

Older Soviet missiles have tended to be larger and more potent by several times than United States missiles. Recent additions to the Soviet missile fleet have tended to be smaller and more on the order of United States missiles. In terms of megatonnage, the Soviets have a definite edge, but United States strategists believe that the advantage will remain with the United States because of this nation's progress in developing multiple warheads for its more advanced launchers.

U.S. DIVERSION NOTED

In addition, according to the Institute for Strategic Studies, the Soviets have about 725 intermediate-range ballistic missiles. Many

are targeted on United States allies in Europe, who do not have available to them comparable counterforces. The United States Polaris submarines are often mentioned as the Western alliance's main counter to the Soviet IRBM threat. If this is so, however, a comparison of the strategic strengths of the two superpowers must reflect this diversion of a portion of the United States nuclear strength, sources believe.

The Soviets have also shown an interest in developing a fractional orbital bombardment system (FOBS), which is believed conceived as a counter to the United States bomber force. Such weapons might be useful against strategic-bomber bases. The United States is racing to develop over-the-horizon radar coverage to allow sufficient warning time to United States forces.

It is evident here, however, that Pentagon officials view the FOBS as a definite potential threat to United States cities. While such weapons may not be accurate enough against missile sites, their availability for anticity missions would free a portion of the Soviet force for the more precise strikes against the United States missile sites.

SOVIET FORCE ASSESSED

The Soviet bomber force does include more than a thousand medium bombers useful against Eurasian targets. Some elements, with refueling, could be useful against the United States.

Sources say that the Soviets now have about 50 ballistic-missile-bearing submarines, with more being built yearly. Total Soviet submarine production now is well over a dozen a year, and Soviet submarine technology is far advanced. In terms of numbers of launchers, the United States holds a four-to-one lead over the Soviets in submarine forces, but the United States fleet size is remaining constant for the moment.

Turning to the matter of defenses, the Soviets have a modern fighter-intercepter force, and it is growing steadily more advanced each year. United States fighter-aircraft progress has been stymied in recent times to a certain degree because of Vietnam.

The Tallin line, believed by officials to be an advanced antibomber line, uses advanced surface-to-air missile systems in heavy concentrations to bolster already capable defenses.

REGIONAL EMPHASIS

Finally, the ABM system being installed around Moscow is, according to officials, an area-defense system of the Moscow region rather than a specific defense of that city. The absence of point-defense missiles indicates emphasis upon regional defense. Officials say the system, with its long-range missiles and radar, could be used to provide a measure of antiballistic-missile defense to all of western Russia.

The agreed-upon nonproliferation treaty will probably serve to limit the spread of the tools of nuclear warfare. But there is nothing so far to prevent the superpowers from becoming even more so.

Few here expect the Soviets to halt the expansion of their nuclear arsenal immediately. Some believe that the Soviets may become satisfied that their force is approaching or exceeding that of the United States in potency and may decide to devote some precious funds to other projects not directly connected with war potential.

It now appears more than ever that any decision on the future of the arms race rests with the Soviets. Should their pace slacken, and should there be signs of impending agreement, the arms race well could taper off.

But, many here believe, continued Soviet developments will make inevitable sharply increased expenditures by the United States to maintain position. The Soviets doubtless would react to that, and the spiral would wind on upward.

THE CASE AGAINST THE DEPLOYMENT OF THE SENTINEL ABM

Mr. JAVITS. Mr. President, I feel it my duty to support the Cooper-Hart amendment to defer deployment of the Sentinel anti-ballistic-missile system, and I emphasize the word defer; the deferment we would be voting being just 1 year. That is the issue. We can then reassess the situation next year.

I regret that the Committee on Armed Services has not considered it to be its duty to bring this highly controversial question of ABM deployment before the Senate in a manner which would facilitate consideration by the entire Senate of the fundamental substantive judgments involved. I believe that those of us who are not members of the Committee on Armed Services have learned a very expensive lesson with respect to our individual responsibilities in the national security field from our Vietnam experience. Vietnam is the classic case of a nation being led by a series of small steps into the quicksand of a really unwanted war. This time we must take a hard look down the road ahead before we let this Nation again be enticed on to a course which could turn out to be another strategic blunder as costly to our Nation as Vietnam. The days of the military "sacred cow" are over.

In my judgment, the arguments against deployment of the Sentinel ABM system are overwhelming.

First, it is highly dubious that this untested and technologically obsolescent system could be relied upon to function as advertised in a time of actual attack.

Second, even if it did function with 100-percent mechanical efficiency, it has been demonstrated scientifically that it could easily be overwhelmed by Soviet attack.

And, third, according to Nobel Prize winner Dr. Bethé, it could just as easily be circumvented by a relatively crude Chinese missile attack such as it is intended to defend against.

It is particularly regrettable, in my judgment, that the issue in this debate is being lumped with the case already lost for an ABM deployment against the Soviet Union—a case that was decisively rejected within the Pentagon itself, even before we were asked to consider the Chinese-oriented Sentinel system. Indeed, the science advisers to the last three Presidents, and the three directors of research and engineering in the Defense Department have unanimously recommended against the deployment of an ABM system designed to attempt to repulse a Soviet missile attack.

As Secretary McNamara stated:

> The so-called heavy ABM shield—at the present state of technology—would in effect be no adequate shield at all against a Soviet attack, but rather a strong inducement for the Soviets to vastly increase their own offensive forces. That, as I have pointed out, would make it necessary for us to respond in turn—and so the arms race would rush hopelessly on to no sensible purpose on either side.

The case against the Sentinel ABM system should not be based on the economy issue. If it were possible to have reliable and meaningful security against nuclear weapons, I would support the funds needed for its deployment. And, with my colleagues I support, even now, continued vigorous research and development in the ABM field.

However, in view of the fiscal crisis into which this Nation has been plunged as a result of the Vietnam war and by the failure in other areas properly to rearrange the Nation's priorities, and to pay its bills, I oppose the expenditure of billions of dollars on a defense system not yet ready technologically.

It is said that we should deploy the Sentinel, for all its imperfections, because it would still "save lives" in the event of war. The implication of this argument is that all who oppose the Sentinel are against "saving lives." No argument in the defense or national security field could ever be so decided, including policy on the Vietnam war. We have to draw a balance between many conflicting dangers and many conflicting claims and give our best honest judgment in the overall national interest.

As some of my colleagues have pointed out, the case for initiating the deployment now of the Sentinel system, within the context of the administration's own original rationale, no longer obtains. Communist China is at least a year behind the schedule predicted by intelligence estimates in developing its intercontinental ballistic missile. It will be recalled that Secretary McNamara related the Sentinel deployment decision to the respective, "leadtime" calculations of projected Chinese deployment of ICBM's and U.S. deployment of an operationally ready ABM.

At a minimum, therefore, we have at least an additional year before it will be "prudent"—to use Secretary McNamara's original word—to initiate Sentinel deployment. This year can be used to press forward with research and development, in hopes that a system in which we could have some confidence can be developed.

Additionally, it is now clear that the U.S.S.R. has slowed down the deployment of what our experts think may be its ABM system but which at best could be overwhelmed by any U.S. attack in the event of an all-out war. I find no great persuasiveness in the argument that we should duplicate what may prove to be an expensive mistake of the Kremlin in spending money on and deploying an obsolete and ineffective ABM system.

Moreover, the conclusion of the Nonproliferation Treaty, and the pressure of the nonnuclear nations on the two superpowers to exercise nuclear arms restraint, combined with the opening of the Paris Vietnam peace talks, may change the foreign policy situation with the U.S.S.R. in the next year.

Last, I wish to say to the proponents of the Sentinel system who argue that there is some mystical numerical ratio of missile "superiority" which we must maintain at all cost; if the Soviet Union has the nuclear capacity to destroy the United States three times over, does it make any meaningful difference whether the U.S. can destroy the Soviet Union 12 times over rather than a mere six times over? Once we are dealing in assured multiples of "overkill," there seems to be no wisdom and no special patriot-

ism in attempting to panic the nation with false notions of loss of "nuclear superiority" in these terms.

It is for all these reasons, Mr. President, that I support my colleagues in the effort to defer deployment of the Sentinel anti-ballistic-missile system, while continuing with research and development in the ABM field.

Mr. President, I yield the floor.

Mr. McGOVERN. Mr. President, I rise in support of the position just outlined so well by the senior Senator from New York [Mr. JAVITS], and also in support of the amendment proposed earlier by the senior Senator from Michigan [Mr. HART] and the senior Senator from Kentucky [Mr. COOPER].

It has been argued with assurance, during the past few days, that the proposed deployment of the Sentinel anti-ballistic-missile defense system could save millions of American lives in the event of a Soviet attack, that it could preserve our nuclear deterrent, and that it can prevent a successful missile attack from China through the late 1970's. It is being described as a measurable addition to our national security.

It is my conviction that the ABM will achieve none of those worthy objectives, and that its deployment will lead us in the direction of very much less security for the American people.

Our military leaders know today that we do have an effective deterrent to nuclear attack from any adversary. We have some 1,700 intercontinental missiles, each one capable of destroying a major city, each one carrying many times the potential for damage that obliterated Hiroshima.

Our nuclear warheads have been repeatedly tested. Our scientists have flight tested the missiles to determine how close to their targets they will strike. Their reliability and rate of failure can be predicted with a high degree of precision.

Moreover, aside from the ineffective Galosh installations around the one city of Moscow—which we have negated by numbers—there is no defense against our ICBM's. Today we know that, once launched, they will reach their targets.

In order to serve as an effective deterrent our weapons must, of course, also be able to survive an attack from another power and inflict great damage in return. Here, again, we know our capabilities.

Our Polaris missiles are safe on nuclear submarines, cruising in the ocean's depths immune from any known form of sudden attack. And they represent a potent force all by themselves. Even a small fraction of that force could wipe out the Soviet Union, destroying her major cities, and completely disrupting her industrial society.

Our land-based ICBM's are housed in concrete underground silos, and their survivability has been measured by intensive experiments using both chemical and nuclear explosions. Our military experts are able to predict with a great deal of confidence how many would survive a Soviet attack and the damage they could do in retaliation.

Because we understand the extent of our capabilities and those of the Soviet Union, and because they can do the same thing, the past several years have seen the development of a climate in which the bristling threats that became familiar in the late fifties and early sixties are no longer employed. Indeed, since the Cuban missile crisis and the signing of the nuclear test ban treaty, there have been remarkably few public assertions of the potential for nuclear destruction which each side possesses. While we have had severe disagreements with the Soviet Union over the Vietnam war and other issues, the "nuclear front" has been quiet.

I do not believe that such confidence was necessarily warranted, since enormous destructive power still exists on both sides. In any crisis, we must still be vigilant lest some act of inadvertence, madness, or sheer inability of national leaders to back down from untenable positions, lead us into nuclear war.

Nevertheless, the situation for the past few years has been fairly satisfying where the nuclear balance is concerned, particularly by comparison with the earlier period. The confidence engendered by the state of technology I have described has enabled the two sides in the cold war to move toward better relations, as symbolized by the recent consular agreement, the treaty to ban nuclear weapons in outer space, and the Soviet-American agreement on a treaty to ban the spread of nuclear weapons. All of these advances were made possible, I believe, by the reduction in tensions following the signing of the nuclear test ban treaty, and by the sense of security provided by the sure nuclear deterrents that we both possess.

An additional encouraging result of our confidence in our deterrent has been our ability to limit further expansion of our missile force. Last year we completed the installation of our last ICBM site. We had hoped that this act would help bring a halt to the senseless race for greater destructive power. If the Vietnam war can be brought to an end, perhaps we and the Russians can resume discussions on these delicate questions, leading to a mutual understanding.

The Russians, in the absence of such agreements, have continued to build up their missile forces, presumably because they were so inferior in numbers to ours. But now that they are approaching our level of forces, I consider it quite likely that they, too, can taper off on their nuclear arsenal.

I may add that all of this is, of course, somewhat irrelevant in any event, since both sides have the capacity to utterly destroy each other several times over. Our steps toward limiting further expansion make obvious sense to both sides.

All of this encouraging progress will, however, be radically changed if we and they proceed to deploy antiballistic missile systems. This country, and presumably then the Soviet Union, will raise the lid on a Pandora's box of new technology, overturning the prospects for stability and making the world a far more dangerous place.

Today, since there is no defense against nuclear attack, both sides know that the only way to avoid complete destruction is to prevent such a war. The threat is so severe that rational human beings cannot conceive of reasons compelling enough to bring about the destruction of their countries.

Given this mood of reliance upon deterrence, our reactions to missile defenses are perfectly predictable. We will improve our missile forces to guarantee that they will get through the ABM, in order to maintain our potential for assured destruction. This is true because the basic technical fact about the ABM is that it can be beaten. The offense can always use relative cheap and simple means to outwit the defense.

Chaff and decoys can be used to absorb our Spartan missiles. But the most straightforward way is simply to add more missiles or separately targetable warheads, so that an attack will be much larger than the defense can possibly handle.

This seems to me to be the most compelling argument against the investment that is proposed. It is simply a very costly defensive system, which, by an expenditure of much less money, can be overcome by the allocation of reasonable resources by the other side.

We can see this in our own case. When there were indications that the Russians were building such a missile defense, we decided to introduce various improvements into our own missile force—at a cost of more than $4 billion. The result is that in the event of nuclear war even more of Russia would be destroyed today than if she had decided not to deploy a missile defense. The Sentinel—especially in light of the new assertion that it is, in fact, a Soviet-oriented system—is an open invitation to the Soviets to threaten the American people with the same added risk by beefing up their offensive capabilities.

The present emphasis on maintaining the deterrent means that each side will react with great energy when it thinks its deterrent is being reduced. Whereas, we can now calculate with precision how effective our missiles are, so that the Secretary of Defense can present tables annually showing how many Russians and Americans would die in a nuclear war, the plain fact is that this will no longer be possible after construction of an ABM system.

Most of the significant elements will be placed underground, and this, combined with other difficulties, means that neither side can tell with certainty how good the other's defense really is. Hence, both will inevitably make very conservative estimates, assuming that the ABM will be 100 percent effective and assuming the maximum number on the other side, and will overbuild their missile forces to offset it. We are already doing this in response to a very limited Soviet antimissile defense, and they will surely follow suit.

Hence, far from saving lives as has been suggested, the net effect of the response to ABM is likely to be even more deaths in nuclear war than if we had no defense at all.

We are, then, entering a vicious cycle of the most dangerous kind. We are planning to build an extensive ABM system, estimated to cost at least $5.5 billion initially, with $600 million more per year

for operational costs, and the Soviet Union will be forced to respond by adding offensive missiles. Secretary Clifford's statement that the Sentinel is at least partially Soviet oriented—I might say that this is a different rationale than we had last year, when it was said it was aimed at China alone—coupled with its appearance as the beginning of a full-scale anti-Russian ABM, will no doubt provoke an extensive buildup. We in our turn will be forced to respond to them, and we will be in a classic offense-defense arms race.

The Sentinel has, of course, been promoted as a "thin" defense against a Chinese attack. The changing emphasis on its purpose, however, makes it clear now as never before, that it is conceived as only a beginning. I have no doubt that if the pressures are not strongly resisted and if the superficial logic behind the ABM is not exposed, we will find ourselves saddled by a system which is vastly more expensive and, at the same time, totally useless.

I may just add here that the changing justifications that are being offered for this system seem to me to point up the wisdom in Senator COOPER's amendment and Senator HART's amendment, asking simply to delay the deployment of the missile. It will not interrupt the research and development, which will go on even if this amendment is adopted, but will merely delay the actual construction until we know more about it, until we have had a chance to test its component parts, or until we have had an opportunity to have an understanding with the Soviet Union.

It seems to me that there is one argument that has not been suggested up to now and which needs to be stated in support of the 1-year delay. That is that we will have a new President elected next November. He may or may not have the same view on this issue as the present administration. He may decide to ask Congress to throw out this whole system. He may ask for a different system or a bigger system. In either case funds spent on actual deployment of the Sentinel will have been completely wasted.

I think a delay for that purpose ought to carry some weight with Members of Congress. The new President, whoever he might be, should be able to make his own policy on this sensitive and critical question.

Mr. President, we have seen over the years how the relentless pressures for new military systems of the military "juggernaut" have rolled over all opposition to further increases in military expenditures, from the missile race to the Vietnam war.

As the Senator from Kentucky has said, no one foresaw our involvement in Vietnam being carried to the limits that it has been. It was presented originally as a very modest, restrained, and guarded involvement. Yet each failing step of escalation led to another, even though all were, in my judgment, futile when taken.

Today we are very massively involved in Vietnam, and we are searching for a way out. One wonders if we are not witnessing here, this week, the beginning of the same kind of so-called restrained entrance into the antiballistic missile field, which, if carried through, will lead us a few years hence into an expenditure of $30 or $40 billion for a system that will enhance the danger to our country, rather than its security.

The Sentinel system, if we go forward with it, will implant in the Defense budget yet another item which cannot easily be cut and which will inevitably expand. It will become more and more difficult for the Congress and the public to maintain control over the vast technological establishment which manages and disburses these funds.

Even more seriously, we will, through the ABM, also give up some of our basic safeguards against the initiation of nuclear war.

Our ICBM's are carefully controlled. The series of coincidences that would have to occur before they could be launched accidentally are beyond the range of probability. By contrast, however, there must with the ABM be some prior delegation of authority to fire when a target is sighted. Only a matter of minutes will elapse between detection of the target and the latest moment at which the Spartan must be fired. To a large degree the fire must be automatic, and this factor both greatly increases the likelihood of an accidental launch and reduces the President's authority over the use of our vast military forces.

Some people have said that we must build this ABM system simply because the Russians are building one. But, as the former Secretary of Defense has said, this is not sound logic. Russian foolishness—if indeed it is that, as I believe it is—is no reason for us to follow the same expensive and unwise course. Indeed, their ABM has no relevance to our decision, because the proper response—and we have already overresponded—is to add to our offensive capacity, which can be done at much less cost and with greater effectiveness. We have already nullified their ABM, and they, and the Chinese, would do the same in response to ours.

Mr. President, we are the preeminent military power in the world. We are in the best position to exhibit restraint, if we will do so. If we cannot begin by reversing our plans to install this useless and dangerous missile defense system, we can at least slow them down for further study, as recommended in the amendment now pending.

At a time when the nuclear balance between the United States and the Soviet Union is in its most stable configuration, and when we have so many more urgent demands upon our national resources, it will be a national tragedy if we instead waste our money on weapons which will only make the world, in the end, a more dangerous place in which to live and a less secure place in which to rear our children.

Especially now, when worldwide confidence in our country is imperiled, it seems the height of irresponsibility to initiate another enormous waste of our precious resources. The United States badly needs the confidence of those abroad who do not share our fixation with the arms race. Confidence in our good judgment will be further undermined if they see us rushing to expend vast sums of money in a highly questionable attempt to defend ourselves against dangers which other countries have accepted as inevitable. Because of the awesome destructiveness of nuclear weapons and the growing sophistication of modern technology, true defense is, for the present at least, impossible to achieve, and we should be prepared to recognize and accept this, as the other countries of the world have recognized it.

We should be in constant communication with the Soviet Union, attempting to persuade them, in their own interest, to avoid further expansion of their ABM system and to halt the further buildup of their missile forces. We should be seeking a formal agreement with them, in spite of the tensions created by the Vietnam war and the inevitable complexity of such an agreement. We should in the interim be seeking informal understandings on mutual restraints which would be in the interest of each of us and of world peace.

At a time when we are attempting to persuade other nations to foreswear ever obtaining nuclear weapons, and to sign the nonproliferation treaty at the United Nations, it seems clearly inappropriate for us to be plunging into vast new expenditures on nuclear weapons, especially on weapons which will carry us on to ever higher levels of the nuclear arms race. Instead, I urge the administration to show the world an example of maturity and restraint in dealing with this most complex and dangerous problem of living in the thermonuclear age.

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

Mr. McGOVERN. I am happy to yield to the Senator from Kentucky.

Mr. COOPER. Mr. President, I believe that the Senator from South Dakota has made the issues which appear so complex—and are complex—very clear in his speech. He has brought to bear on this debate more strongly and clearly than it has been made before the importance of a proper decision on this issue, and of attempting to secure agreements with the Soviet Union against further proliferation, both in our own country and in their country, of both offensive and defensive nuclear weapons.

As the Senator has stated, we know that when the Soviet Union and the United States have similar interests, they have been able to come to agreement, as they have in the case of the Nuclear Test Ban Treaty and the Outer Space Treaty. and as I hope they will on the Nonproliferation Treaty.

I thought one of the most telling thrusts of the Senator's argument was that the building of an ABM system by either country would only make it more difficult to come to agreement upon the question of nuclear weapons, and would also upset, if we can call it that, whatever kind of competence either country has in the way of nuclear deterrent. It could only upset the nuclear deterrent.

Mr. McGOVERN. The Senator's point is well taken. I commend him on the ex-

cellent statement he made in the Senate earlier in the week. I know he has read the literature on this subject perhaps more carefully than any of the rest of us and has become thoroughly informed on the whole issue.

Especially in recent months, it seems to me that the undisputed fact that it is cheaper and easier to build offensive weapons, which are capable of overwhelming any conceivable defensive system, is a good, practical argument for both sides to use in backing down from this foolish exercise of constructing or attempting to construct an anti-ballistic-missile system.

At least we need more time and effort to study the matter. I am particularly impressed with the additional fact that we have not tested the component parts of the ABM system.

We need more research and development. I think that even the advocates of the ABM system will agree that it has not been fully tested.

The Senator from Kentucky is not proposing to kill the system at this point. He is suggesting that we proceed with its research and development aspects. When that study is complete, we can make a judgment as to whether it is in our interest to deploy the system.

I commend the Senator from Kentucky for his leadership.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. HATFIELD. Mr. President, I support the amendment of the Senator from Kentucky.

As President Eisenhower recently warned us, the thin defense may ignite a missile defense race with the Soviets which could mean ruinous new national burdens. Secretary McNamara and other DOD experts have consistently estimated the initial cost of an anti-Soviet missile defense deployment at $40 billion. With the inevitable modification and enhancement costs added after initial installation we are doubtless risking a beginning on a $100 billion burden in the next 8 to 10 years, a burden which will in no way enhance our safety or security. Thus we are in danger of digging a bottomless pit if we commence the missile defense race. This pit will drain our vital resources in the 1970's as Vietnam has drained them in the 1960's. Just as in Vietnam, where we were always told by the Defense Department that a little input would achieve the goal, each upward step will fail when the Soviets simply enhance their strategic force. Each escalation which fails will be the excuse for another and more expensive attempt. There is no clear way to avoid the ruinous road, as we have finally learned in Vietnam, except to avoid starting in the wrong direction at the very beginning.

Mr. JACKSON. 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. SYMINGTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

WHY CONGRESS SHOULD REJECT THE PROPOSED "THIN" ABM SYSTEM

Mr. SYMINGTON. Mr. President, I support the amendment of the Senator from Kentucky and the Senator from Michigan, which would prevent obligation or expenditure of funds for the procurement or construction of any ABM system.

My position is unchanged, and I ask unanimous consent that my comments on amendments on April 18 be inserted in the RECORD at this point.

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

Mr. SYMINGTON. Mr. President, I voted for the previous amendment on the ABM, as presented by the distinguished Senator from Wisconsin.

In listening to testimony before the committee, it was never clear to me why it was not necessary to have an anti-ballistic-missile system to protect us against the Soviet Union's developments in this field, but it was necessary to have one that protected us against the very limited Chinese developments. Frankly, that just did not make sense to me.

I decided, after listening to the testimony, that a large part of the reason why we were turning down a $30 billion system in favor of a $5 billion system was $25 billion, and just could not follow the position taken by the Department of Defense. I concluded that if it was not necessary for this country to defend itself against a ballistic missile attack from the Soviet Union, it was not in the Nation's interest to spend billions on defense against a possible future danger—something the Chinese will probably develop in years to come. If the arguments against developing an ABM to protect us from the Soviet Union are sound, in my opinion, the arguments for developing a system to protect us against the Chinese are unsound.

For these reasons I will vote for the amendment offered by the distinguished Senator from Kentucky.

Mr. SYMINGTON. Mr. President, the amendment would result in a reduction of $227.3 million in the military construction bill now being considered, plus a reduction of $387.4 million in the defense appropriations bill, for a total reduction of some $615 million.

In recent years, I have listened to a great deal of testimony, before various Senate committees, about the possible development of an ABM system; and that testimony has convinced me that neither the Defense Department nor the administration has made any firm broad policy decision with respect to increasing the "damage limiting"—defensive—capability of the United States that would justify at this time the deployment of an ABM system against a possible attack from any aggressor.

In January 1967, in a statement before the Armed Services and Appropriations Committees, the former Secretary of Defense stated:

After studying the subject exhaustively, and after hearing the view of our principal military and civilian advisors, we have concluded that we should not initiate an ABM deployment at this time for any of these purposes.

In support of this conclusion, the Secretary presented the following arguments:

(1) Increasing the defensive capability of the United States would force the Soviet Union to increase its offensive capability accordingly and the United States would be in no better position than before.

(2) It is not clear that we need an ABM defense against China. In any event, the lead time for deployment of a significant Chinese offensive force is longer than that required for U.S. ABM deployment; therefore, the decision for the latter need not be made now.

(3) Other technological developments in offensive forces over the next seven years may make obsolete, or drastically degrade, the Nike-X system as presently envisioned. (The $2½ billion Nike-Ajax system which has now been abandoned is a case in point.) We can predict with certainty that there will be substantial additional costs for updating any system we might consider installing at this time against the Soviet missile threat.

(4) Maintaining our "assured destruction" (offensive) capability against the Soviets is a more effective utilization of our resources than deployment of an ABM which would be ineffective under the present state of technology.

(5) Construction of an ABM system could hinder United States-Soviet talks with respect to possible strategic arms limitation.

In my opinion, the Secretary made a good case against deployment of any ABM system at that time; and it is very difficult for me to understand why these arguments for postponing decision on such deployment in 1967 are not just as valid today—less than a year and a half later.

Only 8 months after the former Secretary of Defense presented his case against deployment of any ABM, however, he announced the decision to recommend deployment of the limited Sentinel ABM system in order that this country would be able to defend itself against a possible attack, not from the Soviet Union but from Red China.

The reason for this sudden and sharp shift in position was never clear to me and is not clear today.

At the time of the announcement of his changed position, the former Secretary appeared to base his decision on first the fact that the leadtime was such that it would be advantageous for the United States to begin development of an ABM system against a possible future Chinese missile threat; and, second, a growing belief that the Red Chinese, in their early stage of developing a missile capability, might act in an irrational manner, whereas the Soviet Union, more aware of the United States "Assured Destruction" capability, would be expected to act more rationally.

I cannot accept these tenuous arguments as justification for putting a further military burden on the American taxpayers by spending $5 to $10 billion on a "thin" ABM system.

As the Senator from Michigan [Mr. HART] has pointed out, the timing of a potential future Chinese missile threat has been reevaluated since the decision was made. The Senator quoted a high Defense Department official as saying there has been "at least a 1-year slip in the Chinese ICBM program beyond what we expected when we made the deployment decision."

In addition, the argument that the Chinese might act more irrationally than the Soviets would appear both a shallow and an illogical basis for spend-

ing these billions on a partial ABM system, the effectiveness and lifetime usefulness of which is very questionable indeed.

If we accept the theory that the maintenance of an "assured destruction" capability—that is, "an ability to inflict at all times and under all foreseeable conditions an unacceptable degree of damage upon any single aggressor, or combination of aggressors even after absorbing a surprise attack," which has been the very base of the position of the Department of Defense for many years—it is difficult to understand why the same deterrent is not as effective against the far smaller threat of Red China than that of the Soviet Union.

Some people argue that the construction and deployment of the Sentinel ABM would be a first step in the construction of a full ABM against possible attack from the Soviet Union.

The former Secretary of Defense and other members of the Defense Department, however, have repeatedly insisted that the Sentinel ABM system is not designed as a building block looking toward a "thick" ABM system against the Soviet Union.

In October 1967, in testimony before the Joint Atomic Energy Committee, the Director of Defense Research and Engineering, Dr. John Foster, made this point in a colloquy with Representative CRAIG HOSMER, Republican of California:

Representative HOSMER. That confirms the suspicion of some people, at least, that this is really the first stage of an anti-Soviet ABM, as well as an anti-Chinese ABM. Is that right?"

Dr. FOSTER. It is certainly not so, and I had not intended to convey that impression.

Dr. Foster occupies the foremost scientific position in the Pentagon today. Further,

Representative HOSMER. From the answer you gave, could it be at least in the nature of a building block if somebody later decided to build upon it to make a full system, rather than a thin system?

Dr. FOSTER. Mr. Hosmer, this is not being deployed as a building block for some heavier system.

Representative HOSMER. I am not asking if it is, I am asking if it were possible, if we changed from thinking thin to thinking thick, that we could build on.

Dr. FOSTER. The thinking may be thick, but it is not that way. Our components, as I indicated previously, are such that if one did want to put batteries around specific cities, one certainly could do that. However, as I have indicated, I believe, as the Secretary does, that the Soviet reaction would be automatic, and we would not be able to end up providing that protection.

In January 1968, Secretary McNamara, in testimony before the Senate Armed Services Committee, made the following statement:

Should the Soviets persist in expanding what now appears to be a light and modest ABM deployment into a massive one, we will be forced to take additional steps.

After I read that testimony, I addressed a letter to the Department of Defense, asking the following question:

Does this, in effect, mean that our "light and modest" planned ABM deployment is in recognition of Soviet Russia's programs as well as that of Red China?

The Department of Defense submitted a reply for the record, and it reads as follows:

No. The statement quoted does not mean that our "light and modest" planned ABM deployment is in recognition of Soviet Russia's programs as well as those of Red China. The paragraph from which the above sentence is quoted goes on to say: We have available the leadtime and the technology to so increase both the quality and the quantity of our strategic offensive forces—with particular attention to more sophisticated penetration aids—so that this expensive "Damage Limiting" effort would give them no edge in the nuclear balance whatsoever. By the same token, however, we must realistically assume that the Soviet Union would take similar steps to offset any threat to their deterrent that might result from our deploying an ABM defense of our own cities.

That was the end of that answer.

On April 24, 1968, about 2 months ago, we began to notice a shift in the position of Dr. Foster as against the position he, along with Secretary McNamara, had previously. In testimony before the Preparedness Investigating Subcommittee, Dr. Foster stated:

The role of the Sentinel in defense against the Soviet Union is a much more complicated issue. The defense of urban and industrial areas in the U.S. against the Soviet Union was not a design goal for Sentinel, although some protection of Minuteman will be achieved.

On the other hand, the Sentinel system represents the most advanced missile defense components now available, and some aspects of its deployment are compatible with a possible future defense against the Soviet Union.

Sensing the growing opposition to an ABM system that would defend against the smaller threat, but not the greater, it would appear the Defense Department is hedging on their earlier emphatic denial of the Sentinel as a first step to a thick ABM, in effort to obtain approval for the acknowledged "thin" system.

This confusion about the real role of Sentinel in our overall defensive capability, coupled with its questionable effectiveness and the truth about any present Chinese "threat," is most disturbing. It can only lead one to conclude that until some basic and important questions are answered, it is essential that any decision to begin the construction and deployment of such a tremendously expensive partial system be postponed; and to that end the funds be denied.

When the United States reaches a stage of technology which would allow the deployment of a truly effective defense against the offensive missiles that might be launched by any country, that might, in turn, influence my thinking, although that development would be directly opposite to Pentagon philosophy for many years; also it would be against tens of billions of dollars the Department of Defense has asked of Congress.

But just because the Sentinel system "represents the most advanced missile defense components now available," that is not reason why it should be deployed.

In 1953, the best missile defense we had was the Nike-Ajax. That system has long been obsolete because of theoretical advances in our technology. As mentioned, the system has now been abandoned, at a cost to the taxpayer of some $2½ billion.

As every member of the committee must know, many billions of dollars more have been expended by the American taxpayer on various designs and development of missiles which later were shelved because their design was either unsound or obsolete; in fact, except for war itself, it is in this field of research and development that we have had the most waste.

In summary, therefore, if we do not have the technological know-how at this time to deploy an effective defense against our greatest threat, and if, at least until recently, according to the civilian authority in the Defense Department, the Sentinel was not and is not designed as a building block for a thick ABM defense, what reason could there be for spending these additional billions on a defense against a possible future Chinese threat.

Congress has recommended, and the President has accepted, a $6 billion reduction in expenditures this year, along with a 10-percent tax increase. We in Congress, therefore, should recognize the recommendation made recently by the President that, wherever possible, and in order to effect this $6 billion reduction, we should reduce heavily non-Vietnam military expenditures.

Only today on the floor of the Senate, with only 16 Senators dissenting, we have passed the tax bill. If we do not take a look at this gigantic military budget where are we going to get the $6 billion? Here would appear an ideal place to start, because it is an open question, in my opinon and in the opinion of many informed persons, whether or not this system would contribute to the security of our country.

I believe that the Nation must preserve its deterrent capability—conventional as well as nuclear deterrence—adequate to prevent any attack by a possible enemy. With that premise, if such funds are available, it would be far wiser to spend them on modern planes and submarines than on a multibillion dollar program to defend this country against a possible missile danger which does not exist today and may never exist.

In that connection, it is no secret that the United States has not even designed, let alone put into production, any fighter plane since 1954. It is a fact that we have not even had contract definition on any bomber except the B-52 laid down in 1946, that is being produced today.

All we have worked on is the TFX series. The F-111B TFX has been grounded by Congress; and until recently the F-111A TFX was grounded by the Air Force itself.

Although largely classified, it would appear the information gathered by the able senior Senator from Mississippi in his Preparedness Investigating Subcommittee, on which I have the honor to be the ranking member, indicates that the submarine picture looks just as bad today as the picture on new combat planes.

We all know that the resources of this country are now truly limited, and that they are becoming steadily more limited. We know also that we have serious and growing problems at home which require currently the expenditure by this Government of billions of dollars.

From the standpoint of relative pri-

ority, if I am sure of anything, I am sure that a realistic investment in a finer America will be far more rewarding than this theoretical investment to protect our country from this theoretical danger.

It is for these reasons I respectfully urge Senators to vote for the Cooper-Hart amendment.

Mr. PERCY. Mr. President, will the Senator from Missouri yield for a question?

Mr. SYMINGTON. I am glad to yield to the able Senator from Illinois.

Mr. PERCY. I would very much appreciate being enlightened as to whether, in the opinion of the distinguished Senator from Missouri, the Sentinel system has been relatively proved as to its effectiveness?

Mr. SYMINGTON. Under no circumstances could any one say its effectiveness had been proved.

Mr. PERCY. May I ask further, whether the distinguished Senator has any information as to what position President Eisenhower took on the deployment of an ABM system?

Mr. SYMINGTON. As to that, I say to my good friend, I just do not know.

Mr. PERCY. Last year, I talked at length with Dr. Kistiakowsky, the former scientific and technical adviser to President Eisenhower. As I recall, he told me at the time that he, as well as other past and since then appointed scientific and technical advisers to the President, had advised against the deployment of an ABM system.

Does this concur with the understanding of the distinguished Senator from Missouri?

Mr. SYMINGTON. That is my understanding. I believe that a majority of the scientific fraternity look with grave apprehension at the effectiveness of any overall anti-ballistic-missile defense concept. Especially among those scientists who think beyond just the scientific approach, and recognize the growing cost problem, the tragic record of the failure of so many missile projects, turning into nothing more or less than waste, no doubt influenced their thinking.

Mr. PERCY. I have given this matter a great deal of thought. It will be one of the most momentous decisions we will be making. I have come to some conclusions which I should like to share with Senators. It might take me 3 or 4 minutes to state them. If it is an appropriate time to do so now, will the distinguished Senator from Missouri yield for that purpose?

Mr. SYMINGTON. I would say that whenever the able Senator from Illinois has something to say, that is a profitable occasion for Members of this body and the audience. I am glad to yield to the Senator for that purpose.

Mr. PERCY. I thank the distinguished Senator from Missouri.

Mr. President, in considering the Military Construction Authorization Act, I think we must pay special attention to the request for funds to deploy the Sentinel anti-ballistic-missile program in the coming fiscal year. I strongly support continued research and development in the anti-ballistic-missile field, so that the United States will have the capacity to deploy an adequate and effective ABM system when and if circumstances require such deployment. As I said in the Senate on April 18, 1968:

> I feel it is essential that we not permit our technological know-how to fall far behind that of another nation in significant weaponry.

This said, one must then consider the desirability of starting on construction and deployment of the ABM system in fiscal year 1969. I do not choose to repeat the many arguments already advanced in favor of, and in opposition to, such construction and deployment in the next year. I know that Senators have studied the matter in detail, and that, therefore, this comment is unnecessary. I would, however, like to share briefly with them the conclusions I have reached.

Senators will recall that the Sentinel ABM program was endorsed by the Johnson administration as the answer to a possible Chinese ICBM attack in the early 1970's. At that time, Secretary McNamara stated that the system would not be effective against a sophisticated Soviet missile attack. Assistant Secretary of Defense Warnke now states that the Chinese ICBM program is lagging, and Secretary Clifford states that the Sentinel system is actually expected to be somewhat effective against a possible Soviet attack. Yet it seems clear that the so-called "thin defense" of the Sentinel system could not be effective against a sophisticated Soviet missile attack. Secretary McNamara's position on this appears unassailable, for the limited nature of the Sentinel system would make it inadequate against a Soviet attack.

In view of this new emphasis on a possible Soviet attack, it is clear that the Johnson administration foresees, but does not acknowledge, that the $5.5 billion Sentinel system is only the first step toward a much bigger ABM program oriented against a presumed Soviet threat. Estimates of cost for a system which might truly be effective against a Soviet attack have been as high as $80 billion. There is no assurance whatsoever that I know of, that that system could even be made effective with our present technology.

Since embarking on a military program of such dimensions will seriously affect the capability of this country to meet its domestic needs and foreign commitments for a dozen years to come, I have concluded that it would be unwise to make this monumental decision now. We have a lame-duck administration. A decision affecting national policy for many years into the future should be made in the first year of the new administration which will be elected in November. Since China's ICBM program has slowed down, I believe we can safely defer the decision until we have a new President and a new administration. Therefore, I support the Cooper-Hart amendment.

I thank the distinguished Senator from Missouri for yielding to me.

Mr. SYMINGTON. Mr. President, I am impressed with the statement just made by the Senator from Illinois. Let me add it is interesting that he brought in the opinion of President Eisenhower on this matter. As an aside, President Eisenhower has had considerable experience in military matters. He was probably the first to recommend heavy reduction of our troops in Europe.

Recently, an article which mentioned me was published in the newspapers. It stated that members of the State Department were lobbying Members of Congress in an effort to have the troop reduction matter dropped. The article stated that the chief lobbyist was our former American Ambassador to Germany.

Mr. President, General Eisenhower did not spend much time in Bonn; rather most of it in Paris. But he was the first military head of SHAPE. I think it fair to say he knew and knows a little about military matters, perhaps as much as certain members of the State Department. In any case, I was glad that the majority leader, who told me he supported the Hart-Cooper amendment—but who, unfortunately, could not be in the Chamber at this time—made a talk earlier this week in defense of those of us who believe that additional money can be saved the American taxpayers—as we face the expenditure of these gigantic sums, at a time when the value of the dollar is a matter of concern—by reducing our troop strength in Europe.

In due course, Mr. President, I shall answer the article written by my good friend Chalmers Roberts in the Washington Post.

I merely present this now as evidence that in other fields also people are beginning to realize that no country—not even this great country—can afford to spend annually over $80 billion for the military.

Mr. JACKSON. Mr. President, will the Senator from Missouri yield?

Mr. SYMINGTON. I am glad to yield to the able Senator from Washington, who would comment on remarks just made by the Senator from Illinois [Mr. PERCY].

Mr. JACKSON. I appreciate the willingness of my good friend from Missouri to yield to me at this point. I know that the distinguished Senator from Illinois would want me to keep the record straight. I believe, as I listened carefully to the statement, that he said Secretary of Defense Clifford had indicated the system would be effective against a Soviet attack.

I think that the able Senator from Illinois will find that Secretary of Defense Clifford never said the Sentinel system could be effective against a full-scale Soviet missile attack. I have never made such a statement, and I do not know of anyone else who has. Therefore, I think that in all fairness, so that we can keep this dialog straight and try to define the issues, my good friend from Illinois would want the record to be clear on that point.

Secretary Clifford, on June 18, 1968, sent a letter—which I read into the RECORD of Wednesday, June 19—to the chairman of the Armed Services Committee, Senator RUSSELL, and he quoted in his letter a statement by Dr. Foster, who is the director of Defense Research and Engineering. This is what Dr. Foster said, and what the Secretary quoted with approval:

The Sentinel missile defense system is designed to (a) prevent a successful missile attack from China through the late 1970's (with the capability to continue to deny or at least substantially reduce damage from threats in later years); (b) limit damage from an accidental launch from any source; and (c) provide the option for increased defense of our Minuteman force, if necessary in the future.

The ability to protect ourselves from unacceptable damage from a numerically large and technically advanced missile force such as that of the Soviet Union is not yet technically feasible. However, the Sentinel system will complicate any attack on the United States.

In addition, the Secretary of Defense, in his press conference yesterday said:

If the Soviets are developing an ABM system, and we know they are developing it, and we know that they are deploying it, I believe we are in a better posture to reach agreement with them on an ultimate step toward disarming if we also go about the deployment of a system.

I think our negotiations over the past decades would incidate that this is the better position for us to be in if we hope to achieve some type of resolution of this problem with the Soviets.

Then he went on to say:

It is my view as I said, that this has a very real importance from the standpoint of a Chinese system.

It is also my belief that it has a real significance from the standpoint of the Soviet Union.

I believe that if they develop and deploy a workable ABM system and we do not do so, I believe that we are at a disadvantage and I think that, from my standpoint I am unwilling to accept that disadvantage.

Let me say in conclusion that the deployment of this system in my opinion is not only important, and I think vital from the standpoint of China and some other country, I think it also is important from the standpoint of the Soviet Union.

I thought the Senator would want to have that statement. I know that in the discussions of this matter before the committees the Secretary of Defense has made it very clear. I do not know of any member of the committee, or of anyone in the Defense Department, who takes the position that the system would at this time, and at this stage of the art, be effective against a full-scale Soviet attack. It will, however, save lives. It complicates the Soviet problem. It has been estimated that it will save from 20 million to 30 million American lives in the event of a Soviet attack. But it does not mean that we would not lose millions of lives. Without this system, it is estimated that 120 million American lives would be lost in a Soviet nuclear attack.

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

Mr. SYMINGTON. Mr. President, I yield to the Senator from Illinois to reply to the comments of the able Senator from Washington.

Mr. PERCY. Mr. President, I appreciate very much the clarification of the point by the Senator from Washington, who is very knowledgeable in this field. It would be a tragic mistake if anyone really felt that what we were doing was authorizing the construction of a system which would provide any kind of effective protection against missile attack——

Mr. JACKSON. A full-scale missile attack from the Soviet Union.

Mr. PERCY. A missile attack from the Soviet Union.

Mr. JACKSON. But there is agreement as to its effectiveness against an attack from the Chinese.

Mr. SYMINGTON. Mr. President, I shall be glad to yield for a general colloquy, but other Senators appear ready to ask me questions.

Mr. PERCY. Mr. President, if the Senator will yield to me to complete my thought, if it is true that there has been a delay, and an acknowledged delay, in the construction of the Chinese system, and if it has been concluded that there is no effective defense against a Soviet system, then I cannot see, for the life of me, why we want to rush ahead with a system that, in my judgment, will not be effective and has not been proven. The comments of the Senator from Washington in clarification of this point have further reinforced my own view that we should not go ahead with the construction this year.

Mr. President, I do believe that the American public has the impression that Secretary Clifford claimed the Sentinel system would have some effectiveness against a Soviet attack. For example, the Chicago Tribune of June 21, 1968, stated:

In asking for retention of the funds for the ABM system, Clifford said that not only would it protect the United States against the unsophisticated kind of attack that can be expected from Red China, but that it would also give some measure of protection to American land-based missile sites against a more sophisticated Russian attack.

The New York Times of June 20, 1968, reported as follows:

The Defense Department rationale for building the antiballistic missile system also seemed to be shifting away from Communist China toward the Soviet Union.

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

Mr. SYMINGTON. I yield.

Mr. JACKSON. I think, with all due respect, that the Senator misses the central point. If we defer approval of the program for a year, it does not mean we defer the system a year; in fact, we defer it for 2 years. When we have a slippage of the first year, affecting deployment of the first battery, it affects the whole system. So it does not follow that a slippage of 1 year means that the program slips only a year. We would lose some 2 years in the availability of an operating system which would give full coverage to the United States.

When we talk about the Soviet's threat, I want to mention that this system does include a capability of providing protection against an attack on the Minuteman system. We have the Spartan, which is an area defense system. Then there is the Sprint, which is a point defense and can be used in defense of the Minuteman sites.

Mr. SYMINGTON. Mr. President, I appreciate this colloquy. It has added a great deal to the knowledge of the Senate on this matter. All I can say is, as we talk about slippages, that for nearly 30 years my primary interest has been preservation of the security of the United States. The biggest slippages have been in approving weapons, especially missile weapons, that later proved to be obsolescent or just would not work. That has been the big slippage, especially when we correlate that with the fact we have this now serious financial problem in our country.

If this military budget continues to grow and grow, where are we going to get the money to educate our children? Where are we going to get the money to handle the problems of our cities? Where are we going to get the money to more properly control water pollution and air pollution?

We passed a bill this very morning which stipulates that we cut $6 billion out of this budget. Everybody asks, "Where are you going to cut to arrive at the $6 billion?"

After thorough study, I say to you we can cut this $615 million out of the budget without affecting the security of the United States.

A small slippage involved is based on the estimate of what the Chinese have done in a year; but the big slippage is the fact that, any time anybody comes up and says "this is for defense, we put it through."

This year the Defense Department is asking the gigantic sum of $8 billion for research and development.

I ask unanimous consent to have printed an observation on the Pentagon research and development program recent years by a friend of the Senator from Washington and mine, Mr. W. J. McNeil, who for 12 years was Comptroller of the Defense Department.

In an interview given for Armed Forces management, Mr. McNeil stated, in questioning research and development expenditures:

I don't think the Pentagon is getting much for its money these days in R&D. With our $35–40 billion (total Defense budget) we got a lot more new programs started. Some ended up outmoded; others turned out to be awfully good weapons. What have we gotten in the last seven years that's been new or a drastic improvement of existing weapons? If we had operated in 1955 under today's theory of not proceeding until all elements are well within the state of the art, for instance, we'd never have developed Polaris.

Mr. President, I yield to the able Senator from Rhode Island [Mr. PELL].

Mr. PELL. Mr. President, I thank the Senator from Missouri. I had a couple of questions I wanted to ask him to help clarify my own thinking. Originally I was inclined to support the thin ABM. Secretary McNamara came up and talked to a group of so-called liberal Representatives and Senators in defense of the merits of the system because of the threat from the Chinese. That was the argument that was used. As I understand now, the thrust of the argument of the proponents for the thin ABM is that it would be useful, not against the Chinese, but as a first step against the Soviets. Is that correct?

Mr. SYMINGTON. That is the position today, as I understand. It was not the position a few months ago.

Mr. PELL. That is a change in the position of our administration. That would be correct, too, because, as I understand it, from the viewpoint of China, when we

look at a globe, it would be difficult to launch missiles without their flying over the Soviet Union. Moreover, I understand there are probably cheaper methods available to China of hurting the United States than by building an ICBM system.

Mr. SYMINGTON. When it comes to the geography of China and Russia, I am sure the able Senator is more conversant than I. Because of his capacity for study, and his membership on the Foreign Relations Committee, I am confident he is correct; but I would not want to corroborate without checking.

Mr. PELL. I had better test it on a globe of the world via the Great Circle route.

In connection with this general discussion, as I understand it, from a first strike viewpoint, the Soviet Union and the United States each have the power to inflict great damage and great mortality on the other, but our power in this respect is on the order of, would the Senator from Missouri estimate, two or three times that of the Soviet Union?

Mr. SYMINGTON. Well, we have more capacity in the way of megatonnage than does the Soviet Union; and we have even more capacity in the way of actual missiles. The figures are classified, but if the Senator has in the back of his mind the theory of overkill, I would say that I do believe in the logic of that theory.

I would think it is far more important to place our money on increasing the PSI of our missile bases than it is to embark on another one of these theoretical, extravagant, and unproven missile developments to defend against a Chinese threat.

Mr. PELL. But from the viewpoint of parity, we are certainly better than equal to the Soviet Union in first strike offensive capacity; would that not be correct?

Mr. SYMINGTON. I believe that true.

Mr. PELL. From a defensive viewpoint, is there not substantial equality of present defensive position between the Soviet Union and the United States? Without going into anything of a classified nature, are we not at about parity as of now?

Mr. SYMINGTON. About parity on what?

Mr. PELL. From the viewpoint of defensive capability.

Mr. SYMINGTON. I think we are skirting close to classified information, but would say that the United States today is capable of destroying any country that attacks it. Also the Soviet Union is capable of, in effect, destroying any country that attacks the Soviet Union. I would rather leave this matter right there, than get too deeply into any classification situation.

As the Senator knows, one of my regrets about the unfortunate venture into Vietnam is that it has prevented us from attaining a better relationship with the Soviet Union. In itself that better relationship would save tens of billions of dollars that could be devoted to a more worthy cause than war.

Certainly the Red Chinese are today, with their many-thousand-mile joint border, at least as much a threat to the Soviet Union as they are to the United States.

Mr. PELL. Reading from the newspaper statement of the Secretary of Defense in today's Washington Post, on page A-18, he says:

> We know the Soviets are developing an ABM system, and we know they are deploying it.

This would indicate that they are presently deploying in the Soviet Union an ABM system; would that be a correct statement? My understanding has been that the only Soviet true ABM system is the one that has been deployed about Moscow.

Mr. SYMINGTON. Well, "you pay your money and you take your choice." The former Secretary of Defense took exactly the opposite position, because he said:

> Construction of an ABM system could hinder United States-Soviet talks with respect to possible strategic arms limitations.

Several Senators addressed the Chair.

Mr. SYMINGTON. I am happy to yield to my friend from Kentucky.

Mr. COOPER. Mr. President, I shall speak later on other phases of his speech, but I should like to comment to the Senator from Rhode Island on the issue he raised in his question to the Senator from Missouri.

It has been said repeatedly in speeches during the last week, by those who support the ABM system, that the Soviet Union is building an ABM system, without explaining what kind of a system it is, or its effectiveness.

The Senator from Rhode Island talked with me earlier today; and quoting the statement made by the Secretary of Defense, Mr. Clifford, said, "This disturbs me. The Soviets are building an ABM system." It disturbs all of us.

I said, "I think it would be wise to inquire of members of the Armed Services Committee, who have access to all the classified information as to what kind of a system it is."

I wish to quote the testimony of Secretary McNamara before the Armed Services Committee, which is not classified—I do not think it is classified, because I secured this book from the Committee on Armed Services. I ask the Senator from Missouri whether this is classified. It is a statement by Secretary of Defense Robert S. McNamara on the fiscal year 1969–73 defense program.

Mr. SYMINGTON. No, that is not classified.

Mr. COOPER. I did not think it was. I placed a large part of his testimony in the CONGRESSIONAL RECORD last Wednesday.

This is what he said about the antiballistic-missile defense of the Soviet Union:

> Last year I noted that in addition to the GALOSH system around Moscow, the Soviets were deploying another type of defensive system elsewhere in the Soviet Union. I cautioned, however that the weight of the evidence at the time suggested that this system was not intended primarily for antiballistic missile defense. Now, I can tell you that the majority of our intelligence community no longer believes that this so-called "Tallinn" system (which is being deployed across the northwestern approaches to the Soviet Union and in several other places) has any significant ABM capability. This system is apparently designed for use within the atmosphere, most likely against an aero-dynamic rather than a ballistic missile threat.
>
> Although construction of the Galosh ABM system around Moscow is proceeding at a moderate pace, no effort has been made during the last year to expand that system or extend it to other cities. It is the consensus of the intelligence community that this system could provide a limited defense of the Moscow area but that it could be seriously degraded by sophisticated penetration aids. Nevertheless, knowing what we do about past Soviet predilections for defensive systems, we must, for the time being, plan our forces on the assumption that they will have deployed some sort of an ABM system around their major cities by the early 1970s.

I noted the other day—and I am sorry that he is not present—that the Senator from Colorado said in his speech that the ABM system was being extended throughout the Soviet Union. I can only say that Secretary McNamara said that according to the consensus of the intelligence community they were not. I wanted to bring that point out.

Mr. PELL. I think the Senator from Kentucky has brought out more clearly the point we were trying to make earlier in connection with the quotation from Secretary Clifford. He must have been referring there, not to deploying it throughout the Soviet Union, but in some specific area.

Mr. COOPER. May I make one further comment?

The Senator from Washington quoted from a letter of the Secretary of Defense certain statements made by the Director of Defense Research and Engineering, Mr. John Foster. Reading the second paragraph and third paragraph together, it would seem to me that Dr. Foster really questions the effectiveness of the proposed ABM system. This is what Mr. Foster is quoted as saying:

> The ability to protect ourselves from unacceptable damage from a numerically large and technically advanced missile force such as that of the Soviet Union is not yet technically feasible. However the Sentinel system will complicate any attack on the United States.
>
> We will continue an intensive R&D program in an attempt to provide increasingly effective means to limit damage from both the advancing Chinese and the Soviet missile threats.

I would say that the amendment I have proposed with the Senator from Michigan [Mr. HART] would not lessen the security of our country.

Mr. SYMINGTON. Mr. President, the classified presentation by Secretary McNamara to the Senate Armed Services Committee was 280 pages long, counting the exhibits, and the unclassified portion, as I remember it, was 246 pages.

I read every word of both the classified and unclassified and had printed in the RECORD 304 questions asked with respect to this testimony.

My position today is based on as careful a study as I could make of the Secretary's presentation, and also that of other people involved and qualified in the field.

Mr. President, I yield to the distinguished Senator from Kentucky.

Mr. COOPER. Mr. President, a very

powerful and compelling argument has been made by the Senator from Missouri. What he has said carries great weight and authority for many reasons. The distinguished Senator from Missouri has served on the Armed Services Committee since 1953. Also, as we know, he was the first Secretary of the Air Force. I doubt if any Member of the Senate has greater interest or firsthand knowledge than has the Senator from Missouri of the defense position of the United States.

We know the Senator as one who has been always concerned about our national security. We remember his great fight for a continued and strengthened Air Force. The Senator has been a leader in the continuing struggle to protect the security of our country and people. The Senator spoke of the assured destruction capability of the United States.

Secretary McNamara emphasizes that capability again and again in testimony. Every President has said that the United States possesses and will maintain this destruction capability and that it is the true deterrent.

Does the Senator, with his experience and knowledge, having had the opportunity to read the classified material that has been presented before the committee, have any doubt that the United States possesses today the assured destruction capability—that is—to destroy substantially the Soviet Union or any other attacking country, even if the United States were a victim of the first strike?

Mr. SYMINGTON. None whatever.

Mr. COOPER. If there is, in fact, a limited ABM system around Moscow—one which has not been completed, but one which is being constructed—and if there is a so-called Tallinn system and an obsolete system at Leningrad, would the assured destruction capability of the United States be limited by these systems? Could the United States, even though it was a victim of the first strike, still substantially destroy the Soviet Union?

Mr. SYMINGTON. Mr. President, we are skirting classified information. But I say to the able Senator from Kentucky that I know of no possible way any country in the world could attack the United States without being destroyed—today, tomorrow, and for many years to come.

What worries me is that, following the principles of Lenin, we are now getting ourselves into a position where we could in effect, be seriously crippling if not destroying ourselves internally through the destruction of our financial position, the integrity of the dollar.

The other day I received information from the distinguished chairman of the House Subcommittee on Foreign Affairs pointing out that the debt of the United States today is now $43,819 million more than the debts of all the other countries of the world combined.

Our problem here today is related in a way to the problem of a family that must decide on whether it wants to send the children to college or spend the money in question for a vacation.

Our funds are becoming increasingly limited; therefore decisions must be made as to what we are going to do with our resources.

I see no basic difference, in the long run, between the problems of a family and the problems of a government.

We have placed approximately $171 billion around the world to help other countries. And today we are spending more than $80 billion on our military so as to protect these other countries of the free world.

Perhaps my greatest reason for supporting this amendment would be not only my technical suspicion about the system, but also the great and growing cost.

In this country today we have more than $1 trillion in life insurance. All business and Government employees are interested in their retirement plans.

Unions in the United States are urging their members to take pension plans. Finally, and at least as important, we have social security itself, with such corollaries as medicare and medicaid.

Only a few months ago the last bastion ahead of the defense of the dollar itself—the British pound was devalued, as my friend, the able chairman of the Finance Committee, the Senator from Louisiana knows only too well.

How many people realize today that the value of the franc is considerably less than one-half of 1 percent of what it was well after World War I?

Then, a few weeks ago we had a dollar crisis. We know that the special drawing rights development is only a palliative, not a cure.

Now the man who has been hurting the value of our dollar most, General de Gaulle, suddenly finds that, having lost his contact with his people, the franc is in deep trouble. If the franc goes down, based on the International Monetary Fund that can only mean a further attack on the dollar.

Nevertheless Mr. President, let me emphasize that I would be the last one to object to this thin ABM system to protect against the Chinese if I felt it was necessary for the security of my children and their children. But I do not so believe, and inasmuch as we must now find $6 billion, under a law passed by the Senate this morning, the most logical place to start would seem to be by postponing this questionable system.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. SYMINGTON. I am glad to yield to the distinguished Senator from Louisiana.

Mr. LONG of Louisiana. Mr. President, may I say to the distinguished Senator from Missouri, for whom I have the highest regard—and he is very expert in the field in which he is speaking—that I am very much in a quandary as to how I should vote on this matter. Having once served on the Committee on Armed Services——

Mr. SYMINGTON. And very ably, may I add.

Mr. LONG of Louisiana. I thank the Senator.

I find myself thinking that those of us who are not on the committee almost have to rely on committee members to relay the information to us, and we must rely upon someone in an attempt to reach the right decision in this matter.

When the Senator first came to the Senate, he made some very eloquent speeches about the fact that some of the economies of the Eisenhower administration were poorly taken; that if you are just saving money and not defending what you have, it is not a good idea.

I understand that the Senator is of the opinion that this system is not adequately developed to the point at which it would do the job. As I understand the Senator's argument, it is that if we go forward with the system, we will be going forward with something that will not provide an adequate defense because it is not adequately developed at this point.

Is that the Senator's argument?

Mr. SYMINGTON. The Senator is right. In the early fifties, our problem was primarily a physical one, and we would appear to have largely solved that. In 1949, this Nation had $24.6 billion of gold, and owed abroad $7 billion. Today, it has $10.8 billion in gold and owes abroad $34 billion liabilities redeemable in gold.

So I believe it fair to say there has been a shift from physical problems in the early fifties to financial problems in the late sixties.

The Senator from Louisiana and I have worked together on many matters of defense, including a famous case incident to the Marines. If I felt this system would honestly contribute as a major component to the security of the United States, he knows I would be for it. But I have studied the matter, with my own small but able staff, and say, in all honestly, I do not believe that is true.

We must save some money or, as a nation, we ultimately will go broke, just as a family goes broke when finally its unpaid loans are called.

A little saving in the military field, as the Senator knows better than I, is more than a major saving in any other field of our Government.

Mr. LONG of Louisiana. This antiballistic missile system would be enormously expensive if we got into it. Does the Senator feel that sooner or later we will have to get into this type of defense rather than leave ourselves totally defenseless against ballistic missiles?

Mr. SYMINGTON. That is a good question. The entire thrust of recent years in the Defense Department has been, in effect, that the best defense was a superb offense.

In other words, that the maginot line concept would not work.

When this matter was first presented, there was no interest in it, or desire for it, on the part of the people that were running the Defense Department.

Under all the circumstances, it still does not seem the right course to me.

Mr. LONG of Louisiana. Unless a nation has a foolproof system to defend itself against those weapons, it would be almost insanity to attack a major power with atomic weapons, unless one were in a position to completely knock them out and destroy their ability to retaliate. While any nation—the Soviet Union, this

Nation, or any other power that acquired large numbers of atomic weapons, as these countries do—could inflict fantastic and almost inconceivable damage upon an adversary, if they had to recognize the fact that the adversary would inflict even a quarter of that damage in return, the answer would be no, that it would not be worth it.

Mr. SYMINGTON. The Senator is correct.

I was in London during their worst raid, Saturday night, May 10, 1941. My office was in the Air Ministry, and when I came to work on Monday morning, everybody was happy. I could not understand it, and asked why.

People said, "We got 5 percent. Once we get 5 percent, we all agree they can't continue these raids because of attrition."

It is interesting that there never was a mass bomber attack against Great Britain after that, until the buzz bombs came along. There were a lot of individual raids, but not an organized raid. So they were right in that extrapolation.

If I follow the Senator's point, today, if we knocked down 95 percent of an attack, and 5 percent got through, our world would turn into dust. That is the vast difference between conditions—dangers—in this nuclear age, and those at the time of World War II.

Mr. LONG of Louisiana. People should keep in mind the enormous damage that could be done by a large atomic bomb dropped upon a major city.

The Senator so well knows this because he has studied this matter and has evaluated the studies and tests made.

A single atomic explosion on one of our two or three largest cities would probably kill several times as many people as were killed in all of the wars in which the United States has ever fought.

Mr. SYMINGTON. A large hydrogen bomb would just about wipe out one of our large cities.

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

Mr. SYMINGTON. I am glad to yield to the distinguished Senator from Michigan, coauthor of the amendment.

Mr. HART. Mr. President, I interrupt only to thank the Senator for speaking today as he has. Here is a man who has been devoted to this matter for years and who brings to the subject a background that I think is unequaled in our body, a brilliant mind and a devotion to the defense of this country as is exceeded by none.

Mr. President, opponents of the pending amendment (No. 854) have contended that the Sentinel system could save American lives in the event of a nuclear attack or accident. In reply to that contention, I wish to emphasize particularly that the pending amendment does not preclude deployment of a lifesaving missile defense system if and when we have developed an effective one. Surely, a year's postponement—which we can afford—of a system which we have repeatedly put off for so many years because of its doubtful effectiveness would simply give us more time to develop a really effective system, if that is possible, instead of rushing ahead to install one which would likely be obsolete long before China has developed an intercontinental ballistic missile capability against us.

Indeed, it appears that opponents of the amendment recognize the logic of postponing deployment of a system against a Chinese missile capability which does not now exist and which the Department of Defense finds now to be more than a year delayed beyond the projected timetable upon which, in the fall of 1967, was based the decision to commence deployment of Sentinel. Instead of urging Sentinel deployment against Chinese nuclear power in the 1970's opponents of the pending amendment now apparently contend that we need a "thin" defense deployment against a Soviet nuclear capability. They suggest that there are two or three ABM systems now deployed by the Soviets, and that we should therefore commence deploying a system of our own. But the argument that Sentinel deployment improves our situation as against Soviet capability is wrong for three separate and conclusive reasons: First, the Soviets do not have deployed any significant or effective ABM systems; second, even if they did deploy such a system, our response should be to enhance our offensive deterrent capability rather than to ape their defense efforts; and, third, if a missile defense system can ever save lives it is certain that the "thin" defense Sentinel system would quickly and cheaply be overcome by immediate increase in Soviet ICBM forces.

First of all, it is clear that the Soviets have not deployed and are not deploying any ABM system which can protect their country against missile attack. Based on the most recent testimony of Secretary McNamara and others, it is now clear that the Soviet Union's ABM deployment consists of only a small and essentially ineffective deployment around the city of Moscow, using the so-called Galosh missile. Two other systems have been described as having ABM capabilities: one, deployed at the city of Leningrad in the early 1960's, was apparently abandoned when the U.S.S.R. considered it ineffective against the missile threats then in being; the other defensive deployment, called the Tallinn system after the city of Tallinn where one of the sites was first identified, was for a time considered to have a possible ABM capability. By February of this year, however, it was apparent that the Tallinn system does not now have, nor did it ever have, an antiballistic missile capability, and the Secretary of Defense made this point clearly before the Senate Armed Services Committee.

But suppose, Mr. President, that the Soviets were actually to install a general missile defense system like our proposed Sentinel system. Even then, it seems quite clear that the proper response by us would be in the area of the strategic offensive nuclear forces which such a Soviet defense screen might affect to some extent. For if the Soviets should deploy a significant ABM defense it is our strategic deterrent power alone which would be affected by that move, and its enhancement alone would be a rational response by us. Building a defensive system here simply would do nothing at all to answer or neutralize any Soviet defense system.

The truth is, Mr. President, that any decision to build a missile defense system against Soviet nuclear striking power is related to the capacity of that Soviet offensive capability and not at all to any Soviet defense system whether that system be marginally effective or, what is much more likely, totally ineffective. And when we come to the nub of the question, whether we can or should deploy Sentinel or any other existing ABM concept to save lives against Soviet attack, the answer remains the same answer which has convinced our eminent scientists, our Presidents Eisenhower, Kennedy, and Johnson, and our Secretaries of Defense that any such attempt would be not only useless but dangerous. Unless we are ready to commit our entire population to a life underground, there is simply no missile defense which the Soviets cannot penetrate with their massive nuclear force to annihilate our cities and our people. Even a handful of Soviet multimegaton warheads which would inevitably penetrate even a 90-percent-effective missile defense system would do that unspeakable damage. Thus, at a cost of $50 billion or more which we could ill afford, an anti-Soviet missile defense system would not in any way change the balance of nuclear terror between our two nations. But any effort in that direction would not merely be a tragic waste of our resources. The most likely effect of a massive missile defense deployment would actually be to imperil more American lives than if we had never begun on the long and fearful road of a nuclear defense-offense race with the Soviets. For the Soviet Union would immediately have to double its strategic nuclear forces if we attempted a massive missile defense system just as we would have to do if they did so. The offense enhancement as Secretary McNamara has emphasized, is much faster and cheaper than an elaborate defense system which must have almost complete and immediate effectiveness against an untested and unknown striking force. And if the Soviets double their present overkill power in a response to a United States missile defense against them, and if the ultimate tragedy of nuclear war occurs between us, many more American lives would be lost.

Thus, Mr. President, it becomes utterly clear that the Sentinel system is useless and worse than useless against Soviet nuclear power. If the system has any marginal capability at all it is as Secretary McNamara emphasized last fall, a capability during a few short years in the 1970's while the Chinese may have only a rudimentary ICBM force. And that most limited and doubtful function of Sentinel deployment does not require us to rush ahead now while our system is not fully tested, while more research would serve our security interests, and while the Chinese have slipped more than a year in a timetable which in any event would give them no significant ICBM capability against us for many years.

The question that confronts us is not an easy one. I hope that those who have not resolved their doubts will read carefully the message the Senator from Missouri has given us. If I had had any doubts about the pending proposal, they would have been resolved as I listened to the distinguished Senator from Missouri. He suggests again courses that Americans should follow prudently as we seek to insure our security and bring this world closer to peace.

I wish to ask just one question. We now are told—although frankly I had not realized it until a few days ago—that, indeed, the Sentinel system does have its relationship to the Soviet Union. The Soviet Union cannot afford to disbelieve that statement, no matter what the background may be against which it is voiced. If there is any wisdom in the Kremlin, is not the only intelligent response to the announcement that we are about to begin this system to increase on their part their offensive strength? Is not this the way the basic rulebook has it? If that is so, are we not again contributing to the spiral of an arms race that will bring us to disaster with its ultimate annihilation by use of arms or the collapse of our economy, which concerns both the Senator and I?

Mr. SYMINGTON. I answer the Senator with great respect. With respect to the reaction of the Soviet Union, I would say that both countries would be better off if we could reach some agreement on arms control.

Let me thank the able Senator for his kind and undeserved remarks.

I would now yield to the Senator from South Dakota.

Mr. JACKSON. If the Senator will yield to me briefly, I would just like to point out to my good friend from Michigan—and I have the greatest admiration for him as I do for the Senator from Missouri—that the Soviets were the first to develop an intercontinental ballistic missile; the Soviets were the first to develop an anti-ballistic-missile system, and the Soviets were the first to develop a fractional orbital bombardment system—FOBS.

This idea that we are driving them on is sheer nonsense. They have been working on the anti-ballistic-missile system for years. They deployed their first defense around Leningrad around 1962.

Secretary McNamara had for over a year and a half—it was the premise of his statement—tried to reach an agreement to get talks underway in Moscow. I submit the way to get them to talk is through the maintenance of strong positions and not to walk away from it. Let us not have a guilt complex that somehow we are driving the Soviets on. The Soviets act in their own interests; they are going about their business, not ours.

Mr. HART. Mr. President, I am grateful to the Senator for his comments. I did read his speech in which he made that point.

My concern is that we examine our consciences every day of the year and ask ourselves, "Who is driving whom?" I want to be very sure. This is not a guilt complex; this is a survival problem.

Mr. JACKSON. The Senator is correct that we are talking about the survival of this Nation and of millions of Americans.

Mr. HART. We can forfeit our future both ways: by getting fat, dumb, and relaxing, or by getting overwhelmingly tough, when we are talking about a system, the effectiveness of which is in very serious doubt, but the cost of which is pretty solid, against a foe, whether it is mainland China or the Soviet Union, which as I understand will cut its cloth to fit its desires. I acknowledge completely their self-interest.

Mr. President, I ask unanimous consent to have printed in the RECORD an editorial entitled "Nonproliferation and Beyond," published in the Washington Post on June 14, 1968.

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

NONPROLIFERATION AND BEYOND

Truly, it is amazing, it is wonderful, that 92 nonnuclear nations indicate willingness to spurn nuclear arms of their own. A real sacrifice for some, a convenience for others, a gesture for still others, the treaty is for all a major contribution to world peace. In deciding to depend for their protection and peaceful nuclear capacity on the great powers, they have exercised courage as well as responsibility. Indeed, the surprise is not that there were heavy misgivings among many of the 92, and among all those who failed to endorse the nonproliferation treaty. The surprise is that in most cases the misgivings were overcome.

Every nation ought to accept the treaty. None which refuses will be regarded as a responsible world citizen. Even so, the treaty imposes restraint on non-signers, specifically, the sure knowledge of being declared outlaws if they acquire their own bombs. And in some cases the fact that a rival has signed will remove a powerful incentive to make one's own bomb.

In the years of the treaty's gestation, few expected it would ever be born. Without the faith and work of those few, it would not have been. In Washington, the Arms Control Agency and particularly its chief, William Foster, have earned the country's deep gratitude. We would hail, too, the appropriate Russians if we know who they were.

At the General Assembly, President Johnson renewed his pledge to seek limits on the great powers' strategic weapons. This reflected his proper understanding that, in return for securing the have-nots' agreement on nonproliferation, the haves assume a clearcut obligation to curb their own arms. The President observed that avoidance of a further strategic-arms race depended on reaching "an agreement" with the Russians.

Is this so? The Soviet position, well understood as such within the Administration, is that Moscow will not approach such an agreement while the United States is at war with a Soviet ally. Until recently, this seemed to pose an insuperable hurdle, and the United States had reluctantly announced a decision to deploy the anti-China Sentinel missile defense, despite its fears that Sentinel might lead both Moscow and Washington to put up ABM systems against each other.

Now, however, the situation may have changed. New intelligence estimates of Chinese and Russian progress reportedly grant the United States more time to decide on Sentinel deployment. The President's retirement frees him from the inhibition of a campaign "missile gap" charge. Budget pressures are tighter. A number of Senators, led by Mr. Cooper, believe it to be safe, wise and necessary to slow down on Sentinel and they will attempt to deny all but research funds for it. It becomes possible to see, in the handling of Sentinel deployment, whether the United States is meeting the nonproliferation treaty's test of good faith.

Mr. SYMINGTON. I think the Senator has put his hand on an important point. This system has not been proved out. I do believe there is much defense hardware we are not building we should be building units that have been proved out. Therefore, inasmuch as we are getting into a financial bind, and everybody knows that to be true, it is more important to concentrate on what we know will work than on things we know, based on past experience, could well not work.

I yield to the Senator from South Dakota.

Mr. JACKSON. Mr. President, if the Senator will yield, I wish to advance one point.

I want to say that the Senator from Michigan made a very good point. I merely want to observe, as I said on Wednesday, that I favor two consonant courses of action: On the one hand, that we keep talking to the Soviets and working with them where interests converge; but at the same time that we remain strong.

The last point I wanted to make is this: If this ABM concept does not have any value, why is the Soviet Union spending billions of dollars of their resources on it?

Mr. SYMINGTON. I do not believe we should in any way overlook what the Soviet Union is doing in this field, or any other field; and have devoted the last 25 years in effort to have a strong America so we can have a free America. Let us remember that money is needed to have a strong America in more than just the military field.

I am in agreement with what the Senator said about maintaining strength not only equal but superior to the Soviet Union.

I yield to the Senator from South Dakota.

Mr. McGOVERN. I thank the Senator for yielding. I had asked the Senator to yield to me so that I might commend him for his words here this afternoon. I think what he has to say carries a most unique weight in the Senate on the matter of defense.

There is one question I wish to ask the Senator. If I am interpeting correctly the case some have made for the anti-ballistic missile system, as I understand it, the original argument was that we needed a so-called thin system because of the danger from China in the 1970's.

Mr. SYMINGTON. The original argument was we did not need any system, because our offensive capacity was being developed to the point where we could smash any aggressor. Then, for some reason never clear to me, there was proposed a $30 billion defense against the Soviet Union and a $5 billion defense against a possible future threat from Red China; and the Chinese defense was chosen. For reasons I still do not understand, we decided against a defense against the Soviet Union, but did want a defense against a possible threat from China. So we saved $25 billion, just like that.

When I asked as to whether this would

be a building block which would give us a defense against the Soviet Union, at first they said, "Absolutely not." That was one of the reasons why I voted for the amendment of the distinguished Senator from Kentucky, which lost by only 31 to 28, as I remember it.

Now, however, this has all been changed. Some say it is a building block against the Soviet Union. Let me present this thought to the Senator from South Dakota: Each year the demand for research and development in the Department of Defense increases to the point where now it amounts to $8 billion a year. That does not take in the demand for additional research and development in such agencies as Space.

This money has been put up faithfully on the floor of the Senate, year after year. I now challenge the results. What has come out of these vast sums? Show what we have recently in the way of new ships. Show me what we have in the way of new submarines. Show what we have in the way of new planes, bombers, or fighters. Where is the hardware?

True, we have had missile program after missile program. Then, they put them on the shelf, either because they are obsolete, or because they do not think they will be needed, or because they do not work.

I challenge anyone to say we have had a proper return on our gigantic research and development in the military field. We are not getting our money's worth. That is one reason I felt I should take this position today. We have been getting a lot of gadgets and tricks and theories. But where is the modern hardware? You cannot fight with blueprints.

Mr. McGOVERN. If the Senator from Missouri will yield further, I should like to pursue the matter of justification for this enormous expenditure. He has stated that those who are advocating it have based their case, in the first instance, on the need for a defense against China. Then this week we hear the case made that we need it as a partial defense, and as a first step toward an ultimate full defense, against the Soviet Union.

But, at one point in the argument, we find the Secretary of Defense and the administration saying that if we could get some kind of agreement with the Soviet Union whereby they would not deploy their ABM system, then we would not deploy ours. What then happens to the argument that we need one against China? If we do need a defensive missile system against China, and if that is the "marginal" reason for the Sentinel, why would we make a deal with the Soviets not to build it?

Can the Senator answer that?

Mr. SYMINGTON. As usual, the Senator from South Dakota is logical. His point is well taken. We seem to extrapolate all these points for just one purpose, to pour more and more money into research and development. But what have we received for our money, the taxpayer's money?

Again, I think the Senator's point is well taken; we do not fear the great danger from the Soviet Union, but we do fear the much smaller danger from Red China.

Mr. McGOVERN. The Senator is correct. I have one more question. Is it not true that approximately 10 years ago we had essentially the same argument made for an ABM system which is being made today? President Eisenhower and Congress decided not to move ahead on the ABM system, on the ground that the system then being proposed would possibly become obsolete before it could be constructed. That being the case, is there any more evidence in the Senator's mind that by the time we get this system deployed, it would return sufficient dividends to the country in the form of an adequate defense to justify the expenditure?

Mr. SYMINGTON. I think there is ample evidence, based on experience, that its cost could not be justified.

During the early 1930's, the French army was considered by far the finest army in Europe. Then the German army began to be built up, but the French did not worry too much because they sat behind what the world now knows as the maginot line. Any way we look at it, this idea has in it the concept of a maginot line, the idea that we can insure prevention from attacks. There was a time when, if we could knock down 5 percent of incoming enemy planes, we would have successful resistance. Today, if we knock down 95 percent, or even 98 percent, we still have a destroyed city.

Mr. McGOVERN. I thank the Senator from Missouri very much for yielding to me.

Mr. COOPER. Mr. President, if the Senator from Missouri will yield one moment—I know he has been on his feet for a long time—I should like to read a paragraph from Dr. Foster's statement:

> The ability to protect ourselves from unacceptable damage from a numerically large and technically advanced missile force such as that of the Soviet Union is not yet technically feasible. However the Sentinel system will complicate any attack on the United States.

If it will not provide protection against the Soviet Union, why deploy a "bum" system, one which Dr. Foster says would not be technically feasible?

Does the Senator see any point in spending whatever amount it would cost, $5.5 billion, to deploy a system which Dr. Foster says is not technically feasible against any attack by the Soviet Union?

Mr. SYMINGTON. I would agree with the Senator from Kentucky, and I should like to put it back to him in this way: Why is it we are not asked to build a complete defense against the Soviet Union, while at the same time we are asked to build a defense against the nonexistent threat, a defense everyone would be the first to admit is not a defense against the Soviet Union? We have not built the ships or planes we should have built, despite the record showing that we have put more money into the hands of the research and development people in the Pentagon than any one has ever done on any research and development program in world history. When the recent testimony before the Preparedness Subcommittee is presented to the American people these facts will become known.

If we are going to spend this kind of money—think of it, this year alone over $8 billion—then we should put out more we know will work, not a theoretical maginot line which everyone admits would not protect us against the one country that today could destroy us.

Mr. COOPER. Does the Senator think there is any sense at all in the statement made, that this is a protection against a Chinese threat when this country, with all its missiles and warheads, could wipe China off the face of the earth? Does the Senator think there is much danger of the Chinese attacking us with their new missiles, as they develop them?

Mr. SYMINGTON. None whatever, at least for many years.

Mr. President, I appreciate deeply the superb contributions of the Senator from Kentucky to this debate.

Mr. President, I yield the floor.

Mr. STENNIS. Mr. President, I do not expect to detain the Senate for a great deal of time. I do have some observations that I want to make based upon my experience on the Armed Services Committee, not in any way testifying as an expert in any field, scientific or anything else, but just based on the hard, common-sense experience I have had. I have seen this problem—and it is a problem—develop in most of its major steps.

All of us appreciate—and I certainly do—the observations, the work, and the comments of the Senator from Missouri; but all these things get down to a matter of opinion. We are all influenced, to some degree, with respect to weapons systems and our leanings and inclinations, by what we think is most effective.

If I may, I wish to call the Senator's attention to one thing about his complaint about too much money in the military bill for research. I know he is sincere about that. It is about $8 billion.

Two years ago, when I was acting chairman of the authorization hearings for the Senator from Georgia, according to my best recollection, the amount at that time for research and development in the same general field was about $7 billion across the board. As acting chairman of that committee, I proposed a reduction in that amount. My best recollection is that it was 5 percent. The Senator from Missouri, in his wisdom and earnestness, very strenuously opposed that suggestion, and he rallied the forces around the table. When we took the vote, the majority voted against my proposal, in favor of the full amount. He was just as honest and sincere then as he is now.

So it is just a matter of opinion. The research programs are almost the same as they have been from year to year, except that the weapons vary. So the figures for research and development are matters that no one can define exactly. Certainly, it illustrates that here is an honest, sincere man who differs on those figures.

I know of another illustration. We rejected Mr. McNamara's testimony in earlier years and put extra money in the authorization bill for the B-70. The Appropriations Committee appropriated the money. This was done 2 years in succession. If I remember, the Senator from Missouri did not oppose the addition.

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

Mr. STENNIS. I yield. That is my best recollection. The same thing for the B–52.

Mr. SYMINGTON. First, with respect to the B–70, many of the problems we have today are not problems we had at the time of the B–70.

Mr. STENNIS. That is correct.

Mr. SYMINGTON. Let me say to my friend from Mississippi that he has no greater admirer in this body. But first, what I believe in the past, as compared to what I believe today, are two different matters.

For the record, I was for more research and development when I thought we were really getting something for it. I am against the scope of it now, much of my current thinking the result of the fine committee hearings held by the Senator from Mississippi. Incidentally, there was no greater opponent of the B–70 than I before it was dropped, after the Air Force voluntarily changed it into the RS–70.

Mr. STENNIS. I thank the Senator. If he was not included in either one of those, on the question of continuing the B–52 and also pushing forward with the B–70——

Mr. SYMINGTON. The B–52 was all we had to build. There was nothing left. I thought we should have more of the one bomber we had left in production.

Mr. STENNIS. I was in favor of the extra money for the B–52 and for the B–70.

However, these are matters of opinion, and they vary from year to year, and the facts vary from year to year.

As I said the other day in this Chamber, I had opposed the building of an antiballistic missile either against the Soviet threat or the Red China threat. In 1963 we had a closed session here. The proposal to start deploying an ABM system came from the Senator from South Carolina. I opposed this because it was clear to me, as the facts were then, that we had not reached the point of deployment.

The Senator and I sat together hearing testimony from Mr. McNamara. I challenged Mr. McNamara on many things, but I was very impressed by his testimony on this very point as to whether or not we had reached the stage for deploying the anti-ballistic-missile system. He had opposed it—and I thought correctly so—until last fall, when he made his first public announcement that he thought the time had come to move away from just the field of research and to get into the field of deployment to a degree. In other words, he pushed away from the shoreline and got into the waves somewhat.

Now we come to this year's hearings. I checked to see if there was anything in Mr. McNamara's testimony on the authorization bill beginning in January of this year. When he was testifying, I happened to be acting chairman. Everything he said then, on cross-examination and otherwise, supported this authorization. I think he was just as honest then as he was earlier when he was testifying against it.

I do not believe anybody has lived any closer to the matter of the missile system—which I did not favor until last year some time—or that anybody has done any more work, any layman, at least, than Mr. McNamara.

I will state another impressive thing about this matter which is not to be ignored. Here comes Mr. Clifford, with his fine legal and practical mind. For my humble part, I have been very impressed with the way he grasps things and gets his hand on a problem. He is not one to claim to know a great deal to start with, but one who wants to learn. He has been Secretary of Defense only three and a half months. We have a statement from him in the form of a letter to the chairman of the committee, stating, on his responsibility, what he thinks about it. It is not a disclosure of any secret. I can say that he said, in my presence, "At first I did not know much about it. I was not too impressed with it. But when you get into this thing and see its relative position and importance, the strength of its need starts growing." That is what he concluded.

I do not think there is any doubt that, if he had not concluded that way, he would not have supported that item in the budget. I say that with confidence, because I know of some things he has done on some other items in the budget when he was not convinced, and he frankly and openly said so. At least, he said it openly to us. I do not know whether there have been any public statements on the matter.

So those things should be emphasized. Nobody knows the answer to this problem. If we are going to wait here to get an antimissile system until there is a perfect one, we will be left out of the race far, far behind.

A major part of all of this has to be taken on faith and on hope. I came here in 1947. In 1948 or 1949, one of the most knowledgeable men in Washington, with vast experience gained in World War II, said it would be 15 or 20 years before the Russians had perfected a nuclear weapon.

Instead of its being 15 or 20 years, it was just 15 or 20 days thereafter that they made their first explosion. That did not reflect upon the man's integrity, his honor, nor his capability. It just serves to show how badly we can be mistaken.

Earlier I did not pay much attention to the Chinese nuclear potential. I simply did not believe they had the capacity. But lo and behold, I have forgotten exactly how long ago it was, but a relatively short time later they came forth with a nuclear weapon, and now the undisputed testimony, as I understand it—and I do not suppose this is classified—is that they have a weapon now with a delivery system effective within a radius of a thousand miles.

Look at the map of Asia, and you can see. Talk about blackmailing or intimidating other nations, just look at the little nations that come within a thousand miles of the border of Red China.

So Senators can see how fast they are going, and how far they have already gone. I am convinced that whatever we can do—and I do not know what is best; I leave that to the witnesses, the scientists, the military men, the secretaries—but I am fully convinced that whatever we can do, we had better go on and do it.

It will cost money, as these other systems cost, of course. If we find out later we do not have to have it, then we can effect any savings we can. But let us not take the chance now. Questions of survival are involved. No one has the full answer. This is an uncertain and unknown science.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. LONG of Louisiana. Mr. President, is the Senator aware of the fact that one of the top men in the development of missiles for the Chinese Red regime is an extremely competent and able man who was once one of our top scientists? This man defected, lived and worked in California, and left this country for China, taking with him all of his vast knowledge.

Mr. STENNIS. Yes.

Mr. LONG of Louisiana. This man's knowledge included virtually all the top secret information known by this Government at the time, including all the books he could haul away on a ship over there to China, to start their missile program.

Mr. STENNIS. Yes.

Mr. LONG of Louisiana. Most of what we knew was made available to Red China at that time, in addition to whatever they could learn from the Russians.

Mr. STENNIS. The Senator is correct. I found out a lot of those things after really getting into the subject.

It seems to me as though it would be a foolish thing for the Chinese to attack us with this weapon. If we do not move, and give them 5 more free years, what would be their idea about attacking us? Not our idea, but what would be their idea about attacking us, knowing we had no system deployed?

We may have one deployed that will not work, but they will not know it will not work. But if they know we do not have any, and meanwhile they have made tremendous advances—I do not want to cause the State Department any trouble, but I believe the Communist Chinese have reckless, determined leaders, far more so than the Soviet Union's leaders are. Far more so. Anything that we can do, at this state of the art, I believe we must risk the money and do it. I am not indifferent to what it will cost.

I do not claim any credit for this. With the help of other members of the subcommittee—the Senator from Louisiana was the first chairman of Subcommittee on Military Construction and I was a member of it, and later became chairman when he went to another committee—we handled all the construction authorization for the Nike Ajax and the Nike Hercules, some of which latter system is still in use. I have in my possession a little memorandum from Mr. McNamara, referring to one of our actions before he came to the Defense Department, in which he said, "The committee saved this country $2 billion by challenging the

construction of additional antiaircraft missile installations."

The Senator from Missouri was a member of the committee and helped out in that effort, though I do not know whether he especially remembers that. But that was something that happened before Mr. McNamara got here, and something he approved of, and brought it up one day himself, and I asked him if he could make a calculation about it.

So we are not just indifferent to money, and we are not indifferent in this matter, those of us who think that we ought to move forward.

This is one time I advise every Senator to resolve his doubt, if any he has, in favor of the proposal to go on with the deployment.

If a Senator feels certain that there is no threat and no danger, and we need not move out in this deployment, he ought to vote in favor of taking it out of the bill and keeping it out as long as he can. But I am talking now to those Senators who have not been through these hearings for years. This is not something you learn by reading one book, or looking at a single report. I think you have to spend years with a matter of this kind to get the feel of it, and then you may be mistaken. I do not say I am right. I say I believe I am right, and whatever doubt I have, I believe, must be decided in favor of action rather than inaction.

I believe the new Secretary of Defense, Mr. Clifford, had that very thing in mind, that we have got to start a system. We have got to move out from the borderline, here, of just research, over and over, and we have got to get into the deployment field.

Senators may ask, "Why did you not go against Russia?" We have developed a system that we think it highly probable would be effective against the less sophisticated or the unsophisticated system that Red China has, as I understand, or will have 5 years from now. I do not wish to make too much of an admission against our side, but I do not know of any evidence that we are yet to the point where we have a system of missile defense that is probably sophisticated enough to cope with the Russians' advanced system of missiles. We have to assume, and we almost know, that they are just about up to us with their type of missiles; but if they are not up, we have to assume that they will be, and a part of this picture, at least, is that this is a system that may not be sophisticated enough to match the Russians' effort. But I am satisfied of this: that through the trial and error of deploying this system, we will learn plenty. We will learn a great deal about a system designed to provide more complete protection against the Russians' more sophisticated missiles.

If I am wrong in that, I have been told something that was not true. I have been skeptical about this matter all the time. However, I never am willing to decide a doubt against the American people or against our security. I have always said that what doubts I have, I will decide in favor of the program.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. LONG of Louisiana. As the Senator well knows, I am troubled about this matter. We cannot solve all these problems on the drafting board or in the laboratory.

We must find out more about this problem. When we start with the missiles, I should think that as we build them, we will be testing them to see whether we can hit anything with them. It may be that when we first start with them, we may not be able to intercept a target. But at least the people in the field, the officers who are working with the guidance system and with the weapons, will be reporting as to whether they can hit anything with the weapons. And the weapons will be modified.

We have had experience in our part of the country, and I am sure that the Senator knows of numerous cases, where we are modifying existing weapons and existing aircraft to make them more effective and, and to make them faster and better weapons. Changes are being made that will enable them to do things that we had not planned on their doing.

I would assume that we will continue to work with these weapons to find out whether we can improve them.

Many times people working in the field will be able to come forward with some very good suggestions as to the ways in which these weapons can be improved. These will be answers that we cannot obtain from looking at a drafting board.

Mr. STENNIS. Mr. President, the Senator is so correct. That is the way progress is made and has been made—after a certain point has been reached. I believe that we are up to that point now.

I cannot say with certainty that we ought not to proceed. All of the witnesses that testified under their responsibility, after having made investigations—the scientists, Dr. Foster, both the immediate past and the present Secretary of Defense, and the Joint Chiefs of Staff—testified about the need and the possibilities. They all say that the time has come for us to move.

Mr. LONG of Louisiana. Mr. President, one thing that does appeal to me about the Senator's argument is that since the Soviet Union is in the field now, working diligently to perfect an antiballistic missile, and since they are doing it in the field and testing it day by day to see whether they can improve upon it, if we wait and let those people get so proficient that they can defend themselves against our missiles, we will be at their mercy.

Mr. STENNIS. The Senator is correct. There will not be any more negotiations then. We will be at their mercy.

I am impressed with our great striking power and destruction capabilities. We have done this on a large volume basis. There is no doubt about it with respect to the Minuteman and the Polaris.

Neither is there any doubt about our destruction capabilities. I do not think there is any doubt—provided our missiles work. I do not know anyone that guarantees that they will work—the launching system or the other parts. I hope that they will.

We have done a lot of experimentation. NASA has done a lot of experimentation. Sometimes the missiles do not go up. Nobody can guarantee any certain and complete protection in this missile field—offensive or defensive.

I do not believe that they ever will guarantee it. I do not believe that we will ever have a system that will be a complete anti-missile-missile system. I do not believe that we could make it complete.

Mr. JACKSON. Mr. President, will the Senator yield for a brief observation without losing his right to the floor?

Mr. STENNIS. I yield.

Mr. JACKSON. I think in our effort to try to decide on the offensive missile role and the antiballistic missile role, we get involved in a lot of detail that is not relevant to the central issue.

What are we trying to do?

It seems to me that we are trying to prevent on this planet a thermonuclear catastrophe. This raises the obvious point: What is a deterrent? We keep talking around this issue. It seems to me that a deterrent is a combination of forces in being, plus a state of mind about those forces, plus will.

Having said that, it seems to me to be so important that we understand the very important role of the adversary's state of mind. If the Soviet Union obtains parity or superiority in ICBM's—and they are moving fast—and if they develop an ABM system that they think will be effective after they have struck the first blow against the United States and believe they can absorb an acceptable number of missiles from the United States in retaliation, then we have a very unstable situation in our world. It will present a situation that can be a threat to the very survival of life on this planet.

The key factor here is what the adversary believes. If the Soviets believe that their ABM system will work and we do not have one, and if our allies believe that Soviet ABM systems will work and we do not have one—our forces would no longer be a reliable deterrent. I go a step further, and this is important—if the United States should get in a hot diplomatic situation and an American President were confronted with a situation in which our adversaries have parity in offensive weapons and have an ABM system and we do not, the President might not make the move that he should make in the national security interest of the United States.

This is what I think we are talking about when we talk about a deterrent. This is why it is so important that we not become confused over a lot of details about hardware and what a given system will not do on a wartime basis.

A thermonuclear war could well come, among other things, from a belief on the part of our adversaries that their ABM system works and that we do not have one.

Mr. STENNIS. Mr. President, the Senator has stated it well. He has stated it far better than I could have done. That was the third point I wanted to make here.

Mr. JACKSON. I am sorry.

Mr. STENNIS. No. The Senator described the situation better than I could have done.

Even though we have an effective system, so far as being an offensive system, if they have a defensive system and know that they have one and know that we do not have one, a war could be started within a few minutes.

I am Scotch, and I am rather stingy. As much as I dislike to spend billions of dollars, I was driven to the belief that we had better start. We have researched enough on this matter. I say further that I believe it can be summed up in this way: There is in this bill now a start on the best and most advanced antimissile system we have, one that will be effective against the threat that it is primarily directed to. That is the best one we have. It is not considered, as I understand it, sufficient as against a Soviet threat.

It might be against the Chinese one. It may be a step in the right direction. I do not say that it is block on block, or anything like that, and I do not understand it that way. But it is a launching into the sea of deployment, and every other time we have usually had good results—perhaps not every time.

As the Senator from Missouri so wisely said, some of these systems did not succeed—in airplanes, in submarines, and in the field of weapons. The research is lost so far as producing an effective weapon is concerned, but it is not altogether lost so far as knowledge is concerned.

With regard to the matter of Mr. McNamara's testimony and the question about the systems, I refer to page 143 of the hearings before the Committee on Armed Services, second session, on S. 3293, the authorization bill which has been passed. This is a question by Senator SMITH to Mr. McNamara, as contained in the cleared copy:

Senator SMITH. Some critics of the Sentinel ABM system have commented that against the Soviet Union we are relying on our devastating retaliatory power to deter an attack on us, but that we are unwilling to rely on the same deterrent against a country with much less nuclear offensive power than the Soviet Union, Communist China. Would you give us your response to this comment or give us a statement on it?

Secretary MCNAMARA. Yes. Let me comment very quickly now and then, if necessary, expand it for the record.

Why can we deter the Soviets and be confident of it, and not deter the Red Chinese who have a lesser force than the Soviets? The answer is that the Soviets, in effect, have an invulnerable, or substantially invulnerable, force; whereas the Chinese in the mid-1970's will have a vulnerable force. The reaction of a party with a small vulnerable force during a period of tension and crisis is likely to be quite different than the reaction of a party with a strong invulnerable force [deleted].

At this point there is a deletion. I do not know what it is, but the official record is available:

This is what we would fear of the Chinese, that in a period of tension—and we have had some recently, and we are likely to have more in the years ahead—they, seeing this huge U.S. force facing them and recognizing that they have but a small highly vulnerable force subject to complete destruction if we were to use but a small part of ours, might be tempted to launch a preemptive strike.

The Soviets wouldn't face that temptation; because they know that their force is large and invulnerable enough, and there would be no need for them to launch a preemptive strike under those circumstances, knowing that were they to do so, they would be committing suicide in the process.

That is Mr. McNamara's reasoning, that is his idea, that is his logic on it. As I have said, it is worth something, because he lived so long with this problem and had the courage to object to it, until he had belief that we had made the progress necessary to launch out beyond the field merely of research and get into the field of deployment.

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

Mr. STENNIS. I yield.

Mr. SYMINGTON. Mr. President, I am glad that the Senator has brought up the testimony of former Secretary McNamara, to which I referred in my talk, that very passage.

Mr. STENNIS. I did not know that the Senator had quoted that passage.

Mr. SYMINGTON. The fact that I could not agree with his syllogistic development of the lack of rationality of the Chinese and the rationality of the Soviet Union, was one of the major factors in getting me interested in pursuing this whole situation.

I thank the Senator for yielding.

Mr. STENNIS. I thank the Senator. I was not present when the Senator from Missouri read that testimony. I would have been content with simply commenting on it, rather than reading it.

Mr. SYMINGTON. Mr. President, I referred to it. It is with regret that I do not see eye to eye this afternoon with my beloved friend from Mississippi. Perhaps in all the years I have served in the Senate with him on committees, this is the first time we have had a major difference on such a matter. I fully respect his opinion, and honor him as a patriot and a great Senator. But I know he would want me to express my convictions, just as I would want him to express his own.

Mr. STENNIS. I certainly do. I thank the Senator for his remarks.

I hasten to add that the Senator not only has the privilege of expressing his convictions, but also the duty to do so.

I am glad that the Senator has expressed his convictions about the matter. There is always strength in what he says, and I have not ignored his thinking on this matter over the years. But I am fully convinced now that we should move forward on this matter, for the reasons I have already given.

Incidentally, some error has crept into the debate about a previous vote on this subject. The authorization was challenged—in the authorization bill—and the amendment offered was to strike out the authorization for the money—not for this construction money but for the procurement part of the authorization. The amendment to strike it out was rejected by a vote of 41 to 17. It was said the other day that there was just a three-vote margin. I did not have the figures with me at that time.

Mr. SYMINGTON. On the Cooper amendment.

Mr. STENNIS. I am coming to the other amendment.

The amendment to strike it out was rejected by a vote of 41 to 17.

There was another amendment, and it was offered by the Senator from Kentucky. It provided that the funds should not be spent until there was a certification by the Secretary of Defense that the system was practical and that the cost was reasonable. I was here then. I argued against the amendment, solely on the ground that it would not be in the budget unless the Secretary of Defense thought it was practical. And no one could say what the cost was going to be, so almost any figure would have to be considered reasonable. I really did not oppose that amendment very strongly because, with all deference, I did not believe it went to the heart of the authorization.

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

Mr. STENNIS. I am glad to yield to the distinguished Senator from Kentucky, who made a very vigorous argument with respect to the amendment.

Mr. COOPER. I believe there is a difference in the amendment we have offered to this bill and the amendment which, as I recall, was offered by the Senator from Wisconsin [Mr. NELSON].

Mr. STENNIS. Yes, the Senator from Wisconsin [Mr. NELSON].

Mr. COOPER. The Senator from Wisconsin offered an amendment to strike out all the funds in that bill.

Mr. STENNIS. Yes.

Mr. COOPER. The amendment we offer would not strike out all the funds. It would not strike out the research and development funds.

I voted against the amendment of the Senator from Wisconsin, as I recall, and I believe many Senators voted against it because they were not willing to discontinue research. I believe that was the difference.

So I must disagree with the Senator from Mississippi that that was the important vote. The amendment offered at that time was not drawn as aptly as it might have been, but its real purpose was to insure that there would be no deployment of the ABM during this year.

It did lose by only three or four votes. Is that correct?

Mr. STENNIS. I think it lost by three votes.

Mr. COOPER. Three votes.

Mr. STENNIS. I thank the Senator for his explanation.

I considered the proposal to strike it out as the main amendment. That is the proposal I centered on. I consider this amendment as the major amendment now which would strike out the deployment of this anti-ballistic-missile system, and that is what my argument is directed against—the stopping of the deployment.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. LONG of Louisiana. I ask the Senator to please pardon my ignorance in this field.

Mr. STENNIS. I know the Senator is not ignorant in this field.

Mr. LONG of Louisiana. As I understand it, what we are debating here is an item that has to do with constructing sites on which these missiles would be placed.

Mr. STENNIS. Yes.

Mr. LONG of Louisiana. If we are to assume that perhaps the missiles would leave much to be desired when initially deployed, compared to what they will be if we are able to develop the very sophisticated weapons we hope to have, would we not still need these launching sites in any event?

Mr. STENNIS. That is a good point. However, I cannot be certain we could use the same launching sites.

All of the witnesses testified to this effect. Unless we get into building the launching sites now and have them ready by a certain time, if we take the money out now, this would delay the matter for not only 1 year but for 2 years because they will have to stop other things and be confined to research in a more limited way than they would want to. It is somewhat like the moon being in a state of eclipse. One has to wait for it to come around again. In this case the delay would be 2 years instead of 1 year.

I think there will be a difference when we perfect a system or get one that is workable against the Soviets. There would be many differences and it might require different construction. The location might be the same.

Mr. LONG of Louisiana. Are we not really going to have to build this power equipment and install what we have and work with it and see how it works?

Mr. STENNIS. Oh, yes.

Mr. LONG of Louisiana. So we can get on with perfecting it.

Mr. STENNIS. Yes.

Mr. LONG of Louisiana. When one really gets down to it, the very fine sophisticated weapons we have today—and I am thinking of the weapons we use in the field of battle now such as our ships, service weapons, and various weapons systems—did not just get there all at one time. We built something and then we built something better, and then we built something even better, until eventually we have something that is extremely good.

In the last analysis, are we not going to have to follow that pattern in this instance? We could not hope to start out with something we will eventually have 10 years from now.

Mr. STENNIS. The Senator is absolutely correct. They cannot keep on researching and researching until they come up with a complete product. We have pure research. That is the beginning; the development, which is what the Senator and I would call partly research and development; and then they go into deployment, as the military uses the term. That is when they go in and build the sites for the weapons.

This is money for the sites and implementation of the sites. The argument against it is that we are not that far along and that we should wait. The response is that if the money is taken out for 1 year, in effect the program is delayed for 2 years.

Mr. President, I shall not retain the floor for more than a few more minutes because I know that other Senators wish to speak. However, I want to make crystal clear that any Senator not only has a right but a duty to come here and say what he thinks he should say, whether he is a member of the committee or not.

I wish to say one further word about the best defense being a strong offense. I am a mighty strong adherent to that philosophy but there comes a time when that is not enough and we must go beyond that. I think we are at that stage now in this antiballistic missile question. We cannot afford to wait longer. We have two potential threats against us.

We cannot afford longer to depend entirely on offense. I have taken that position particularly in this field until now. I do not believe there is any such thing, as I said, as a complete defense. I wish I did, but I think we cannot neglect any angle with respect to our defense. I think the stronger we are the better we will be at the conference table. I think that is the psychology of the matter. I think that is also the Soviet psychology. I remember a quotation by Stalin. I never did like it or use it. At some conference when there was reference to the influence of the pope he asked, "How many divisions does the pope have?"

I do not think that can be eradicated from the mind. We have to negotiate at this time from a position of strength. I think they understand that and would not be aroused any more by the construction of this system than they would be by our offensive system.

Mr. President, there were pertinent matters involved in the hearings held this year on the authorization bill, S. 3293. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the hearings on S. 3293, beginning on page 120, with the paragraph entitled "Capabilities of the Proposed Forces for Damage Limitation" when Secretary McNamara was testifying, through page 122.

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

"D. CAPABILITIES OF THE PROPOSED FORCES FOR DAMAGE LIMITATION

"There are two major issues this year in the Damage Limitation portion of the Strategic Forces Program. The first concerns the deployment of an anti-ballistic missile defense and, the second, the future size and composition of the anti-bomber defense forces.

"1. Anti-ballistic missile defense

Last year I presented to you in considerable detail our analysis of the anti-ballistic missile defense issue. I described the three major purposes for which we might want to deploy an ABM system, the kinds of radars and missiles which would be involved, the technical uncertainties which still remained to be resolved, and the costs and benefits of some of the alternative deployments. With regard to the three purposes, I concluded that:

"(1) The deployment of an ABM defense for Minuteman might offer a partial substitute for the further expansion of our offensive forces in the event the Greater-Than-Expected Soviet threat began to emerge.

"(2) The deployment of an austere ABM defense against a Red Chinese ICBM threat might offer a high degree of protection to the entire Nation, at least through the 1970s.

"(3) The development of an ABM defense for the protection of our cities against the kind of heavy, sophisticated missile attack the Soviets could launch in the 1970s would almost surely cause them to react by increasing the capabilities of their offensive forces, thus leaving us in essentially the same position we were before.

"Further study of this issue during the last year has served to confirm these conclusions. Since I have already touched on the first purpose in connection with the analysis of our "Assured Destruction" capabilities against the Greater-Than-Expected Soviet threat, I will limit my discussion at this point to the other two purposes.

"a. *Defense against the Red Chinese nuclear threat.*—As I noted earlier, there is mounting evidence that the Red Chinese are devoting very substantial resources to the development of both nuclear warheads and missile delivery systems. Within a period of 39 months, they detonated seven nuclear devices. The first, in October 1964, was an all U-235 fission test with a low yield; the second, in May 1965, was a similar test with a low-intermediate yield. In May 1966 they detonated their first device involving thermonuclear material. Then, in October 1966, they tested their first missile-delivered device with a low yield fission warhead, thus demonstrating sufficient engineering skill to conduct a missile-warhead systems test. In December 1966, they detonated their second device involving thermonuclear material. In June 1967, they donated a device with a yield of a few megatons dropped from an airplane. Finally, last December, they detonated another device, but this test was apparently a partial failure.

"These seven nuclear tests, taken together with their continuing work on surface-to-surface missiles, lead us to believe that they are moving ahead with the development of an ICBM. Indeed, if their programs proceed at the present pace, they could have a modest force of ICBM's by the mid-1970's.

"In the light of this progress in nuclear weapons and missile delivery systems, it seemed both prudent and feasible to us last September to initiate the deployment of an austere Chinese-oriented ABM defense. We knew, from our continuing study of this system that it could be deployed at an investment cost of about $5 billion, and could be highly effective against the kind of threat a Chinese force might pose in the 1970s.

"As presently defined, the Sentinel ABM system (i.e., the system specifically designed against the Chinese threat) would consist of Perimeter Acquisition Radars (PARs), Missile Site Radars (MSRs), long range Spartan area defense missiles and, later, some Sprint local defense missiles for certain special purposes. The effectiveness of this deployment in reducing U.S. fatalities from a Red Chinese attack in the 1970s is shown in the table on the following page.

"U.S. FATALITIES FROM A CHINESE 1ST STRIKE, 1970's

	Number of Chinese ICBM's		
	X	2.5X	7.5X
U.S. fatalities (in millions)—			
Without Sentinel	7	11	15
With Sentinel	(1)	(1)	1"

[1] Fewer than 1,000,000 U.S. dead with some probability of no deaths.

"It is apparent from the foregoing table that the Sentinel system, facing a relatively "primitive attack, could probably hold U.S. fatalities below one million. Obviously, if and when the Chinese ICBM force grows, quantitatively and qualitatively, beyond the levels shown in the foregoing table, additions and improvements would probably have to be made in the Sentinel system. We believe, however, that for relatively modest addi-

tional outlays the system could be improved so as to limit the Chinese damage potential to low levels into the mid-1980s. The Sentinel system would also have a number of other advantages. It would provide an additional indication to the people of Asia that we intend to support them against nuclear blackmail from China, and thus help to convince the non-nuclear countries that acquisition of their own nuclear weapons is not required for their security. Furthermore, this initial deployment would serve as a foundation to which we could add a defense for our Minuteman force if that later becomes desirable. Finally, it could protect our population against the improbable, but possible, accidental launch of a few ICBMs by any one of the nuclear powers."

Secretary McNamara. I am going to skip over this rather hastily because I want to tell you that although the Joint Chiefs— I think I am stating this properly, But—have not basically changed their recommendation in support of such a system, they do not recommend any difference in our 1960 program from what is proposed.

General Wheeler. That is correct, Mr. Chairman. The funds that are in the 1969 program are ample to proceed with the Nike-X system which the Joint Chiefs of Staff ultimately would like to see deployed in the United States.

Secretary McNamara. Therefore I am not going to go into as extensive a discussion as perhaps would otherwise be desirable.

"b. *Deployment of Nike-X for defense of our cities against Soviet attack.*—Nothing has occurred during the last year to change my conviction that the deployment of the NIKE-X system for the defense of our cities against a Soviet attack would, under present circumstances, be a futile waste of our resources. I believe it is clear from my earlier discussion of the trends in the nature of the threat, as evaluated by our intelligence community, that the Soviets are determined to maintain a nuclear deterrent against the United States. If this is true, as I believe it is, any attempt on our part to reduce their "Assured Destruction" capability below what they might consider necessary to deter us would simply cause them to respond with an offsetting increase in their offensive forces. It is precisely this process of action and reaction upon which the arms race feeds, at great cost to both sides and benefit to neither. This point is illustrated in the table on the following page which is based on nuclear strike capabilities as they might be viewed by the potential adversaries."

Mr. STENNIS. Mr. President, from the same hearings I ask unanimous consent to have printed in the Record at this point an excerpt beginning on page 115. The excerpt was material inserted in the record by Secretary McNamara as a witness during the hearings.

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

It is important to distinguish between an ABM system designed to protect against a Soviet attack on our cities and an ABM system designed for other purposes. One such purpose would be to provide greater protection for our strategic offense forces; another would be to protect our cities against an attack by Red China. The first is not a "Damage Limiting" measure, but rather an action designed to strengthen our "Assured Destruction" capability by ensuring the survival of a larger proportion of our retaliatory forces. The second is a "Damage Limiting" measure, but one against a small force—because of the size and character of the attacks involved, a good defense becomes feasible.

As I noted last year, Red China may achieve an initial ICBM operational capability in the early 1970s and a modest force in the mid-1970s. Depending upon the rate of growth thereafter, a thin ABM deployment, with some additions and improvements, could be highly effective through the mid-1980s. The ability of the thin ABM to limit damage to our Nation in the event our offensive force failed to deter an "irrational" aggressor was the basis for our decision to deploy such a force.

Before I discuss the analytical basis for these conclusions and our specific program proposals, I would first like to present the latest estimates of the strategic threat.

Mr. STENNIS. I ask unanimous consent to have printed in the Record an excerpt from a statement by Dr. John S. Foster, regarding our ballistic missile defense system, included in Secretary Clifford's recent letter of June 18. This is the statement of Dr. Foster, who is the Director of Defense Research and Engineering in the Department of Defense.

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

The Sentinel missile defense system is designed to (a) prevent a successful missile attack from China through the late 1970's (with the capability to continue to deny or at least substantially reduce damage from threats in later years); (b) limit damage from an accidental launch from any source; and (c) provide the option for increased defense of our Minuteman force, if necessary in the future.

The ability to protect ourselves from unacceptable damage from a numerically large and technically advanced missile force such as that of the Soviet Union is not yet technically feasible. However the Sentinel system will complicate any attack on the United States.

We will continue an intensive R&D program in an attempt to provide increasingly effective means to limit damage from both the advancing Chinese and the Soviet missile threats.

Mr. COOPER. Mr. President, will the Senator yield so that I may direct a question to the Senator from Washington?

Mr. STENNIS. I yield.

Mr. COOPER. I think that such eminent scientists as Dr. Kistiakowsky, Dr. Wiesner, and Dr. York, and others, have expresed opposition to this deployment at this time. Did the committee have any of those witnesses before it for their views?

Mr. JACKSON. Eminent scientists like Dr. Jerome Wiesner, who was President Kennedy's science adviser, and George Kistiakowsky have had views adverse to this program for a long time. Their views have been widely published; their arguments have been reprinted in the Congressional Record, their points of view have been available to all of us.

It is good to draw upon history now and then. I am reminded of the situation in 1950 or 1951, when every member present at the meeting of the Science Advisory Committee to the Atomic Energy Commission recommended not going ahead with the hydrogen bomb—every single one. They were all scientists, Nobel Prize winners, and so forth.

I mention this only to show that not only Senators, but also scientists, Secretaries of Defense, and distinguished men in uniform can all be wrong. But there we had a classic historical case of unanimity. Various arguments were made. I spent much time with them. At that time, there were a few of us on the Joint Committee on Atomic Energy who opposed them. Their argument was that there was absolutely no use for a hydrogen bomb.

The further argument was that, obviously, the Soviets would not go ahead with it. Some of us argued over and over again that obviously Moscow would go ahead with the hydrogen bomb.

As I mentioned on Wednesday last, we got our hydrogen bomb on November 1, 1952. The Soviets got their hydrogen bomb in July or August of 1953. I cannot recall the exact date, but it was less than a year.

In the last analysis, we just have to use good judgment.

At present, the Secretary of Defense, the Secretaries of the three services, the chief scientific adviser in the Department of Defense, Dr. Foster, the Joint Chiefs of Staff—all of them, including its chairman—support this recommendation to deploy this ABM system.

With that array, and supported by the President, who am I to say, when we are talking about a strategic deterrent system that goes to the very life and death of this Nation and of millions of people around the world, that we should stop it? I do not want to accept that burden. Again, we have to use judgment, prudence, and good sense.

I think, under all these circumstances, as the able and distinguished Senator from Mississippi [Mr. Stennis] has argued in this Chamber, we cannot afford not to proceed with this system.

Mr. STENNIS. I thank the Senator.

Mr. President, I wish to commend highly the Senator from Washington, who held all the hearings on the bill, for his capable and outstanding service. His knowledge of this subject is especially outstanding. He is a member also of the Joint Committee on Atomic Energy, where his work over many years has proved to be highly successful. We are all indebted to him.

Mr. LONG of Louisiana. Mr. President, will the Senator from Mississippi yield?

Mr. STENNIS. I yield.

Mr. LONG of Louisiana. Having heard the Senator's argument, I am somewhat persuaded that we should be going ahead with this program.

Thinking back to our experience with civilian defense, when the suggestion was first made that we could reduce the possible deaths of citizens in this country by about 50 percent if we had adequate bomb and fallout shelters, which we thought the Nation could afford, there were some who contended that the problem was so enormous it was unthinkable to try to make any plans to meet it.

But, actually, if we had been working on that matter from the time it was first suggested and kept at it from, let us say, 1953 until today, for a period of some 15 years, the chances are we would have had a pretty good civilian defense system by now, and far better than we have today.

As the Senator knows from studying the figures, we estimate, in the event of a war between the United States and the Soviet Union of atomic proportions, that relatively speaking they would kill a lot

more of our people than we would of theirs, because they are ahead of us in that particular area.

Mr. STENNIS. I thank the Senator. He has brought us directly to what the argument is all about; namely, to save the lives of our people.

Mr. President, I have one quotation from General Wheeler, which is in the Preparedness Subcommittee hearings of April 23, 1968, not yet printed; and I ask unanimous consent that his statement be printed in the RECORD.

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

EXCERPTS FROM SENATE PREPAREDNESS HEARINGS ON STATUS OF U.S. STRATEGIC POWER—APRIL 23, 1968

General WHEELER (continuing). And repeat what I said earlier, Mr. Chairman, that is one reason why I have supported an anti-ballistic-missile system so strongly, because in actual fact we cannot create sufficient offensive forces to protect this country against what I would call unacceptable damage. Therefore, while you can accept the old saw that the best defense is a good defense, this may have been true 50 years ago. It is no longer true. And the only way I see to limit damage to this country is to develop a good anti-ballistic-missile system, better than we have coming up, hopefully. And I am sure we will improve it as time goes on and we get experience and spend a little money on it.

Senator STENNIS. Well, that is a deterrent in itself.

General WHEELER. It is, sir.

Senator STENNIS. It makes nuclear war less likely.

General WHEELER. It is a part of the deterrent.

Mr. STENNIS. Mr. President, the pending amendment is of great importance and should be thoroughly understood before we vote on it. It involves much more than the question of reducing defense appropriations and thereby releasing funds for Great Society programs. It involves the security and safety of this Nation and should be considered from that viewpoint.

The purpose of the amendment is to eliminate the $227.3 million in military construction funds for the Sentinel ABM system which the pending bill proposes to authorize. However, its impact would be much greater for, in my judgment, if the amendment is adopted, the Sentinel system will be effectively killed. Certainly there would then be no reason to appropriate the $205.5 million which the fiscal year 1969 budget proposes for Sentinel procurement.

No one in a position of responsibility contends that a foolproof, airtight defense against ICBM's is possible with today's technology or with any foreseeable technology. No one has argued this and it should not becloud the issue. However, an effective defense against a limited and unsophisticated missile attack is certainly possible. The deployment of such a defense would have substantial beneficial effects and, in my judgment, would be a stabilizing rather than a destabilizing factor.

The proposed Sentinel system deployment is, in part, in response to the threat of Red Chinese nuclear weapon and missile programs. These have developed more rapidly than originally anticipated by us. The Chinese Communists already pose a nuclear threat to the countries adjacent to them, and it is now estimated that they could have an ICBM capable of hitting the continental United States in the early 1970's. It is clear that the Chinese Communists are giving overriding priority to the development of nuclear weapons for strategic attack, and it is very apparent that these weapons, when operational, will extend Chinese power and political influence far beyond the reach of their conventional forces.

The Soviet Union is also giving the very highest priority to its strategic nuclear offense and defense, and is clearly striving to challenge our superiority in this field. This is evidenced and underscored by the dramatic increase in its emplacement of ICBM's during recent years and its continuing development and deployment of an anti-ballistic-missile system.

The Preparedness Investigating Subcommittee, which I chair, recently held extensive and exhaustive hearings on the balance of strategic nuclear power, in which both civilian and military defense witnesses were heard. The military chiefs of the Army, Navy, and Air Force, as well as the Chairman of the Joint Chiefs of Staff, all testified. They all clearly recognized the requirement for strategic offensive and strategic defensive forces. They felt, as I do, that clear and convincing strength in these areas is essential to deter a general nuclear war and to insure the survival of the United States as a national entity should deterrence fail.

To a man, the Joint Chiefs expressed real concern that our currently programed force levels will entail some future risk in view of the rapidly growing strategic nuclear capabilities of our potential enemies. The concern which they expressed was typified by the following statement by Adm. Thomas H. Moorer, Chief of Naval Operations:

Considering the growing Soviet threat and the emerging Communist Chinese threat, we have been taking a hard look at the adequacy of the U.S. strategic force mix. We believe that currently programmed force levels will place U.S. security interests worldwide at increasing risk, and that strategic forces need to be improved both in size and in composition to insure the accomplishment of their missions.

In short, the Soviets are continuing to improve their long-range nuclear capabilities and their defensive nuclear capabilities at a rapid pace. The complementary nature of these actions could result in increasing the level of Soviet confidence in their own retaliatory posture. In addition, Communist China's developing nuclear capability now threatens peripheral Asia and could be a threat to the continental United States in the early 1970's. These are facts which our security simply will not permit us to ignore.

I am quite sure that if it can be demonstrated that either a thin or a full ABM system is necessary for the security of the United States, each of us would be anxious and eager to provide whatever sum of money is necessary for that purpose. Therefore, I think that we should look at what the proposed system is calculated to do.

First, it is rather clear that if the anti-ballistic-missile system is pursued properly and promptly, it will reduce the probability of a nuclear attack upon this country. If our defenses create doubt in the mind of a potential aggressor as to the likelihood of success, he will not risk the inevitable retaliation. Thus, such defenses contribute to our deterrence while contributing to our assurance that, if a nuclear war occurs, we and our allies will emerge from the holocaust in a position of relative advantage.

Second, according to the testimony of Secretary McNamara during the fiscal year 1969 military procurement hearing and of the witnesses who appeared before the Preparedness Subcommittee during our recent hearing, the Sentinel system will have considerable effectiveness in reducing U.S. fatalities from a Red Chinese attack during the 1970's. This testimony established that against the relatively primitive Red Chinese threat during the 1970's, the Sentinel system would hold U.S. fatalities below 1 million, thus saving from 7 to 15 million American lives. Who will argue that this is not worth the cost? If the Chinese ICBM force should increase in numbers and improve qualitatively beyond the levels projected for the 1970's, additions and improvements could and should be made in the Sentinel system to continue its effectiveness against this threat.

In addition, the Sentinel system would have some effectiveness against a Soviet ICBM attack. The estimates are that against a Soviet ICBM attack, without MIRV's and penetration aids, the Sentinel system would reduce American fatalities by 20 to 30 million. Surely, this is worthwhile.

It is argued that the Red Chinese have not yet deployed an ICBM. The answer is that the intelligence indications are that, despite the background of disorders and disruptions occasioned by the so-called cultural revolution, the Chinese Communists have continued to make progress in the strategic nuclear area, and that they will continue moving toward a nuclear missile strike capability. As a matter of fact, the estimate is that the Communist Chinese will achieve an ICBM capability just about the same time that the Sentinel system would become operational if the go-ahead is given for fiscal year 1969. Thus, any delay in the deployment of Sentinel presents obvious risks and dangers.

It has also been widely argued that our deployment of an ABM system of any kind will generate a new arms race and that our purpose should be to reach an accommodation with the Soviets which would slow down rather than increase the arms race. Conceding that this is a desirable goal, the basic fact is that we cannot bring about or negotiate international agreements of this kind on the floor of the Senate. Such agreements have to be negotiated and reached through the process of diplomacy and then presented to us for ratification or rejection. If this course is to be embarked upon, it would certainly be far better for our negotiators to deal from strength than of weakness and, in my judgment, the approval of Sentinel would add force to our bargaining position.

I hope that we will not take a risky and unwarranted gamble with our national security out of a desire to provide more funds for domestic social programs. Sentinel is no hastily considered or ill-conceived concept. It has been exhaustively studied over the years by civilian and military analysts. It was supported by former Secretary of Defense McNamara, who is well known for his cost consciousness, and approved by the President. It is supported by Mr. Clifford, the present Secretary of Defense. It is supported unanimously by the Joint Chiefs of Staff. It is supported by your Committee on Armed Services. Under all of the circumstances, I believe that we will make a serious, and perhaps tragic, mistake if we adopt this amendment.

Mr. President, I yield the floor.

Mr. JACKSON. Mr. President, to sum up the situation as I see it, we must face the facts as they exist today and not what they might have been a year or 18 months ago. The Senator from Mississippi has gone into this matter in some detail.

There is today, unanimity of opinion among those charged with the chief responsibility of providing for the defense of this country that we should proceed now with the deployment of our Sentinel ABM system. I refer to the President of the United States, the Secretary of Defense, the Secretaries of the military departments, the Joint Chiefs of Staff, and the Director of Defense Research and Engineering. On Wednesday of this week, I read into the RECORD a letter Chairman RUSSELL, of the Armed Services Committee, had received from Secretary Clifford which sets forth his strong views on the subject. Again, yesterday, Secretary Clifford strongly expressed himself at a press conference. I will submit pertinent excerpts of this conference for the RECORD, but I should like to quote a portion of the official transcript to reiterate Secretary Clifford's position:

Secretary CLIFFORD. I believe it is important that we proceed with the deployment of our ABM system. I have a number of reasons in my mind why we should so deploy them.

I think it would be inadvisable and unfortunate if the Congress made any cut at this time.

The reasons, to me, are compelling. One, as you know, it constitutes and will constitute a defense against the Chinese system.

I attach significant importance to this, because in the years that lie ahead, I believe we should have a defense against the Chinese system other than just a massive retaliatory attack.

I believe that we are in a stronger posture if we have this kind of defense so that we can't be blackmailed or forced into a certain position for fear of the type of attack that China could launch.

In the second place, I think it's important, also, that the establishment of this present system, which I urge, will be very useful in the protection of our offensive system. Although, of course, as you know, it will not prevent a massive attack from a nation that launches one. It can prove to be of importance in protecting our retaliation.

In the third place, it is possible—we would hope not probably—that some time there could be an accidental launching of an ICBM.

Under the present system, we could prevent any damage occurring from such an accidental launching.

Too, it seems to me that not sufficient attention has been given to the fact that another nation could possibly over the next few years acquire some nuclear capability, even though minor in nature.

I believe this type of defensive system would prove to be very valuable to us under those circumstances.

In addition to those arguments, it's also my view that if the Soviets are developing an ABM system, and we know they are developing it, and we know that they are deploying it, I believe we are in a better posture to reach agreement with them on an ultimate step toward disarming if we also go about the deployment of a system.

I think our negotiations over the past decades would indicate that this is the better position for us to be in if we hope to achieve some type of resolution of this problem with the Soviets.

The last point I wish to make in this regard is that I believe also that the time has come to move on our Sentinel ABM system, get it off the drawing boards, and get it into the actual development of the system.

I believe in this manner we will make greater progress. I think we've learned in the past that the learning curve that we have goes up substantially when we actually get into the deployment of such a system.

Now, I've given those reasons to you, I feel them, I feel them strongly. I know the debate is on in the Congress at this time, and I think it proper and correct that those gentlemen have the benefit of any remarks made by the Secretary of Defense.

As I have stated before, the Sentinel system is designed to do several things. It will provide the option for increased defense of our Minuteman forces, and would limit damage from an accidental launch from any source. It will provide a limited degree of protection of our cities and other strategic forces from Soviet attack. It will enhance our capability to detect and assess any missile attack. It will provide damage denial against the early missile threat from China with the capability to reduce damage substantially in later years. Under any analysis, this system could save millions of American lives. These, Mr. President, are sizable accomplishments, and we cannot afford to forego them.

It has been suggested that the Sentinel system is not yet ready for deployment, and with this I cannot agree. Again referring to Secretary Clifford's press conference yesterday, he stated that he believes the time has come to move on our Sentinel ABM system, get it off the drawingboards, and get into the actual development of the system.

Definite strides have been made within recent months to further develop and improve the system. Since the decision was made last September to deploy the Sentinel system, added resources have been brought to bear on the ABM program. This has tended to speed rather than retard the advance of development. Both the Spartan and Sprint missiles have already flown successfully in tests. References have been made to failures in the test programs of these missiles. Failures in test programs are anticipated and expected. We test to discover weaknesses in design and correct them. A majority of the Polaris A-3 flights failed, yet the Polaris A-3 is now one of our most reliable weapons, and I repeat, both the Spartan and the Sprint missiles have already been flown successfully in tests. The prototype missile site radar—MSR—has been completed and will go into test operations very shortly at Kwajalein. The perimeter acquisition radar—PAR—is a straightforward design task being a variant of radar systems already in existence and, therefore, will be built directly on an operational site. The data processor is in operation in prototype form at Bell Telephone laboratories and another is being installed at Kwajalein.

Suspension of the deployment at this time would lead to a cutback rather than an increase in progress toward advanced development. This, in my opinion, would be a grave and dangerous mistake.

Mr. President, I ask unanimous consent that a transcript of yesterday's press conference of the Secretary of Defense, as it relates to the anti-ballistic-missile discussion, be included in the RECORD.

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

EXCERPTS FROM NEWS CONFERENCE OF SECRETARY OF DEFENSE, CLARK M. CLIFFORD, PERTINENT TO THE ABM ISSUE, JUNE 20, 1968

Question: Does the position you took in your letter to Senator Russell on the ABM mean that the Department of Defense on its own will not favor any reduction in spending on the ABM in 1969 as your part of the spending cuts?

Secretary CLIFFORD: I believe it is important that we proceed with the deployment of our ABM system. I have a number of reasons in my mind why we should so deploy them.

I think it would be inadvisable and unfortunate if the Congress made any cut at this time.

The reasons, to me, are compelling. One, as you know, it constitutes and will constitute a defense against the Chinese system.

I attach significant importance to this, because in the years that lie ahead, I believe we should have a defense against the Chinese system other than just a massive retaliatory attack.

I believe that we are in a stronger posture if we have this kind of defense so that we can't be blackmailed or forced into a certain position for fear of the type of attack that China could launch.

In the second place, I think it's important, also, that the establishment of this present system, which I urge, will be very useful in the protection of our offensive system. Although, of course, as you know, it will not prevent a massive attack from a nation that launches one. It can prove to be of importance in protecting our retaliation.

In the third place, it is possible—we would hope not probable—that some time there could be an accidental launching of an ICBM.

Under the present system, we could prevent any damage occurring from such an accidental launching.

Too, it seems to me that not sufficient attention has been given to the fact that another nation could possibly over the next few years acquire some nuclear capability, even though minor in nature.

I believe this type of defensive system would prove to be very valuable to us under those circumstances.

In addition to those arguments, it's also my view that if the Soviets are developing an ABM system, and we know they are developing it, and we know that they are deploying it, I believe we are in a better posture to reach agreement with them on an ultimate step toward disarming if we also go about the deployment of a system.

I think our negotiations over the past decades would indicate that this is the better position for us to be in if we hope to

achieve some type of resolution of this problem with the Soviets.

The last point I wish to make in this regard is that I believe also that the time has come to move on our Sentinel ABM system, get it off the drawing boards, and get it into the actual development of the system.

I believe in this manner we will make greater progress. I think we've learned in the past that the learning curve that we have goes up substantially when we actually get into the deployment of such a system.

Now, I've given those reasons to you, I feel them, I feel them strongly. I know the debate is on in the Congress at this time, and I think it proper and correct that those gentlemen have the benefit of any remarks made by the Secretary of Defense.

Now, to get to the specific answer to your question, I am not in position at this time to comment on what items will be subject to cut when we are faced with this problem of making a cut first in obligational authority and in actual expenditures in fiscal 1969.

I think it's very important that we proceed with this. There would be some minor delay. I don't think I would be too concerned about that, but I think we must get on with the deployment of this system.

I think that constitutes my attitude toward your question.

Question: Sir, that is a very, very strong statement, but how do you account for the fact that so much professional data seems to have gone forth on this Sentinel to men like Senators Hart and Cooper for their night briefings at the Senate? Did some of that come from the Defense Department? (Laughter.)

Secretary CLIFFORD: Well, now, it is possible that something might have come from the Defense Department. (Laughter.) Sometimes things do come out of the Defense Department. (Laughter.) I have read the letter that Assistant Secretary of Defense Warnke wrote to, I think, Senator Hart in answer to some questions. I see no disagreement between any of the answers that Secretary Warnke gave in his letter to those that I have given you here.

There may be some other material that has been furnished. I do not know of any material that has been furnished the Congress by this Department or any other that's contrary to the position that I have just taken.

I may feel more strongly than others. There may be some question of degree. I am not conscious of any information that would be at variance with that I have given you.

Question: Mr. Secretary, if we could return to the ABM system, it had been given out last fall that a primary objective of this was a defense against communist China, and their ICBM threat, and yet yesterday in the Congress it was stated that the most significant feature of this system was its potential capability against the Soviet system.

Could you comment on that?

Secretary CLIFFORD: Yes. I think that the Senators are of course entitled to view this entire matter as they see fit and to present those arguments that they think are the most compelling.

It is my view as I said, that this has a very real importance from the standpoint of a Chinese system.

It is also my belief that it has a real significance from the standpoint of the Soviet Union.

I believe that if they develop and deploy a workable ABM system and we do not do so, I believe that we are at a disadvantage and I think that, from my standpoint I am unwilling to accept that disadvantage.

So if someone wishes to emphasize that factor, I think he is at liberty to do so.

Let me say in conclusion that the deployment of this system in my opinion is not only important, and I think vital from the standpoint of China and some other country, I think it also is important from the standpoint of the Soviet Union.

Question: Mr. Secretary, could you tell us how we would be at a disadvantage sir, if the Russians deployed a system and we did not? Could you expand on that, in other words?

Secretary CLIFFORD. Yes, if the Russians develop, as they are now deploying around Moscow, an effective ABM system, and we do not deploy an ABM system, I believe that could very well place them in the position where they could misconstrue the relative strengths of the two countries.

I think all of us know that one of our great fears has been that a nation might make a mistake, so I believe if they have decided to proceed on this course, I am more comfortable in my mind in meeting my responsibility in this position if we also proceed along this course.

Question: Mr. Secretary, in this connection, in your confirmation hearings, you said that you thought the United States should maintain nuclear superiority over Russia.

Could you give us your definition of nuclear superiority?

Secretary CLIFFORD. I will do so only in a general way, because I believe some phases of this subject are classified.

I want to be comfortable in my mind that we maintain a greater nuclear power and strength than the Soviet Union does. I think this is not based only on the number of ICBM's or the nature of the hardened or softened sites, I think it includes the types of warheads that are involved. I think it includes our Polaris fleet. I think it includes our bomber capability and deliverability, and I believe we must maintain this nuclear superiority, and as long as I am here, I shall work toward that end.

Question: Mr. Secretary, in view of your remarks about the ABM's application to the Soviet Union, do you think it will be necessary now to commit substantially more money, since it is no longer being thought of only in terms of China?

Secretary CLIFFORD. I do not, and I did not suggest, nor did I mean to suggest that we were contemplating the expansion of the present system as a complete defense against the Soviet Union.

I am informed by our experts that there is no known defense at this time to a massive attack from the Soviet Union.

What I am saying is that from a psychological standpoint, I believe that if we proceed with the deployment because they are—I think it places us in a better posture in negotiating with them and ultimately, hopefully, reaching a broader arms agreement.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. JACKSON. I yield.

Mr. LONG of Louisiana. It seems to me that the Senator is making an argument here, supported by the Joint Chiefs of Staff and by the two Secretaries of Defense, that now is the time to proceed with an antiballistic missile. If the Senator is in error in what he is saying, I think perhaps we may lose $500 million, or some substantial part of $500 million, by going ahead with this particular program. It is $250 million.

Mr. JACKSON. For construction, $227.3 million.

Mr. LONG of Louisiana. As I understand it, though, if the Cooper amendment carries, there will be another measure proposed to take out the missiles themselves.

Mr. JACKSON. Yes.

Mr. LONG of Louisiana. So it is roughly $500 million we are talking about, as I understand it.

If the Senator is right about this matter, then we will be a year further ahead toward providing a missile defense for the country than we would be if his position and that of the committee is rejected. If he is wrong, we may be wasting $500 million, or some substantial part of $500 million, by proceeding expeditiously. But when we find one of these things about which good men can differ, wherein men who have the direct and primary responsibility come to an agreement that we should proceed, it seems to me that one who is not on the committee, in a position such as I am, is taking a very considerable risk with this Nation's future to second guess those people and say, "No, we should not proceed," when, in the interest of economy, one could very well be putting his nation 1 year behind from the position where it could very well be if we are to put our country in a good defense position.

Mr. JACKSON. I think the Senator has made a good point. Some of the Members of the Senate supporting the amendment would like to delay the program a year. I think that is essentially the view of the Senator from Kentucky Other Senators would like to stop the program entirely.

The first point I want to make is that if we delay this project for a year, we will really be delaying it for 2 years. This is the information we get from the Defense Department.

The second point is that if we stop the program now for a year, it will cost us an additional $300 million, as a minimum, to regain our position and to start moving the program again.

Mr. President, in the interest of economy, we must give this the most careful consideration.

I also point out that the figure of $300 million does not include, of course, possible price escalations and the continuing cost that might well be included for research and development. Part of the loss would be the loss of personnel, key people who will be lost to the program. We cannot get those people back again. In addition, we have other problems in connection with that kind of delay that could be very serious.

So, I must say that talking about a year's delay to save money misses the point. If we are to start the program again, it will cost us, at a minimum, from the information we have received today—and I will have that more in detail on Monday—about an additional $300 million. So when people talk about a year's delay to save money, I think they should keep in mind what the actual end results would be in terms of the cost of the program.

Mr. LONG of Louisiana. Is it not also true that though this program is not built to defend against Soviet missiles, the experience that we gain in this area, both in building and operating a defense against a growing Chinese threat, can help us in the event we decide we must build an antiballistic missile to defend against Soviet missiles? So while it is true that this system is not being built to defend against Soviet missiles, is it not also true that our progress in this area of defense would necessarily be ad-

vanced by going ahead and building these sites and the missiles and proceeding to see what we can develop?

Mr. JACKSON. The Senator again makes a very good point. The system as designed at the present time—even a thin system—will, as Dr. Foster, who is in charge of this program, pointed out, as quoted in Secretary Clifford's letter "complicate any attack on the United States."

I will read the full paragraph of Dr. Foster's statement:

> The ability to protect ourselves from unacceptable damage from a numerically large and technically advanced missile force such as that of the Soviet Union is not yet technically feasible. However, the Sentinel system will complicate any attack on the United States.

And I may add that the testimony given by Lieutenant General Starbird before one of the committees of Congress pointed out and I quote:

> An all-out strategic nuclear exchange between the United States and the U.S.S.R. could cause about 120 million U.S. casualties. The Sentinel level of the ABM deployment would reduce these casualties by 20 to 30 million.

Lieutenant General Starbird is a brilliant engineer, one of the outstanding men in uniform in this particular field.

I do not think one can turn around and dismiss idly the role this system would play, even as a thin system, in the event of such an attack. All of the people who follow this program closely are in agreement that we do not have at the present time the scientific and technical competence to come forth with a system that could provide an effective defense against a massive Soviet attack.

Those are the facts.

However, I wish to point out that we are now spending half a billion dollars a year on research and development. So this phase of the program, as it relates to providing a defense against an all-out Soviet attack in the future, is in the hands of the scientists and engineers—in research and development.

I point out that we have been in this research and development program for over 10 years now. As Secretary Clifford said, it is about time to get it off the drawing boards, because by getting it off the drawing boards, we are in a better position to make a start on an operational system that will have the capability to deal with the threats that we face.

Mr. LONG of Louisiana. If we think in terms of deciding whether this is the time to go forward with the missile defense, is there not one additional factor that is worthy of consideration, and that is the attitude of the President of the United States?

After all, President Johnson did serve as chairman of this Preparedness Subcommittee of the Committee on Armed Services for a number of years, and he should qualify as an expert in the defense field dating back prior to the time, even, that he became Vice President of the United States.

Mr. JACKSON. It goes back even farther than that. I served in the House of Representatives with the President. He also served on the House Naval Affairs Committee, and when he came to the Senate, he went on the Senate Armed Services Committee.

Mr. LONG of Louisiana. So as a matter of fact, President Johnson has had a lot of experience in this area, and when he is mandated, as he was in the general tax bill passed today, to cut $6 billion in spending, which means a terrific cutback on some of the domestic programs that are dear to his heart as well as some of the things he thinks are essential to the defense budget, if President Johnson, looking at that necessity, still feels that nevertheless we should go ahead with this program, does not that further indicate that those who really understand the problem and have all the secret information available to them as to the whys and the wherefores, and all the considerations, do favor this step?

The President is a man who certainly understands as well as any civilian can understand what the problem is. A man who has served in the armed services, and was one of our best experts, while in Congress, should be able to say whether this is a program that must take its position high in the line of priority, and we must start this and be about it.

Mr. JACKSON. I think the point is well taken. Obviously the President is in the best position to know the order of priorities, and I am sure, in determining the order of priorities, that the continuous improvements in the development of more effective strategic weapons systems must be high on that priority list.

Obviously there is fat in the Department of Defense, and there are areas in which cuts can be made. But we want to be sure that we are cutting the fat and not the sinew or muscle.

Mr. President, I thank the able Senator from Louisiana. I think he has hit the nail right on the head. The President is in the best position to make the final decision as to what should be deferred and what should be cut within the Department of Defense. I must say I am confident that the President will not cut those items that relate to the strategic deterrent capacity of the United States. This goes to the very heart of the maintenance of world peace and the prevention of a thermonuclear catastrophe.

Mr. LONG of Louisiana. Mr. President, one should keep in mind that we really cannot know what we are going to do in an area until we have tried.

I was in the Amphibious Corps in World War II. I did not see the direct estimates of our military experts, but I gained the knowledge by hearsay that it was estimated that we would lose about 75 percent of our amphibious craft in seeking to capture enemy-held beaches.

Those estimates turned out to be very erroneous. In the early invasions, we lost perhaps no more than 1 percent of our amphibious craft, and even that loss was at least partly due to faulty ship handling, rather than enemy action.

Mr. JACKSON. We were able to improve the striking firepower of our forces, both air and naval. In addition, we sent in demolition squads and underwater demolition teams, who made the task a lot easier.

I agree with the Senator; I think the ability to calculate, even with a situation of that kind that is thought to be reasonably calculable, often turns out to be lacking.

Mr. LONG of Louisiana. The enemy did not turn out to be as good as we thought he was going to be, and we turned out to be better than we thought; so, taking everything into consideration, the rate was a lot better than we had anticipated. But there was no way to find out, if we had not tried it.

Mr. JACKSON. We do not want to overestimate or underestimate our adversary, but I think history tells us we have done both.

Mr. LONG of Louisiana. With the Soviet Union moving ahead and making mighty strides in this area, it seems to me that to withhold moving, at a time when all of our best and most responsible people, who have the most direct responsibility—and I am speaking of the Commander in Chief, his Secretary of Defense, his previous Secretary of Defense, his Joint Chiefs of Staff——

Mr. JACKSON. And the civilian Secretaries of the services.

Mr. LONG of Louisiana. Yes. Not to move, when they all say that the time has come to move and to get on with the job, would be taking a grave chance on this too-little-and-too-late business, on something that is clearly the weakest area of our defense at this moment.

Mr. JACKSON. The Senator is absolutely correct. The point has been made here about a 1-year slippage in the estimates that had previously been made as to when the Chinese would get an intercontinental ballistic missile. At the same time, Mr. President, it should be pointed out that the Chinese moved much faster in getting the thermonuclear bomb than many of our top experts expected they would. As I mentioned on Wednesday, just think of it: China has a thermonuclear device, and has had one now for a couple of years, while the French are still trying to get one.

Mr. President, last year the Soviets doubled the number of their operational, land-based intercontinental ballistic missiles on launchers—in one year. I do not think it is wise to take an unnecessary chance that rests on a prediction of what our adversary is going to be able to do next year or the year after, and rely on that to our own possible detriment. I simply do not think this is the kind of risk we can take. I do not think we can afford it.

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

Mr. JACKSON. I yield to the Senator from Kentucky.

Mr. COOPER. Mr. President, on the question of time and slippage, would the Senator agree with me that it would be best for the United States, the Soviet Union, and the world, but especially for the United States, if neither the United States nor the Soviet Union should deploy a ballistic missile system?

Mr. JACKSON. Under certain conditions I think it would be in our own interests that neither one deploy an ABM.

Mr. COOPER. Then we are in agreement.

Mr. JACKSON. I think it would be in the best interests of both countries, assuming other countries were not developing offensive strategic weapons, but that is not the case, to cite China, for example.

Mr. COOPER. I want to pursue the point.

Mr. JACKSON. I suppose one of the things bugging the Soviet Union at this point is that they face a threat from China. So it is questionable whether the Soviet Union feels in a position to bargain with us. We have not been able to get the negotiating door open so that we could have meaningful talks with the Soviets on this range of issues.

(At this point Mr. HOLLINGS assumed the chair as Presiding Officer.)

Mr. COOPER. Mr. President, the Senator agrees that it would be better if neither the United States nor the Soviet Union were to employ an antiballistic-missile system.

Mr. JACKSON. I am trying to make the point to the Senator that we have to take into consideration the problem of China. We have to be concerned with that problem, too. Assuming that other countries did not have ICBM's and that only the United States and the Soviet Union had nuclear strategic capability, I think that the answer is clearly "Yes." But this is not the real situation.

Mr. COOPER. Is it correct that if both were to deploy ABM systems and increasingly make them more effective, as the Department of Defense and Secretary of Defense McNamara and others said would be necessary, that it would entail costs to the United States of, they say, $40 billion. It would probably be larger. We would deploy and they would deploy, and each would continue to improve their defensive system. Then, as all the testimony has indicated, the United States would construct and develop more effective offensive weapons, to overcome the Soviet offensive system.

Mr. JACKSON. We are doing that now.

Mr. COOPER. I know that we are doing it now. And some of the improvements in offensive systems seem to be very effective.

Mr. JACKSON. Yes. We hope so.

Mr. COOPER. And then the Soviet Union will do the same thing. It will construct more effective offensive weapons. Is it not correct that in this continuing process, both would maintain their destructive capability—the balance of terror—and there is no gain to either side?

Mr. JACKSON. I fully appreciate the point of the Senator. I observe that for over 10 years there has been the ability in this world to destroy the world.

What we are trying to do is prevent that from happening. Let us direct our attention to that problem. I submit that there is less danger of that happening if we have the means within our power to deter the adversary from undertaking to do it.

I have had the statement made to me over and over again: "Senator, you are talking about piling up more and more weapons with which to destroy the world."

I point out that we have had the power to destroy the world for over a decade now.

The point I want to make here, to answer the question of the Senator, is that we seem in this dialog to be assuming that Moscow has not deployed an ABM system.

They deployed their first system in 1962 around Leningrad. We have not even deployed one as yet. And the lead-time is at least 5 years for the first battery to be ready. Let us go on from there.

Mr. COOPER. Mr. President, first I want to make my point, and then I will come back to that issue.

I believe the Senator will agree on the course of events if we proceed to deploy an ABM system. The Soviets would continue the deployment of their system. They may do so anyway. If they do so, at some point in the future I agree that we will have to deploy one.

The Senator knows much more about the situation than I do.

Mr. JACKSON. No. I am not an expert.

Mr. COOPER. We will continue to improve our offensive weapons. And the Soviet Union will do the same thing. So, step by step, all that will happen is that we will maintain the present deterrent and the ability on each side to destroy each other and civilization. And what advance will have been made?

Mr. JACKSON. I guess I would summarize it all by saying: "Thank God for the Western deterrent." We have prevented a themonuclear catastrophe in this world.

Mr. COOPER. I want the deterrent to be maintained.

Mr. JACKSON. That is correct. However, I point out that they have had an ABM system deployed, in part, since 1962. What do we do? Do we just stand by and hope and pray that somehow they will do nothing? They are going ahead with their plans.

Mr. COOPER. I am ready to respond to the question as best I can. I know the Senator cannot speak with certainty concerning our intelligence on the matter. However, I have had some indications of what our intelligence is. Would the Senator agree that the 1962 installation at Leningrad is obsolete?

Mr. JACKSON. The Senator is correct. We do not think it is effective, and I think they do not believe it is effective. However, they apparently feel that the one they are deploying around Moscow is effective.

Mr. COOPER. There are three elements. One is the Leningrad installation, and our intelligence concludes the installation is obsolete.

Mr. JACKSON. I respond in this way: We have reason to believe that the Leningrad system, being the first generation ABM system that they deployed, is not, in their judgment, the kind of system that they would want to deploy. It is still there, although they have gone on to the second generation.

I point out to the Senator that this is the normal stage of development of strategic weapons systems. We started with Minuteman I in the ICBM system. Then we worked on Minuteman II and then on Minuteman III. The same thing is true of Polaris. We started with the first generation Polaris, A-1, A-2, and A-3, and now we are working on the Poseidon. This is the history of all of these weapons developments.

The Soviets apparently believe that the ABM system they are deploying around Moscow has real promise. This is what disturbs me.

Mr. COOPER. I understand. Again, while there may be some variance of views, is it correct that at least our intelligence indicates that the Tallinn system is more likely to be a defensive system against planes and reconnaissance planes than an ABM system?

Mr. JACKSON. The majority view in the intelligence community—it is not the unanimous view—is that this is a defense designed primarily as a defense against air breathing missiles and aeronautical devices as opposed to a missile defense. This is a very extensive system, as the Senator knows.

Mr. COOPER. The final installation is the one which is being deployed around Moscow.

Mr. JACKSON. That is correct. They have deployed one, and they are adding to it.

Mr. COOPER. They are adding certain sections to it.

Does the Senator think that Secretary McNamara was correct when he testified in the beginning of this year that this matter was not being pursued expeditiously. He gave his reasons why he thought it had been slowed down a whole lot.

Mr. JACKSON. There again, Mr. President, we get into this question of trying to evaluate what they are doing.

Bear in mind that we were really surprised when, in 1967, the Soviets doubled the number of operational intercontinental ballistic missiles on launchers, in 1 year.

I do not want to get into a position here of trying to predict what is going to happen. This is dangerous business.

Mr. COOPER. Then, I come to the question of time and slippage. What would be lost if the amendment should be agreed to, and what would be gained?

Mr. JACKSON. Mr. President, to answer the question——

Mr. COOPER. May I first give my view?

Mr. JACKSON. Certainly.

Mr. COOPER. The Senator does not believe, vis-a-vis Russia, that we are in such a dangerous position that if we were to adopt the amendment, its mildest consequence—that it would postpone the deployment until next year—we are in danger of being destroyed because of a delay of 1 year?

Mr. JACKSON. No. I am not going to say that we would be destroyed. However, I would get back to what the Senator wants to do.

I know that the Senator and all of us want to try to see if we can get the Soviets into negotiations on these matters.

Mr. COOPER. The Senator is correct.

Mr. JACKSON. Mr. President, the point I wish to make is that I agree entirely with the comment of the Secretary of Defense at his news conference

yesterday, in which he said that the best way to get them into conference is by going ahead with this program. I believe that when they find out we are going ahead, they will perhaps talk turkey. This is my philosophy. I subscribe wholeheartedly to the position of the Secretary of Defense. It is nothing new. It is that we try to negotiate from a position of strength.

We have acted in good faith, I say to the Senator from Kentucky. We have been standing by all these years. We have asked them to please sit down and talk with us. Mr. McNamara waited a year and a half before going ahead with his announced position favoring deployment of our ABM system.

Mr. COOPER. I want to return to the first point, on which we agree, that is that it would be best if neither deployed an anti-ballistic-missile system. One of the reasons I formed with Senator HART in the introduction of the amendment, as I noted when I first spoke, that if by delaying this system 1 year, we would have a better opportunity to reach an agreement with the Soviet Union, it would be best for our country.

Mr. JACKSON. Mr. President, we have been waiting all this time. How long does the Senator think we should wait?

Mr. COOPER. I would want to wait at least until we had the chance.

Mr. JACKSON. What chance?

Mr. COOPER. Just what I have said—to determine if the Soviets will continue to develop an ABM system to determine whether there is a possibility of reaching an agreement against deploying anti-ballistic-missile systems. No one can know whether these agreements can be reached, but there are some indications. We have recently agreed upon the nonproliferation treaty.

Further, if the war in Vietnam could be brought to an end—and this is very important to all of us—there would be, I believe, a better opportunity for improving relations with Russia then we might make progress. I do not know. Who does know? The failure to reach agreements has been one of the unhappy consequences of the war in Vietnam.

If the war can be brought to an end, if we can make progress with the Russians against the deployment of ABM systems it would be better to delay than to start on a $40 billion, $60 billion, or $70 billion deployment of nuclear weapons, when we already have the power to destroy Russia and perhaps the world, and also Russia has the power to destroy our country and perhaps the world. The cosmos will be choked with nuclear weapons, and it seems to me that we will be moving toward a nuclear catastrophe.

Why not delay 1 year? With all due regard to Secretary Clifford—I believe he is one of the ablest lawyers in this country—a Secretary of Defense of the greatest ability, but I would not have used Dr. Foster's memorandum as Dr. Foster admitted in his statement that the "thin" system was not feasible as a defense system against Russia. Why spend $1.2 billion in fiscal year 1969 and deploy a $5.5 billion system which is no good? Why do it?

Mr. JACKSON. Mr. President, first, I do not believe we need cover this ground again.

I believe that George Santayana made the observation that he who chooses to ignore history is condemned to repeat history.

If anything stands out, since the end of World War II, in our relations with the Soviet Union, it is that we can make the best progress in negotiations toward agreements that would be in the best interests of both countries when we operate from a position of strength. This is history.

Mr. COOPER. I do not wholly agree.

Mr. JACKSON. I want this to come out.

Mr. COOPER. I want it to be clear that I want the United States always to be stronger than the Soviet Union. We are, or least we are told that we are, and I hope we are. I have voted for every measure to maintain our superiority. But the only times we have been able to make agreements with the Soviet Union were when our interests were similar. If the doctrine of preponderance of strength is a correct one, the Soviet Union would presumably reach agreement with us now on limitations of ABM systems.

Mr. JACKSON. I am not saying that the fact that we have a position of superior strength means that we automatically get agreements. What I am saying is that if we got into an inferior position, we would not be in a favorable position to bargain with an expansionist state like the Soviet Union.

I am not saying that if ipso facto we have superior strength we can negotiate with the Russians and reach amicable agreements. This does not follow. But I am convinced that if we are in an inferior position, our voice will not be listened to at any time, anywhere, within the Soviet nation. This is my view.

Mr. COOPER. It is important to remember that we have reached agreements with the Soviet Union, and peculiarly and happily in the nuclear realm because of a similarity of interest.

Mr. JACKSON. And I have supported those talks.

Mr. COOPER. Of course, the Senator has. One was the Nuclear Test Ban Treaty.

Mr. JACKSON. The Nuclear Test Ban Treaty.

Mr. COOPER. And the other is, hopefully, the non-Proliferation Treaty. Why? Because evidently our interests are similar. Evidently the Soviet Union, as the U.S. did not want to continue a race which had no end, and which would only lead closer to destruction.

There is a community of interest against the deployment of an ABM system which possibly can lead to agreement. The Senator's arguments and the information he provided, because of his superior knowledge, with respect to the Nuclear Test Ban Treaty, did more to convince me to vote for it than anything else.

Mr. JACKSON. I have always taken the position that we should move along two consonant lines: First, keep talking with the Soviet Union and work with them where interests converge; and, second, maintain a strong posture. This is my philosophy. I do not believe that in the age of nuclear weapons we can afford to close the door and not listen to our adversary. The first rule of warfare is to keep in contact with your enemy and be sure you know what he is doing and what he is thinking.

I believe it is very important that we try to find areas of parallel and mutual interests and try to reach agreement where it is in the best interests of the United States and of the Soviet Union.

I should like to read a portion of the transcript of the press conference of Secretary of Defense Clifford on yesterday, June 20. This is what he said with reference to the ABM:

> . . . if the Soviets are developing an ABM system, and we know they are developing it, and we know that they are deploying it, I believe we are in a better posture to reach agreement with them on an ultimate step toward disarming if we also go about the deployment of a system.
>
> I think our negotiations over the past decades would indicate that this is the better position for us to be in if we hope to achieve some type of resolution of this problem with the Soviets.

The able Senator from Kentucky—and I agree with him—says that the Secretary of Defense is a good lawyer and has a good head, and I believe he has good judgment, as has the Senator from Kentucky.

I respect Secretary Clifford's judgment. He has a fine mind; he has a logical mind. He can identify the central issues we have to deal with.

On this point of the relation of strength to negotiation, one can have differing points of view, but I have a strong conviction on this matter. Other Senators think otherwise.

To get down to certain specifics, there are two points that need to be mentioned. The first point is in connection with those Senators who talk about saving money and who say we will go on with the program later. I wish to emphasize, and I shall go into the matter further on Monday, that it will cost a minimum of an additional $300 million to delay the program a year. Second, when estimates for this program were worked out, the Department of Defense took into consideration a 6-month slippage in the ICBM program of the Chinese.

The estimated slippage, of course, is a speculation. We get surprised constantly by the pluses and minuses. The Department did take into consideration a 6 months Chinese slippage. Assuming there is a 1-year delay in the current ABM program, the point I wish to make, which I have made several times in this debate, is that to be effective the entire program must be operational and it is not one battery that will slip a year but the entire program is going to be delayed 2 years. It cannot be argued then that if the current program is delayed there will be no impact simply because the Chinese will not have their ICBM's 1 year before we have anticipated it.

If any Senator has information from those persons who are knowledgeable in this area that the situation is otherwise,

it would be helpful to have it. My information as I have given it to the Senate comes from those in charge of the program in the Department of Defense. This is not my personal judgment or estimate. It is the information which I asked for that has been given to me from responsible officials in the Department of Defense.

I have many other matters I could mention, but at this time I think we have had a good discussion on the floor of the Senate. I am sure the able Senator from Kentucky, who is a brilliant and outstanding lawyer, and who is a genius in the art of cross-examination, will have more questions for me on Monday. We will have three hours at that time and I shall try to find someone who has the answers for the Senator when he again resumes the dialog on Monday.

Mr. McGOVERN. Mr. President, I have a brief request to make. I have before me a copy of a letter sent by former Deputy Secretary of Defense Roswell Gilpatric, which he sent to our colleague, the distinguished Senator from Oklahoma [Mr. MONRONEY], under date of June 20, 1968, in which he pleads for a 1-year delay in the deployment of the anti-ballistic-missile system. The same request is made in the amendment proposed by the Senator from Kentucky [Mr. COOPER].

I wish to read one or two paragraphs from the letter, and then I shall ask that the entire letter be printed in the RECORD.

Mr. Gilpatric stated in his letter:

In my view, the grounds for the deployment of the Sentinel system are still "marginal" and the time is not yet "right" for its deployment; in short, the President's judgment of a year ago remains valid.

There are two intervening developments which lead me to this conclusion. First, it seems generally accepted within our intelligence and scientific community that the ABM system which the Soviets have deployed around Moscow has encountered many technical difficulties and is probably of limited effectiveness. Since the Soviets have always excelled in defensive systems, it is reasonable to believe that the ABM problems with which they have been afflicted will in due course face our scientists. If so, more research and development effort should be expended by the U.S. before any go-ahead on deployment is given. Secondly, we have been told that the Chinese ICBM program, which Sentinel is designed to counter, has been set back a year or more so that any threat from that quarter will not arise as early in the 70's as was believed last fall.

For these reasons, I believe this country can safety defer, for at least another year, a start on deployment of Sentinel, and I hope therefore that Congress will decline to fund the deployment program this year.

Mr. President, I ask unanimous consent to have printed in the RECORD the entire text of the letter from Mr. Gilpatric addressed to the Senator from Oklahoma [Mr. MONRONEY] under date of June 20, 1968.

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

CRAVATH, SWAINE & MOORE,
June 20, 1968.

HON. A. S. MIKE MONRONEY,
New Senate Office Building,
Washington, D.C.

DEAR MIKE: Following up on our telephone conversation, I am writing this note to explain why I favor another year's delay in starting the deployment of the Sentinel ABM system.

A year after leaving the Defense Department, I served on the Disarmament Panel of the National Citizens Commission on International Cooperation that was established by the President in the spring of 1965. The report of that Panel, which was headed by Dr. Jerome Weisner of M.I.T., President Kennedy's principal scientific advisor, recommended, among other things, a three-year moratorium on deployment of any system for ballistic-missile defense. This recommendation was grounded first on doubts as to the military value of an ABM system and also on the many technical questions that remained to be answered as well as the political consequences of an ABM deployment.

This recommendation (along with others made as part of the International Cooperation Year Program) was referred by President Johnson to a White House committee in August of 1966, and in April of 1967, the President announced the actions taken regarding the ICY recommendations. The portion of the President's statement dealing with the recommended ABM moratorium read as follows:

". . . Moratorium on Anti-Ballistic Missiles. The ICY reports recommended a U.S.-USSR moratorium on new deployment of systems for ballistic-missile defense.

"We are taking no actions to deploy ABM's, pending the outcome of discussions with the Soviet Union. Responding to our initiative, Chairman Kosygin has confirmed the willingness of his government to discuss the question of both offensive and defensive systems."

Nevertheless, in September of last year, Secretary McNamara announced that "the time will shortly be right" to initiate a thin deployment of ABM's which he found advisable on "marginal grounds."

In my view, the grounds for the deployment of the Sentinel system are still "marginal" and the time is not yet "right" for its deployment; in short, the President's judgment of a year ago remains valid.

There are two intervening developments which lead me to this conclusion. First, it seems generally accepted within our intelligence and scientific community that the ABM system which the Soviets have deployed around Moscow has encountered many technical difficulties and is probably of limited effectiveness. Since the Soviets have always excelled in defensive systems, it is reasonable to believe that the ABM problems with which they have been afflicted will in due course face our scientists. If so, more research and development effort should be expended by the U.S. before any go-ahead on deployment is given. Secondly, we have been told that the Chinese ICBM program, which Sentinel is designed to counter, has been set back a year or more so that any threat from that quarter will not arise as early in the 70's as was believed last fall.

For these reasons, I believe this country can safely defer, for at least another year, a start on deployment of Sentinel, and I hope therefore that Congress will decline to fund the deployment program this year.

Sincerely yours,

ROSWELL GILPATRIC.

Mr. HOLLINGS. Mr. President, for the past few days I have listened with interest to the debate on the authorization for the construction of Sentinel ABM facilities.

In all candor I have not heard any argument against this authorization that seems reasonable to me. First, the money involved is not large in Federal Government terms. The $227.3 million we propose to spend in the defense of American lives is far less than we spend annually on foreign aid or on research and development that may not be worth a tinker's damn if the ABM program is not completed.

Second, with all the testimony we have heard from military and Department of Defense experts as to the effectiveness of the system, the argument that it might not work does not hold water.

Another argument that we often hear is that we have such awesome offensive capability that a defense system is not necessary. I agree with the Senator from North Carolina [Mr. ERVIN]:

That makes about as much sense as teaching a boxer all of the punches and none of the blocks.

Furthermore, I for one am not ready to trust the safety of this country to the rationality of a man like Mao who believes that "power grows out of the barrel of a gun" or any other petty tyrant that may secure nuclear weapons from whatever source.

Nor do I subscribe to the theory that we have nothing to fear from the Soviet Union. There is none who pays for world peace more fervently than I but with Russia already deploying an ABM system, President Kennedy's words come to mind when he said:

We must never fear to negotiate, but we must never negotiate out of fear.

Additionally, Mr. President, government in the U.S.S.R. has a tendency toward violent and sudden change. Who among us predicted the sudden decline from power of Mr. Khrushchev? And who among us knew with any certainty the thinking of those who succeeded him.

No, Mr. President, the issue before us is not the expenditure of $200 million, nor is it theoretical mental gymnastics of "cost effectiveness" and "philosophies of deterrents." The issue here is the protection of 200 million American lives and indeed civilization itself.

For these reasons, Mr. President, I urge each of my colleagues to give their endorsement to this—in my opinion—giant step toward removing the possibility of nuclear holocaust.

EXECUTIVE COMMUNICATIONS, ETC.

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

PROPOSED FACILITIES PROJECTS, ARMY NATIONAL GUARD

A letter from the Deputy Assistant Secretary of Defense (Properties and Installations) transmitting, pursuant to law the location, nature, and estimated cost of certain facilities projects proposed to be undertaken for the Army National Guard (with an accompanying paper); to the Committee on Armed Services.

REPORT OF DEPARTMENT OF DEFENSE PROCUREMENT FROM SMALL AND OTHER BUSINESS FIRMS

A letter from the Assistant Secretary of Defense (Installations and Logistics) transmitting, pursuant to law, a report on Department of Defense Procurement from Small and Other Business Firms for the period July 1967–April 1968 (with an accompanying report); to the Committee on Banking and Currency.

PROPOSED UNIFICATION AND CONSOLIDATION OF RULES FOR NAVIGATION ON WATERS OF UNITED STATES

A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to unify and consolidate the rules for navigation of the waters of the United States (with accompanying papers); to the Committee on Commerce.

PETITION

The PRESIDING OFFICER laid before the Senate a resolution adopted by the Board of Supervisors, Tehama County, Calif., praying for the enactment of legislation to provide full Federal financing of public assistance payments made to recipients who do not meet the length of residence requirements under the Social Security Act, which was referred to the Committee on Finance.

MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

H.R. 15414. An act to increase revenues, to limit expenditures and new obligational authority, and for other purposes; and

S.J. Res. 180. Joint resolution to provide franked mail privileges for surviving spouses of Members of Congress.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

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

H.R. 17002. An act to amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938 (Rept. No. 1270).

By Mr. JORDAN of North Carolina, from the Committee on Agriculture and Forestry, without amendment:

H.R. 16065. An act to direct the Secretary of Agriculture to release on behalf of the United States conditions in deeds conveying certain lands to the State of Iowa, and for other purposes (Rept. No. 1272);

H.R. 16451. An act to authorize the Secretary of Agriculture to cooperate with the several governments of Central America in the prevention, control, and eradication of foot-and-mouth disease or rinderpest (Rept. No. 1273); and

H. Con. Res. 413. Concurrent resolution to endorse the concept of World Farm Center (Rept. No. 1271).

By Mr. MAGNUSON, from the Committee on Commerce, without aemndment:

H.R. 16127. An act to increase the limitation on the number of officers for the Coast Guard (Rept. No. 1274).

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

H.R. 14910. An act to amend the Communications Act of 1934, as amended, to give the Federal Communications Commission authority to prescribe regulations for the manufacture, import, sale, shipment, or use of devices which cause harmful interference to radio reception (Rept. No. 1276).

By Mr. HAYDEN, from the Committee on Appropriations with amendments.

H.R. 17354. An act making appropriations for the Department of the Interior and related aegncies for the fiscal year ending June 30, 1969, and for other purposes (Rept. No. 1275).

By Mr. SPARKMAN, from the Committee on Foreign Relations, without recommendation:

S. 1975. A bill to amend section 202 of the Agricultural Act of 1956 (Rept. No. 1277).

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

S. 1501. A bill for the relief of Gyorgy Sebok (Rept. No. 1297);

S. 2385. A bill for the relief of Jorge L. Machado (Rept. No. 1298);

S. 2675. A bill for the relief of Jose Estrada (Rept. No. 1299);

S. 3038. A bill for the relief of Dr. Rafael A. Santayana (Rept. No. 1300);

S. 3039. A bill for the relief of Dr. Orlando C. Ramos (Rept. No. 1301);

S. 3210. A bill for the relief of Marcelina T. Reyes (Rept. No. 1302);

H.R. 10135. An act to provide for the expeditious naturalization of the surviving spouse of a United States citizen who dies while serving in an active duty status in the Armed Forces of the United States (Rept. No. 1303).

By Mr. TYDINGS, from the Committee on the Judiciary without amendment.

H.R. 13315. An act to amend section 127 of title 28, United States Code, to define more precisely the territory included in the two judicial districts of Virginia (Rept. No. 1304).

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment:

S. 2731. A bill for the relief of Basil Rowland Duncan (Rept. No. 1288); and

S. 3012. A bill for the relief of Dr. Eduardo Fernandez-Dominguez (Rept. No. 1289).

By Mr. EASTLAND, from the Committee on the Judiciary, with amendments:

S. 2181. A bill for the relief of Gong Sing Hom (Rept. No. 1290);

S. 3041. A bill for the relief of Dr. Guillermo I. Gonzales (Rept. No. 1291); and

H.R. 15147. An act to amend the Immigration and Nationality Act to provide for the naturalization of persons who have served in combatant areas in active-duty service in the Armed Forces of the United States, and for other purposes (Rept. No. 1292).

By Mr. SMATHERS, from the Committee on the Judiciary, without amendment:

H.R. 15951. An act to provide for uniform annual observances of certain legal public holidays on Mondays, and for other purposes (Rept. No. 1293).

By Mr. DIRKSEN, from the Committee on the Judiciary, without amendment:

S.J. Res. 153. Joint resolution to proclaim the week beginning May 1, as "Youth Week" (Rept. No. 1294);

S.J. Res. 165. Joint resolution authorizing the President to proclaim August 11, 1968, as "Family Reunion Day" (Rept. No. 1295); and

S.J. Res. 177. Joint resolution to authorize the President to issue a proclamation designating the 30th day of September 1968 as "Bible Translation Day" (Rept. No. 1296).

By Mr. DIRKSEN, from the Committee on the Judiciary, with an amendment:

H.R. 10773. An act to amend section 1730 of title 18, United States Code, to permit the uniform or badge of the letter-carrier branch of the postal service to be worn in theatrical, television, or motion-picture productions under certain circumstances (Rept. No. 1286).

By Mr. DIRKSEN, from the Committee on the Judiciary, with amendments:

H.R. 10480. An act to prohibit desecration of the flag, and for other purposes (Rept. No. 1287).

By Mr. BURDICK, from the Committee on the Judiciary without amendment:

H.R. 1705. An act for the relief of Sophie Stathacopulos (Rept. No. 1278);

H.R. 1884. An act for the relief of Virgile Posfay (Rept. No. 1279);

H.R. 7882. An act for the relief of certain individuals employed by the Department of the Navy at certain US. naval stations in Florida (Rept. No. 1280);

H.R. 8481. An act for the relief of Richard Belk (Rept. No. 1281);

H.R. 10003. An act for the relief of John M. Stevens (Rept. No. 1282);

H.R. 11959 An act for the relief of Robert E. Nesbitt (Rept. No. 1283);

H.R. 13373. An act for the relief of Richard C. Mockler (Rept. No. 1284); and

H.R. 15216. An act to authorize the Bureau of Prisons to assist State and local governments in the improvement of their correctional systems (Rept. No. 1285).

By Mr. SCOTT, from the Committee on the Judiciary, without amendment:

S. 1206. A bill for the relief of Lt. Col. Samuel J. Cole, U.S. Army (retired) (Rept. No. 1305).

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

S. 3095. A bill to amend the Public Health Service Act to extend and improve the programs relating to the training of nursing and other health professions and allied health professions personnel, the program relating to student aid for such personnel, and the program relating to health research facilities, and for other purposes (Rept. No. 1307);

H.R. 3639. An act to protect the public health by amending the Federal Food, Drug, and Cosmetic Act to consolidate certain provisions assuring the safety and effectiveness of new animal drugs, and for other purposes (Rept. No. 1308); and

H.R. 16819. An act to amend the Vocational Rehabilitation Act to extend the authorization of grants to States for rehabilitation services, to broaden the scope of goods and services available under that act for the handicapped, and for other purposes (Rept. No. 1309).

By Mr. ALLOTT, from the Committee on Interior and Insular Affairs, without amendment:

H.R. 16429. An act to provide for the conveyance by the Secretary of the Interior of certain lands and interests in lands in Grand and Clear Creek Counties, Colo., in exchange for certain lands within the national forests of Colorado, and for other purposes (Rept. No. 1310).

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

S. 3065. A bill to amend the Federal Trade Commission Act, as amended, by providing for temporary injunctions or restraining orders for certain violations of that act (Rept. No. 1311).

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

S.J. Res. 130. Joint resolution to authorize and direct the Federal Trade Commission to conduct a comprehensive investigation of unfair methods of competition and unfair or deceptive acts or practices in the home improvement industry, to expand its enforcement activities in this area, and for other purposes. (Rept. No. 1312).

ADDITIONAL POSITIONS IN GRADES GS-16, 17, AND 18—REPORT OF A COMMITTEE (S. REPT. NO. 1306)

Mr. MONRONEY, from the Committee on Post Office and Civil Service, reported an original bill (S. 3672) to amend title 5, United States Code, to provide for additional positions in grades GS-16, GS-17, and GS-18; to promote the efficient use of the revolving fund of the

Civil Service Commission; and for other purposes, and submitted a report thereon, which bill was placed on the calendar and the report was ordered to be printed.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations:

H. Brooks James, of North Carolina, to be an Assistant Administrator of the Agency for International Development;

David S. King, of Utah, now Ambassador Extraordinary and Plenipotentiary to the Malagasy Republic, to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary to Mauritius;

William H. Crook, of Texas, to be Ambassador Extraordinary and Plenipotentiary to Australia; and

Robert F. Wagner, of New York, to be Ambassador Extraordinary and Plenipotentiary to Spain.

By Mr. MAGNUSON, from the Committee on Commerce:

John W. Townsend, Jr., of Maryland, to be Deputy Administrator, Environmental Science Services Administration.

By Mr. EASTLAND, from the Committee on the Judiciary:

Orrin G. Judd, of New York, to be U.S. district judge for the eastern district of New York;

Anthony J. Travia, of New York, to be U.S. district judge for the eastern district of New York;

Bernard Newman, of New York, to be a judge of the U.S. Customs Court; and

Morris E. Lasker, of New York, to be U.S. district judge for the southern district of New York.

By Mr. SPARKMAN, from the Committee on Foreign Relations, without reservation:

Executive D, 90th Congress, second session, the International Coffee Agreement, 1968 (Ex. Rept. No. 7).

BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. BREWSTER:

S. 3667. A bill for the relief of Konstantina Christina Panagopuolou; and

S. 3668. A bill for the relief of Nikitas Baltas (also known as Nick Damaskos); to the Committee on the Judiciary.

By Mr. SCOTT:

S. 3669. A bill for the relief of Dr. Joseph Shatouhy; to the Committee on the Judiciary.

By Mr. JORDAN of North Carolina:

S. 3670. A bill for the relief of Pooran Chandra Joshi and his wife, Saroj Joshi; to the Committee on the Judiciary.

By Mr. McINTYRE:

S. 3671. A bill to provide for the striking of medals in commemoration of the 200th anniversary of the founding of Dartmouth College; to the Committee on Banking and Currency.

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

By Mr. MONRONEY:

S. 3672. A bill to amend title 5, United States Code, to provide for additional positions in grades GS-16, GS-17, and GS-18; to promote the efficient use of the revolving fund of the Civil Service Commission; and for other purposes; placed on the calendar.

(See reference to the above bill when reported by Mr. MONRONEY, which appears under a separate heading.)

By Mr. CLARK:

S. 3673. A bill for the relief of Beba D. Varadachar; and

S. 3674. A bill for the relief of Maria Adela Foos; to the Committee on the Judiciary.

By Mr. BYRD of West Virginia (for Mr. MONTOYA):

S. 3675. A bill to provide that the highway known as U.S. Highway No. 70 between Las Cruces, N. Mex., and Amarillo, Tex., shall be designated as part of the National System of Interstate and Defense Highways; to the Committee on Public Works.

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

By Mr. DIRKSEN:

S.J. Res. 181. Joint resolution to authorize the President to designate the week of August 4, through August 10, 1968, as "Professional Photography Week"; to the Committee on the Judiciary.

By Mr. MOSS:

S.J. Res. 182. Joint resolution to enjoin State and local governments to enact and enforce effective gun control measures; to the Committee on the Judiciary.

By Mr. JACKSON (for himself, Mr. HAYDEN, Mr. EASTLAND, Mr. ERVIN, and Mr. STENNIS):

S.J. Res. 183. Joint resolution authorizing the printing of a revised edition of "Constitution of the United States of America—Analysis and Interpretation"; to the Committee on Rules and Administration.

S. 3671—INTRODUCTION OF BILL TO HAVE MEDALS STRUCK IN COMMEMORATION OF 200TH ANNIVERSARY OF FOUNDING OF DARTMOUTH COLLEGE

Mr. McINTYRE. Mr. President, today I am pleased to introduce for appropriate reference, a bill to have medals struck in commemoration of the 200th anniversary of Dartmouth College which is to be celebrated in 1969 and 1970. I do so with a deep sense of pride and honor: pride, because as a graduate of Dartmouth, I am delighted to be associated with its most exciting and impressive heritage; honor, because I am privileged to pay tribute to one of the Nation's oldest and most distinguished universities.

Dartmouth College was founded by Eleazar Wheelock and named in honor of the Earl of Dartmouth, an early English benefactor. It was originally established for "the education and instruction of youth of the Indian tribes and also of English youth and any others." December 13, 1969, marks the 200th anniversary of the granting of the charter of Dartmouth College by King George the Third, making it the last of the colonial colleges and the ninth oldest institution of higher education in the United States.

A landmark in the early history of the college occurred in 1819 when, thanks to Daniel Webster, one of its most distinguished graduates, Dartmouth survived an attempt to negate its charter in the famous Dartmouth College case argued before the U.S. Supreme Court. The decision handed down by Chief Justice John Marshall established the sanctity of contracts and had far-reaching implications for the later development of American society. Dartmouth's bicentennial year of 1969–70 is also the 150th anniversary of this historic decision.

Dartmouth has a long tradition of service to the Nation, to New England, and to the State of New Hampshire as a center of excellence in undergraduate and graduate teaching in the liberal arts and sciences, and in professional education in medicine, engineering and business administration. Deliberately limiting its size to maintain the highest standards of quality in its faculty and student body, Dartmouth now has a combined undergraduate and graduate enrollment of 3,600 and a faculty of over 400. Its more than 33,000 living alumni reside in all 50 States, the District of Columbia, and nearly 100 foreign countries.

Dartmouth's associated schools have played an important role in its development. The Dartmouth Medical School was founded in 1797 and it is the fourth oldest medical school in the United States. Later, Sylvanus Thayer, another distinguished Dartmouth graduate and the "Father of the U.S. Military Academy," gave Dartmouth a substantial sum to establish in 1871 the Thayer School of Engineering. It is regarded today as one of the truly imaginative institutions in the field of engineering education. In 1899 Dartmouth established the Amos Tuck School of Business Administration, now the oldest graduate school of business administration in the United States.

Dartmouth College has played an important role in the early history of the New England region and of the country. Since its founding its has achieved national and international distinction. It seems to me to be most fitting that Dartmouth's 200th anniversary should be commemorated by the striking of an appropriate and artistic medal by the U.S. Mint.

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

The bill (S. 3671) to provide for the striking of medals in commemoration of the 200th anniversary of the founding of Dartmouth College introduced by Mr. McINTYRE, was received, read twice by its title and refered to the Committee on Banking and Currency.

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

Mr. McINTYRE. I yield.

Mr. HILL. Is it not true that Daniel Webster said of Dartmouth College, "It is a small school, but there are those who love it"?

Mr. McINTYRE. That is absolutely true.

S. 3675—INTRODUCTION OF BILL TO DESIGNATE HIGHWAY BETWEEN LAS CRUCES, N. MEX. AND AMARILLO, TEX., AS PART OF THE NATIONAL SYSTEM OF INTERSTATE AND DEFENSE HIGHWAYS

Mr. BYRD of West Virginia. Mr. President, on behalf of the Senator from New Mexico [Mr. MONTOYA], who is absent because of illness, I introduce, for appropriate reference, a bill to provide that the highway known as U.S. Highway No. 70 between Las Cruces, N. Mex., and Amarillo, Tex., shall be designated as part of the National System of Interstate and Defense Highways. I ask unanimous consent that a statement, prepared by the Senator from

New Mexico [Mr. MONTOYA] relating to the bill be printed in the RECORD; and that excerpts of a report prepared by the Highway 70 Interstate Association be printed in the RECORD, and that the bill also be printed in the RECORD.

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

The bill (S. 3675) to provide that the highway known as U.S. Highway No. 70 between Las Cruces, N. Mex., and Amarillo, Tex., shall be designated as part of the National System of Interstate and Defense Highways, introduced by Mr. BYRD of West Virginia (for Mr. MONOTOYA), was received, read twice by its title, referred to the Committee on Public Works, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the highway known as United States Highway Numbered 70, extending approximately 301 miles from Las Cruces, New Mexico, through Clovis, New Mexico, to the New Mexico-Texas border, and United States Highway Numbered 60, extending approximately 98 miles from the New Mexico-Texas border to Amarillo, Texas, shall be designated under the provisions of section 103(d) of title 23 of the United States Code as part of the National System of Interstate and Defense Highways. The authorized mileage of such system is increased by the mileage designated pursuant to this Act.

The excerpts, presented by Mr. BYRD of West Virginia, for Mr. MONTOYA, are as follows:

EXCERPTS FROM A REPORT PREPARED BY THE HIGHWAY 70 INTERSTATE ASSOCIATION ON "A PROPOSAL TO INCORPORATE U.S. HIGHWAY 70 INTO THE NATIONAL SYSTEM OF INTERSTATE AND DEFENSE HIGHWAYS"

Directly or indirectly, every New Mexico citizen has a stake in the roads and streets that permit motor-vehicle travel throughout the state. Whether we drive to work, to school, to church, to market, whether we merely avail ourselves of the services made possible by usable roads, or earn a livelihood from travel of others, we are both contributors and beneficiaries.

Since the passage of the Federal-Aid Highway Act of 1956, the crucial importance of safe and rapid highway transportation for an expanding economy and national defense has been repeatedly stressed. In a society so largely dependent on the constant use of motor vehicles, the value of good roads can scarcely be questioned.

Especially in a state like New Mexico, with its vast area, its rugged terrain, its many remote settlements, and relatively limited rail and air facilities, the need for adequate highways is undebatable. Without them, we cannot develop our natural resources for a healthy economic growth. Nor can we provide for our population essential access to educational institutions, medical care, recreational areas, and business activity.

The proposal to incorporate U.S. Highway 60 from Amarillo, Texas to Texico, New Mexico with U.S. Highway 70 from their junction at Texico to Las Cruces, New Mexico into the National System of Interstate and Defense Highways is the most common route used to travel from the heaviest populated areas of the midwest to the El Paso, Texas area. It is also the ideal connection between the midwest and Southern California in cold weather months. The designation of this route on the Interstate System to increase ease of travel and decrease travel time would be of economic value to each city, town and village located on the route, and to the traveler as well.

The portion of this highway from Amarillo, Texas to Colvis, New Mexico is far superior to most of the remaining section continuing to Las Cruces, New Mexico. Most construction recently completed, and programmed, from Amarillo to the Texas state line meets Interstate standards. It largely remains a problem within the State of New Mexico (U.S. Highway 70) to adopt Interstate standards. Comparatively speaking, rights of way costs would not be excessive in all but limited areas.

The relevance of placing this route on the Interstate System to the National Defense of the nation should be emphasized. Six important military and space installations are situated at close proximity on the proposed route: Amarillo Air Force Base, Amarillo, Texas; Reese Air Force Base, Lubbock, Texas; Cannon Air Force Base, Clovis, New Mexico; Holloman Air Force Base, Alamogordo, New Mexico, White Sands Proving Grounds, Las Cruces, New Mexico; NASA, Las Cruces, New Mexico.

Close to the terminus of this route are other important military installations: The Atomic Energy Commission Project at Pantex and the largest helium production center in the United States are both located near Amarillo, Texas. El Paso, Texas is the home of the U.S. Army Air Defense Center, Fort Bliss, Biggs, Army Air Base and William Beaumont General Hospital.

The White Sands Missile Range, New Mexico, is the largest all land missile test center in the Western Hemisphere and America's first of three national ranges. White Sands is operated by the Army, for the Department of Defense to support Army, Navy and Air Force missile programs, and projects for National Aeronautics and Space Administration (N.A.S.A.) and other government agencies.

This 100 mile long—40 mile wide range extends from north of El Paso to south of Albuquerque, an area of 4,000 square miles or 2,560,000 acres (larger than Delaware, District of Columbia and Rhode Island combined).

The range was established on July 9, 1945, designated National Range by the Department of Defense in 1952, and the name was changed from "White Sands Proving Grounds" to "White Sands Missile Range" in 1958. During the years W.S.M.R. has served the three military services as the largest and most highly instrumented overland test facility in our free world.

While missile testing remains W.S.M.R. primary function, it also supports technical developments by other agencies such as the Atomic Energy Commission, the Department of Defense (Advanced Research Projects—Agency, A.R.P.A.) and N.S.A. including Project Apollo and Mercury.

Holloman Missile Development Center is the outgrowth of Alamogordo Army Air Field constructed in 1942. Today, Holloman consists of four major quadrants covering 49,081 acres containing 1126 buildings.

The primary importance of highway transportation to national defense was recognized by the Congress of the United States, with the passage of the Federal-Aid Highway Act of 1956. Paralleling U.S. Highway 70 between Amarillo, Texas and Las Cruces, New Mexico and El Paso, Texas there are 10 military connected installations. The length of this proposed route would involve 301 miles in the State of New Mexico and 98 miles in Texas, for a total of 399 miles.

Highway transportation makes every community, regardless of size or accessibility, a potential arsenal of supply for our forces of national defense. This mobility of manpower, supplies and weapons is of indispensible military importance. The provision of logistical support for the military establishment of the magnitude now considered necessary, is becoming increasingly dependent upon highways. One cannot deny the importance of the designation which would form an important diagonal connection between Interstate Route 10 and Interstate 25 in New Mexico, and Interstate 40 in Texas.

Population explosion in metropolitan areas have created a greater need and demand for sun and space contact with nature. Bigger paychecks, longer vacations and improved transportation are making it possible for more people to satisfy that desire.

It has been estimated on the basis of traffic counts that more than 14 million visitors came to New Mexico last year and left near $400 million in our state. That was 50 percent more than the total value of mineral production in the state in 1965, a record year.

Surveys taken around New Mexico indicate that tourist business will be even greater. Visitor counts at State Parks were up almost 50 percent, and gasoline tax revenues register record totals.

The Land of Enchantment especially serves as a year round vacation playground for people living in Texas, Oklahoma and Kansas. Within 500 miles of the center of New Mexico there are 17 metropolitan areas with a total population of more than six million people. They are eager prospects for the hunting, fishing, skiing, water sports, scenic driving, picnicking and camping that this state can provide in abundance. New Mexico itself has changed from a rural to an urban society. A generation ago, only a third of this state's population lived in urban areas. It is now two-thirds and it is estimated that by 1980 about 75 percent will be residents of cities and towns.

The attraction of new industries and the expansion of old ones have brightened the state's economic picture. Over the years, New Mexico has developed a tax structure which offers a favorable tax climate for industry. New Mexico has the lowest state and local per capita tax burden in the west. In 1957 the one fourth of one percent gross receipts tax on manufacturing was repealed. This was followed in 1963 with the repeal of the one-eighth percent tax on wholesaling and the passage of the Freeport law, which exempts all commodities moving in interstate commerce or stored in the state by parties outside of the state, from ad valorem taxation. Property tax rates in New Mexico compare well on the national basis. The State Constitution limits the rate of 20 dollars per thousand dollars of valuation for general government purposes.

These factors are inducements for industry and manufacturing firms to take a second look at New Mexico. The state's quest for industrial expansion is rich in profit potential.

The areas involved in the designation are rich in agriculture, cattle feeding, manufacturing, mining and distribution of goods and services.

The oil industry in New Mexico pays a tax bill which is larger than any other industry in the state, and most of the oil and gas fields and oil and gas production are located in southeastern New Mexico. These economic operations depend on one point or many points on highway transportation.

Recently an Associated Press survey indicated the nation's new highway system is doing for some communities just what the railroad did 100 years ago. Cities along the Interstate Systems are growing and nearly everybody agrees that the designation of U.S. 70 as part of the Interstate System will provide this area with heavy transportation facilities to move materials and products of industry to the market areas.

The statement of Mr. MONTOYA is as follows:

LEGISLATION TO INCLUDE U.S. HIGHWAY 70, LAS CRUCES, N. MEX. TO AMARILLO, TEX., IN INTERSTATE SYSTEM

Mr. MONTOYA. Mr. President, today I introduce for appropriate reference a bill to designate approximately 301 miles of U.S. Highway 70 to New Mexico and approximately 98 miles of U.S. Highway 60 in Texas, as part of the National System of Interstate and Defense Highways. Highway 70 runs from Las Cruces, New Mexico, through Clovis, New Mexico, to the New Mexico-Texas border. Highway 60 picks up at this point and runs to Amarillo, Texas.

Mr. President, in 1947, this country engaged in one of the most far-reaching and important ventures which it had ever undertaken when, in compliance with Federal-Aid Highway Act of 1944, general locations of 37,700 miles to city-to-city routes of the Interstate System were officially designated. Thus, did we begin the vital work of connecting by routes as direct as practicable, the principal metropolitan areas, cities, and industrial centers, to serve the national defense, and to connect at suitable border points with routes of continental importance in the Dominion of Canada and the Republic of Mexico.

Since then, the Interstate System designations have been increased to a limitation of 41,200 miles. Although, when completed, it will represent only a little over 1 percent of the Nation's total road mileage, it will link together more than 90 percent of the cities having a population of 50,000 or more, and will carry over 20 percent of all highway traffic. The importance of this system of roads to big and little communities alike, to rural and urban communities, and to the nation as a whole, cannot be over emphasized. We are becoming more and more a mobile society and the need for an improved and expanded road system for our continued growth has long been recognized.

The criteria used by the Bureau of Public Roads in the designation of Interstate System routes were essentially the same as used to determine the system recommended in a 1944 report, "Interregional Highways" (H. Doc. No. 379, 78th Cong., 2d Sess.), made by the President's National Interregional Highway Commission. They included: First, importance to national defense; second, system integration—the value of the route as a connector between numerous centers of population and industry which generate interregional traffic; third, importance to industry—meeting the transportation requirements of the manufacturing, agricultural, mining and forestry enterprises in the area traversed; and, fourth, importance to rural and urban population.

I can think of no single highway that more adequately meets the above specifications than that highway covered by the legislation which I am introducing today. The length of the proposed route would involve 301 miles in the State of New Mexico (U.S. Highway 70 from Las Cruces to Clovis), and 98 miles in the State of Texas (U.S. Highway 60 from the New Mexico-Texas border to Amarillo, Texas). It would serve 10 military installations which are situated at close proximity to the proposed route. Designation of this route would form an important diagonal connection between Interstate 10, Interstate 25, and Interstate 40. It would be of invaluable economic importance to the entire area. It is the most common route used to travel from the most populated areas of the Texas Panhandle to Las Cruces, New Mexico, and El Paso, Texas, and it would serve a vast rural area.

Mr. President, the Highway 70 Interstate Association, headquartered in Roswell, New Mexico, has done a commendable job in bringing this matter to the attention of not only the States involved but to the entire nation. Much of the credit for its outstanding work must go to Mr. John E. McLelland, President of the Association, and Mr. Frank J. Kaufmann, Secretary. They have secured the endorsement of the State Highway Commissions of New Mexico and Texas and have generated a great deal of interest in this proposal. Lastly, but most importantly, I ask this Congress to give this measure prompt consideration.

ADDITIONAL COSPONSORS OF BILL

Mr. PEARSON. Mr. President, I ask unanimous consent that, at its next printing, the names of the Senator from Idaho [Mr. CHURCH], the Senator from Pennsylvania [Mr. CLARK] and the Senator from Hawaii [Mr. INOUYE] be added as cosponsors of the bill (S. 3640) to establish a commission to study the organization, operation and management of the executive branch of the Government, and to recommend changes necessary or desirable in the interest of governmental efficiency and economy.

Mr. President, the addition of these distinguished Senators raises to 60 the number of Senators who have become sponsors of this effort to revitalize the executive branch and improve the quality of our governmental services since S. 3640 was introduced by Senator RIBICOFF and myself just 8 days ago. It is my hope that this growing support for executive reform will soon be translated into the passage of this much-needed legislation so that the other body will be able to give the matter the consideration it deserves before its attention is distracted by the fall campaigns.

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

SENATE CONCURRENT RESOLUTION 77 — CONCURRENT RESOLUTION AUTHORIZING PRINTING OF ADDITIONAL COPIES OF PARTS 1 AND 2 OF SENATE HEARINGS ON STATUS AND FUTURE OF SMALL BUSINESS

Mr. SMATHERS submitted the following concurrent resolution (S. Con. Res. 77); which was referred to the Committee on Rules and Administration:

S. CON. RES. 77

Resolved by the Senate (the House of Representatives concurring), That there be printed, with illustrations, for the use of the Senate Select Committee on Small Business three thousand additional copies each of Parts 1 and 2 of hearings before the committee during the Ninetieth Congress, first session, entitled "Status and Future of Small Business."

SECOND SUPPLEMENTAL APPROPRIATION BILL, 1968—AMENDMENT

AMENDMENT NO. 856

Mr. PROXMIRE submitted an amendment, intended to be proposed by him, to the bill (H.R. 17734) making supplemental appropriations for the fiscal year ending June 30, 1968, and for other purposes, which was ordered to lie on the table and to be printed.

AUTHORIZATION OF CERTAIN CONSTRUCTION AT MILITARY INSTALLATIONS—AMENDMENTS

AMENDMENTS NOS. 857 THROUGH 864

Mr. CLARK submitted eight amendments, intended to be proposed by him, to the bill (H.R. 16703) to authorize certain construction at military installations, and for other purposes, which were ordered to lie on the table and to be printed.

ENROLLED JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, June 21, 1968, he presented to the President of the United States the enrolled joint resolution (S.J. Res. 180) to provide franked mail privileges for surviving spouses of Members of Congress.

WHAT IS RIGHT WITH AMERICA

Mr. McGEE. Mr. President, there is much to be said for America today, even though the emphasis in the streets, on the radio and TV, and in the newspapers and magazines of this country seems to be laid on what is wrong. And there are wrongs still to be righted. Still, if we are to look at ourselves with any true perspective, we must also realize how far we have come in recent years. That look was taken Wednesday by columnist Roscoe Drummond in an article which the Washington Post headlined, "The Record of What's Right in United States Is an Impressive One."

Mr. President, I ask unanimous consent that Mr. Drummond's column be printed in the RECORD.

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

THE RECORD OF WHAT'S RIGHT IN UNITED STATES IS AN IMPRESSIVE ONE

Hasn't the time come to speak up for what's right with America and not center so much on what's wrong?

We think so, and our purpose is not to stop reform but to accelerate it.

Life magazine put this caption on a somber editorial: "Wherever We Look, Something's Wrong."

That is true and needs to be said. There's plenty wrong and it is amply visible. But there is much that is of good report on the American scene today and often it is not visible but lost in massive self-deprecation. We offer a different caption than Lifes': "Wherever We Look, Something's Right."

We need to se- it and to say it not merely to keep things in perspective. There is a stronger reason. If we are to succeed in freeing the aggrieved and the impatient from the temptation to yield to violence, we must show them that the democratic process in America has worked, is working, and can be made to work even more effectively.

The record is impressive. It shows that our society and our way of governing is sufficiently animate, vital, and productive to warrant the conclusion: Don't wreck it, use it.

Take the record on racial justice:

More wrongs have been righted and more things that are just have been achieved in

the past decade and a half than were accomplished over the 90 years from the end of the Civil War to 1954. That was the year of the milestone Supreme Court decision which began to lay the legal basis in America for complete racial justice and equality of opportunity.

Since then every arm of the Federal Government—the courts, the Congress, and three Presidents—have acted to see that the Constitutional writ of equality under the law runs to the boundaries of the Nation.

Except for hard pockets of delay, public places are open on an equal basis, the vote is assured, and Negroes, with white help and white assent, are electing Negroes to posts of high governing authority.

In the last four years the Federal Government has invested twice as much in education as it invested in the previous century.

The Federal Government is devoting three times more resources to health programs this year than it did in 1964.

Job-training programs are being greatly expanded. The war on poverty is just beginning to pay significant dividends. Together business and Government are committed to reducing hardcore unemployed by 500,000 by 1971.

The best tribute to the late Rev. Martin Luther King, Jr., took only four words. "The ayes have it," said the Speaker of the House of Representatives, and the Civil Rights Act of 1968, striking down racial barriers in about 80 per cent of the Nation's housing and providing other protections, became law.

There is a Justice on the Supreme Court who is Negro. There is a member of the President's Cabinet who is Negro. Negroes are moving steadily into the middle classes and in rising numbers are going to college.

Howard K. Smith, the ABC commentator, does not overstate it when he says: "The era of Martin Luther King has made ultimate triumph inevitable. Negro impatience may obscure it, but in fact tremendous forces are at work and cannot be stopped."

Not enough, many will cry. And they are right. But it provides the evidence of things to come. It proves that American democratic institutions have been productively at work to begin to remove the blight of racial discrimination.

The crucial ingredient of success in dissolving the mood of violence and in accelerating racial justice is knowledge of how much progress has been made. To do more to overcome what's wrong with America, we need to be more aware of what's right with America.

COMMENDATION OF THE FBI FOR CAPTURE OF JAMES EARL RAY

Mr. BYRD of West Virginia. Mr. President, on June 10, 1968, I made brief remarks in the Senate commending J. Edgar Hoover and the FBI for the capture of James Earl Ray, the man suspected of killing Martin Luther King. At that time, I stated:

Selfish individuals who do not know the true character of Mr. Hoover and his associates, have blandly asserted their belief that Ray would never be captured, implying that the FBI did not really want to catch Ray.

Ralph McGill, the distinguished publisher of the Atlanta Constitution, has developed this thought further in a column published in the Evening Star of June 20, 1968. He also made some most laudatory and deserved comments about the FBI. I ask unanimous consent that the column be printed in the RECORD.

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

RAY'S CAPTURE STILLS THE SINISTER RUMOR MILLS

Another phase of the sickness of our society, of which petty, petulant cynicism and a wish to believe the worst are symptoms, was revealed by the capture of the man suspected of killing Dr. Martin Luther King. The arrest of James Earl Ray came after a really brief span of time, all things considered.

A Bible text may be helpful. Three paragraphs of it begin with Matthew 11:12.

"From the days of John the Baptist until now, the Kingdom of Heaven suffereth violence and the violent carry it away . . .

"The man who has ears to hear, he must use them.

"But how can I show what the people of this generation are like? They are like children sitting in the market place calling out their friends, 'We played at weddings for you but you would not dance, and we played at funerals and you would not cry.' For John came neither eating nor drinking and they said, 'He is a hypocrite and crazy.' Then the Son of Man came, enjoying life, and people say, 'Look, a drunkard and a glutton—the close friend of the tax collector and the sinners. . . ."

Always the doubters—the cynics, the naysayers, the makers of false rumors, the arousers of suspicion—refuse to accept reality.

King was murdered on April 4. The one suspect was arrested in London on June 8.

Yet, in those few weeks the most amazing, corrupting rumors, half-whispered claims of "inside information," doubts and evil reports were circulated about the Department of Justice and, more especially, the Federal Bureau of Investigation.

Some of these false accusations and wholly spurious claims of "inside reports" and manufactured rumors were set in motion by the gaggles of geese that are in all our community ponds. Others were initiated by persons of malice or by enemies of the American system. Some were set in motion seeking to make the Negro have doubt in the integrity of the Department of Justice.

The more commonly circulated false rumors and lies were these:

1. The FBI doesn't want to catch the man because the FBI didn't like King.

2. The FBI (or "the government") doesn't want to capture Ray because if he is caught there will be released something so monstrous it can't be allowed to become public.

3. The suspect is already dead. The persons who hired him to murder have already killed him to keep him from talking and the FBI knows it and wants it left that way.

4. There were other lesser, but equally silly, claims that "they" told to the gullible. These included claims that the FBI hired only Catholics. "They" also said the FBI was made up of Southerners who didn't like colored people—and so on and on, ad nauseum.

J. Edgar Hoover's rebuke to King grew out of King's repeating the charge told him by someone who claimed to "know" it was true, that the FBI was composed of red-neck Southerners who didn't try to protect civil rights workers. (When King was killed "they" spread stories he had made "millions," he had vast amounts of insurance, and so on.)

It is surprising how many persons do not understand the legalisms that restrict the FBI to investigative work connected with violations of federal law. The Bureau is not a police force. The FBI was, for example, largely impotent in the civil rights area until Congress enacted federal laws.

It is a tribute to J. Edgar Hoover and the almost incredible expertise of his bureau that they have done so tremendous a job in the area of federal law enforcement and detection. The FBI very likely is the most expert research and investigative bureau in the world. Maybe it has a peer—but no superior.

While the geese-flock known as "they" were whispering that they "knew" the FBI was not trying to find James Earl Ray, a massive force of men and research detection was at work in 50 states, in Mexico and Canada.

The gossipy geese will be quiet for a brief time—but they soon will be at it again. Nothing ever stops them—not even the truth.

MICHIGAN LEGISLATURE AND TRADE

Mr. JAVITS. Mr. President, I am pleased to invite the attention of the Senate to a resolution which was recently introduced in the Michigan Legislature expressing opposition to import quotas, calling on Congress to liberalize the adjustment assistance provisions of the Trade Expansion Act, and urging Congress to support all efforts to remove all nontariff barriers at home and abroad.

I commend the authors, Senators Bursley, chairman of the Michigan State Committee on International Commerce; Stamm, Hart, Youngblood, Bouwsma, and Brown for this action and hope that other State legislators will take similar action.

I ask unanimous consent to have the resolution printed in the RECORD.

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

SENATE CONCURRENT RESOLUTION 22

A concurrent resolution memorializing the Congress of the United States regarding the imposition of import quotas on major commodity areas

Whereas, The State of Michigan is vitally concerned with a healthy growth in its exports which already total $2.5 billion annually including $150 million of Michigan agricultural products; and

Whereas, The United States has pursued a 30-year foreign trade policy leading to freer interchange of goods between nations and a rising standard of living for all and has led the Free World in substantial tariff reductions at GATT and desires to preserve the gains made in that historic series of negotiations; and

Whereas, the country today is faced with: (a) the grave threat that congressional legislation backed by special-interest protectionist forces could reverse our favorable and growing foreign trade balance—a United States foreign policy disaster, and (b) moves now afoot to restrict imports—in most cases by quotas—which would embroil the United States in a costly trade war, and (c) with the imposition of import quotas on major commodity areas such as steel, lead, zinc, textiles, chemicals, petroleum and meat which would inevitably and positively lead to reciprocal action by foreign countries creating barriers against the United States and Michigan exports; and

Whereas, The imposition of quotas would result in higher prices for millions of United States and Michigan consumers and thereby contribute to inflationary pressures and such import quotas would endanger billions of dollars of United States exports worsening our balance of payments position and inevitably increase government controls over industry and threaten individual enterprise; and

Whereas, Other positive actions can be taken by the Congress to assist American and Michigan industries unfairly injured by foreign imports; now therefore be it

Resolved by the Senate (the House of Representatives concurring), That the Congress be urged to defeat any legislation imposing import quotas and restricting world trade; that the Congress liberalize the adjustment assistance provisions of Title III of the Trade Expansion Act by making it easier for the Tariff Commission to find injury for this purpose and by providing more liberal loans, tax benefits and retraining programs for workers in the firms or sectors of industry seriously injured by imports; and that the Congress support all efforts to remove some of the nontariff barriers at home and abroad seriously imparing world trade; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, to the President of the Senate, the Speaker of the House of Representatives and to each member of the Michigan delegation to the Congress of the United States.

Pursuant to rule 32, the concurrent resolution was referred to the Committee on Senate Business.

FIREARMS CONTROL LEGISLATION

Mr. ANDERSON. Mr. President, the demand for firearms control seems to be rolling like a ball. Recently, the Portales News Tribune published two editorials written by Gordon Greaves. I feel that these two editorials were considered carefully. I ask unanimous consent that they be printed in the RECORD.

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

[From the Portales News-Tribune, June 10, 1968]

GUNS AND JUSTICE

This country has nutured the fiction that Americans have depended upon the guns in the closet for their rights.

This isn't true, and rarely ever was true. Men simply can't be productive if they have to be constantly on the alert to shoot down the rascals among them.

Our country is founded upon the respect for law and order, and we delegate to our policemen the business of capturing dangerous men. Rarely has it been necessary to organize a posse for this purpose. In this day and time with networks of police communications, radio patrol cars, and organization, there should seldom be any need for a man to own a gun for self protection. Far more innocent people are killed by the guns that they keep for protection than felons who are the justification of such weapons.

So we can't understand, on the theory that the right to own a gun is infringed if we require that gun to be registered why we don't require everyone to register all his guns, simply to provide a means by which criminals may be more easily traced.

We register our automobiles, and our radio transmitters, and use them only under clearly defined rules. Is there anything more basic to the right to own a gun than an automobile?

We acknowledge that registration of guns wouldn't likely cut down on crime by any notable amount. But it would simplify the job of police in tracing the origin of murder weapons, just as it did in the case of the assassination of Sen. Robert F. Kennedy. It is possible now for gun serial numbers to be computerized on national networks so that any gun can be identified within minutes after its number is put into the network.

We have great respect for those who own guns for sporting purposes, and for those who are members of the National Rifle Association. But we don't think that their right to own and use guns would be infringed upon by a tight gun registration law, both state and national.

Those who quote the Second amendment to the U.S. constitution as justification against requirements of registrations of weapons don't read all of the amendment. It says:

"A well-regulated militia being necessary to the security of a free state, the right of the people to keep and bear arms shall not be infringed."

That amendment was adopted at a time when the fledgling nation distrusted the idea of a standing army, and counted on men to spring to the defense of their country with their long rifles when danger came. This type of defense has never worked in America. We have never been able to rely on arms kept behind the kitchen door to meet a national challenge.

So it is time that we faced up to the realities of 20th century living, in which millions of unregistered pistols, sawed off shotguns, rifles, and even bazookas are readily available to any criminal.

We ought to reserve the fiction of personally enforced justice with a gun as a relic for the late-late TV shows.

[From the Portales News-Tribune, June 14, 1968]

GUN CONTROL, AGAIN

Americans who cherish the idea that the gun in the closet is a peculiarly American right, owe it to themselves to look at the facts.

The statistics have been available all along, but have received attention only since the murder of Sen. Robert Kennedy.

President Johnson quoted these figures in his appeal to the nation a week ago, but they bear repeating:

Each year in the United States guns are involved in more than 6,500 murders. This compares to 30 in England, 99 in Canada, 68 in West Germany and 37 in Japan.

And if that figure doesn't shake you, consider that in addition to murders, guns were responsible in 1966 for 10,000 suicides and 2,600 accidental deaths in the U.S.

The most startling figure of all is that more Americans have died from privately owned guns since 1900 than from all the wars that have ever been fought by the United States.

Americans need to grow up in their attitude about firearms, and concede that when it comes to protection, a gun in the home is of questionable value. For every gun owned by a person who knows how to use it effectively without danger to innocent people, there are scores laying about the house within reach of immature persons who have had no training in the use of a weapon.

But the idea persists, through our Western folklore, that a man riding into town with a gun slung from his belt, can resolve perplexing problems. This wasn't true even in the Old West. The first act of responsible law enforcement in raw plains towns like Portales was to require persons coming into town to leave their guns with the sheriff.

Then what type of gun control law does this nation need to take this step toward civilized conduct?

Consider the assassins of the three Americans whose deaths has raised this issue.

One was an ex-Marine who received a discharge under other than honorable conditions. Another was an escaped convict, who had been convicted of armed robbery. The third was an alien.

Certainly as a minimum we should expect that gun control laws should prevent these three types from possession of any sort of firearm.

In the case of the assassin of President Kennedy the rifle with telescopic sight was ordered by mail and delivered to a fictitious name with no questions asked. Certainly it is not too much to expect that better control of the sale of firearms should be expected. If isn't clear that better control of the sale of firearms should be expected. It isn't clear how James Ray, the escaped convict obtained the Remington 30.06. He was a felon who would have been subject to arrest with or without a gun, and possession of a gun would have made him liable to further prosecution, so his case is perhaps not pertinent to the current discussion.

But the 8-shot Iver Johnson revolver used by Sirhan Sirhan was originally registered, and was quickly traced through three owners. The question in this case is whether anyone should be permitted to own a gun of this type. If so, it would appear prudent to require to have them list their possession of the gun with the local police and not to be permitted to sell it without knowledge of the police.

What type of gun control law would reduce the carnage in America?

Great Britain does not permit anyone under 14 to buy or possess any kind of gun. Handgun permits are issued almost exclusively for use on the pistol range. Sportsmen have little difficulty in securing licenses for use of shotguns, and 4500 shooting clubs flourish in the British Isles.

The National Observer sister publication of the Wall Street Journal, notes that "In Britain, the homicide rate per 100,000 persons runs one-eighth the rate in the U.S.; the rate for robbery one-tenth the U.S. rate; and the rate for aggravated assault one-seventeenth.

When 5,126 Americans were being murdered by firearms in 1963, only 24 Britons were dying by the same means.

The Observer points out that the murder of 3 British policemen recently received worldwide attention, and resulted in a six-year sentence for the man who four months before the murder sold the pistols to the murderers. In the same year more than 100 policemen in the U.S. were murdered by firearms and occasioned little attention.

The National Observer makes a comparison within the U.S. that should answer some of the critics of gun control law.

New York has the most stringent gun control laws in the nation. The Sullivan Law requires citizens to obtain licenses to possess handguns even in their homes or places of business.

And New York's homicide rate is the lowest in the nation—4.8 per 100,000. The rate is one-third that of Houston, Texas.

FORMER NATIONAL RIFLE ASSOCIATION OFFICIAL SPEAKS OUT

Mr. DODD. Mr. President, a former National Rifle Association editor yesterday exposed the National Rifle Association as the shallow, irresponsible, and fraudulent organization which we, who have been dealing with it over the years, have long known it to be.

James B. Stenson, a former associate editor of the American Rifleman, the NRA's official journal, wrote a letter to the editor of the Washington Post in which he gives us an insider's view of this powerful organization.

First, Mr. Stenson points out that the NRA does not speak for the gun owners of this country. He insists, as I have always claimed, that the overwhelming majority of hunters, sportsmen, and shooters supports effective firearms legislation.

Mr. Stenson gets at the real heart of the appalling irresponsibility of this powerful lobby when he states:

Let me testify that thousands of NRA members have been influenced by a campaign of emotionalism, innuendo, and distortion of fact.

Then after pointing out a couple of examples of NRA distortion, Mr. Stenson explains:

The point that I am trying to make is that the members of our Congress are up against a sheer act of collective will, and nothing more.

Mr. President, I ask unanimous consent that the text of Mr. Stenson's enlightening letter be printed in the RECORD.

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

[From the Washington (D.C.) Post, June 20, 1968]

A FORMER NRA EDITOR WRITES

Within the past week, the leaders of the National Rifle Association have sent a notice to every one of the organization's nearly 1 million members, warning that "the right of sportsmen in the United States to obtain, own and use firearms for proper lawful purposes is in the greatest jeopardy in the history of our country." The notice calls for "*immediate* action." That immediate action has resulted, or will result soon, in an avalanche of emotional and vindictive mail to members of Congress demanding defeat of the Administration's proposed gun controls (S. 3604, S. 3605, H.R. 17735).

As a former associate editor with *The American Rifleman*, the NRA's official journal, I testify that the leadership of the NRA does not speak for more than a fraction of the gun owners in this country. The overwhelming majority of hunters, sportsmen, and shooters support effective gun controls at all levels of government.

During my tenure with *The Rifleman*, I came to know the NRA's official position—and the facts and statistics on which it is based—as well as any other member of the Association or any of the Association's many critics. Let me testify that thousands of NRA members have been influenced by a campaign of emotionalism, innuendo, and distortion of fact. For example, the NRA leadership has asserted that less than 4 per cent of all crime involves firearms. This figure is computed by grouping the several score thousand "personal crimes" (homicide, aggravated assault armed robbery, etc.) together with nearly a million "property crimes" (larceny over $50, auto theft, burglary, etc.). The former group nearly always involves a weapon; the second does not.

It has been further asserted that figures concerning criminal abuse of rifles and shotguns have been exaggerated; that, in fact, "only 7 per cent of murders last year were committed with rifles and only 9 per cent with shotguns" (*Rifleman* editorial, Oct. 1967.) This is true, and it is quoted correctly from the FBI's *Uniform Crime Reports*. However, that sum of 16 per cent represents the tragic and senseless loss of nearly 900 people's lives.

NRA members have been told that the Administration's proposed legislation would mean "serious inconvenience" to individuals in remote areas because they could not receive firearms in interstate commerce. What they have not been told is that under the Dodd-Celler proposals, any law-abiding citizen could order a firearm from another state through his local gun dealer. The ordinary citizen would not be hindered by this situation but the criminal or youngster would be. (There are documented cases of junior high school students receiving rifles by mail order without their parents' knowledge.)

The point I am trying to make is that the members of our Congress are up against a sheer act of collective will, and nothing more. Any right has its commensurate responsibilities. But the right to bear arms, guaranteed in the Constitution, will remain a shapeless abstraction if this Congress does not set its limits this year with reasonable and enforceable legislation.

If NRA members choose to accept uncritically what is told to them about this proposed legislation, that is their concern. But if they presume—or are presumed—to speak for the majority of gun owners in this country, then it is everyone's concern to speak up forcefully and set matters straight. Of the more than 13,000 pieces of legislation submitted to this Congress, only a handful deal with matters of life or death. It is urgent that effective firearms laws be passed this session without further delay.

JAMES B. STENSON.

WASHINGTON.

"MAN: AN ENDANGERED SPECIES?"—A DEPARTMENT OF THE INTERIOR REPORT

Mr. McGEE. Mr. President, of all the voices raised on behalf of an embattled environment, none has been more insistent, more urgent, more persuasive than that of Stewart L. Udall, Secretary of the Interior.

The measure of usefulness for a warning cry is how many persons take heed. National news media are notoriously blase about voices of alarm, especially if they issue from Government sources. So it is doubly impressive when an accolade for a Government publication comes unsolicited from a nationwide press service such as United Press International.

In a review that ran to 16 inches of newsprint, the UPI singled out "Man: An Endangered Species?" for special comment. UPI describes the "blunt new Interior Department report" and quotes at length from the foreword by Secretary Udall, "a leading warrior against all forms of pollution." The publication can be purchased from the Superintendent of Documents, Washington, D.C. 20402, for $1.50.

In praise of a singularly praiseworthy Government publication, I ask unanimous consent to have printed in the RECORD the United Press International story about Interior's Conservation Yearbook No. 4, "Man: An Endangered Species?"

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

[From the San Francisco Sunday Examiner & Chronicle, May 19, 1968]

CREEPING UGLINESS OF AMERICA—BLUNT REPORT FROM UDALL

WASHINGTON.—Man, unique among living things in his power to reason, has made himself an "endangered species" by mindlessly letting his environment be ruined.

This is the conclusion of a blunt new Interior Department report which says humankind is threatened with extinction because of the twin dangers of overpopulation and unbridled technology.

The report decries "the diminishing quality, the creeping vulgarity and ugliness of those environmental components which man must look at, listen to, work with, and play in."

PEOPLE SECOND

Interior Secretary Stewart L. Udall, a leading warrior against all forms of pollution, set the tone for the annual report in a foreword which says:

"There is an insidious logic that implies that men must adapt to machines, not machines to men; that production, speed, novelty, progress at any price must come first, and people second; that mechanization may be pushed as far as human endurance will allow."

This ignores experience, Udall says, which teaches that new strains and pressures and discomforts should not be added to an already high-pressure world. He charges that "certain brilliant men" are so engrossed in engineering techniques that they have lost sight of their own species.

This race for superproductivity where the "gross national product is our holy grail; the economists and statisticians its keepers" ignores the little things that add joy to everyday living, Udall says.

These "little things" might include a tranquility index, a cleanliness index and a privacy index to go along with statistics on such things as auto output, steel production and housing starts.

PROSPERITY OF SPIRIT

"Our goal should be to accomplish both full production and the full life," the secretary wrote, "a national prosperity that will include prosperity of the human spirit.

"The time has come for us to evolve an ecology of man in harmony with the constantly unfolding ecologies of other living things. We need a man-centered science which will seek to determine the interrelationships of life interrelationships whose understanding will enhance the condition of man."

Calling for continued efforts to rid the air and water of pollution, to preserve diminishing open spaces and to otherwise make man's environment more livable, the report says man should "exercise control—over himself, first, and then over his tools."

It says recent conservation legislation amounts to "an apology to the past and a pledge to the future . . . it faces up to our vanishing open spaces, our murky air and dying waters, our shrinking resources and endangered wildlife. It is a bread and butter letter to our environment.

"The warning is clear," the conservation yearbook says. "While we indulge in worthy, earnest, but nevertheless limited enterprises such as saving the whooping cranes, we fail to notice our growing eligibility for the title 'endangered species.'"

IMMUNITY OF STATE AND LOCAL GOVERNMENT ACTIVITIES FROM FEDERAL TAXATION

Mr. BAKER. Mr. President, on April 29 I voiced my opposition to five major proposals which have been presented to the Senate and which would either repeal outright or encourage the waiver of the long-standing immunity of State and local government activities from Federal taxation.

One of these proposals, Senators will recall, would revoke the tax-exempt status of industrial development bonds. Another would terminate the exemption of State and local governments from the Federal excise tax on domestic air travel.

More important are three pending administration bills introduced in March. I refer to three guarantee-subsidy bills, S. 3206, S. 3165, and S. 3170, which proceed upon the theory that it is preferable to remove the exemption from the Federal income tax from holders of bonds issued by state and local governments if the Federal Government will guarantee the worth of the bonds and will subsidize State and local governments for

the difference between the interest these governments would have to pay on taxable bonds and the local interest rate paid on tax-exempt bonds.

As I have stated previously, these five proposals, taken together, would have an urgent and serious effect upon the financial integrity and autonomy of State and local governments. The five proposals would transfer to the Federal Government the decisionmaking power of local government activities. In my view, the independence of local governments should not be destroyed in this manner by the establishment of Federal guarantees, Federal subsidies, Federal guidelines, and, as the inevitable result, Federal control.

During the past few weeks there have been several important developments with regard to these five proposals. The Senate recently passed, as an amendment to what is now the Revenue and Expenditure Control Act of 1968, the proposal which would eliminate the tax-exempt status of industrial development bonds. The Senate-House conference committee is recommending that the tax-exempt status be retained on bonds to $1 million. In my opinion, the amendment passed by the Senate should be replaced with a $5 million limit on the size of tax-exempt industrial development bonds. This would permit industrial development and at the same time prevent abuses claimed by the Treasury Department.

Following my remarks on April 29, I received voluminous correspondence in support of opposition to repeal or waiver of the immunity of State and local government activities from Federal taxation. This correspondence has come from Governors, mayors, chambers of commerce, and other State and local government officials, Democratic and Republican, Conservative and Liberal. Mr. President, I ask unanimous consent that the following letters be placed in the RECORD at this point as a demonstration of the substantial opposition to these five proposals: a letter from Ehlers & Associates, Inc., a financial consulting firm; a letter from the National League of Cities; a letter from California Governor Ronald Reagan; from New York Governor Nelson Rockefeller; from Tennessee Governor Buford Ellington; and from North Dakota Governor William L. Guy.

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

EHLERS AND ASSOCIATES, INC.,
Minneapolis, Minn., May 22, 1968.

Hon. HOWARD H. BAKER, Jr.,
Senator from Tennessee,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BAKER: Thank you for your reply to my letter concerning removal of tax exemption of interest on municipal bonds. I have read with great interest your address reported in *The Congressional Record* of April 29, 1968.

There seems to be some general misunderstanding concerning bond ratings and the ability of smaller units of local government to secure funds for capital improvements. It is true that bonds of most communities are not rated, but this is mostly because their debt is under $600,000 which is the cutoff point for the most prominent rating service. However, this does not mean that these communities do not receive bids on their bonds. In our experience as municipal finance consultants (we are not dealers), we have had very aggressive competitive bidding on many non-rated issues.

In these cases, usually because of the small size of the issues, bidding interest usually come from regional dealers and banks, but the bidding is usually lively and, as we have said, we have yet to find a community unable to finance a well-planned local improvement.

The point is that a lack of a rating does not mean that a community's bonds are not salable. In fact, non-rated bonds often receive better bids than rated bonds.

A central, federal rating service would have to gain the investors confidence and, even if it were established, many investors would still want the opinion of private, independent and knowledgeable rating services. I fail to see how a federal bond rating service would change anything.

To help you in the ratings areas we are enclosing a bond rating booklet in which the statistics are about three years old and which is concerned particularly with Minnesota ratings. While this perhaps points up some problems with bond ratings, we should add that in recent years a number of Minnesota ratings have been raised. While private rating services have been historically conservative, we have found them amenable to new facts and agruments and, when a good case has been made, they *do* upgrade ratings. Many of the rating problems stem from failure of communities to properly plan their financing or failure to report the facts to the rating services.

Thanking you for your interest, I am
Very truly yours,

ROBERT L. EHLERS.

NATIONAL LEAGUE OF CITIES,
Washington, D.C., May 14, 1968.

Hon. HOWARD H. BAKER, Jr.,
U.S. Senate, Washington, D.C.

DEAR SENATOR BAKER: Your statement of April 29th to the Senate on the Federal attack on municipal tax exemptions was excellent.

We have been shocked by the summary fashion in which this Congress has proceeded without hearings to remove the tax exempt status of certain municipal industrial development bonds and to eliminate the exemption of municipalities from certain travel taxes.

The immediate impact of these actions on local finance and development is significant. Far more serious is the precedent established; a precedent which you state so well in your address to the Senate. You are as right as you can be when you state that the future is told in the identification of "good" local government purposes utilized by the Ribicoff Amendment on Industrial Development Bonds. Should this trend continue, the role of state, and particularly local government, will be reduced to that of a puppet for the Federal government. Further, this nation has recognized since the ill-fated attempt to establish a union under The Articles of Confederation that the lack of power to control financial resources can negate any other authority government may possess. Cities are well aware that home rule without the power to finance the local choice of policy is meaningless.

There is no question but that the rapidly expanded use of industrial development bonds has been creating a problem for the municipal bond market and has added to the revenue problem of the Treasury. It is not, however, the Treasury's prerogative to write the Federal tax policy. It was, therefore, disturbing to witness the Senate rejecting the Treasury regulation, and then, without exploring the source or the implications of the Ribicoff Amendment, adopt another Treasury written proposal.

We have confidence that when the full impact of this action comes to the attention of Congress, it will proceed expeditiously with substantive hearings to review the entire policy.

We appreciate your interest and concern. Your statement should be widely read and accordingly we plan to reproduce it for distribution to approximately 1200 key municipal leaders around the country.

Sincerely,

ALLEN E. PRITCHARD, Jr.,
Assistant Executive Director.

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
Albany, May 27, 1968.

Hon. HOWARD H. BAKER, Jr.,
U.S. Senate,
Washington, D.C.

DEAR HOWARD: Thank you for sending me a copy of your address before the Senate on measures now pending in Congress regarding state and local tax immunity.

It is an excellent statement. I congratulate you on the concise and comprehensive way in which you covered these extremely important areas.

Since my earlier statements on this subject in connection with the Water Quality Improvement Act hearings, I have been particularly concerned that Congress may be contemplating action which would seriously undermine important job development, housing and urban core rehabilitation programs in New York by removing the present tax exemption from the bonds for such purposes. In this connection, I am enclosing, for your information, a copy of my May twenty-sixth telegram to the members of the House-Senate Committee on H.R. 15414 regarding this vital question.

Thank you for writing.

Sincerely,

NELSON.

TENNESSEE EXECUTIVE CHAMBER,
Nashville, May 15, 1968.

Hon. HOWARD H. BAKER, Jr.,
U.S. Senate,
Washington, D.C.

DEAR HOWARD: Thank you for your letter of May 3 with which you enclosed a copy of your statement made on the Senate floor and relating to certain measures now pending in Congress on the subject of the present immunity of state and local governments from federal taxation.

I entirely concur in your concern relative to efforts to eliminate or modify this immunity. The principle of governmental immunity is most important and is one of the bastions of state autonomy and integrity.

As you know from my recent wire to you, I am strongly opposed to the elimination of a tax-exempt status of state and local industrial bonds, but believe that if some modification appears to be indicated, a realistic maximum should be set on the amount of each issue so as to insure that industrial development will not be hampered or limited.

Very truly yours,

BUFORD ELLINGTON.

STATE OF NORTH DAKOTA,
EXECUTIVE OFFICE,
Bismarck, May 10, 1968.

Hon. HOWARD H. BAKER, Jr.,
U.S. Senator,
Senate Office Building,
Washington, D.C.

DEAR SENATOR BAKER: I agree with you that the tax exempt feature of state and local government bond issues should be maintained. This system has resulted in a remarkable growth in public facilities at the local level.

I would be opposed to any device which might make local bonding subject to federal influence or control.

Sincerely yours,

WILLIAM L. GUY,
Governor.

STATE OF CALIFORNIA,
GOVERNOR'S OFFICE,
Sacramento, May 23, 1968.

Hon. HOWARD H. BAKER, JR.,
U.S. Senator,
Committee on Government Operations,
Washington, D.C.

MY DEAR SENATOR: Thank you for your letter of May 3 calling my attention to five measures now before the Congress which would circumvent the powers of state and local governments by centralizing more control in federal agencies.

You perhaps know of my strong opposition to the removal of governmental power from local communities to the state and federal governments. I am thoroughly convinced that the citizenry are most capable of managing their own affairs.

California's opposition to repeal of the air travel tax exemption allowed state and local governments has been transmitted to our congressional delegation by Deputy Director of Finance, Edgar M. Gillenwaters, of California's Washington, D.C. office. This is being handled through direct contact with our Senators and Representatives.

With regard to the tax exempt status of revenue bonds, neither the State nor the localities in California have utilized this method of financing facilities to be leased to private corporations. There is, in fact, a legal prohibition against this so far as private corporations are concerned. In addition, it has been our position that subsidies of this type are inequitable and uneconomic. In effect, some firms are given a competitive advantage over others in matters of investment required or tax liability.

I plan to ask the tax reform commission, which I recently announced, to study the problems relating to bond financing of state and local facilities. This will include the matter of tax exempt status of such obligations and the advantages or disadvantages which might result from elimination of this exemption on a reciprocal basis by the federal and state governments.

Thank you, again, for your thoughtful consideration in bringing these matters to my attention.

Sincerely,

RONALD REAGAN,
Governor.

Mr. BAKER. Mr. President, in spite of the overwhelming opposition to these proposals, it has in the last few weeks become quite clear that the Treasury Department is eager to establish a system of federally guaranteed and subsidized taxable bonds. On May 16, officials of Treasury met privately with various representatives of State and local governments to discuss Treasury's position on the proposed Water Quality Act, one of the three Federal guarantee-subsidy bills. I have been in contact with several people who attended this meeting, and they have informed me that Treasury indicated that it would not support a proposal which would permit a State or local government to issue a tax-exempt bond for the entire amount of a water pollution project. Also, at this meeting Treasury acknowledged that if this bill were passed, a number of other Federal assistance programs might be patterned after it. In other words, Treasury clearly indicated that it would use the provision in the Water Quality Act as a precedent.

This intention was publicly stated by Assistant Secretary of the Treasury Stanley S. Surrey in a speech in New York to the Municipal Forum on June 13, as reported in the New York Times and Wall Street Journal of June 14.

Mr. President, I ask unanimous consent that the articles from the New York Times and the Wall Street Journal be printed at this point in the RECORD.

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

[From the New York Times, June 14, 1968]

TREASURY AIDE HERE PRESSES NEW PLAN TO FINANCE CITIES

A high-ranking Treasury official advocated in great detail yesterday a new Federal proposal for financing such local government projects as antipollution facilities, low-income housing, urban development and mass transit.

Stanley S. Surrey, Assistant Secretary of the Treasury, strongly backed what he described as "a new type of joint venture by the Federal and state and local governments for these social projects," a method, he said, that would benefit all involved.

Under the proposal put forth by Mr. Surrey, local governments would sell taxable bonds instead of the tax-exempt securities they now offer. The Federal Government would pay part of the principal and interest on the bonds, keeping the cost to the local government at least as low as it would be if tax-exempt bonds were sold.

Mr. Surrey spoke at a luncheon meeting of the Municipal Forum of New York, a group of leading tax-exempt bond dealers, many of whom are staunchly opposed to the suggested new method of financing local government facilities.

According to Mr. Surrey, demands for Federal financed assistance will increase insistently over the years ahead, while the volume of money available for investment in tax-exempt bonds will remain "relatively inelastic." A sudden rapid increase in the volume of state and municipal bonds "would send interest rates rising on all new tax-exempts," the Treasury official asserted.

If all Federal financial assistance were supplemented with local government funds on some matching basis, it could mean "tens of billions of dollars added to the municipal bond market," he predicted.

With tight Federal budgets likely for years to come and with local needs that "must not be postponed," the Treasury could make its money go further by paying part of the debt service of local government bonds sold to finance their projects, Mr. Surrey said.

The financing method, which has already been proposed to Congress as a way to start an increased number of antipollution projects, would cause no increase in costs to the Federal Government, Mr. Surrey said.

Mr. Surrey was critical of the practice of tax-exempt charitable organizations acquiring businesses through the financing technique of having the purchase price paid out of the profits of the acquired business.

[From the Wall Street Journal, June 14, 1968]

CERTAIN AIRLINE-EQUIPMENT LEASING SETUPS MAY BE ILLEGAL, HIGH TREASURY AIDE SAYS

A high Treasury official expressed doubt that certain airline-equipment lease arrangements are legal under the tax laws.

Stanley S. Surrey, assistant secretary for tax policy, told the Municipal Forum of New York that "the sole motivating force" behind such airplane-investment syndicates is the prospect of switching tax benefits "from the airline to a group of higher bracket taxpayers."

The greatest profits, he said, "go to those who would otherwise pay taxes at the highest rates—which is just the opposite of the way one would expect a progressive income tax to function." But, he added, "a real question emerges as to whether the transaction would be sustained by the courts under existing tax provisions."

As described in detail by The Wall Street Journal March 1, the complex plans basically enable wealthy investors to save on personal income taxes by receiving the depreciation deductions and investment credits that the airline would get if it bought the plane outright. Because the airline would pay a maximum tax rate of 48% and the individuals might be in the 60%-to-70% tax brackets, Mr. Surrey said, the individuals "can make better use of the tax benefits."

Whether the Treasury will act against any lease plans hasn't been decided, an aide in Washington said. If officials should decide that certain plans are illegal, he added, they would have a difficult job drawing a line between them and many other lease transactions. It is "obvious," the aide said, that the criticisms don't apply to the normal activities of equipment-leasing companies, as tax savings clearly aren't their major motive.

The arrangements being questioned by the Treasury, officials said, aren't limited to aircraft but also exist in railroad equipment, computers and in "other expensive personal property." The magnitudes involved in syndicate-leasing activities aren't known, they said. Nor, they added, has it been determined if any challenge to the criticized practices would come through regulation by the Internal Revenue Service or through asking Congress for legislation.

In his speech, Mr. Surrey said many such tax preferences that "today create severe unfairness" in our tax system aren't the result of laws passed by Congress but are blamed on "a Treasury regulation or administrative ruling, ill-considered or ill-conceived at the time" or "handed down to meet a legitimate problem and then, in turn, itself distorted."

In another area, Mr. Surrey proposed the elimination of the tax-exempt feature on certain bonds of states and localities issued to finance social projects, such as antipollution facilities, low-income housing and mass transit. Interest on bonds of states and localities currently is free of tax to investors, and thus commands a lower rate.

Mr. Surrey contended, however, that continued use of tax exempts to finance an expected vast expansion of social-project spending could result in a sharp increase in tax-exempt interest rates in general. Mr. Surrey said he is also concerned that because these projects usually are aided with direct Federal grants, a lack of Federal funds could lead to the postponement of many worthwhile programs.

The Treasury official proposed, in view of all these factors, that localities issue special fully taxable bonds to finance social projects. Under this approach, he explained, the U.S. would share with the locality in paying part of the interest and principal of the bond. It would also give the locality an interest subsidy to make up the difference between the usually lower interest cost of tax exempts and the higher interest to be expected on the new, taxable bonds.

Mr. Surrey noted that this method of financing has already been broached by the Administration as a way to start an increased number of antipollution projects. He said he wanted to stir up serious "discussion and analysis" among bond underwriters toward giving the idea broader application.

Mr. BAKER. Mr. President, in his New York speech, Mr. Surrey strongly backed the proposal by which local governments would sell taxable bonds instead of the tax-exempt securities they now offer, with the Federal Government paying part of the principle and interest on

the bonds. Mr. Surrey advocated this method of financing such local government projects as antipollution facilities, low-income housing, urban development, and mass transit. What Mr. Surrey did not mention is that if the Federal Government were to guarantee and subsidize taxable bonds, then the Federal Government would necessarily want to "approve" the bonds and "approve" is, as we all know, merely a nice word for "control." The inescapable conclusion is that Treasury has admitted both privately and publicly that it does intend to use the method of financing provided in the Water Quality Act as the first step by which the Federal Government could establish control over this vast array of local government projects. Certainly no more powerful instrument for centralization of government could be devised.

Because of the insistence of Treasury that it will proceed with this matter in spite of the drastic effects and overwhelming opposition, I urgently renew my request that the Senate Intergovernmental Relations Subcommittee conduct hearings on the question of whether to replace the tax-exempt status of State and local bonds with a system of federally guaranteed and taxable bonds.

THE NEED FOR A NEW LOOK

Mr. BARTLETT. Mr. President, we talk a lot, we make many studies, we have pilot projects, but seldom do we act. We all hear so much about the population explosion and the tremendous food supply needs which will be upon us in our lifetime. We talk about these needs and we study them; I am afraid we are doing very little about them. A clear call for action to develop our planet's last major undeveloped food resource—the fish of the seas—was made by former Ambassador William C. Herrington as he received an honorary degree at the University of Alaska May 20, 1968.

Mr. President, I ask unanimous consent that Ambassador Herrington's statement be printed in the RECORD.

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

MANAGEMENT OF FISHERY RESOURCES: THE NEED FOR A NEW LOOK

(By William C. Herrington)

Members of the Board of Regents, President Wood, Members of the graduating class and guests of the University:

I am indeed honored and proud to have the privilege today of speaking to you on a subject of much interest to this great State of yours; a subject which will involve many of you who link your future with that of the State.

You young men and women who today receive official recognition of the many years of work you have completed and of the progress you have made in mastering prescribed segments of certain fields of knowledge, go forth to face a world unlike any world confronted by your predecessors. It is greater in number of people and in wealth in material things, and is tremendously more complex, and increasing rapidly in complexity.

One of the great problem areas of this world, an area that is demanding increasing attention, involves the question of how the world community can satisfy the escalating needs of its "exploding population" for food and other raw materials. Out of all the World's problems this is one which Alaskans appear to be particularly well positioned to consider, especially in a practical sense. Your Commonwealth above all others of our family of states has a high ratio of natural resources per citizen, particularly of renewable natural resources, which properly managed will supply your state and your country and your world with a continued and increasing amount of food and other useful products. To secure the optimum yields from these resources, in terms of quantity or value, you will not be able simply to borrow resource management techniques that someone else has developed and applied. Within my experience none of the present techniques is up to the job that needs to be done, either on the domestic or on the international level.

A great variety of technical and political arrangements are being used today to manage the exploitation (harvesting) of natural resources and these arangements vary greatly in their effectiveness in securing optimum yields. Among the many profound problems facing today's graduates is this challenging one of resource management, the theory yes, but even more important the practice. I stress practice over theory, for the sytem, no matter how good in theory, will accomplish little unless it is accepted by the people and put to use. Thus the problem involves political as well as biological and economic considerations. Unless we can develop much more effective sytems for developing and managing marine resources than those in use today, the optimistic predictions bearing on realization of the potentials of the "World Ocean" to meet the critical world deficit in animal proteins, will never be even approached.

I have been involved with the "living resources of the sea" aspects of this problem in one way or another for all my professional life. During the pase eighteen months, since I departed the tumult and crisis laden atmosphere of Washington, I have paused from time to time in my contemplation of the Connecticut hills and of bucolic problems such as logs to be cut to firewood and rocks to be built into walls, to try to piece together those aspects of this experience which bear upon the problem of managing the living resources of the sea and what is right and what is wrong with present systems. Out of this so far limited thinking a few tentative ideas and conclusions have come to the surface. These ideas quality so far, perhaps, only as stimuli for further thinking about what is needed to achieve the management of the living resources of the sea for optimum yields. On that basis I will share them with you today.

In assessing present and potential systems for managing fishery resources we must bear in mind that to do the job we want, the system first must be technicaly adequate, but second and equaly important, it must be acceptable to the sovereign power. In the case of the United States this means the people and, more explicitly, the fishing industry and associated community. I narrow this to the fishing industry and the associated community for, although in theory a management sytem might be imposed by government upon a resisting fishing industry, in practice this rarely happens.

The management of fishery resources today in the United States largely involves the application of restrictions on when, where, and how a fisherman can fish, on how much and what kinds of fish he can take; and the research work required to determine what the restrictions should be; and the enforcement work required to assure that the restrictions are observed. All of this must be paid for by the public, so what is done depends as much on the mood of the legislature and the administering government officials as on the needs of the resource and the results of management. If management is moderately successful and the total yield of the resource (stock of fish) is prevented from declining, the fishermen and boat owners benefit to some extent; for if the yield had declined, some of them would have been forced to leave the fishery. However, if the management program is highly successful, resulting in a substantial increase in the total yield, then the increased profits will attract new fishermen until the average earnings decline and stabilize at a level in reasonable equilibrium with other occupations for which the fisherman qualifies. As the result, over the long run, the average *participating* fisherman gains little from management programs which in the first instance impose restrictions on his fishing activity and reduce his earnings, at least temporarily. This is one reason why fishermen and boat owners frequently are something less than enthusiastic about management programs which complicate their operations and limit and reduce their earnings. This also illustrates the reason why it is impractical under our present system to finance fishery management programs by assessing the industry, or for a boat owner or other individual to expend any substantial money or effort to improve the resource; the benefit of any substantial increase in yield from such expenditures would in large measure go to new participants rather than to those who contributed to the increase.

This system might be called the "incentive" system in reverse. Instead of stimulating participants in the industry to invest effort or money to make the resource more productive and to support efforts of government or other agencies to do so and to support restrictions on their own fishing operations in anticipation of later benefits, these participants are stimulated to oppose such actions. In this system the government official charged with managing the resources in the public interest first must secure public funds to carry out the needed research and management activities, then he must obtain the legislative action required to permit promulgation and enforcement of the management measures found to be necessary to maintain and increase the yield from the resource. In these efforts he must appeal for funds to a legislature which, beset by proliferating demands on never adequate revenues, at best gives him only a fraction of the funds needed for effective management and then appeal to this same legislature for authority to place restrictions on fishermen who for the reasons just given more often than not press their legislative representatives to deny or greatly limit the requested authority.

To an observing crew member of one of the "Unidentified Flying Objects", claimed by some earth people to be hanging around to observe our activities, it must appear strange indeed that here in a country which credits its tremendous productivity largely to the initiative and incentives stemming from its private enterprise system, he finds man's harvest from the sea managed in about the same manner as his hunting operations for wild game. The free enterprise, private property system which stimulates our farmers to their podigious production records, is almost entirely missing from the ocean resource field. The private oyster or clam farm is the principal exception in the United States.

There are some good, but I believe no longer sound reasons, for this situation. Up until fairly recent times it was thought that the resources of the sea were inexhaustible. Because of the wide ranging migrations of most species, the impossibility of directly observing their numbers and movements, and the fluctuations in their abundance in any limited area caused by their migrations, or even more because of basic variations in their environment which control the number of survivors, man could not see that the quantity of fish he caught had any

measurable effect on the surviving population. Furthermore, the wide ranging movements of most species which man could neither observe nor control, placed them in the same management category as wild game. Therefore fish became an unlimited, unmanaged resource open to any man for recreation and food. The latter use would have been of particular importance in early colonial days when unseasonable weather and crop failure could from time to time have a drastic impact on a family's food supply. I expect that from these considerations developed the basic American concept of every man's right to fish, which almost became a part of our democratic creed.

As the result of scientific developments we are learning how to estimate the number of fish in most fish stocks, to measure the variations in their number, size, and growth and determine the principal causative factors, some of them controllable. We are beginning to learn in some cases how to manage a stock of fish as a crop so as to improve the yield beyond what nature would provide. And as the result of technological developments we are learning how to harvest this crop more efficiently. Yet a legal framework for our management system has not evolved to provide the fishermen with incentives for investing time, effort and money to make a resource more productive. As in the past days of the buffalo, the hunter is stimulated to get all he can under the conviction that if he does not get them someone else will. The government official in the public interest seeks to impose restraints upon the fisherman. The latter more often than not in his own interest, resists these restraints.

When we move to the international arena we find the same wild game management philosophy as in the domestic field. Most stocks of fish along our coast are found during much or most of their life cycle on the high seas outside the jurisdiction of the United States or of any other country. In past years these stocks were fished (if at all) only by United States fishermen and in a few cases (salmon, halibut) by United States and Canadian fishermen. However, in recent years fishermen of a dozen or more countries have sent fleets ranging in size from a few vessels to several hundred to fish the grounds off the east coast of the United States, and the world's two most wide ranging fishing powers, Japan and the Soviet Union, have dispatched hundreds of vessels to fish along our Pacific Coast. These fishermen are likely to be joined soon by boats from other countries.

This country for many years has sought to negotiate international agreements (treaties) providing for cooperation of the countries participating in the fisheries, in the study of the stocks of fish and in the formulation and enforcement of the management measures required to prevent overfishing and provide for the restoration of the stocks to and maintenance of the stocks at levels which will provide the maximum sustainable yields. At present we are party to seven such active Conventions dealing with marine resources and one additional convention which has not yet come into effect (Convention for Conservation of Atlantic Tuna). The earlier of these Conventions have been highly successful—the Fur Seal, Halibut and Salmon Conventions. These Conventions include only a few countries (2–4) and provide for division of the yield (fur seal and salmon) or involve comparable fisheries (United States and Canadian halibut fisheries). All have effective enforcement provisions.

Later Conventions generally involve more countries, multiple species, and have no special provisions for division of the yields or for enforcement. They also involve countries whose fishing operations differ greatly in kind and quantity of gear used. With the exception of the Inter American Tropical Tuna Commission, research is done by the individual member countries, each concerned with its own interests and problems. The Commissions set up under the Conventions, provide a mechanism for planning and coordinating the overall research programs of the individual countries. The objective of all is to so manage the fisheries that the maximum sustainable yields are obtained.

The operation of this international system of management suffers much the same drawbacks as does our domestic system. Management measures consist principally of limitations on how much and what size of fish can be taken, on the kind of gear that can be used, and on when fishing can be carried on. Successful management programs result in maintained or increased yields and this encourages more fishermen and more countries to participate. As more fishermen and more gear enter the fishery, the increased competition, once the fishery is fully developed, results in smaller individual catches and also in smaller national totals unless a country's fishing fleet is increased. As the number of participating countries grows it becomes increasingly difficult to secure effective management measures because of diverse national interests and because each country in effect has a veto exercised either by voting against a measure, or where Commission recommendations can be made with less than a unanimous vote, by refusing to accept the recommendations when made. Then to top it off, when some effective management measure has been adopted, there are no provisions for international enforcement and no nation with wide ranging fishing fleets, even when it has the will, has the facilities to effectively enforce most regulations when its fishing vessels are scattered over the seven seas (or perhaps even when scattered over one sea). Thus international management of high seas fish stocks experiences all the difficulties of domestic management plus a few additional ones. The present international system, like the present system of domestic fishery management, appears to operate as an incentive system in reverse.

Contributions to good management, whether they be of the nature of limitations on fishing or of positive contributions to increased productivity of resources, to a large extent serve to benefit other countries rather than the country which made them.

If we are sincere and dedicated in deeds as in words to develop the potentials of food from the sea, and are prepared to approach the problem with an open mind, I suggest that we start with domestic management. How can our present system be modified to provide incentives rather than penalties to increase the yield from the sea's resources? Shellfish farming under private leases is one approach. Can it be encouraged by further measures? There has been some discussion of limited entry systems, that is of measures that limit the number who can participate in a given fishery. Properly organized this approach can provide incentives for much better management, I believe in some cases with good possibilities of substantial increases in yield. We need to divest ourselves of our traditional ways of thinking, of the perhaps archaic concept of everyman's right to fish, and try to think in the terms we use in tackling agricultural and silvicultural problems. Let us give the incentive system a chance.

If we can make progress with the incentive system and limitations on participation domestically, perhaps international progress will be expedited in the same direction. However, international progress will be much more difficult than domestic progress and both will require changes in laws and concepts. Once we in the United States are convinced of the desirability of this change we have it within our power to suitably modify domestic laws, but we will have to convince a lot of other people if we hope to change international law. Nevertheless, if we develop and implement domestically, sound concepts and the world's need for food increases as we expect, international progress should be possible upon the demonstration of the effectiveness of these concepts.

Today I am not going beyond this in proposing specific action or measures to be taken. (You will note that some of these new concepts are being tried out in our recent fishery agreements.) My purpose today primarily is to stimulate you Alaskans who are interested in the future development of your fishery resources for their maximum contribution to the economy of the state, to free yourselves from the traditional American concepts of fishery management (which I term wild game management), and examine the problem in terms of the incentive system and agricultural management, bearing in mind that the fishery problem will be vastly more complex because of the greatly different environment. If it is any comfort you might bear in mind that our present system of agricultural management took a long time to reach its present stage.

It is my conviction that we are not going to make a great deal more progress towards improved management of the resources of the high seas until we develop some better concepts of management than those now in use. (This does not mean we will not make further progress in *exploitation* of these resources.) And where is there a better place to start developing and applying these concepts than here in Alaska with your wealth of fishery resources, your long coastline, and considering the importance of fisheries to your economy?

After I had completed preparing the material for this talk I learned that the University of Alaska's Institute of Social, Economic and Government Research recently has been involved in an intensive study of high seas fishing problems and has proposed some new approaches to these problems. I was delighted to learn of this and wish the venture every success. However, I can assure you new graduates that you do not have to despair that the problems will all be solved before you become established and can participate. Changes in basic national concepts and international practice do not come overnight. But they can happen, as is witnessed by the present general world acceptance of king crabs as a resource of the shelf which belongs to the adjacent coastal country. A scant fifteen years ago this would have been considered legal heresy.

So to you young graduates and to my Alaskan friends I wish good luck in developing a more rational fishery management system, and to all of you I wish good fishing whenever you put to sea.

VICE PRESIDENT HUMPHREY'S CANDIDACY FOR THE PRESIDENCY

Mr. MONDALE. Mr. President, Vice President HUBERT H. HUMPHREY'S candidacy for the Democratic Party's presidential nomination has drawn widespread support in recent months. Among the many indications of growing support for his candidacy are the increasing number of personal endorsements the Vice President has received.

One of the most significant of those endorsements, in my judgment, was that given by Mr. James A. Farley, chairman of the board of the Coca-Cola Export Corp. Few men have the special knowledge of American politics and the American electorate James Farley possesses. He has, in the Vice President's own words, labored long, hard, and successfully in "the vineyards of liberal democracy."

Because of his experience and his insights I believe Mr. Farley's endorsement of Vice President HUMPHREY merits special attention. I ask, therefore unani-

mous consent that Mr. Farley's statement be printed in the RECORD.

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

FARLEY ENDORSES HUMPHREY

Vice President Hubert H. Humphrey has performed another great public service by announcing for the Presidency. Even under ordinary circumstances, I would have supported his candidacy with great pride. In these unusual times, I support him also with feelings of both gratitude and relief, both as an American and a Democrat.

I am grateful to him for entering his name, because I believe both his country and his Party need his calibre of man as never before. I am grateful, also, to President Johnson for so magnificently preparing Vice President Humphrey for the White House. It is said that the mark of a great statesman is that he provides for the continuity of his work. Clearly the President feels the Republic will be safe in the hands of Vice President Humphrey, a finding which fortifies a conviction I have felt for a long time. Vice President Humphrey will unify both the country and the Democratic Party. His energizing optimism and vital idealism, coupled with his immense understanding of practicalities, make him an outstanding spokesman for the cooperation of Government, Business and Financial Leaders.

The tremendous confidence of American business in the Vice President is shared by leaders of American Labor. Vice President Humphrey will not only cement Business, Government, Labor Unity; his enthusiasm will inspire all to new records of production.

The American people know and trust him. They know that no man has more understanding of racial problems in the United States, no man has been more selflessly devoted to their solution, and no man has done more to solve them responsibly. Vice President Humphrey has championed, effectively, the cause of those whom others seek to exploit by demagoguery. Because of his matchless record, and understanding and responsibility, the Vice President will bring to an end the shameless political manipulation of racial differences. With President Johnson, he has brought the immense "know-how" of Business, Labor, Government Unity to bear on the solving of America's racial and poverty problems.

Because he will bring unity to the Republic in every phase, I cannot refrain from expressing my sense of deep relief that he has definitely announced his candidacy. To effect national unity, a great President has withdrawn and in my judgment will be succeeded by another great American. I predict Vice President Humphrey's nomination in Chicago and his election in November.

DR. RICHARD HENRY WHITEHEAD WRITES ABOUT THE PANAMA CANAL

Mr. McINTYRE. Mr. President, one of New Hampshire's foremost citizens of Dr. Richard Henry Whitehead, of Laconia. Born in 1886 in Chicago, he has had a distinguished career in engineering and industry.

From 1912 to 1916, he was a test engineer for the Isthmian Canal Commission and later became Superintendent of Operations for the Pacific locks of the Panama Canal. To Dr. Whitehead went the distinction of guiding the first steamship, the SS *Cristobal*, through the canal from ocean to ocean.

The rich experience gained during these years was the basis for "Our Faith Moved Mountains," his inspiring book about the canal.

Although Dr. Whitehead has now retired from business, he retains an active interest in all matters pertaining to the Panama Canal. From the great reservoir of his memory, he recently set down his recollections of its history, of the relationship between the United States and Panama, and his impressions of the proposed new Panama Canal treaties.

Because I believe Dr. Whitehead's thoughts are pertinent, I ask unanimous consent that they be printed in the RECORD.

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

OUR TREATIES WITH PANAMA AND CANAL MANDATE RICHARD H. WHITEHEAD, PIONEER PANAMA CANAL

(By Dr. Richard H. Whitehead)

After many generous commitments and concessions on our part Panama wishes to abrogate the treaties of 1903 and 1936 and thus eliminate our last remaining hold on our Canal, our sovereign rights in the Canal Zone, rights in the language of the original treaty "to the exclusion of such sovereign rights by the Republic of Panama". The Treaty of 1936 gave up our rights in Panama of eminent domain, power to maintain law and order, and our unfettered ability to defend the Canal. In 1960, to placate Panama and her growing national pride, we agreed to fly the flag of Panama in the Canal Zone *wherever* our flag was flown. This naturally opened up a Pandora's box of more riots, demands, and strained relations. At present, after several years of secret negotiations, dual operation of the Canal is proposed and our eventually giving our canal to Panama at no cost to them.

Lest it be forgotten that we have a *mandate* from Western Civilization for the safe and dependable operation of our Canal and that the Canal Zone is a key point in our National defense, the following is presented to show there is no justification whatsoever for the enactment by Congress of the proposd give away treaties. The Titular sovereignty of Panama which we recognized by flying her flag in the Zone, means something very different to Panama from what it does to us. To us it is a gesture of good will.

To Panama it is the long sought opportunity to drive a wedge to pry away our sovereign rights and thus eventually control the Canal.

Over the years we have been most generous with Panama and also most inept. In the many differences that have naturally arisen, our overall generosity has been completely lost sight of. In the interest of Panama herself, while we should continue our aid and assistance we should never consider giving up our remaining sovereign rights or operate or defend the Canal with divided authority. Panama has no dependable means of defense as its admirable small police force is needed to keep civil law and order.

Panama was a province of Colombia when a concession was given the great Frenchman of Suez fame, DeLesseps, who in 1881 started a canal along the route of the Panama railroad. This first transcontinental railroad in the Americas was built by private American capital. American engineers had found the low pass across the Isthmus between the cities of Panama on the Pacific and of Aspinwal, later Colon, which they founded on the Atlantic. DeLesseps purchased this railroad, with its exclusive transit rights, for 25 million. He then spent 266 million in a futile attempt to build a small limited canal. The crash came in 1899 and the hopes of Panama became bleak for the future. Buneau-Varilla, left in charge of the defunct enterprise, and Cromwell, attorney for the railroad still under its American Charter, then endeavored to have us take over. Their concession was in difficulty and Colombia had a reversionary interest. Colombia refused to grant us a treaty that would justify our taking the gamble after failure of the French.

American private capital had meanwhile attempted to build a canal through Nicaragua; an equally desirable route that would shorten the distance 560 miles between New York and San Francisco. The best *French* equipment had been bought in Panama and put to work in Nicaragua. Oddly the French dredge "DeLesseps" sank at sea on its way. At the turn of the century no further private capital could be obtained for either project. The United States was the sole prospect capable of completing either Canal. The voyage of the Oregon around Cape Horn dramatically called the attention of the American people to the need for a shorter route; so we had to make a choice.

Our taking over at Panama meant the abandonment of the Americans who had done so much in Nicaragua. A government commission, after study of both routes, recommended Nicaragua as the better. Buneau-Varilla, aided by Cromwell, plotted with Dr. Amador and a small group of influential Panamanians to declare the Independence of Panama and thus to make possible the negotiating of a treaty with us.

To have us give up the Nicaragua route the French on the urging of Cromwell and Buneau-Varilla reduced their price from 110 to 40 million, on which basis the price tag on the two routes was estimated the same. More work had been done on Panama and we were in a hurry. A postage stamp with a smoking volcano was issued by Nicaragua. Congress, alarmed, accordingly authorized the Panama route providing a satisfactory treaty could be negotiated. Colombia refused; so the only way Panama could get the canal was her declaration of independence and a treaty with us before we decided again on Nicaragua. Panama's independence could only be insured if we recognized and guaranteed it.

On November 4, 1903, Panama declared her independence, declaring in part:

"And of these large sums (i.e. the millions the French had spent and the sums paid Columbia by the railroad) the Isthmus has not received the benefit of a bridge for any of its numerous rivers, nor the construction of a single road between its towns, nor of any public buildings, nor of a single college, and has neither seen any interest displayed in advancing her industries, nor has an infinitesimal part of these sums been applied towards her prosperity."

How different over the years since has been the attitude of the United States! Panama and Colon at that time had no sewerage system, no underground water mains, no paved streets. The French in this unhealthy tropical climate had perished at a frightful rate. Yellow fever and a malignant form of Malaria prevalent had to be eliminated if we were to build the Canal.

We guaranteed Panama's Independence and entered into the Treaty of 1903 and established our civil Government in the Canal Zone on May 1, 1904. Under the great Gorgas, as every school boy knows, we cleaned up Panama, paver her streets, provided sewerage and water systems, eliminated the scourge of Yellow Fever and Malaria, and eventually, after the sacrifice of many of our original canal army, the Isthmus became a healthy place to live in.

Theodore Roosevelt ineptly stated: "I took Panama." He did no such thing. He did aid and assist Bunua-Varilla, Dr. Amador, and his fellow Panamanians by interposing the power of the United States. This was effective because the railroad still operated as an American corporation and was the sole means of transit across the Isthmus. Its use was denied Columbian troops. Roosevelt also favored the Spooner Bill to take over the assets of the French. Left in the lurch were the patriotic Americans who had invested in Nicaragua. We made peace with Columbia

later, based on our sovereign rights to the Canal Zone, guarantying them free passage and 25 million. Certainly Panama could not have become an independent nation without our taking her part in her just declaration of independence. Certainly the surprising growth and development of Panama since would not have been possible if the Treaty of 1903 had not been entered into. Otherwise we would have built the Canal in Nicaragua.

As Panama developed into a small, prosperous and capable Nation, she requested many modifications of the 1903 and 1936 Treaties agreed on over the years since. Their government has unfortunately lacked stability through the intervening years and its institutions became infiltrated with communist agitators. Revolutions and riots are common, especially since we gave up our right to restore law and order in 1936. Between 1946 and 1964 Panama received from us in aid alone 128 million. The Canal at present pays wages to Panamanians and purchases supplies of over 100 million annually, a sum greater than the tolls collected.

We paid Panama 10 million for the rights to build the Canal and an annuity of $250,000, increased by successive treaties to $1,930,000. We purchased the land in the Zone from private owners. We have given and transferred property to Panama of 105 million in Panama and Colon. Our defense base fiasco resulted in Panama acquiring additional valuable improvements on abandoned leased properties.

The 1903 Treaty was a life saver for Panama. It insured our interest in her future with unusual opportunities. Panama, since her entrance into the family of nations, has realized these opportunities to an undreamed of extent. We, meanwhile, have received no return on our expenditures of 1.9 billion, or attempted to do so.

Real estate in Panama today is selling on a par with choice locations in our large cities. Many homes in Panama are in the luxury class and easy access to the high mountains provides pleasant interludes in country homes. Many American owned ships sail under the Panamanian flag. Her securities are traded in New York and American financed companies are frequently incorporated under her laws. Panama is a tax haven for individuals and corporations, and has become a banking center at a cross road on travel by air as well as by sea.

How ridiculous to state as quoted in a recent, national publicized article: "We created Panama and then cheated her!"

The Canal was only partially completed on April 1, 1914, when opened to traffic and the permanent operating organization established. By 1930 the Canal traffic reached about 30 million tons, with 27 million collected tolls. Panama, with a resultant surging of national pride, whetted by their keen commercial instincts, felt as Franklin Roosevelt expressed it "That she had grown up". She wanted back many of the rights given us in the Treaty of 1903, but at the time she did not dispute our sovereign rights to the Canal Zone. We accordingly negotiated the Treaty of 1936. Congress could not be persuaded to ratify it until 1939.

We gave up the following basic rights:

1. The guarantee of Panama's Independence.

2. Right to intervene to maintain law and order in Panama.

3. Right to expropriate additional land for Canal use.

4. Right of eminent domain in Panama and Colon cities.

5. The right for purposes of defense of military sites.

We restricted for their benefit:

6. Sales in Canal Zone in our commissaries.

7. Private business in the Zone.

8. Certain classes of imports we were making.

9. Renting zone property to outsiders.

We granted:

10. Docking and unloading privileges in the Zone.

11. Sites for immigration and customs in the Zone.

12. The exclusion of certain arrivals in the Zone.

13. The collection by Panama of tolls on Canal shipping using their ports.

14. Facilities in the Zone for commercial dealings with transits.

15. Increase of annuity from $250,000 to $430,000.

This Treaty of 1936 radically changed our relationship. It put the defense of the Canal at the mercy of Panama's willingness to cooperate at a price, and our being forced to meet uncontrolled mob violence only at the very borders of the Zone, within a short distance of transiting ships.

As a result of the Treaty of 1936, termed a treaty of friendship and cooperation, we experienced a fiasco in our attempt to provide for the proper defense of Panama and our canal. During the war emergency we obtained needed defense sites only on a temporary basis. In addition to paying rentals, we agreed on May 18, 1942, to their following additional aspirations:

1. We gave Panama and Colon, free of costs, our equity in their waterworks and sewage systems, installed at our expense.

2. We gave Panama property we owned in the name of the Panama Railroad in Panama and Colon valued at 12 million.

3. We paid one third the costs of maintenance of all roads used by our military forces during the emergency.

4. We agreed to build a bridge at Balboa when the emergency ended across our Canal.

5. Our military police and Canal Zone police to carry only clubs in Panamanian territory.

6. We paid 2.5 million for the paved road to the Rio Hato base.

7. We agreed to adopt policies in immigration to conform with theirs.

8. We agreed to adopt additional means to prevent contraband traffic from the Zone.

9. We agreed to transfer the railroad station in Panama City to another site.

10. We agreed to give consideration to claims for traffic delay in troop movements.

11. We agreed to give Panama the right of way for an oil pipe line and at cost furnish facilities for unloading petroleum products at Balboa.

12. To sell any excess of electric energy to them on an agreed on cost.

The Panamanian Ambassador wrote our Secretary of State:

"With the greatest and most honored pleasure I acknowledge receipt of your excellencies note . . . which concerns the Twelve points covering certain Panamanian aspirations regarding which positive action was requested of the United States. It gives me the greatest honor to inform a mutual agreement has happily been reached as set forth in your excellencies note . . . which becomes an important document for us and future generations since it embodies the acceptance by the Government of the United States of the equitable and just aspirations of my country. This documentation constitutes an eloquent and noble example to the world that our governments walk side by the path of democratic life in close and intimate brotherhood."

The defense sites which we could only lease for the duration of the war emergency were, and are still, needed to protect Panama as well as the Canal. Their return was demanded, however, *immediately* at the end of hostilities. In the post war *attempted* pact of 1947 we were to pay an annual rental of $28,000 for 13 of these sites out of over 100 and $137,500 annually for road maintenance. The Communists, meanwhile, had penetrated the National Institute and organized a mob. The action of their legislature was forecast when the President of the Assembly said in a brief speech: "Do you think I am going to vote for approval of this pact with 10,000 youths outside with sharpened knives?"

And some in high places would have us give up our remaining hold on the Canal, our sovereign rights!!!

After the failure of the 1947 Pact we had some bargaining power left as we had not yet built the 20-million dollar Balboa Bridge. Another treaty was negotiated as a result, in 1955, The Eisenhower-Remon Treaty. We then agreed as follows:

1. Increasing the annuity from $430,000 to $1,930,000.

2. Panama allowed to levy taxes on certain classes of Canal employees.

3. We renounced the monopoly of trans-Isthmian roads.

4. We renounced the right to prescribe sanitary measures in Panama.

5. Additional property including the railroad station and the Washington Hotel in Colon given Panama.

6. Commissary privileges to be withdrawn from certain classes.

7. U.S. Congress to be requested to enact wages legislation with retirement benefits giving equal treatment to Panamanians.

8. Equality of Panamanian citizens for job opportunities.

9. Panamanian citizens to participate in training programs.

10. Exemption from the Buy American Act of Panama products.

11. The United States to build the 20 million dollar Balboa Bridge.

For these concessions we received:

1. Exclusive use without cost of the Rio Hato Base for a period of only 15 years.

2. Panama waived the right of free transportation over the Panama Railroad, a matter of little import.

3. Panama waived certain rights in the use of the new strategic highway within the Zone.

4. Panama waived certain treaty provisions affecting post exchange privileges.

5. A lease for 99 years on our Panama Embassy.

6. Panama to reserve a park site in front of our Embassy.

7. A reduction of 75% on duties of spirits sold in Panama for importation into the Zone.

The 1955 Treaty, while benefiting Panama's business men and their National Treasury, hit the affected Canal Zone employees where it hurt—in their pocketbooks. The Canal now collects their taxes for Panama. We are left with an expensive air base at Rio Hato on a short-term lease. With this treaty experience surely Congress will not give up our last hold on the Canal!!!

Ex-President Eisenhower heralded the announcement of new proposed treaties as a hope for a new era of understanding with Panama stating: "More than 60 years have passed since we negotiated with Panama the present Canal Treaty (?). Changes are now necessary to fit the spirit and the reality of the world of 1960." The statement is disproved by the record. What happened in Cuba, which we never thought would happen, can happen in Panama.

Advocates of a sea level canal claim the present lock canal obsolete, especially as it will not care for many larger ships in service and under construction. No canal will ever be justified that will care for ships now under construction of 315,000 tons and drawing 80 ft. of water. Few ships that can enter our Atlantic and Gulf ports are unable to go through the present Canal. If the third locks project authorized by Congress and abandoned during the war is carried forward with modifications and the cut widened and deepened any ship that can enter our Atlantic and Gulf ports will be able to go through the

Canal. With 22 ft. tides on the Pacific, safe navigation will require tidal locks even in a so-called sea level canal. And as far as navigation goes, a high level lock canal at Panama is to be preferred to a so-called sea level canal even at the same cost, so said Goethals and Stevens.

Agreed the Canal has reached its safe capacity. This can be cared for by a smaller, relatively inexpensive lock canal in Nicaragua the size of the St. Lawrence Seaway. It would be a self-liquidating venture capable of being built by private capital and desirably so. Recently when a 50,000 ton ship grounded in the Gaillard Cut it was moved in a few days and traffic restored. The day after 65 ships transited the Canal, 60% of these could go through a smaller Nicaraguan Canal.

The present Canal is far from obsolete. It is a vital international jugular vein. We who have so successfully built and operated it have a world mandate to continue in full control of its future operation.

The Panama Canal Company was formed on July 1, 1951, to take over the assets of *the Canal* and *the Panama Railroad Company*, but not the assets of civil government. The Panama Railroad had retained its original charter and operated not only the railroad but a line of steamships for the transport of personnel, materials, and supplies to the Zone, commissaries and the Zone services. Even when the Canal lost money it made profits which were diverted to the use of the Canal such as the financing of the Madden Dam.

The Panama Canal Company is required by law to recover all costs of operation and maintenance of these combined facilities, including *depreciation* and to pay interest on the net direct investment in the Company, to reimburse annuity payments to Panama under the *1936* Treaty, and the net costs of the Canal Zone government. The enterprise as a whole is thus self sustaining. The company uses its own revenues to finance capital improvements.

When the Company was set up, many large items were not included, making it possible for the Company to operate in the context of this formula without increasing tolls. A low rate of interest has always been charged on a portion of the remaining sums advanced. Our naval and government ships are required to pay full tolls, even while those of Panama and Colombia have free use of the Canal. The items excluded, and not on the Panama Canal Company's balance sheets are:

1. 40 million paid the French.
2. 25 million paid Colombia.
3. 50.9 interest paid during construction.
4. 89.7 million spent on the third locks project, etc.

Total: *205.6 million!*

The Comptroller General, on Feb. 6, 1968, sent Congress the financial statement of the company for the years 1966 and 1967. Data is given only for the last two years in which the company did an abnormal business as a result of the closure of the Suez Canal and the heavy tolls paid on our government shipping because of the Viet Nam conflict.

It is submitted that *these two years form an unrealistic basis* for judgment. Accordingly, the average results of the past 10 years are given, in which all treaty revisions and concessions were in effect.

During these 10 years of record, July 1, 1958, to June 30, 1967:

1. The average transit income was 59.7 million.
2. The average depreciation charged was *only 5.6 million.*
3. The average rate of interest used was 3.03%.
4. The average interest paid the Treasury was 10.2 million.
5. The average net revenue was 4.98 million after the above.
6. The average net revenue after allowing for increase in annuity of 1.5 million was 3.48 million.
7. The average net revenue after allowing for increase of 3.1 million in depreciation recommended by the Comptroller General *was only 0.38 million.*
8. Capital expenditures shown were 113.1 million.
9. Total net income shown, 49.8 million.
10. Total depreciation shown 55.5 million.
11. Our equity shown increased to 498.8 million.

The increase in equity included the new bridge as a non-interest paying item. Its maintenance will cost the Canal about $200,000 annually. Its cost was offset by the payment of 20 million in dividends during the period.

There have been no increases in toll charges since the beginning of operations except in 1938, a small increase resulted then from a change in the measurement of a canal ton. At the beginning our government shipping was toll free, but in the period above we paid full tolls without which an additional absorption of the increase in annuities of 1.5 million the Canal operated at a loss over the 10 year period.

If the recommendations of the Comptroller General is followed to increase depreciation and amortization charges by 3.1 million, the last ten years with the increase in annuities paid Panama the result would be a break-even operation as shown above.

This with no consideration of the missing item of 205.6 million! ! !

Another half a billion is needed to update the Canal as a lock canal. This will require an increase of present tolls to meet interest and depreciation charges, with tolls based on the continuance of the present formula.

Panama argues an increase of a minimum of 25% in tolls could be easily collected with no loss of traffic, but the question is do we want to operate the Canal as a world mandate as a non-profit, self sustaining venture or do we wish to incur the animosity of other nations and our own shipping interests by making it into a profit-making venture?

The implemented intent of Congress of operating the Canal solely as a self-supporting venture with the idea of caring for its current capital improvements out of depreciation funds on a small margin profit for safety plainly proves to the world that we have not considered the Canal as a *profit-making* venture. This policy should wisely be continued, but this can only be done if we retain sole control. It is quite true that toll charges can be increased, and the Canal with little loss of traffic made into a profitable venture. Panama, with dual control, wishes to share in these prospective profits. With mob violence backing up their demands, even with a minority on a controlling board they would probably have their way. The end result would inevitably be the Canal in the future would no longer be operated as a mandate from civilization but primarily for the benefit of Panama. If Congress approves the proposed treaties this is what will happen and we will never recover any portion of our large investment.

In addition to the assets of the Panama Canal Company, the Canal Zone Government has assets of 61.1 million. These assets consist of hospitals, medical, and service facilities, civil and public health installations, libraries, schools, etc., and administrative offices for their supervision and control. The net costs of Canal Zone Government is charged to the Panama Canal Company. The costs include the civil defense of the Canal, education of the youth of the Canal Zone, and the costs of hospital care which is not limited to residents of the Zone. It also includes sanitation without which the Canal would be unsafe, not only for its operating personnel, but for passing ships.

The assets of the Panama Canal Company are shown as 498.0 million, of which an interest charge is paid the Treasury on 331 million. Not included is the further costs of 205.6 million and the property given Panama by the Canal and Panama Railroad. The costs of the Canal including the assets of civil government to American taxpayers exceeds 750 million and there has been no recovery of principal. The estimated replacement costs exceed 2 billion dollars.

While Panama is a small country, she has a growing, active economy dominated by a few outstanding families whose members have been largely educated in leading Universities and number capable diplomats, lawyers, and businessmen. These are closely knit together when it comes to Canal negotiations with our relatively uninformed representatives. They live on the scene, know what they want, and how to get it. They regard the 1955 increase of annuities of $1,500,000 as so much chicken feed. They know from first-hand knowledge the improbability of our building a sea level canal elsewhere. Instead of regarding the Panama Canal as obsolete, they regard it as a prospective big money-maker if they could only get their hands on it.

They have set their eyes on it as a big ball of wax and as an opening gambit have declared a 12-mile limit to box in the Canal.

Only one reasonable solution should be considered. Namely, an addition to present annuities of $1,930,000 of a surcharge of an agreed on amount per ton of traffic passing through the Canal. This should be considered only on the following conditions:

1. Removal of the threat of boxing in the Canal by establishment of a 12-mile limit.
2. Making arrangements for the safety of the Canal from mob violence.
3. Giving us needed defense sites on a 99-year lease as in the case of our Embassy.
4. Remembering we, too, have national pride and remove the barrier to the flying of our flag alone.
5. Reaffirmation of our sovereign rights to the Canal Zone as in the 1936 Treaty.
6. Their government to assist us in a public relationship endeavor to put our contributions in their proper light.
7. Any surcharge for Panama's benefit should be at a small reasonable rate and not apply to government vessels of Columbia or the United States.
8. Panama should give up the right of free passage. (We are in no position to ask Colombia to do the same).
9. Agreement to deduct damages from Panama mob violence and unpaid water bills from surcharges due them.

In the present charged political situation, and for some time in the future, it will be impossible to negotiate any reasonable treaty. We should await *their recognition of our full determination of retaining full control of our Canal and our sovereign rights to the Canal Zone.* At present, nothing will satisfy Panama in the last analysis except turning over to them eventually the Canal itself, lock, stock, and barrel, at no cost to them. This is the professed aim of the Communists, spear-headed by Castro and his Cuban stooges. If we should give in to even partial loss of control at this time it will settle nothing. It will simply be another stepping stone, like flying their flag, to their ultimate objective. If Panama ever unhappily reached this objective, another Cuba would be around the corner. The chief beneficiary of the Canal has been Panama herself. Her economy has grown with the traffic through the Canal and she has reaped an increasing share of its benefits. Her future well-being is inextricably interwoven with our own and the Canal's future is safe only in our sole hands.

The time will shortly arrive when we will want to update the Canal and when the lease on our vital air base of Rio Hato expires. Let Congress meanwhile reject the proposed treaties and wait before making any more

concessions until Panama is in a reasonable frame of mind. If we were wise we would start a small canal at Nicaragua at this time and bring matters into a proper perspective.

DESIGNATION OF BISHOP TIMOTHEOS AS REIGNING BISHOP, SECOND DIOCESAN DISTRICT, GREEK ORTHODOX ARCHDIOCESE, NORTH AND SOUTH AMERICA

Mr. DIRKSEN. Mr. President, His Grace, Bishop Timotheos, was designated as the reigning Bishop of the Second Diocesan District of the Greek Orthodox Archdiocese of North and South America with headquarters in Chicago, Ill. His diocese covers much of the Great Central Plains area of the United States and is one of the significant areas of Greek Orthodoxy in America. In 1962 Bishop Timotheos was appointed as Bishop of the Tenth Diocese with headquarters in Buenos Aires covering the continent of South America, and in December 1963, he was assigned to the Ninth Diocese with offices in Toronto, having jurisdiction over the Greek Orthodox in Canada. I ask unanimous consent that a brief biography on Bishop Timotheos be printed at the completion of my remarks as evidence of his excellent background and training in assuming his duties in one of the most significant diocese of Greek Orthodoxy in America.

Mr. President, as a Senator from Illinois and minority leader of the U.S. Senate, on behalf of my colleagues I welcome Bishop Timotheos to Illinois and the Second Diocese and wish him well in his many duties and responsibilities. Greek Orthodoxy has made many gains in America in the past 10 years, and with such leaders as Bishop Timotheos, Greek Orthodoxy will continue to grow and lead her faithful in great service to God and country.

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

THE RIGHT REVEREND TIMOTHEOS HALOFTIS, TITULAR BISHOP OF RODOSTOLON

The Rt. Rev. Timotheos Haloftis, Titular Bishop of Rodostolon (whose given name was Alcibiades Haloftis) was born in 1917 in the City of Megara (Attica), Greece where he received his elementary and high school education. In 1934 he enrolled in the Theological School of the University of Athens where he received the Degree of Theology in 1939. He later (1949–1951) pursued graduate studies at the Institute Catholique of Paris, with a scholorship from the French Government.

He was ordained a Deacon in 1936 and an Archmandrite (celibate) Priest by the then Metropolitan Panteleimon of Karystia, who later became Metropolitan of Chios.

During the next 15 years, the Very Rev. Timotheos was appointed to several important posts in Greece. He served as Father Superior of the Monastery of the Transfiguration of the Saviour in Karystia; Preacher of Karystia; Chancellor of the Metropolis of Argolis; Military Chaplain during the Italian invasion of Greece in 1940, when he was assigned to the front lines; Military Chaplain of the Evelpis in Athens; Director of the High Military Administration of Attica and the Islands; Presbyter Priest of the Church of St. George of Kypseli in Athens; Director of the Apostolic Mission of the Church of Greece; Director of Advance Seminars for Priests of the Archdiocese of Athens; and Professor of Advanced Seminars at the Ryzareion Theological Seminary.

In 1956 the V. Rev. Timotheos came to America where his first appointment was Presbyter Priest of the Winnipeg, Manitoba Community of Canada under the Greek Archdiocese of North and South America. In 1957, he was transferred to New York City at the Church of St. Eleftherios. While serving there, he was elected President of the Council of Priests of the First Archdiocesan District, as well as President of the Institute for the Aged of the Greek Archdiocese in Yonkers, N.Y. In 1960 he was appointed by the Most Reverend Archbishop Iakovos as Chancellor of the Greek Archdiocese. At this time he also joined the Faculty of the Holy Cross Orthodox Theological School in Brookline, Massachusetts.

In April, 1962 he was elected Titular Bishop of Rodostolon by the Holy Synod of the Ecumenical Patriarchate of Constantinople (Istanbul), which has ecclesiastical jurisdiction over the Church of America. He was appointed by Archbishop Iakovos as Bishop of the Tenth (South American) Diocese of the Greek Archdiocese with headquarters in Buenos Aires. He served in this capacity until December 11, 1963 when he was assigned to the Ninth (Canadian) Diocese with offices in Toronto. He is now assigned to the Second (Chicago) Diocese.

Bishop Timotheos is the recipient of several awards and military medals. For his services and activities during the German occupation, he was decorated by the Holy Synod of the Church of Greece. He was awarded the Cross of the Holy Sepulchre by His Beatitude the Patriarch of Jerusalem, and the Gold Medal of Byzas (the founder of ancient Byzantium) by the City of Megara in Greece. Bishop Timotheos has written several theological, ecclesiastical and religious works, as well as numerous articles in periodicals and newspapers. He has for years taped addresses which are heard regularly over Radio Athens.

SENATOR CHURCH NAMED SUBCOMMITTEE CHAIRMAN

Mr. WILLIAMS of New Jersey. Mr. President, it is a pleasure to announce today that the distinguished Senator from Idaho, Hon. FRANK CHURCH, has agreed to serve as chairman of the Subcommittee on Consumer Interests of the Elderly of the Special Committee on Aging. Until today, I had served as chairman of that subcommittee, but, as chairman of the full committee, I wish to devote more time to matters before that committee and no longer can give as much attention to subcommittee activities.

Senator CHURCH has been a member of the Committee on Aging since 1961, and has been an active and compassionate legislator on measures related to older Americans. I know that he will be an effective chairman of a subcommittee which has heavy responsibilities and offers a fine opportunity to be of service to the public.

Mr. President, I ask unanimous consent to have printed in the RECORD a news release giving comments from Senator CHURCH.

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

SENATOR CHURCH NAMED SUBCOMMITTEE CHAIRMAN

Washington, D.C., June 20—U.S. Senator Frank Church, D.-Idaho, today became Chairman of the Subcommittee on Consumer Interests, U.S. Senate Special Committee on Aging, it was announced today. The Idaho Senator is reviewing several subjects that may call for early action.

"The Subcommittee," said Senator Church, "has already helped promote public awareness of unique problems faced by older Americans as consumers. While the elderly are no more uniform in tastes and buying habits than any other group, too many of them face such daily realities as inadequate income, a high rate of chronic illness, and unfamiliarity with a highly complex market place.

"Their needs should receive sustained attention and understanding from the Congress," Church said.

In announcing the appointment, Senator Harrison A. Williams, D.-N. Jersey, Chairman of the full Committee, asid, "Senator Church has been a member of the Committee on Aging since 1961, and has been an active and compassionate legislator on measures related to older Americans. I know that he will be an effective chairman for a Subcommittee which has heavy responsibilities and a fine opportunity to be of service to the public."

Senator Church noted that the combined buying power of the 19 million Americans past age 65 is well over $40 billion.

"Even though many retired Americans have limited incomes, their overall spending is of considerable significance," said Senator Church.

Established in 1963 to study frauds and misrepresentations affecting the elderly, the Subcommittee has investigated such matters as questionable mail-order "retirement sites", quackery, and some health insurance offerings. One Subcommittee recommendation, calling for greater protection of buyers in interstate land sales transactions, is part of the 1968 Housing bill passed recently by the Senate.

The Subcommittee assumed its present name in 1966 and took testimony last year on general consumer problems of special concern to the elderly.

"We will continue to maintain a lively interest in all reports of sharp practices aimed primarily at older Americans," said Senator Church today. "We have it on the authority of the Post Office Department and the National Better Business Bureau that many modern pitchmen regard the elderly as prime targets for victimization. Quackery alone is a major problem. We also have reports of individuals who were deceived on so-called 'second career' opportunities, and others who have fallen victim to questionable home improvement schemes.

"One of the duties of the Subcommittee will be to expose such exploitation whenever we find it, for the sake of the general public and for the sake of the vast majority of honest businessmen and salesmen."

Until today, Senator Williams had served as Subcommittee Chairman. He became Chairman of the full Committee last year and now plans to devote more time to matters before the full Committee.

Senator Church has been a member of the Committee on Aging since it was established in 1961. He also is Chairman of the Senate Interior Subcommittee on Public Lands and Chairman of the Senate Foreign Relations Subcommittee on International Organizations.

Members of the Subcommittee on Consumer Interests of the Elderly are: Frank Church (D.-Idaho), Chairman; Harrison A. Williams, Jr. (D.-N.J.); Wayne Morse (D.-Oregon); Edmund S. Muskie (D.-Maine); Edward V. Long (D.-Missouri); Edward M. Kennedy (D.-Mass.); Ralph Yarborough (D.-Texas); Walter F. Mondale (D.-Minnesota); Hiram L. Fong (R.-Hawaii); Frank Carlson (R.-Kansas); Thruston B. Morton (R.-Kentucky); Clifford P. Hansen (R.-Wyoming).

THE DROPOUT PROBLEM

Mr. MURPHY. Mr. President, I have been very much interested in the "drop-

out" problem. Last year, I offered an amendment to the Elementary and Secondary Education Act Amendments of 1967 which was agreed to by the Committee on Labor and Public Welfare and the full Senate, and was retained in conference with the House. The amendment is now incorporated into the act as section 7 of title VII, "Dropout Prevention Projects." It has been endorsed by the President in both his budget and education messages, and by the Kerner Commission. In view of the seriousness of the dropout problem and its implications for our society, I naturally was very much disappointed to learn that the House Appropriations Committee failed to appropriate a cent. I hope that the Senate Appropriations Committee will reverse the House action and provide the full $30 million that has been authorized and included within the President's budget.

The June issue of the Office of Education's publication American Education has spotlighted the school dropout problem. In one of the articles, Mr. Daniel Schreiber underscores and "outlines the dimensions" of the dropout problem. I ask unanimous consent that the article be printed in full at this point in the RECORD. In addition, Mr. President, I also ask unanimous consent that the section of the Elementary and Secondary Education Act containing my amendment, together with portions of a statement I made on the Senate floor dealing with this problem, be printed in the RECORD. Further Mr. President, I ask unanimous consent that a tabulation of the dropout rates in some of our Nation's largest school systems be printed in the RECORD.

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

SEVEN HUNDRED THOUSAND DROPOUTS: AMERICA'S TOP AUTHORITY OUTLINES THE DIMENSIONS OF A NATIONAL PROBLEM

(By Daniel Schreiber)

In America today, the school dropout looms as one of the Nation's major problems. Presidents of the United States, Congress, Governors, special commissions, labor and business officials, educators, social workers, juvenile court judges—all have expressed their concern publicly and frequently. Recent reports and events, although seemingly disparate, highlight almost daily our Nation's anxiety over the impact that the school dropout is having on our economy and stability. Yet, the school dropout problem has been with us a long time, and the concern of educators to resolve the problem is not new. Almost 100 years ago, in 1872, a paper titled "The Early Withdrawal of Pupils from School: Its Causes and Its Remedies" was presented to the annual convention of the National Education Association.

The dropout problem has become more pressing now because of a multiplicity of factors which are largely extrinsic to the school and peculiar to our time. Some of them are:

The high rate of youth unemployment, which is sometimes four times greater than the national average unemployment rate.

The continuous rise in delinquency and crime among youths although large sums of money are being spent to counteract this development.

Large-scale migration from rural and farm areas to urban centers.

The population explosion—approximately 3.8 million youths are reaching age 18 each year. This is a million more than reached age 18 in 1964 and previous years.

The increase in the number of welfare families, especially in large cities, further heightened by a marked increase in the total cost of public assistance. (The projected welfare budget for New York City for the 1969 fiscal year is $1 billion!)

The elimination of unskilled jobs through automation and the increased use of technology in farming, resulting in unemployment.

The racial riots in the cities, in which the participants are overwhelmingly the unemployed, out-of-school youths of the area.

The urgency of the need to alleviate some of the problems created by the dropouts is demonstrated by the fact that two Presidents of the United States found it necessary to call Congress' attention to the situation. President Kennedy referred to it in his State of the Union Message in 1963. In his message to Congress on education in 1965, President Johnson said: "In our 15 largest cities, 60 percent of the 10th-grade students from poverty neighborhoods drop out before finishing high school. The cost of this neglect run high both for youth and the Nation." The President could have added that another 10 percent never reached the 10th grade.

Congress responded affirmatively, money was appropriated, projects were undertaken, and programs were introduced; but unfortunately they were neither drastic nor sufficiently effective, as recent reports evidence. On March 1, 1968, the President's National Advisory Commission on Civil Disorders stated: "The most dramatic evidence of the relationship between educational practices and civil disorders lies in the high incidence of riot participation by ghetto youth who have not completed high school." One day later, the Department of Labor, through its Bureau of Labor Statistics, reported that in the Nation's 20 largest metropolitan areas "32.7 percent of nonwhite youth aged 16 to 19 were without work compared with an 11 percent jobless rate of white teenagers."

Paradoxically, all of this comes at a time when the holding power of the Nation's schools is at its highest and the number of students going to college increase annually. In 1967, 721 students graduated from high school for every 1,000 students who were in fifth grade eight years previously. This compares most favorably with 302 graduates per 1,000 fifth-grade students in 1932, 467 graduates in 1942, 522 graduates in 1952, and 642 graduates in 1962. The anomaly lies in the fact that the 28 percent—the 279 former fifth-graders—who did not graduate from high school last year represents more than three-fourths of a million youths, many of them alienated and unwanted.

WHO DROPS OUT, AND WHY?

Numerous research studies dealing with dropouts have been made, and a review of the literature will uncover more than 1,000 references. Essentially they are undertaken on the belief that if we were to know why youths leave school before graduating from high school, we could help the next generation graduate. In the 1965 book, *Dropout Studies: Design and Conduct*, prepared by the National Education Association in cooperation with the U.S. Office of Education, Schreiber, Kaplan, and Strom indicate that the most valuable way to view a dropout study is in terms of its purpose. Usually a study will attempt to answer a specific question such as, How many pupils drop out of school? What are the reasons for dropping out? Who are the dropouts and what are they like? What happens to dropouts? Which pupils will drop out? What ways and means can be developed to reduce dropout rates?

Although each dropout is an individual whose reasons for dropping out are peculiar to himself, these studies have developed a portrait of an average dropout. He is just past his 16th birthday, has average or slightly below average intelligence, and is more likely to be a boy than a girl. He is functioning below his potential; he is below grade level in reading; and academically he is in the lowest quartile. He is slightly over age for his grade, having been held back once in the elementary or junior high school grades. He has not been in trouble with the law, although he does take up an inordinate amount of the school administrator's time because of truancy and discipline. He seldom participates in extracurricular activities; he feels rejected by the school and, in turn, rejects the school. His parents were school dropouts, as were his older brother and sister. He says that he is leaving school because of lack of interest but that he will get a high school diploma, in some way or other, because without it he cannot get a good job. He knows the reception that awaits him in the outside world, yet believes that it cannot be worse than remaining in school.

A study published by the New Jersey Department of Education in 1967, titled "Who Failed?" reports an interview with a highly perceptive youth. I am going to quote from it fairly extensively to demonstrate that the potential dropout knows that he is going to drop out of school but doesn't know how to prevent it. And neither does the school. Here it is:

"At first you don't realize you are going to fail. You sit in class while the teacher is explaining things and you just don't understand what she is talking about. You ask a question or two and the teacher gives you the answer, but you still don't understand. So you think you will find out from some of your friends what it's all about *because you feel kind of ashamed to keep on asking questions*. It makes you feel like you're kind of dumb. I remember the first time I asked the kid next to me a question about the work, the teacher became angry and said that I should stop fooling around and pay attention. . . . You know there ought to be some time in school when you could get together with the other kids in your class and talk about the things you would be afraid or ashamed to ask a teacher."

He then goes on to describe his reactions to the first big test in that class: how he wrote answers to questions he made up because he was ashamed to hand in an empty paper and how he slouched in his seat so that he would be as inconspicuous as possible. Finally the papers were returned and charitably his was placed face down. Without looking at it, he folded it and placed it in his pocket. Let him tell what he did next. "I felt so upset I couldn't go to my next class right away. I went to the boy's room. I went into the john and took the paper out of my pocket to look at it. It didn't have a mark." Failure bred more failure, followed by class-cutting and truancy, and finally the realization that there was no hope. "By April my parents had accepted the idea that I was going to fail and they couldn't do anything about it; the teacher knew I was going to fail, and she couldn't do anything about it; I knew I was going to fail and couldn't do anything about it. Somehow I found myself going around more with the other kids in the class who were also failing."

Could this boy have been helped to become successful in a different school with a different program? His failure became apparent in senior high school, but what of those pupils whose failure is obvious in the first and second grade? In one recent study based on information from the cumulative record cards of graduates and dropouts in an industrial community in Pennsylvania, the investigator uncovered two predictors of school failure and dropout proneness which should shock all educators. If a child, when he entered school at age six, came from a home where the father was not working and where there was no phone, the chances were eight out of 10 that he would drop out before graduating. Also, if he were not achieving academically after the end of the first grade and he had to repeat the first or second grade, his chances

of not graduating were eight out of 10. He was condemned to failure at the age of six.

There are a good many stirrings now that should help improve the dropout situation as this Nation's cumulative efforts make themselves felt. Schools are starting preventive programs earlier; New York State, for example, has authorized public preschool education for three- and four-year-olds. Schools are paying more attention to remediation within the regular program and are taking more responsibility for working outside the formal setting. Closer community involvement is being built into many school activities because of the positive influence of the home and neighborhood upon youngsters' inclination to stay in schools.

The Federal Government has become increasingly interested in public education and in recent years Congress has responded by allocating substantial sums of money to help in developing and maintaining programs directly or indirectly related to the school dropout. It initiated and supported the Vocational Education Act of 1963, the Elementary and Secondary Education Act of 1965, Head Start and Follow Through programs, the Neighborhood Youth Corps, the Job Corps under the Economic Opportunity Act, and Manpower Development Training centers. The National Defense Education Act has funded programs, now under the Education Professions Development Act, to upgrade the quality of teachers and counselors. At the present time a task force at the U.S. Office of Education is preparing a study related to the dropout program authorized by a 1967 amendment to the ESEA.

DEALING WITH THE CAUSES

"Project Re-entry," a program supported by the bureau of guidance of the New York State education department, grew out of the 1963 summer return-to-school program which had been coordinated by the U.S. Office of Education. The program, designed to support the summer efforts of guidance counselors in local school districts, uses intensive guidance and counseling of both parents and pupils to encourage potential and actual dropouts to return to school in the fall. It also seeks to encourage participating schools to reappraise current programs for these pupils.

In 1963, Francis Keppel, then U.S. Commissioner of Education, stated, "The fundamental goal is not merely to keep children in school but to educate them. The test of success, therefore, is not merely the reduction of the dropout rate but the improvement of the educational product."

All of the new programs to combat the dropout rate have some good in them. At the very least, they demonstrate the Nation's concern and effort to resolve serious economic and social problems, but essentially they are rear-guard actions. They are not getting at the roots of the problem which is to educate all children for a meaningful, participating, successful life in a democratic society. For the overriding fact is simply that there is increasingly little place in our society for the dropout.

Our schools must recognize these facts and try to alleviate the early conditions associated with the development of attitudes and behavior which lead to dropping out. Motivation and the opportunity necessary to provide greater success in school must be offered. Otherwise, staying in school becomes an end in itself rather than a means to an end.

The United States, no matter how productive and affluent it is, cannot afford to have almost one million youths drop out of school each year to become unwanted and unemployed. The accumulation of the millions of excluded and alienated youths and young adults cannot and will not remain quiescent. We must reconstruct our educational system to provide relevant, successful experiences for all children so that they will become and remain an integral part of our society. We must, in the words of the National Advisory Commission on Civil Disorders, "make good the promises of American democracy to all citizens—urban and rural, white and black, Spanish surname, American Indian, and every minority group." To do less is to challenge the very fabric of our society and the possibilities for growth and stability in America.

DEMONSTRATION PROJECTS TO PREVENT DROPOUTS

SEC. 172. Title VII of the Elementary and Secondary Education Act of 1965 is amended by inserting at the end thereof a new section as follows:

"DROPOUT PREVENTION PROJECTS

"SEC. 707. (a) The Commissioner is authorized to arrange by contract grant, or otherwise, with local educational agencies for the carrying out by such agencies in schools which (1) are located in urban or rural areas, (2) have a high percentage of children from families with an income not exceeding the low-income factor, as defined in section 103(c), and (3) have a high percentage of such children who do not complete their education in elementary or secondary school, of demonstration projects involving the use of innovative methods, systems, materials, or programs which show promise of reducing the number of such children who do not complete their education in elementary and secondary schools.

"(b) The Commissioner shall approve arrangements pursuant to this section only on application by a local educational agency and upon his finding:

"(1) that the project will be carried out in one or more schools described in subsection (a);

"(2) that the applicant has analyzed the reasons for such children not completing their education and has designed a program to meet this problem;

"(3) that effective procedures, including objective measurements of educational achievements, will be adopted for evaluating at least annually the effectiveness of the project; and

"(4) that the project has been approved by the appropriate State educational agency.

"(c) There is authorized to be appropriated not to exceed $30,000,000 for the period ending June 30, 1969, and $30,000,000 for the fiscal year ending June 30, 1970, for the purpose of this section."

ELEMENTARY AND SECONDARY EDUCATION ACT 1967

THE DROPOUT PROBLEM—EDUCATOR'S ACHILLES' HEEL

The Elementary and Secondary Education Act has helped to alert the Nation and bring to our attention the special problems of the disadvantaged. Yet, because of the urgency of the dropout problem, in our large metropolitan cities, and because of the realization that our society demands educated and trained citizens, there is a growing "impatience" both in the Congress and in the country over the failure to find programs that will actually reduce the dropout rate.

Mr. President, the dropout problem truly is one of the most serious domestic problems facing America. We are told that approximately 1 million students are dropping out of school each year. This is not only a personal tragedy preventing full development of an individual's potential, but it also is costly to society. For the dropout reappears in our spiraling crime statistics, in our juvenile delinquency rolls, in our penal and corrective institutions, and on our welfare rolls.

Dr. Conant in his 1961 book, "Slums and Suburbs," warned that social dynamite was accumulating in our large cities. Much of this "social dynamite" results from those who have dropped out of school and are out of work.

We are, of course, making some progress. For example, in 1900 it was estimated that 80 percent of youngsters aged 5 to 17 were in school. By January 1967, the estimate for the same group was 97 percent.

Also, of the 2.7 million ninth graders of 1956, 1.9 million or 69 percent ultimately graduated. Of the 3.8 million ninth grade youngsters today, it is projected that 2.9 million or 77 percent will successfully complete high school. While this 1967 projection represents a significant increase to the 1956 date, if it proves accurate, this Nation will still be faced with a dropout rate of 23 percent in 1970.

Think of it, Mr. President, a dropout rate of 23 percent in 1970. This at a time when technological change is occurring at an ever-increasing pace. This at a time, Mr. President, when even educated Americans realize the truth of the Chinese proverb that "learning is like rowing upstream; not to advance is to drop back." With the knowledge explosion, the educated citizens find it a struggle to keep from dropping back. The dropout, confronting both the education explosion and a shrinking unskilled job market, is likely to sink.

Today in the United States, there are not enough jobs for the unskilled. We are told that for every 10 unskilled workers there are only seven unskilled job vacancies. By 1970 it is estimated that only 5 percent of our jobs will be unskilled. Thus the problems already serious today will become more so tomorrow. For today there are 1 million dropouts under 21 who are out of work. And it has been estimated that the decade of the sixties, by its conclusion, will have produced some 7½ million school dropouts.

MURPHY DROPOUT AMENDMENT

Because of the urgency of the dropout problem and society's stake in finding a solution, I offered and the committee accepted an amendment aimed at the dropout problems. Mr. President, I want to thank Senator Morse and other committee members for their strong support and acceptance of my dropout prevention demonstration program.

My amendment added to title VII authorizes an additional $30 million for projects designed for dropout prevention. It is designed to give maximum flexibility and freedom at the local level for experimentation. It is based on the premise that answers have not as yet been found which will make dramatic changes in poverty area schools. Under the program, local and State educational agencies will submit innovative proposals which zero in on a particular school or a particular classroom in an effort to have a major impact on the dropout problem. The amendment requires that eligible schools be located in an urban area, have a high percentage of children from families of low income, and have a high percentage of children who drop out of school.

Before approving projects conceived at the local level, the local school district is required to identify the school, analyze the reasons for and tailor programs to meet the dropout problem, provide effective procedures, including objective measurements of educational achievement, for evaluating the program, and secure the approval of the State educational agency.

Two recent articles, one from the west coast and one from the east coast are most disturbing, and show the timeliness of my amendment. One report came from the November 2 New York Times article which reported that in New York City—

Pupils in the city school system are continuing to lose ground in reading and arithmetic.

On the following day from the west coast the Los Angeles Times reported—

"Student in the Los Angeles City Schools, particularly those in the first three grades are among the worst readers in the nation."

These reports from the largest cities of the Nation's two largest States certainly have disturbing future implications and will have

a bearing on our ability to deal with the dropout problem. Since reading is the basic skill, the key to successful school achievement, the need for remedial steps are apparent. For the correlation between poor reading, poor school performance, and the dropout are all too great. I ask consent that the New York Times and Los Angeles Times articles and an editorial from the Los Angeles Herald-Examiner be printed in full at the conclusion of my remarks.

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

Mr. MURPHY. Mr. President, to rescue the dropout, our society spends dollar after dollar on program after program, but experience has demonstrated that educational repair jobs are extremely costly and equally difficult—witness the Job Corps.

My amendment seeks to find and to reach the root causes of the dropout problem. It provides additional resources and throws a challenge to the educational community. Prevent dropouts. If our educational system can reduce or prevent the dropout problem, it will not only be saving society the cost of the cure, but also it will be eliminating the Achillies' heel of our educational system.

Mr. President, I am convinced that this kind of approach will result in programs that will not only have an impact at the local level, but have nationwide signifiance. Zeroing resources on certain target schools or classrooms will accelerate the collection of objective data that will permit us to determine what programs work and what programs do not. My staff and I have talked to many people regarding this dropout proposal including Dr. James Conant, Dr. Max Rafferty, superintendent of schools of the State of California, Superintendent Jack Crowther, of the Los Angeles city school system, Dr. Ralph Dallard, of the San Diego school system and Dr. Wilson Riles, of California Compensatory Education. All seem to think this amendment would be helpful and useful in meeting the crisis that exists in our slum schools.

Dropout rates—Percent of September 1960 grade 10 class not graduating in June 1963

City:	*Percent*
New York City	37.05
Chicago	33.95
Los Angeles	22.83
Philadelphia	46.60
Detroit	37.84
Baltimore, Md	34.98
Houston	21.39
Cleveland	31.37
Washington, D.C	29.61
St. Louis	24.70
Milwaukee	26.19
San Francisco	33.15
Boston	35.90
Dallas	27.74
New Orleans	27.10

Source: Library of Congress.

RATIFY HUMAN RIGHTS CONVENTIONS—ENCOURAGE EASTERN EUROPEAN SELF-DETERMINATION

Mr. PROXMIRE. Mr. President, 1967 has, indeed, been a remarkable year in which to have lived. So far, 1968 has been, and promises to be, even more remarkable.

The catalog of change is so sweeping and so complex that merely to list them individually would fill the RECORD for many, many pages. Suffice to say that they have occurred in every sector of life we contemplate: ecumenism, heart transplants, Chinese cultural revolution, dedeifying De Gaulle, American political life, negotiations on Vietnam, national and international economics, mass social unrest.

Mr. President, the human mind boggles and computers smoke when confronted with these epochal occurrences and their significance and interrelationships. Much hard study and not a little prayer are necessary for a man to understand and come to personal terms with the res gestae of our times.

However, there is one extremely important fact of present-day life that is both clear and encouraging. That is the increasing move on the part of some Eastern European countries toward national self-determination and a social, political, and cultural reform that enhances rather than diminishes the personal freedom of its citizens.

I maintain, Mr. President, that the U.S. Senate now has the opportunity to encourage and assist the stirrings of democratic hope in these countries. We can proffer this encouragement in such a way that will not be misunderstood nor resented by the leaders of these nations. We can identify ourselves clearly with their aspirations by ratifying the Human Rights Conventions now pending in the Senate.

The rights of personal and national freedom, self-determination of a sovereign people, true representation of the desires of the people within a democratic government; all are contained specifically in the various Human Rights Conventions that we in the Senate now have the opportunity to ratify.

Our explicit support of these conventions will let these nations emerging from repressive totalitarianism know that we are with them. Ratification of these conventions will let these people and their leaders know that we support them because we desire for them these same freedoms we enjoy in this country. We will demonstrate that our interest is altruistic and not based on a desire for any kind of domination or oppressive influence over their national affairs.

Mr. President, here is an opportunity for the United States to speak loudly to the world that we believe in what these conventions contain, and signify not only for ourselves but for all men. It also provides a vehicle to speak to the world in a way in which no one can find fault. That, in itself, should be added to the above-listed events that have made, and are making, our times so interesting in which to live.

CREATION OF CONSUMER PROTECTION AND ENVIRONMENTAL HEALTH SERVICE IN HEW

Mr. MUSKIE. Mr. President, I was pleased to note the release by the President on Saturday of the report by the Secretary of Health, Education, and Welfare on the "Role of the Federal Government in Bringing High Quality Health Care to All of the American People." The creation of a Consumer Protection and Environmental Health Service will provide an important focus for problems of environmental quality. The new Service will have three branches—the Food and Drug Administration, the National Air Pollution Control Administration, and the Environmental Control Administration.

Mr. President, the most important aspect of this far-reaching reorganization is the increased emphasis which will be given to environmental quality.

With ever-increasing dangers from air pollution, new attention must be given to the prevention and control of dangerous contaminants in the atmosphere. The National Air Pollution Control Administration will provide a more prominent role for air pollution control which will serve the national interest well by making more visible the Federal activities in this sphere, thereby creating a continuing public awareness of the dangers of air pollution. In addition to this, by raising administratively the level of air pollution prevention and control programs, the needs of air pollution can receive more important priorities within the overall health programs of the Department of Health, Education, and Welfare.

I wish to underscore my strong feelings that the Department of Health, Education, and Welfare is the most appropriate Department for our air quality program.

The selection of Mr. Charles C. Johnson as the new head for the Consumer Protection and Environmental Health Service is a wise choice. He is a career Public Health Service officer who has wide experience in the areas he will be asked to direct. He has recently served, during a leave of absence, as the assistant commissioner for environmental health in New York City. Mr. Johnson was the man responsible for planning, developing, implementing, and evaluating all environmental health programs and activities for New York City. This experience will serve him well in his new office.

As assistant commissioner in New York City, Mr. Johnson served as the city's health department representative on its air pollution control board, the air pollution control medical advisory committee, and the mayor's emergency control board. In addition, Mr. Johnson represented the city health department on the mayor's consumer council, the interdepartmental sewerage council, and the New York City water advisory committee.

Previously, during his 20 years as a Public Health Service officer, he served as the environmental health officer for the Indian health program and as a member of the Surgeon General's task force on the organization of the National Center for Urban and Industrial Health, a program which he will now have under his direction. We are fortunate to have as the Administrator of the Consumer Protection and Environmental Health Service a man with such impressive credentials and wide-ranging experience.

The Consumer Protection and Environmental Health Service will have three main components. The Food and Drug Administration, the National Air Pollution Control Administration, and the Environmental Control Administration. Within the last 2 years, the Food and Drug Administration has modified its policeman posture. It is seeking the advice of industry on proposed new regulations. It is encouraging self-regulation by industry of its own activities. In addition, the Food and Drug Adminis-

tration is encouraging the States to assume much of the routine surveillance of industry practices.

Beyond these changes, the Flammable Fabrics Act, to name just one example, has given important consumer protection responsibilities to the Food and Drug Administration.

The Environmental Control Administration will be composed primarily of the program elements of the National Center for Radiological Health and the National Center for Urban and Industrial Health. As the environment in which we work and live is more completely understood, the need for protection of this environment is apparent. Focusing the solid waste disposal program, the occupational health program, and the radiological health program, to name just a few responsibilities of this new Administration, will bring necessary new attention to the protection of the consumer in his environment.

Mr. President, the Secretary of Health, Education, and Welfare, Hon. Wilbur Cohen, summed up very well the role that the new Administration will be expected to play in our rapidly changing society in his report to the President:

> Man's environmental milieu consists of three generally differentiated aspects: the environment of air, water, land, and stress; the environment of home, work, school, etc.; and environment of the products man consumes and uses. Contaminants are present in each of these three environments. Moreover, technologic change is producing an increasing use of chemicals and synthetics in fabrics, in household products, as well as in food. Technology likewise is adding to the contamination of the air and waters and man's working and living environments.

If the Consumer Protection and Environmental Health Service can cope with these problems, as I believe it can, the national interest will benefit immensely. For this reason, I commend the President and the Secretary of Health, Education, and Welfare for establishing the Consumer Protection and Environmental Health Service.

ASSASSINATIONS: "LIKE A FAD, LIKE HOOLA HOOPS"

Mr. WILLIAMS of New Jersey. Mr. President, I read a very disturbing article which quotes a leading sociologist in this country as saying that assassination attempts will accelerate "like a fad, like hoola hoops" in this country because of the "contagion phenomenon" of violence. The article is upsetting. It needs our immediate attention, for its contents begin to confirm what many of us have refused to believe about our society.

While these observations by leading psychiatrists and university sociologists are alarming and may be true, I have not given into this conclusion. In fact, Dr. Robert Coles, a psychiatrist at Harvard University, says in this article:

> The hazard of thinking in terms of progression of assassinations is that by focusing on discreet events it ignores the things that bring the progression. After all, racial tension and international violence is progressing, too.

We sorrow at the isolated event and mourn the loss. But there is a long line of "things that bring the progression" which usually receive a token of our collective effort. We have talked a lot about these "things." We have legislation pending on these "things." And yet when these "things"—defacto education, inadequate housing, lack of decent jobs, poor health care, meager welfare assistance, and the like—face us, we will talk of budget cuts, priorities to a violent war, and local initiative. In the scheme of things we wait, but waiting is painful.

I introduced a sense of the Senate resolution, Senate resolution 302, which asks the Senate to call on institutions, agencies, and private citizens—specifically, the mass media of broadcasting, the press, motion pictures, manufacturers of popular fiction—to undertake a thorough self-examination to determine in what way they might be contributing to the atmosphere of violence in America, or as the article calls it, "contagion phenomenon." It seems to me that if we are going to prove these prophets wrong, that the Senate will act promptly on this important resolution in order to encourage the reorientation of our thinking and behavior. Lest we need some further prodding, I ask unanimous consent to have printed in the RECORD the article entitled "Social Scientists Find Pattern in Assassinations," published in the New York Times.

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

SOCIAL SCIENTISTS FIND PATTERN IN ASSASSINATIONS: "CONTAGION PHENOMENON" IS DISCUSSED BY PSYCHIATRISTS AND UNIVERSITY SOCIOLOGIST

(By John Leo)

Many social scientists say they fear that the shootings of President Kennedy, Malcolm X, Medgar Evers, the Rev. Dr. Martin Luther King Jr. and Senator Robert F. Kennedy—after a long period in which assassinations were rare—represent the accelerating curve of a new pattern. They say this even though little direct research has been done on assassination.

"Clinical experience does suggest some sort of contagion phenomenon," said Dr. Joseph Satten, a psychiatrist at the Menninger Foundation in Topeka, Kan.

"The more people see of these things, the more they tend to increase."

Amitai Etzioni, a sociologist at Columbia University, said yesterday that "there will be more assassinations and attempted assassinations of political leaders in the United States during the next several years."

His statement is based on studies by himself and others of violence and other acts of public hostility—prison riots, slum riots, bomb scares and mass murders.

These studies, Mr. Etzioni said, show that highly publicized and dramatic acts of deviant behavior tend to repeat themselves at an accelerating pace for a brief period, and then end abruptly.

However, few social scientists are prepared to agree with Mr. Etzioni's flat prediction that assassination attempts will accelerate "like a fad, like hoola hoops."

Neil Smelser, author of "A Theory of Collective Behavior" (Free Press) and professor of sociology at Berkeley, observed that after Richard Speck's murder of eight student nurses in Chicago, and Charles J. Whitman's sniper-slaying of 14 in Texas, an 18-year-old Arizonan, Robert B. Smith, killed five women in a beauty parlor and said he got the idea from Speck and Whitman.

"A highly dramatized event," Professor Smesler said, "channels and focuses the unstructured diffuse hostility and potential for violence that exists in our society. This kind is a kind of natural sequence, and studies on hysteria, sexual psychopathic acts and swastika-painting show it."

David Kaplowitz, a sociologist at Columbia's Bureau of Social Research, studied "the contagion phenomenon" in the wave of swastikas painted on synagogues and tombstones of Jews during the winter of 1960. Within three weeks of the first swastika-painting in Germany, more than a thousand were reported in the United States.

"It was a typical curve for collective deviant behavior," he said. "It rose rapidly, peaked early, then petered away to nothing. It's not at all implausible that this phenomenon would apply to assassinations."

If assassinations are being dramatized before the nation, sociologists say, so is the arrest—and in Lee Harvey Oswald's case, the murder—of suspected assassins.

"The hazard of thinking in terms of progression of assassinations," said Robert Coles, a psychiatrist at Harvard University, that by focussing on discreet events it ignores the things that bring the progression. After all, racial tension and international violence is progressing too."

WATER POLLUTION

Mr. MUSKIE. Mr. President, the Nation is confronted with an urgent need to develop adequate programs to fight water pollution. Congress has taken steps to assure that this need will be met.

In 1965 and again in 1966, the Federal Government responded to the national demand for water pollution control. The latter legislation, the Clean Water Restoration Act of 1966, has aroused little if any criticism because it authorized a massive investment of Federal funds to construct water pollution control facilities.

The Water Quality Act of 1965, which was a synthesis of the concern expressed by both Houses of Congress, seems to create a different response. The 1965 act required establishment of federally approved water quality standards for every interstate river, lake, stream, and coastal water of the United States. But, more than that, the Water Quality Act of 1967 issued a declaration that the water pollution control philosophy of the people of this Nation is to enhance water quality.

Today, some individuals and organizations seem to be attempting to undermine the basic concept of that legislation. Many of them are now saying that water quality enhancement is inconsistent with the purposes of this legislation.

State and local water pollution control officials and many representatives of industry are being deluged with propaganda which suggests that Congress wanted something else other than water quality enhancement.

There has been little open public discussion of this issue and a plethora of misinformation. However, a recent article in the May 30 issue of Engineers News Record provides a more detailed discussion of the questions at hand.

I know that Senators are concerned with this issue, and I know that a great deal more light needs to be shed on the controversy. Therefore, I ask unanimous consent that the article entitled "Water Pollution Control Is Tough" be printed in the RECORD.

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

WATER POLLUTION CONTROL IS TOUGH ENOUGH; LET'S NOT INJECT POLITICS

In water pollution control, it's the season of discontent. Money is short, the program is falling behind schedule, states are confused over national goals, and federal program directors are disorganized and fumbling their public relations.

To get the program well organized before it falls apart completely is going to require a return to the nonpartisan atmosphere that prevailed on Capitol Hill when Congress passed the landmark pollution control bills of 1965 and '66. Right now politics is running ahead of pollution control.

In Hawaii, the Western Governor's Conference unanimously approved a resolution criticizing the federal water pollution control program (ENR 5/23 p. 52). Southern states are up in arms over one section of the program that is raising the states' rights issue. In Washington, some Republican members of the House Public Works Committee hammer at Interior Secretary Stewart A. Udall over his policies, and Democratic members are forced to defend his positions.

Overlooked in the confusion and argument is the simple fact that the water cleanup program is based on less-than-exact knowledge. When legislation triggering the present water quality standards program passed, it was known that upgrading would come along someday. Congress acted primarily to meet a growing crisis in the country that required some immediate action.

FULL SPEED ASTERN

Something less than immediate action is what it got.

The states did get their water quality standards in by the June 30, 1967, deadline. Most call for initial waste treatment plant construction to be completed in about five years. According to the procedure outlined by Congress, the standards were submitted to the Federal Water Pollution Control Administration for its review and then final approval by the Secretary of the Interior. Construction of needed facilities could not start in earnest until standards got Interior approval.

The Congress authorized a massive $3.2-billion, four-year grant program to assist in construction of municipal waste treatment plants.

By mid-July, Udall approved the first standards. At a press conference, he said that if there is any significant characteristic of the standards, it is that they "call for a minimum of secondary treatment for all municipal wastes and a comparable degree of treatment for industrial wastes." Word got around that secondary treatment (85% removal of biochemical oxygen demand—BOD) would be the minimum degree acceptable, and the first real battle between Udall and the states started. Nevada objected to such a blanket regulation, and FWPCA officials hinted at court action. The issue is still officially unsettled, but Interior officials have since said that it is mainly just a battle over terminology anyway.

MONEY ISN'T EVERYTHING

Meanwhile, more storm clouds were gathering.

Appropriations for the fiscal 1968 waste treatment grant program were 50% below the level Congress authorized, and state officials wondered how water quality standards could be met if the federal government was going to renege on its promise of money.

Then, after the rush approval of the first 10 states' standards packages, the approval process slowed down. It is now 11 months behind schedule. Most of the problem stems from FWPCA's disorganization. The agency was unprepared to deal with the masses of data it got from the states. The first approvals may have been made to pacify a Congress grumbling at the slowness of its "immediate action" program. Whatever the reason behind the quick approvals, they are coming back to haunt Interior now.

At hearings before the Senate public works air and water pollution subcommittee, Sen. Edmund S. Muskie (D-Me.) chided then FWPCA Commissioner James M. Quigley on the blanket endorsement implied in his letter of approval to Georgia. Said Muskie: "I recognize you are not going to get perfection, with the time element involved, with respect to both quality standards and plans for implementation. But I think that the deficiencies ought to be honestly identified and pointed out to the states and that, where deficiencies exist, standards ought to be approved on a provisional basis, with plenty of handle left to the federal agency to press for improvement with a cooperative approach."

But Interior was not, then, provisionally approving standards and the mistake is coming home to roost as some states are asked to reopen their standards and change them to reflect new policies. Ironically, Georgia is the most verbose and determined of the states balking at reopening their standards.

After the first rush of approvals, there was a curious silence from Interior. Months dragged by with no approvals at all as FWPCA strove to organize its review machinery and an internal debate raged over national goals. Then, in February, Udall settled the debate when he announced that water quality standards permitting high quality waters to be degraded below their present quality would no longer be approved. What has followed is a barrage of protest.

In Hawaii this month, 13 western governors (11 of them Republicans) accused the Department of the Interior of insisting on "improper and unauthorized federal intervention in states' water pollution control programs." The governors called on Interior to "rescind or properly amend those federal requirements which have caused an unfortunate situation to develop."

The federal requirement the governors were criticizing is degradation. The unfortunate result is a slowing down of the already staggering treatment plant construction program while the states and federal government battle over the degradation issue. Until the controversy is settled, the states have not included a degradation clause in their water quality standards will be reluctant to go ahead with plans for treatment plants that may prove to be inadequate. So far, only four states have included the clause.

Colorado Gov. John A. Love calls acceptance of the policy "traitorous." And Georgia pollution official R. S. Howard, Jr., says adoption of the policy would mean the state would "have to get Interior approval for any future discharges. The federal government would be exercising control over Georgia's future economic and industrial development.

COMMUNICATE, DON'T DEGRADATE

Degradation itself is probably not the real problem. The Federal Water Pollution Control Act of 1965 clearly states that its purpose is to "enhance the quality and value of our water resources." Degradation of water quality cannot be called enhancement.

Public relations and communications is the problem here. When Udall made his policy statement, it had the ring of an Olympian decree. He actually was restating the purpose of the federal program, but it sounded new to state officials, some of whom promptly jumped to the conclusion that Udall was empire building. Udall cannot be faulted for his statement, but he can be, and is, criticized for not fully explaining himself, his interpretation of policy, and his methods of achieving it. Now FWPCA Commissioner Joe G. Moore, Jr., has the odious chore of traveling around the country soothing feelings and explaining the policy. His meeting with Georgia and other southern state officials, who have already voted to reject the degradation policy, got him nowhere. Western pollution control men, who had no stand to retreat from before the governors' resolution, were more cooperative. Other states, meanwhile are in a quandary, some with legal restrictions that prohibit them from changing their standards without public hearings and/or legislative action.

One reason for the intensity of the attack against the policy is that it was the subject of debate within Interior and FWPCA. Quigley was afraid of stifling industry, but Frank DiLuzio, the assistant secretary of Interior for water pollution control, campaigned for clean water at almost any cost. The argument went to Udall for resolution, leading some state officials to believe that degradation was a new policy or one that was subject to debate.

While that battle rages, others keep cropping up to slow the program. Another low budget request ($225 million) for fiscal 1969 is in the offing. To get around the problem, Interior developed a new waste treatment finance plan which guaranteed federal payments on municipal bonds. The finance plan is now sputtering through Congress, while state officials complain that interest on the bonds would not be tax exempt, that the population criterion would prevent small communities from participating, and that the program would hurt other state bond programs. The complaints stem from the Budget Bureau and Treasury Department tampering with the basic Interior idea.

The importance of the new plan was outlined by Udall when he appeared before a House public works subcommittee last month: "Whatever the cost finally turns out to be, the fact remains that these facilities will be needed or communities will not meet the schedules of the water quality standards and will face state and federal enforcement actions."

In fact, most states, particularly the big ones, will probably not meet the deadlines anyway. With debates continuing over standards, the states still face the long lead times necessary to design and build treatment facilities, not to mention the time it takes to arrange financing. And if the states do manage to build the plants, there is still the problem of manning them with competent operators. There is a shortage now, and it's likely to get worse.

These are the obvious problems the program will have to deal with. Still unknown is whether the construction industry will be able to handle the expected flood of contracts to design and build the hundreds of plants needed. Industry spokesmen say they can handle it, but will innovations in treatment have to be bypassed in the rush to get the plants up? No one knows yet. And no one knows what other major problems lurk in the stacks of papers that are the standards.

If the program is to move ahead, it will take renewed spirit among federal, state and industry officials, and a renewed willingness to proceed with the knowledge that there will be problems just as there were in 1965 when the Water Quality Act was passed. Those problems were solved in a nonpartisan atmosphere; the new problems can be solved only in a similar atmosphere.

OPPOSITION TO CONFIRMATION OF APPOINTMENT OF A NEW CHIEF JUSTICE BY "LAMEDUCK" PRESIDENT

Mr. TOWER. Mr. President, I wish to commend the distinguished Senator from Michigan [Mr. GRIFFIN] for his forth-

right statement of intentions in view of the continuing rumors of an impending Supreme Court resignation.

I will join with Senator Griffin in debating and opposing the confirmation of any appointment of a new Chief Justice by a "lameduck" President.

With the Court in adjournment and the American people about to pick a new administration which may considerably reorient the philosophy of our National Government, it would be a major mistake to presume today to fill such an important post.

Far better to await the November judgment of the American people concerning which way they want their Nation to go. At the very least, the people's new President should have the privilege and responsibility of making major appointment nominations, and the people's Senators elected in November the privileges and responsibility of action on confirmation of them.

EULOGY TO SENATOR ROBERT F. KENNEDY BY TED SORENSEN

Mr. HOLLINGS. Mr. President, the Saturday Review of June 22 contains a most moving and eloquent tribute to the late Senator Robert Francis Kennedy. The eulogy was written by Mr. Ted Sorensen, familiar to all of us here.

I know of no one more qualified than Mr. Sorensen to comment on the late Senator. Indeed, almost his entire adult life has been spent in service to the Kennedy family, beginning in 1953, when at the age of 25, he became legislative assistant to then Senator John Kennedy.

I think the thing that stands out most in Mr. Sorensen's tribute are the lines:

> Oh yes, much will be said and written about his death. Let us honor and remember his life.

Quite often, when death is sudden and tragic, we allow that death to obscure the accomplishments of life. I echo these sentiments and believe Senator Kennedy would want it that way.

I ask unanimous consent that the article be reprinted in the RECORD.

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

R. F. K.: A PERSONAL MEMOIR—"A BEAUTIFUL LIFE—SO UNFAIRLY BRIEF BUT SO INCREDIBLY FULL."

(By Theodore C. Sorensen)

To begin with, Robert Kennedy is dead. No words can alter that unalterable fact. No tears can console our inconsolable grief, and no monument or memorial can replace that irreplaceable figure whose leadership and laughter and love of fellow man are now lost.

Thus it is hard for those of us who loved and looked to him to expose our wounds with words before time has crusted them over just a little. But much of what *is* being spoken and written today revolves around Robert Kennedy's death; and we shall only be multiplying the tragedy of that mindless, senseless act if *our* memories do not revolve around his life.

It is not his death but his life that speaks volumes against the folly and futility of violence. If his spirit now cries out to us to halt, it calls upon us to halt not merely the unlimited sale of guns, but the unlimited killing of men, whether it is done in defiance of the law or in the name of the law, by an assassin or by a nation. And to urge in his name repressive anti-crime legislation which he opposed is to turn tragedy into travesty.

Oh yes, much will be said and written about his death. Let *us* honor and remember his life. It was a beautiful life—so unfairly brief but so incredibly full, marked by sorrow but overflowing with joy, too short to do all that he wanted to do, but long enough to leave more lasting legacies to all mankind than a legion of lesser men could have achieved at twice his age. It was a meaningful life—blessed with the love of a wonderful wife and children, enriched by the shining example of a brother whom he loved and served and helped make great.

And yet, for such a public man, it was a surprisingly private life. He was adored by millions, excoriated by thousands, but known, by very, very few. Those who saw only the toughness of his hide could not have believed the tenderness of his heart. Those who marveled at the majesty of his public presence could not have understood the modesty of his private thoughts. It would surprise those critics who spoke so stupidly about his ruthlessness to know that in fact, in the poet's words, "His life was *so* gentle, and the elements *so* mixed in him, that nature might stand on its feet and say to all the world: this was a man."

Even some of his friends helped to blur the picture. Because his foes tried to picture him as tough, ambitious and relentless, we tried to say that he was not. But he was—tough enough to withstand those slings and arrows of misfortune and malice that have driven other men from the field, ambitious enough to increase his contribution to his country, and relentless in his pursuit of justice for all and hopelessness for none.

Unlike his brother, Robert Kennedy never became President of the United States—although I truly believe he was on his way to becoming one of the greatest—but he molded more minds and inspired more hearts in this and other nations than nearly all of the men who served in that exalted post. Like his brother, he forsook comfort for country, grew wiser and warmer as he grew older, preferred candor to clichés in both formal and informal utterances, laughed at himself more often than at others, forgave even those who reviled him, and was struck down by the assassin's bullet at the height of his power and glory.

There is no curse upon the Kennedys. They have more than their share of ill-fate because they had more than their share of the courage and the conviction required to dare and to try and to tempt fate. They believed with Sir Francis Bacon that there is no comparison between that which is lost by not succeeding and that which is lost by not trying. They died heroic deaths because they lived heroic lives.

Those lives were not wasted. The bitterness of our anguish today cannot cause us to forget the lasting value of their valiant labors. And so it is that we remember now, especially now, how Robert Kennedy appeared before the Democratic National Convention's memorial service for his brother in 1964 and recited these words from Shakespeare:

"When he shall die
Take him and cut him out in little stars
And he shall make the face of heaven so fine
That all the world will be in love with night . . ."

COL. JOHN EISENHOWER SUPPORTS RICHARD M. NIXON FOR PRESIDENT

Mr. BAKER. Mr. President, a recent speech by Col. John Eisenhower, a Korean war combat commander and son of the former President and five-star general, has come to my attention. I ask unanimous consent that an excerpt from this speech be printed in the RECORD.

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

COL. JOHN EISENHOWER, IKE'S SON, STRONGLY SUPPORTS NIXON

(Excerpt from a recent New Jersey speech by Col. John Eisenhower, Korean war combat commander and son of the former President and five-star general)

(By John Eisenhower)

I would like to summarize why I—along with a few members of my family, I might add—am personally supporting Richard M. Nixon for the high office of President of the United States.

First of all there is the question of Vietnam, the number one item on everyone's mind. All of us want peace in that country and the ultimate withdrawal of U.S. troops. Nobody wants this more than Dick Nixon. There are some candidates who like to pretend to possess a monopoly on wanting peace. This is sheer nonsense.

In his quest for peace I have confidence that Dick Nixon will negotiate a peace with honor. He will never let America sign any document of thinly-disguised surrender. To sign a peace in Vietnam that will concede the communists everything for which they originally initiated their wanton aggression would mean that all the American, South Vietnamese and allied fighting men who have fought there have risked or lost their lives completely in vain.

On the domestic side, our Mr. Nixon realizes full well that significant elements of our population live without hope or opportunity to pull themselves up by their own bootstraps overnight. He is deeply concerned. But he also has the integrity to avoid promising quick, easy solutions to this stupendous problem.

Dick Nixon has had unique exposure to the office of the Presidency. For eight years he was one of my father's most trusted advisors, not only observing but *participating in the formulation of many important Presidential decisions. Probably no Vice President ever took so active a part in an Administration as did Mr. Nixon during the Eisenhower years.*

As such he recognizes the unthinkable monetary mess that has grown to crisis proportions under Democratic administrations since 1960. He will surround himself with experts who will take a practical common sense approach to the solution of this dilemma.

Most of all, I have confidence in Richard Nixon because of his courage. He declared his candidacy without waiting for a couple of other candidates to kill each other off. He has the courage to run in the absence of a massive personal fortune with which to overwhelm his opponents.

Fellow Republicans, 1968 has got to be a Republican year because the people of America are coming to realize the necessity to return to solid, comon-sense government.

Richard M. Nixon is the man who will lead us to victory in November.

VICE PRESIDENT HUBERT HUMPHREY'S STUDY OF MIGRATORY LABOR PROBLEMS

Mr. WILLIAMS of New Jersey. Mr. President, the bill, S. 8, which brings farm employers and farmworkers under the NLRA, is now actively under executive consideration by the Committee on Labor and Public Welfare. Presently and for more than three decades, the NLRA has expressly excluded farmworkers from the basic law which provided collective bargaining rights to industrial workers

in 1935, and which brought labor peace to the industrial sector of our national life.

The present denial of collective bargaining rights to farmworkers constitutes a positive, discriminatory act by the Federal Government against a group of workers who perform essential productive services, but who get less for their labor than any other worker in our society. Indeed there now exists an imbalance between farm employers and farmworkers, which, so long as it persists, poses a serious threat to the stability of the food production complex of our country.

A total boycott is in effect right now, for example, on all California grapes moving into New York City. The legal anomalies producing this situation is that the California grapeworkers are legally denied the right to a democratic election to determine whether a majority wish union representation. But they are not legally prohibited from promoting an economically damaging boycott at the other end of the country. If large-scale, big business farms were covered by the NLRA as provided in S. 8, these legal anomalies would be just reversed: the farmworkers would have a right to an election, but the law would prohibit the boycott of the farm product at the marketplace.

The subject of this long overdue legislation, S. 8, has been studied by numerous congressional committees, Federal agencies, and commissions. Found uniformly among the findings of all these studies is the conclusion which I have stated: that a harmful imbalance exists between farm employers and farmworkers.

Vice President HUMPHREY, while serving as a member of Labor and Public Welfare in 1952, reported to the Senate the bill S. 3300, legislation to enact migratory Labor Committee Act of 1952. In his committee report in support of the bill S. 3300, Senator HUMPHREY set forth a highly informative survey of the numerous studies of the problems of farmworkers during the period 1936–52.

The Vice President recalled his early interest in a letter printed in the New York Times on June 20, 1968. I ask unanimous consent that this letter be reprinted in the RECORD at the close of my remarks.

I commend to the attention of the Senate the Humphrey survey of the studies of the migratory labor problem, and I ask unanimous consent that an excerpt from Senator HUMPHREY's Senate Report No. 1686, 82d Congress, second session, be printed in the RECORD following the letter from the New York Times.

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

[From the New York Times, June 20, 1968]

AID FOR FARM LABOR

To the EDITOR: I commend your editorial of June 17 calling for a "fair deal for farm workers."

In the early 1950's I held the first comprehensive Congressional hearings on the severe economic and social problems confronted by our migrant farm workers. Since that time many important steps have been taken to give these workers the same opportunities and protection afforded workers in other occupations. It is now time—indeed, it is long overdue—for farm workers to have full rights of organization and collective bargaining guaranteed under the National Labor Relations Act. As I have stated in the past—and I reaffirm now—Congress should act this year to provide this protection.

With this step migrant farm workers will have won a major and well-deserved victory in their struggle for full and equal rights in the American economy.

HUBERT H. HUMPHREY,
WASHINGTON, *June 18, 1968.*

IV. EARLIER CONGRESSIONAL INVESTIGATIONS

The hearings which the Subcommittee on Labor and Labor-Management Relations held on migratory labor do not represent the first attention which the Congress has devoted to this problem.

Senate committee requests Department of Labor report

In 1936 the Senate Committee on Education and Labor directed the Department of Labor "to study, survey, and investigate the social and economic needs of laborers migrating across State lines, obtaining all facts possible in relation thereto which would not only be of public interest, but which would aid the Congress and the States in enacting remedial legislation." [1]

July 1937 the Department filed its report. Among other items the Department noted that—

(1) Migration of workers, although necessary, is largely unguided or ill-directed.

(2) Rarely does any type of migrant have the assurance of a definite job until after he has moved.

(3) Accurate knowledge as to the employment of earnings of migratory workers does not exist.

(4) Seasonal migrants in agriculture seem to be able to average only about 6 months of work each year.

(5) The interstate migrant has been largely overlooked in many of the recent laws to provide for the security of workers. (Unemployment compensation and Federal old-age annuities.)

(6) The conditions of migratory life * * * are a threat to the development of good citizens.

(*a*) The migrant and his family tend to be isolated from the normal activities of the community, both because of their enforced mode of travel and living and because of community prejudices against them.

(*b*) Living accommodations for most migrants are deplorable.

(*c*) Lack of medical care and health protection for the migrant menaces the community as well as the migrants themselves.

(*d*) Educational opportunities are lacking or extremely limited for the children of thousands of migrant families, particularly those of migrant agriculture workers.[2]

The La Follette committee

Also in 1936, a subcommittee of the Senate Committee on Education and Labor was established to "make an investigation of violations of the right of free speech and assembly and undue interference with the right of labor to organize and bargain collectively." Extended several times, the committee held numerous hearings on the problems of hired farm labor, particularly of migratory labor in California. In 1941 and 1942 legislative recommendations growing out of this investigation were introduced to apply to agricultural workers on large-scale farms. These included provision for legal protection to collective bargaining, maximum hours and minimum wages, licensing of labor contractors, boards to establish prevailing wages, old-age and survivors insurance and unemployment insurance.[3]

Mr. La Follette summarized his proposals in these words:

"The five bills which are being introduced to deal with industrialized agricultural wage workers would create a national policy for the treatment of this group for both the war and postwar period. These bills would constitute a rounded and cohesive series of measures. They would attempt to promote an efficient utilization of wage labor in agriculture that would secure both the 'Food for Victory' program from the wage-labor side and the success of effective national manpower mobilization in the field of agriculture. They would accomplish these war aims by means of and according to a set of standards that would make agricultural labor a desirable employment. The same statutes and standards which our democracy has accorded to other forms of labor would pertain to agricultural wage labor, and, thereby, give these millions a stake in victory and a stable order thereafter."

The Tolan committee

On April 22, 1940, the House established a Select Committee of Five "to inquire into the interstate migration of destitute citizens, to study, survey and investigate the social and economic needs and the movement of indigent persons across State lines, obtaining all facts possible in relation there to which would not only be of public interest but which would aid the House in enacting remedial legislation." [4]

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[1] S. Res. 298, 74th Cong.

[2] U. S. Department of Labor, Migration of Workers. Preliminary report of the Secretary of Labor, pursuant to S. Res. 298 (74th Cong.) (mimeographed edition, pp. v–viii).

[3] Specifically the bills were—

S. 2860, a bill to amend the National Labor Relations Act by extending its benefits to agricultural labor on large industrial farms;

S. 2861, a bill to amend the Fair Labor Standards Act of 1938 by extending its benefits to employees on large industrial farms, and for other purposes;

S. 2862, a bill to regulate private employment agencies dealing with agricultural labor and engaged in interstate commerce;

S. 2863, a bill to provide for the fixing of wages on large industrial farms and affecting interstate commerce, to create an Agricultural Wage Board, and for other purposes; and

S. 2864, a bill to provide for the common defense; to provide for the general welfare of agricultural workers by amending the Social Security Act and the Internal Revenue Code to cover agricultural employment on large industrial farms with respect to old-age and survivors' insurance benefits; to establish a Federal Farm Placement Division within the Bureau of Employment Security of the Federal Security Agency; to provide a system of Federal agricultural unemployment insurance; to raise revenue; and for other purposes (Congressional Record, October 19, 1942, p. 8320).

In addition to the foregoing, Mr. La Follette introduced an earlier bill.

"In connection with these five measures introduced today, I call the attention of the Senate to S. 2057 which was introduced in November of last year. It would amend the Fair Labor Standards Act to regulate the use of children as agricultural wage laborers on other than the 'family farm,' thus removing this outside employment of children from its present dependence upon the attitude of local school authorities who may be subject to local prejudices and pressures. This bill would eliminate a specific exemption for children employed in agriculture and place such employment in the same category as children employed elsewhere, allowing for the employment of those between the ages of 14 to 16 with the permission of the Children's Bureau of the Department of Labor" (ibid., p. 8325).

[4] H. Res. 63.

Among the legislative and administrative recommendations of the Tolan committee to be found in its final report dated April 1941 are the following:

(1) Licensing of labor contractors.

(2) Continuation and extension of Farm Security Administrative labor camps.

(3) The establishment of a fourth category of public assistance under the Social Security Act to provide general relief for nonsettled persons.[5]

V. INVESTIGATIONS BY THE EXECUTIVE BRANCH

Interdepartmental committee to coordinate health and welfare activities

Concurrently with and following these congressional investigations of migratory labor, the executive branch of the Government conducted investigations. In October 1936 President Roosevelt created an Interdepartmental Committee To Coordinate Health and Welfare Activities. This committee, in 1940, prepared a special report on migratory labor, together with recommendations for administrative and legislative action. Among the recommendations which it made were—

(1) Dissemination of factual data on migrants.

(2) Federal aid to communities with large migrant groups for assistance toward educational, recreational, and welfare service.

(3) Federal aid to housing.

(4) Federal funds to States to assist them in provision of health and medical services.

(5) Licensing of labor contractors.

(6) Regulation of transportation of workers in trucks.

(7) Strengthening of the Farm-Placement Service.

(8) Application of the Fair Labor Standards Act to migratory workers.

(9) Child-labor protection.

(10) Extension of social security to migrants.

The committee concluded its specific recommendations by pointing out:

"The suggestions are premised upon closer working relationships and better coordination among Federal and State agencies with responsibilities in the several fields involved."[6]

Federal interagency committee

In May 1946, another interdepartmental committee was created. Pursuant to title III, section 302, of the War Mobilization and Reconversion Act of 1944 (Public Law 458, 78th Cong.), the Administrator of the Retraining and Reemployment Administration established a Federal Interagency Committee on Migratory Labor. Under the order creating it, it was stated that the committee is to "review existing legal authority and administrative machinery of the various Government agencies to determine how living and labor standards of migrant workers in industry, transportation, and agriculture can be developed and improved."[7]

In May 1947 the committee submitted a report entitled "Migrant Labor—A Human Problem," which made administrative and legislative recommendations toward improving conditions for migratory agricultural workers.

Its recommendations follow the same familiar pattern:

(1) Child-labor protection.

(2) Minimum wages for agricultural workers.

(3) Enactment of State laws licensing and regulating labor camps.

(4) Continuation of Federal labor camps.

(5) Enactment of State and Federal laws licensing private employment agencies, including labor contractors.

(6) Enactment of State and Federal laws regulating private transportation of workers.

(7) Extension of workmen's compensation laws to migrants.

(8) Extension of the Social Security Act to migrants—including unemployment insurance, old-age and survivors insurance, public assistance removal by States of residence requirements for health, education, welfare, and recreational services.

(9) Federal grants-in-aid to States to stimulate development of better housing, health, education, and welfare services for migrants.[8]

President's Commission on Migratory Labor

Further, in June 1950, President Truman appointed the President's Commission on Migratory Labor. One significant factor had by this time been added to the problem of migratory labor: the presence of larger and larger numbers of foreign workers, both legal and illegal. As a wartime emergency manpower measure, Mexicans were imported on a contract labor basis for work in American agriculture and on the railroads beginning in 1943. Importations for railroad maintenance-of-way work came to an end in 1945 with the end of the war, but the importation of workers for seasonal employment in agriculture grew and expanded. And as the program for the legal importation of Mexican workers expanded, so did the number of Mexicans who entered the United States illegally increase. Therefore the President directed his Commission to examine not only into the conditions of domestic migratory workers, but to examine into the conditions and results of the presence of hundreds of thousands of foreign workers.

Under Executive Order No. 10129, by which it was established, the Commission was directed to inquire into—

(1) Social, economic, health, and educational conditions among migratory workers, both alien and domestic, in the United States;

(2) Problems created by the migration of workers, for temporary employment, into the United States, pursuant to the immigration laws or otherwise;

(3) Responsibilities now being assumed by Federal, State, county, and municipal authorities with respect to alleviating the conditions among migratory workers, both alien and domestic;

(4) Whether sufficient numbers of local and migratory workers can be obtained from domestic sources to meet agriculture labor needs and, if not, the extent to which the temporary employment of foreign workers may be required to supplement the domestic labor supply; and

(5) The extent of illegal immigration of foreign workers into the United States and the problems created thereby, and whether, and in what respect, current law-enforcement measures and the authority and means possessed by Federal, State, and local governments may be strengthened and improved to eliminate such illegal immigration.

Following 9 months of study of the problem during which 12 public hearings were held throughout the United States, the Commission submitted its report to the President in April 1951: Migratory Labor in American Agriculture. In it the Commission answered, in basic and comprehensive terms, the issues raised by the President.

Among the Commission's key recommendations were—

(1) Establishment of a Federal Committee on Migratory Labor.

(2) That first reliance be placed on using our domestic labor force more effectively.

(3) That foreign-labor importation and contracting be under intergovernmental agreements specifying conditions and standards of employment.

(4) Increased personnel and powers to the Immigration and Naturalization Service to enable it to meet the "wetback invasion."

(5) Licensing of labor contractors.

(6) Inclusion of agricultural workers within the Labor-Management Relations Act of 1947.

(7) Enactment of minimum-wage legislation.

(8) Federal aid to housing of migrants.

(9) Amendment of the Social Security Act to insure medical care to migrants.

(10) Unemployment compensation.

(11) Old-age and survivors' insurance.

(12) Retention of the 1949 child-labor amendments to the Fair Labor Standards Act.

(13) Development of an educational program for migrant children.

The striking fact which stands out from study of these numerous investigations is the similarity of the findings and recommendations. Those factors which appeared as the root of the problem to investigators in 1936 are those which so appeared to investigators in 1951:

Minimum wages.
Collective bargaining.
Licensing of labor contractors.
Government assistance to housing.
Prohibition of child labor.
Education for migrant children.
Old-age and survivors insurance.
Unemployment compensation.

The major condition which changed between 1936 and 1951 was not the enactment of remedial legislation but the addition of legal and illegal foreign workers to the labor force for seasonal employment in agriculture. The sole recurring legislative recommendation of these years enacted into law was the 1949 child-labor amendment to the Fair Labor Standards Act prohibiting agricultural employment during school hours for any child below the age of 16. With the exception of this act, all of the legislative recommendations made again and again remain to be acted upon.

Study of the recommendations of preceding investigations indicates that with the exception of the President's Commission on Migratory Labor all groups have concentrated their attention exclusively on substantive measures. The interdepartmental Committee to Coordinate Health and Welfare activities explained that its recommendations were "premised upon closer working relationships and better coordination among Federal and State agencies with responsibilities in the several fields involved."

Evidently, however, the assumption was made that these working relationships would take care of themselves. The committee is not so convinced. The testimony presented to the subcommittee indicates to it that little progress has been made toward raising the basic terms and conditions attaching to seasonal employment in agriculture.

COMMENDATION OF LEADERSHIP IN OCEAN SPACE BY THE ADMINISTRATION AND VICE PRESIDENT HUMPHREY

Mr. PELL. Mr. President, the United Nations Ad Hoc Committee on Peaceful Uses of the Seabed and Ocean Floor Beyond the Limits of National Jurisdiction is currently in session. The U.S. delegation to the ad hoc committee yesterday presented two highly significant statements outlining in general terms

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[5] U. S. Congress, House of Representatives, report of the Select Committee To Investigate the Interstate Migration of Destitute Citizens (H. Rept. No. 369, 77th Cong., 1st sess., p. 10).

[6] The report was reproduced in the Social Security Bull. September 1940. The excerpts cited are from pp. 14, 15.

[7] Department of Labor, Pretraining and Reemployment Administration Order 6.

[8] U. S. Department of Labor, Federal Interagency Committee on Migrant Labor, Migrant Labor—A Human Problem, March 1947, pp. 7, 8.

this country's position on the principles that should guide exploration, exploitation, and research in the oceans.

As Senate adviser to the U.S. delegation to the ad hoc committee, I wish to commend President Johnson; Vice President HUMPHREY, who has demonstrated so much leadership in our entire national oceanology program; and the responsible officials of the executive branch of our Government for the farsighted position on ocean space our Government is seeking to take.

I ask unanimous consent to have printed in the RECORD the excellent statements delivered on behalf of the United States by David H. Popper, U.S. representative to the ad hoc committee, and Leonard C. Meeker, U.S. representative to the legal working group of the committee.

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

STATEMENT BY LEONARD C. MEEKER, U.S. REPRESENTATIVE TO THE LEGAL WORKING GROUP OF THE AD HOC COMMITTEE TO STUDY THE PEACEFUL USES OF THE SEABED AND OCEAN FLOOR BEYOND THE LIMITS OF NATIONAL JURISDICTION, JUNE 20, 1968

During the twentieth century, new frontiers in the geographical sense, have been diminishing. Most of the land surface of the Earth has been explored. A decade ago man commenced his exploration of space beyond this planet. Today, we are moving deeper and further into the oceans.

Efforts to explore and exploit the resources of the ocean floor, however, have but a limited past history. Some believe that on the bottom of the ocean lies treasure that man will soon be able to pluck up. Others are dubious about the extractive potential of the ocean floor and also doubt that our technology will prove a match for the inhospitable ocean floor environment for many years to come.

We will not know the answer to these questions until much greater energies have been devoted to the development of the ocean frontier. With more experience, it will be possible to make more realistic appraisals of what the deep ocean floor can be expected to yield. At this time, we have at our disposal very helpful documents bearing on technical and economic matters which were prepared for the assistance of the Ad Hoc Committee, and we may expect to receive from the Technical and Economic Working Group additional valuable advice about the resources of the deep ocean floor and their potential.

There are other issues for which more experience is required to evaluate with wisdom. For example: how the community of nations should cooperate to secure the benefits of the new environment; what legal rules should be applied to the exploration and exploitation of the ocean floor; what steps should be taken to assure that this process unfolds in an orderly and expeditious manner.

It was at the commissioning of a United States oceanographic research vessel "The Oceanographer" in the fall of 1966—one year before the United Nations was first seized with our present subject—that the President of the United States made a statement that has since been widely quoted. It was as follows:

"Under no circumstances, we believe, must we ever allow the prospects of rich harvest and mineral wealth to create a new form of colonial competition among the maritime nations. We must be careful to avoid a race to grab and to hold the lands under the high seas. We must ensure that the deep seas and the ocean bottoms are, and remain, the legacy of all human beings."

A year later, when this subject had been brought before the General Assembly upon the initiative of Malta, the United States proposed that the Assembly "begin immediately to develop general standards and principles to guide states and their nationals in the exploration and use of the deep ocean floor. All of our knowledge about the deep oecan floor and all of our technological skill in exploiting its resources could prove of little value," Ambassador Goldberg noted, "if man's law-making faculty does not keep pace."

It is to begin addressing the task of law-making that we have now come together.

It goes without saying that in the time, and with the information, available to us, it will not be possible to deal with the whole range of problems deserving consideration. Surely the work of defining legal arrangements applicable to the deep ocean floor will not be completed in weeks or even in months. But we can make a start.

This group could, for example, identify principal areas for further study, and, for the later drafting of documents, as a first step in working toward a legal regime for the deep ocean floor.

I should like today, on behalf of the United States, to sketch some of our ideas on these matters.

It seems to us, as we look ahead, that it could be constructive at some relatively early stage in the work of law-making for the General Assembly to consider the adoption of certain principles, which would then serve as a guide to states in the conduct of their activities and also as general lines of direction to be observed in the working out of more detailed and internationally agreed arrangements that might be required later.

There is precedent for following such a procedure. In 1963 the General Assembly adopted unanimously a Declaration of Legal principles Governing the Activities of States in the Exploration and Peaceful Uses of Outer Space. This was followed four years later by the Space Treaty of 1967. Later the General Assembly approved an Astronaut Assistance and Return Agreement. And a UN group now meeting in Geneva is doing further work on a liability convention related to accidents in the conduct of space activities.

The following are some of the subjects that we think might appropriately be treated in a UN statement of principles for the deep ocean floor:

The principle of non-discrimination should be established in such a way as to recognize that the exploration and use of the deep ocean floor are open to all states and their nationals without discrimination and in accordance with international law.

A corollary of this would be to rule out any claims to the exercise of sovereignty or sovereign rights over any part of the deep ocean floor.

Paralleling a precedent established earlier in the space field, the statement of principles might prescribe that states and their nationals shall conduct their activities on the deep ocean floor in accordance with international law, including the Charter of the UN, promoting international cooperation, scientific knowledge and economic development.

We believe there should be a principle favoring international cooperation in scientific investigation of the deep ocean floor. This should encourage timely dissemination of plans for and results from national scientific programs, and should also encourage cooperative scientific activities by personnel of different states.

Again following a precedent laid down earlier in the UN Declaration of Legal Principles for space, and reflected as well in the Geneva Convention of 1958 on the High Seas, we believe there should be an appropriate statement calling for respect and reasonable regard for the interests of others in exploration and use of the deep ocean floor. This statement should cover avoidance of unjustifiable interference with the exercise of the freedoms of the high seas by other states and their nationals; interference with conservation of the living resources of the seas, and interference with fundamental scientific research looking toward publication of findings. There should be a call for appropriate safeguards to minimize pollution of the seas and disturbance of the existing biological, chemical and physical processes and balances. Such a principle, we believe, should also call for appropriate consultation in the event of concern that a particular marine activity or experiment could harmfully interfere with the activities of another state or its nationals in the exploration and use of the deep ocean floor.

Recognizing the ancient maritime practice of mutual assistance, which was drawn upon as well in the formulation of the Outer Space Principles, we believe there should be a statement of obligation to render all possible assistance in the event of accident, distress or emergencies arising out of activities on the deep ocean floor.

Finally, there might appropriately be included in a statement of principles some guidelines as to the treatment of installations, equipment or other property taken to the deep ocean floor in connection with activities there.

Elements such as those I have indicated could, in our view, be effectively incorporated in a statement of principles at a level of generality permitting wide agreement. There are other areas of subject matter that will require additional procedure and treatment in order to become effective. One of these is the question of what constitutes the deep ocean floor.

Taking into account the Geneva Convention of 1958 on the Continental Shelf, there should be established, as soon as practicable, an internationally agreed precise boundary as to what constitutes the deep ocean floor. Any statement of principles on this matter should specify that exploitation of the natural resources of the ocean floor occurring prior to establishment of the boundary shall be understood not to prejudice its location, regardless of whether the coastal state considers the exploitation to have occurred on its "continental shelf." We do not believe it necessary to delineate this boundary before agreement can be reached on general principles applicable to the deep ocean floor.

The United States recognizes that the suggestions we make for a statement of principles would by no means add up to a comprehensive legal regime adequate to govern the exploitation of resources in this new environment. Much more will be required. Detailed negotiations will be called for, and substantial periods of time are likely to be occupied in formulating the necessary arrangements.

We believe that a statement of principles could appropriately state that there should be established as soon as practicable internationally agreed arrangements governing the exploitation of those resources. Such arrangements should reflect the elements set forth in a statement of principles of the sort I have sketched, and these arrangements should also include provisions for the following:

(a) the orderly development of resources of the deep ocean floor in a manner reflecting the interest of the world community in the development of these resources;

(b) conditions conducive to the making of investments necessary for the exploration and exploitation of resources of the deep ocean floor;

(c) dedication as feasible and practicable of a portion of the value of the resources recovered from the deep ocean floor to world or regional community purposes; and

(d) accommodation among the commercial and other uses of the deep ocean floor and marine environment.

By reaching agreement first on the basic objectives of new international arrangements it is our hope that the eventual negotiations for such arangements would be facilitated.

Mr. Chairman, the United States delegation looks forward to hearing the views of other members of this Legal Working Group. We are confident that from our discussions here will proceed later the necessary elaboration of legal rules and international agreements. Let us remember that we are at the beginning, not the end, of a process of large scope and complexity. But, above all, let us begin.

STATEMENT BY DAVID H. POPPER, U.S. REPRESENTATIVE TO THE AD HOC COMMITTEE TO STUDY THE PEACEFUL USES OF THE SEABED AND OCEAN FLOOR BEYOND THE LIMITS OF NATIONAL JURISDICTION, JUNE 20, 1968

When this Committee adjourned its first session on March 27, its work might be said to have been at the end of the beginning. The Committee had organized itself, reviewed the requirements laid upon it in General Assembly Resolution 2340(XXII), heard and discussed the views of many Members regarding the problems of the deep ocean floor, and heard our Chairman's statement regarding its work program for the period prior to the next regular General Assembly meeting.

Now we are pressing on with that work program. Our representatives on the two Working Groups of the Committee are engaged in their tasks. Already certain problems and issues are beginning to emerge as those which will require our attention in the period ahead.

What is needed now is hard analysis, the selection of areas for priority consideration, and the preparation of Working Group reports which will trace out paths along which the General Assembly may wish to proceed. The informality and concentration of effort possible in the Working Groups should facilitate this process.

At the end of the series of meetings we are now holding, one would hope to have in hand reports from each Working Group which the Ad Hoc Committee might agree to have included in or attached to its own report to the General Assembly. This could be determined either at the end of our present session or at our next meeting in late August.

II

As the Committee and its Working Groups proceed, their members will no doubt bear in mind certain relevant aspects of the current situation.

First, that while our knowledge of the oceans is still limited, interest in the potentalities of the sea-bed and the ocean floor is rapidly increasing all over the world; and that international cooperation in exploring and realizing these potentalities is highly desirable.

Second, that this Committee can play a key role in stimulating such cooperation. It can be a vehicle for identifying problems and for seeking agreed solutions.

Third, that as to the legal elements of the subject, the Committee through the Legal Working Group should determine those matters which may call for international consideration at the first stage, and those which should be taken up at a later date. My Delegation believes that we are ready now to begin consideration of guidelines or principles so that the exploration and use of the deep ocean floor may proceed in as orderly a manner as possible. The U.S. Representative in the Legal Working Group discussed this subject in some detail this morning.

Fourth, that if legal arrangements are to be created for this environment, they must rest on an accurate appreciation of both the physical features of the sea-bed and the technical and scientific capabilities for exploration and exploitation—as these capabilities exist now, and as they may be expected to improve in the future. These are questions of fact and informed judgment, requiring expert advice and analysis which we may expect to obtain through the Technical and Economic Working Group.

Fifth, that all members of the United Nations have a stake in our deliberations. At the same time, Members differ widely in their command of technical resources in this field and in their capacity to provide assistance.

Sixth, that the only practical means of attaining lasting cooperation in all these matters is through a search for general agreement on every important point.

III

Members of the Committee will recall that at our March meetings I brought to its attention President Johnson's proposal for an International Decade of Ocean Exploration. The General Assembly resolution which established this Committee asked it to consider practical steps for international cooperation in the exploration of the ocean floor. The progress of the Decade proposal should therefore be of direct interest to the Committee.

Over the past three months the United States has discussed this far-reaching proposal for international cooperation with representatives of many governments. A report has been prepared by the U.S. National Council on Marine Resources and Engineering Development, which elaborates on the concept of the Decade as we have conceived it. Copies of the report have been made available to the Members of this Committee.

In proposing the Decade, President Johnson suggested that it could: "expand cooperative efforts by scientists from many nations to probe the mysteries of the sea; increase our knowledge of food resources, to assist in meeting world-wide threats of malnutrition and disease; bring closer the day when the people of the world can exploit new sources of minerals and fossil fuels."

Topically, we consider that the projects undertaken under such a program might fall into four separate areas:

(1) *The Exploration of Living Resources.* I need not elaborate here on the need to develop future sources for food for the world's growing population. By learning to harvest the edible resources of the sea, we may help to save millions of people from needless hunger or malnutrition.

(2) *Exploration of the Ocean Floor.* The acquisition of greater knowledge of the geology, mineral content and geography of the deep ocean floor is of direct importance to this Committee and in particular to its Technical and Economic Working Group. Such scientific activity can provide information on the nature, availability and distribution of mineral resources. It can stimulate the development of technology for the exploitation of those resources.

(3) *Exploration of Ocean Processes.* Studies in this area will add significantly to our scientific knowledge of the motion of the sea and its dynamics; the inter-action of the air and the sea; and the evolutionary processes of ocean basins. This should provide us with better ocean and weather forecasting services, which are essential for optimum exploration and exploitation.

(4) *Assistance to Developing Nations.* Although the proposal for ocean exploration covers more than simply the sea-bed, this particular aspect is of direct concern to this Committee. Assistance to the developing nations could involve mapping of selected areas of the continental shelf and surveys of resources. Perhaps even more important in the longer term would be the possibility afforded for participation by developing countries. We would hope that through a sharing of effort, developing countries would soon be able to construct national programs of their own in the marine sciences and train the experts necessary to operate such programs.

IV

Some representatives have quite legitimately asked what purposes can be served by an International Decade of Ocean Exploration which are not already accomplished by existing ocean science programs. As we see it, the action we have in mind pursuant to the Decade concept would include more than simply an expansion of existing international cooperative efforts, although it would of course build on the many successful progams already initiated. Among other things, the Decade would:

First, provide for long-term, continuous exploration activities on a world-wide basis, pursuant to a sustained planning process in which a prominent role would be played by some international planning body concerned with priorities and goals.

Second, accelerate activities directed toward the discovery and exploration of ocean resources to complement the existing emphasis on scientific activities.

Third, encourage greater participation by the less developed countries as well as developed countries.

Fourth, place greater emphasis on training and education programs, particularly as regards the training of specialists from developing countries.

Fifth, produce major improvements in data exchange, including that undertaken on a regional basis, and in standardization of instruments for measuring ocean phenomena.

Sixth, look toward more effective coordination of the activities of participating international organizations, and of Member States.

The representatives of certain Members of this Committee participated last week in the London meetings of the Bureau and Consultative Council of the International Oceanographic Commission. They engaged in a discussion concerning the International Decade of Ocean Exploration and related matters.

A recommendation adopted by the Bureau recognized the importance of long-term research programs concerning the oceans. The recommendation declares that the Bureau "considered the proposal of the USA for an International Decade of Ocean Exploration as a useful initiative for broadening and accelerating such investigations and for strengthening international cooperation." Continuing, the Bureau "endorsed the concept of an expanded, accelerated, long-term and sustained program of exploration of the oceans and their resources, including international programs, planned and coordinated on a worldwide basis, expanded international exchange of data from national programs, and international efforts to strengthen the research capabilities of all interested nations".

This recommendation seems to us to march in the same direction as the points made by the Secretary General in his report to the General Assembly pursuant to Resolution 2172 (Document E/4487 at page 76). The Secretary General envisions an expanded program of international cooperation to assist in a better understanding of the marine environment through science. The recommendations he makes to the General Assembly are fully consistent with the concept of an International Decade. We note that he suggests an important role for the intergovernmental Oceanographic Committee.

Based on the discussions we have had and are continuing to have with others, we hope that a common approach may be developed which will enable this Committee, together with other interested international bodies, to make specific proposals with respect to this

long-range scientific enterprise, for consideration by the 23rd UN General Assembly this fall. Such proposals might appropriately consider the period between now and 1970 as a time for initial planning activities, with the implementation phase beginning thereafter.

We would be interested in the reactions of other delegations to our thoughts on this subject.

V

However we may proceed with respect to the International Decade of Ocean Exploration, there seems no doubt that in the period ahead there will be increased activity of various kinds in the deep oceans. This will result in a continuing increase in the scale of exploration of the deep ocean floor.

In these circumstances it seems to us important that the international community take action soon looking toward the preservation of certain virgin marine areas for general scientific purposes and for the preservation of existing international marine life.

In such marine areas no activities would be permitted which would impair their value for scientific exploration, research or study. Preservation in an unmodified state of characteristic marine features such as a deep ocean trench, a group of sea mounts, and uninhabited coral atolls would provide ecological baselines to serve as a basis for comparison in future investigations of the oceans. International arrangements to this end would be a graphic demonstration of the international character of the oceans and the seabed, and of the potential for cooperation in the marine sciences. For this reason, my delegation believes that it would be appropriate for this Committee to consider this subject in formulating its recommendations to the General Assembly.

We believe that ultimately it might be desirable to establish formal treaty arrangements guaranteeing the preservation of selected marine wilderness areas. However, it might be sufficient to start with a General Assembly resolution requesting all States and their nationals to respect the virgin quality of certain designated areas, to refrain from commercial exploitation or other activities in those areas that might impair their value for scientific purposes, to avoid unnecessary collection of specimens and to cooperate in international scientific investigations within the preserves. The exercise of freedoms of the seas that did not impair the scientific value of the preserve area, including the freedom of air and sea navigation, would not be affected.

For its part, the United States would be prepared to make Rose Island, an uninhabited coral atoll in the South Pacific Ocean owned by the United States, available for use in connection with marine preserves. We would propose that certain areas of particular interest, such as the floor of the Kermadec-Tonga Trench and one or more undersea tablemounts in that area, together with the immediately superjacent waters, be similarly regarded as international marine preserves.

If members of the Committee find this proposal of interest, the United States would be pleased to present it in a more formal and specific form.

INTERNATIONAL MONETARY REFORM

Mr. PERCY. Mr. President, on Wednesday last, the bill authorizing acceptance by the President of U.S. participation in the special drawing rights account of the International Monetary Fund was signed into law. This is in many ways a landmark measure. It is an indispensable step toward constructive international monetary reform, although in and of itself, it can have no dramatic immediate effect on our continuing fiscal crisis. U.S. ratification of the special drawing rights plan is an excellent occasion to take stock of the international monetary situation generally.

World trade depends upon the adequacy of reserves. As the volume of international trade increases, the reserves essential to that trade must similarly increase. As international liquidity decreases, countries compete for existing reserves, holding what they have and attempting to pull reserves from other countries. Competitive escalation of interest rates coupled with restrictive practices in international transactions slow and impede the flow of commerce, while promoting tensions and disharmony among nations.

For many years the U.S. dollar has provided the major source of growth in the international reserve holdings of other countries. In a very real sense this reserve growth has been a beneficial aspect of the prolonged deficit in the U.S. balance of payments. However, these deficits have led to a gradual deterioration in our own reserve position. Our gold reserves have declined from over $24 billion in 1950 to less than $11 billion today, while dollar reserves held by other countries—our reserve liabilities—have grown to $18 billion. These deficits have begun to affect the stability of the international monetary system itself.

Present global reserves approximate $73 billion. While the last half of 1967 saw a gain of $2 billion in usable international reserves, the gold crisis in the first quarter of this year erased that gain. The drain of gold from reserve accounts into private hands—nearly $1.3 billion of U.S. gold and $800 million held by Central European banks—illustrates the decreasing margin of safety available under the present system. Alternative reserves are essential to our present dependence upon uncertain supplies of monetary gold and foreign holdings of U.S. dollars. Recent events have clearly shown prospects of expansion of reserves based on foreign holdings of U.S. dollars are simply no longer a practical possibility.

The special drawing rights plan contemplates a permanent reserve asset that will supplement present reserve sources, such as gold and dollars. It will provide a basis for further growth of the world reserves and world liquidity that have enabled an unprecedented era of world prosperity over the last 20 years.

Mr. President, enactment of this legislation and even the full implementation of the SDR plan after ratification by the required number of other IMF members will not solve the present international monetary crisis, which has only temporarily receded from the emergency conditions of a few months ago.

The United States will not be absolved of its responsibilities to redress its payments imbalance, and to insure the strength of the dollar by continuing sound steps to put its own fiscal house in order. Moreover, the United States will not be absolved of its responsibility to see that the temporary advantage gained through the establishment of the two-price gold system is not lost is another episode of frantic gold speculation, which could again shake the system to its very foundations.

Accordingly, Mr. President, we must make basic changes, and adopt and implement basic policies to insure the survival and continued growth and development of the international monetary system. Creation of special drawing rights is one such positive innovative change. But as we take this step, we should consider it as a response to but one of four basic requirements necessary to the solution of the problem to which we must respond: first, new sources of liquidity to finance expanding international transaction must be devised and implemented; second, ironclad assurance to foreign dollar holders that the United States will not increase the price of gold must be provided; third, the U.S. balance-of-payments deficit must be reduced; and, fourth, new arrangements to replace the unstable features of the existing system must be developed.

NEW SOURCES OF LIQUIDITY: SDR'S

Mr. President, I have received a number of inquiries from the public—as I am sure other Senators have—as to how the International Monetary Fund can, on its own initiative, create additional international reserve assets. The answer is as simple as the creation of money itself: The willingness of the participants in the system to accept SDR's as a medium of exchange and a store of value gives them their vitality.

The agreement to establish special drawing rights is an agreement by IMF members to create a special type of exchange medium and accept it from each other as money. SDR's will represent an obligation of each member to accept them in return for a convertible currency.

As might be expected, SDR's are not initially contemplated to be the direct equivalent of money. IMF members who will be requested to accept SDR's in exchange for currencies will be those who have strong balance-of-payments positions and favorable reserve positions. The participants who exercise the special drawing rights will be those who have a balance-of-payments problem, or need to cover a deficiency in their reserve position.

Thus no member could properly use SDR's to improve the composition of their reserves, or to expend reserves in the absence of a pressing need to do so.

While SDR's will be dominated in units equivalent to the gold value of one dollar, they will take the form of deposit entries on the books of the International Monetary Fund, issued to and exchanged only among governments, not private citizens or banks. Created under procedures which will assure solid international support and responsibility, they will be allocated under decisions to provide for 5-year periods of time. Allocations will be made in proportion to countries' quotas in the Fund established in connection with its traditional operations. For example, if it is agreed to create $2 billion in SDR's annually, the U.S. annual allocation would amount to about $500 million.

There must be, of course, a period of trial and an opportunity for confidence in the new plan to develop and be justified. In its initial form, the emphasis is properly placed on producing short-term credit assistance, completely repayable after a specified term. The intent behind the 5 years of careful preparation of the agreement, however, clearly looks ahead to full implementation of the SDR plan. In the words of IMF's managing director, the agreement to the SDR approach realized at Rio de Janeiro last year is "the most significant development in international financial cooperation since Bretton Woods."

Unlike the measures addressed earlier this year to the gold situation, the plan for special drawing rights is not undertaken to meet a current emergency or to assist the United States or any other individual country in solving a current balance-of-payments problem. Rather, special drawing rights will meet a long-run structural problem which has been foreseen for some time. It will provide the United States with an opportunity—limited at first—gradually to rebuild reserves which it has lost in past years. In a broader sense, special drawing rights will be important because they will provide the world with a dependable and manageable supplement to reserves. It is vital to U.S. prosperity that there is adequate scope for all countries, including the United States, to increase reserves as world trade expands and as production and employment rise in all countries.

GOLD AND THE FUTURE OF THE INTERNATIONAL MONETARY SYSTEM

Mr. President, 3 months ago the free world stepped back from the brink of international monetary collapse as a result of two critically important decisions on gold policy, one taken by the Congress and the other by the members of the London gold pool.

The first, of course, was the removal of the gold reserve requirement behind Federal Reserve notes, an action which effectively freed all of our gold stock to back the international standing of the dollar as prime world reserve asset.

The second was the decision of the gold pool members to stop trying to peg the price of gold on the London market, a policy which has drained billions from official monetary reserves to feed the appetites of private speculators.

Both of these actions have been called stopgap measures. In part, that characterization is correct. But in an important sense they do more than buy time. The decision of the gold pool members in particular is an important change in policy. The decision to freeze the gold now existing in official reserves—neither buying or selling on the private market—represents a partial demonetization of gold. It is at least arguable that this step could only be taken in contemplation of expansion of world reserves through the SDR plan.

Questions have been raised as to whether the two-price system for gold will work, and properly so. The answer to those questions will be determined by what is done now to cut the U.S. balance-of-payments deficit, restore fiscal responsibility in our domestic policies and make structural reforms in the monetary system. For if we fail to heed the grim warning of the recent gold rush the price of gold clearly might be bid up so high as to make it difficult if not impossible to maintain the $35 an ounce official price of gold.

An increasing number of individuals who apparently feel that an increase in the official price of gold would represent an important step forward in strengthening the world monetary system. I believe that view is dangerously unsound and was pleased to join with my colleagues on the Joint Economic Committee in unanimously rejecting an increase in the price of gold as a solution to the problems of the dollar.

The increase in world liquidity that would occur as a result of raising the price of gold would be clearly inflationary. With their gold stock marked up in value, countries could inflate with no pressing concern for balance-of-payments deficits. The resulting inflationary bias would undoubtedly wreak havoc with the long-range goals of high employment and growth that the nations of the free world have set for themselves. Ultimately it would again lead to a new and probably more severe monetary crisis.

An increase in the official gold price is a classic example of buying time in the very worst sense. It would not change the present system in the slightest. All of the weaknesses and contradictions would remain and would even be intensified. The impetus behind the present determination to reform and strengthen the system would be lost.

The requirement, then, is to continue and reinforce assurances already given that the dollar will remain "good as gold." The fears that exist over the continued ability to convert dollars to gold at present values is not the only reason why central banks demand our gold. The balance-of-payments situation lies at the heart of the confidence problem, and there are additional political reasons. U.S. payments deficits mean, in effect, that foreign dollar holders are financing the foreign exchange costs of the Vietnam war. In other cases, the payments imbalance means that they are financing U.S. direct investment which they feel, rightly or wrongly, is acquiring a dangerously dominant position in their national economic life.

At the same time, the will and the ability of the country to manage its economy in a responsible, noninflationary manner has been drawn into sharp question by recent domestic fiscal policies. The reduction of our massive budget deficit is essential. The combination of expenditure reductions and the temporary tax increase which has been sent to the White House today is a start in this direction. Both the Congress and the executive branch must act wisely and decisively to implement the provisions of the Revenue and Expenditure Control Act of 1968.

Even if our balance-of-payments deficit were sharply reduced, and our domestic problems were set on their way to solution, the problems of the dollar and the price of gold would not be over. The overhang of liquid liabilities to foreign central banks totals about $16 billion, with an equal amount owed to private foreign dollar holders. Any one of a number of possible political or economic shocks could trigger another run on gold by official institutions. Private holders could liquidate some of their dollar balances or U.S. securities and buy gold on the private market as a hedge against devaluation. The dollars they sell would end up in foreign central banks and increase the pressure on them to make further gold purchases.

This problem needs a direct and dramatic response. The United States must make it clear that it will not increase the official price of gold. Words alone will no longer suffice. Some convincing demonstration of our intention is needed to alleviate the fear that the United States will raise the official price of gold.

The minority members of the Joint Economic Committee recently suggested that this problem be met by considering offering foreign central banks a temporary gold guarantee on their existing dollar balances as proof of our continuing commitment to maintain the current dollar price of gold. The Democratic majority also offered this suggestion as one of several feasible approaches to the problem.

The minority members pointed out that a guarantee of the present gold value of the dollar would be likely to reduce the concern of foreign central bankers about the decline in our ratio of gold to liquid liabilities. Such a guarantee might insure foreign official dollar holders against a capital loss on their present dollar holdings in the event the price of gold was increased. It could thus ease pressures on our gold stock. It would provide the time that is needed for a program to restore cost and price stability here at home. Once our balance of payments is in equilibrium and the excess of flows of dollars abroad eliminated, the guarantee would no longer be needed.

Another approach that is similar in concept would be for the United States to provide an alternative to the conversion of dollar balances held by foreign monetary authorities into gold. Under an alternative plan, a foreign authority could convert their gold on demand into noninterest bearing gold certificates. These certificates would be expressed in ounces of gold and would entitle the holder to present them to our Treasury at any time for payment in dollars at the then existing official gold parity. These certificates would offer foreign central banks the same protection against devaluation as gold presently does, but they would not be obliged to raid our gold stock to get that protection.

Most countries are less interested in stockpiling sterile, noninterest bearing gold than they are in safeguarding the gold value of their dollar reserve assets. The gold certificates would meet this need. So long as the United States did not raise the price of gold they would cost us nothing. The fact that the budgetary cost to the United States might be considerable if we did devalue would be persuasive evidence that the United States had no intention of raising the

price of gold. Under these circumstances it would seem that the price of gold on the private market would fall, insuring that the two-price gold system would hold.

It is time that the Treasury Department brought greater imagination to bear on the problems of the dollar and the international monetary system. I submit that these proposals should at the very least be given serious consideration in the light of the crucial international financial problems that we now face.

REDUCTION OF THE BALANCE-OF-PAYMENTS DEFICIT

The urgent need to reduce the balance-of-payments deficit is directly related to the problem of assuring foreign official dollar holders that the dollar will remain strong and viable. The United States must find ways to stem the outflow dollars that increase our short-term liabilities and reduce the ratio of our liabilities to our gold stock. When our outstanding short-term liabilities increase, there is a tendency for the outflow of gold to foreign central banks to increase as well, thus exciting foreign fears and leading to larger gold outflows.

Parenthetically, should anyone dispute that the rest of the world is unaware of the seriousness of our balance-of-payments situation, I would point to the recent offer by the European Free Trade Association, the Common Market and other major trading partners to accelerate their Kennedy round tariff concessions while allowing the United States to delay implementation of agreed reductions. The negotiated agreement to replenish the funds available to the International Development Association—regrettably laid aside recently by the Committee on Foreign Relations—contained major concessions from other countries intended to benefit the U.S. trade balance.

Reducing our balance-of-payments deficit, therefore, is at the heart of the matter. While there are limits to what we can do to reduce the deficit while the Vietnam war continues, we should make a maximum effort to reduce the foreign exchange costs of that war. We should reduce our other military commitments abroad, especially our troop complement in Europe, and cut back on Government spending abroad in every way that can be found.

Reducing the free use of the dollar through restrictive balance-of-payments "cures" can only weaken the desire of foreigners to hold dollar balances. Restrictions such as those placed on direct foreign investment can only undermine the growth of U.S. trade and investment abroad which are the key to a continued U.S. trade surplus. Imposition of trade barriers, such as border taxes or tariff surcharges would provide at very best a temporary benefit for which we would pay dearly in retaliatory imposition of barriers to our exports.

The key to our balance-of-payments program must be found in positive measures to increase foreign travel to the United States and to promote U.S. exports. Recent approval of extension of the lending authority of the Export-Import Bank represents a positive step to stimulate U.S. exports. It should be wisely and vigorously implemented.

Mr. President, there are many who feel that reductions in the foreign aid program represent an opportunity for improvement of our balance-of-payments situation. I do not believe that this aim should be accomplished at the expense of developing nations and countries for whom outside developmental assistance is essential. There are ways that the U.S. participation in help for other nations can be reduced without reducing the amount of assistance available to these nations. The concept of multinational assistance embodied in the International Development Association concept represents an alternative to massive U.S. foreign aid in the future that can allow a substantial reduction in unilateral U.S. assistance. Matching our dollars with the resources of other nations is inherently a better investment of our funds. Provisions of loans rather than grants, and the multinational accountability of the borrower will strengthen individual nations, and the world community as well.

INNOVATION AND THE WORLD MONETARY SYSTEM

The final aspect of the world monetary system that requires early attention by the monetary authorities is the beginning of a search for new and better arrangements to replace the unstable features of the present system. Essentially this involves solving once and for all the problem that arises when confidence in a key currency wanes, resulting in conversion of reserve currency assets to gold.

I have already suggested that a gold guarantee of existing official dollars holdings or a gold certificate plan might temporarily alleviate the problem. I have no illusions that such a guarantee would represent a permanent solution, particularly if the United States fails to get its balance of payments under control. The best I would hope for from such an arrangement would be to provide additional time within which to reform the basic structure of the international monetary system.

Ideally the process of balance-of-payments adjustment among countries should work swiftly and smoothly. If this were actually the case, there would be little need for reserves since deficits and surpluses would be eliminated quickly through changes in relative prices and incomes. While work should certainly continue through the Organization for Economic Cooperation and Development and other institutions to achieve this objective, any early solution is not feasible. Largely on political and welfare grounds, governments today resist both deflation and inflation and thus tend to thwart the process of adjustment through changes in income and prices.

Greater flexibility in adjusting exchange rates should also lessen the need for official reserves. I doubt that we should move toward a system of perfectly free exchange rates, but surely somewhat greater flexibility than now exists would strengthen the system.

A far-reaching way to eliminate the problems arising from shifting preferences among reserve assets would be to place the free world's gold and reserve currency assets in a conversion account in the International Monetary Fund. Depending on the size of their contribution to the account, participating members would receive a proportionate share of the total units of account. They would no longer settle imbalances among themselves with gold, dollars, or pounds but, rather, with the units of account. While this plan would not reduce the obligation of individual countries to maintain balance-of-payments equilibrium, it would eliminate the chief defect of the gold exchange standard: a flight from the key reserve currencies into gold with the resulting destruction of world liquidity and shocks to trade and investment.

The kind of system which I have described will not come easily. At the present time it may not even be negotiable. But I think it is clear that sometimes it must come—and the sooner the better.

For my part I would like to see the United States continue leadership in this effort to build a more durable world monetary system. It will mean breaking with conventional beliefs and striking out in new and daring directions. It will also mean starting now to lay the groundwork for final action in future years. We have seen how perilously close the world can come to economic collapse under the present system, and we live presently in the shadow of a renewed attack on the system. The most glaring weaknesses have been patched up for the time being. It should be evident that we cannot delay much longer in creating a strengthened international monetary system that will better serve the needs of all of our peoples for high and rising incomes and employment.

Mr. President, enactment of the Special Drawing Rights Act represents a modest step toward the ultimate solution to the reform of the international monetary system. It is a significant step, however, and what I hope will prove to be a historic step in its implications for solution to the world reserve liquidity problem, and in its portent that we are entering a period of flexibility, progress and international monetary cooperation.

U.S. leadership in the establishment of this new facility, is required, both by the negotiated agreement, but mainly by our role as the world's leading trading Nation. The need has long been recognized in the Congress as well as by the administration. Our responsibility now is to build on this innovative first step.

STOL AIRCRAFT TEST FLIGHTS OVER NORTHEAST CORRIDOR ARE PLANNED TO BEGIN IN AUGUST

Mr. RANDOLPH. Mr. President, I have long been an advocate of accelerated research and development on STOL—short takeoff and landing—aircraft, hopefully to arrest in some degree the need for excessive airport expansion at extremely high costs, as well as to ease air traffic congestion at and in approaches to the major hubports.

Last September, I stated in this forum

that I believed it to be incumbent on the air carriers and the aerospace industry to place a high priority on development, production, and use of STOL equipment because domestic aviation in this country had reached a new crossroads. I continue to believe this is true, and I am gratified that very real progress is evident.

The Washington Evening Star reported yesterday that demonstration flights are to be conducted for test operation of STOL aircraft over the congested northeast corridor of the United States. The McDonnell Douglas Corp. has built the 188 STOL which reportedly can take off on 1,000 feet of runway and land on 500 feet on a standard day. This is a significant engineering achievement and I commend the manufacturer and Eastern Airlines for having moved with such progress as to be prepared to begin a 7-week demonstration described in the Star article.

Mr. President, I ask unanimous consent to have the article printed in the RECORD.

There being no objection, it was ordered printed in the RECORD, as follows:

STOL TEST FLIGHTS FOR NORTHEAST RUN PLANNED IN AUGUST

Demonstration flights along the northeast corridor between Washington and New York to test operation of short take-off and landing (STOL) aircraft for intercity service will begin in August, Eastern Air Lines and McDonnell Douglas Corp. said today.

The companies will conduct the joint demonstration for seven weeks over the shuttle route, flying also into Newark, and from New York to Boston.

McDonnell Douglas will furnish a new STOL plane for the project. Called 188 STOL, it can take off in 1,000 feet and land in 500. The plane carriers 64 passengers and its designers claim its four turboprop engines make it quieter than many conventional planes.

Revenue passengers won't be carried on the 250-m.p.h. flights. But federal, state, local and port authority officials are expected to witness the demonstration and participate in the evaluation.

The demonstration, the companies said, "is designed to show the suitability of new aircraft for passenger service from new STOL ports and small airports close to city centers or from special runways at existing airports."

The Civil Aeronautics Board also has under way an evaluation of possible STOL operations and is expected to watch this test closely.

At the end of the demonstration, an analysis, Eastern said, would be made covering ground time of passengers, the construction of new facilities, the actual block-to-block time between cities, operating costs and servicing requirements.

ADJOURNMENT UNTIL MONDAY, JUNE 24, 1968

Mr. BYRD of West Virginia. 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 12 noon on Monday next.

The motion was agreed to; and (at 5 o'clock and 15 minutes p.m.) the Senate adjourned until Monday, June 24, 1968, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate June 21, 1968:

FARM CREDIT ADMINISTRATION

The following named persons to be members of the Federal Farm Credit Board, Farm Credit Administration, for terms expiring March 31, 1974:

J. Homer Remsberg, of Maryland, vice William T. Steele, Jr., term expired.

C. Everett Spangler, of Nebraska, vice Jennings B. Fuller, term expired.

IN THE ARMY

Lt. Gen. Ferdinand Joseph Chesarek, O21177, Army of the United States (major general, U.S. Army), for appointment as senior U.S. Army member of the Military Staff Committee of the United Nations, under the provisions of title 10, United States Code, section 711.

IN THE NAVY

The following-named officers of the Navy for temporary promotion to the grade of rear admiral in the staff corps indicated subject to qualification therefor as provided by law:

MEDICAL CORPS

John H. Cheffey
Ralph E. Faucett

SUPPLY CORPS

Douglas H. Lyness
Wallace R. Dowd, Jr.

CIVIL ENGINEERING CORPS

Henry J. Johnson
John G. Dillon

DENTAL CORPS

Myron G. Turner

CONFIRMATIONS

Executive nominations confirmed by the Senate June 21, 1968:

DISTRICT OF COLUMBIA COURT OF APPEALS

John W. Kern III, of Maryland, to be associate judge of the District of Columbia Court of Appeals for the term of 10 years.

DISTRICT OF COLUMBIA PUBLIC SERVICE COMMISSION

George A. Avery, of the District of Columbia, to be a member of the Public Service Commission of the District of Columbia for a term of 3 years expiring June 30, 1971.

REDEVELOPMENT LAND AGENCY

Stephen S. Davis for appointment as a member of the District of Columbia Redevelopment Land Agency for a term of 5 years, effective on and after May 23, 1968, pursuant to the provisions of section 4(a) of Public Law 592, 79th Congress, approved August 2, 1946, as amended.

EXTENSIONS OF REMARKS

PROPAGANDA ABOUT STARVATION IN THE UNITED STATES A CRUEL HOAX

HON. MILTON R. YOUNG

OF NORTH DAKOTA

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1968

Mr. YOUNG of North Dakota. Mr. President, the book entitled "Hunger, U.S.A.," and other propaganda, including a television program, about starvation in the United States is, for the most part, a cruel hoax on the people of this country.

As a lifelong farmer, plagued with price-depressing surpluses most of the time, I have always been eager to dispose of surpluses, especially to help the needy. This serves two very good purposes—feeding hungry people and helping farmers do what they like most—producing more for a fair price.

The book "Hunger, U.S.A." lists several counties in North Dakota as having "serious hunger problems." Mr. President, I have checked personally with the welfare directors and others in these counties and find that no such condition exists. In fact, I have asked many North Dakota people to give me the names of any persons they believe are short of food, and I will make it my business to see that they get food.

Mr. President, Dr. Clarence A. Bush, health officer for Golden Valley County, in North Dakota, and neighboring Wibaux County, in Montana, has offered to "pay $100 for any selected charity to anyone who can find in these two counties, or any adjacent county, a single person who has suffered for lack of food or any other necessity of clothing, shelter, medical, or hospital care and attention for any reason other than misuse or failure to notify this correspondent or any other person in authority."

Dr. Bush stated further:

For 25 years I have known almost every resident of these two counties and adjacent communities . . . and no such condition exists or has existed in that time.

Wibaux County, one of the two counties Dr. Bush mentioned, is listed as a "hunger" county.

Mr. President, I have known Dr. Bush for many years. He is one of the best physicians and surgeons in rural America. He works from early morning until late at night and takes care of patients whether they have money or not. He is not only a good Christian but lives the life of a devout Christian. I know of no other man whose judgment and word I value more than his.

Mr. President, I ask unanimous consent to have printed in the Extensions of Remarks an Associated Press article entitled "Hungry Dakotans Worth $100," published in the Bismarck Tribune of June 18, 1968.

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

HUNGRY DAKOTANS WORTH $100

WASHINGTON.—Prove there are hungry people along the Montana-North Dakota border and win a $100 reward for charity.

The reward was offered by a county health officer in North Dakota in a letter to the House Agriculture Committee. The committee made it public in a report on responses to a survey by the citizens board of inquiry into hunger and malnutrition designating 256 "hunger counties" across the nation.

Dr. Clarence A. Bush of Beach, N.D., wrote as health officer for Golden Valley County in North Dakota and Wibaux County in Montana. The latter was one of those listed as a hunger county.

Dr. Bush said he would pay $100 for any selected charity to anyone who can find in the two counties, or any adjacent county,

a single person "who has suffered for lack of food or any other necessity of clothing, shelter, medical or hospital care and attention for any reason other than misuse or failure to notify this correspondent or any other person in authority."

"I do not believe one can be found who has suffered, even from . . . misuse or failure," Dr. Bush added.

"For 25 years I have known almost every resident of these two counties and adjacent communities . . . and no such condition exists or has existed in that time."

DIFFICULTIES CONFRONTING THE ECONOMY OF THE UNITED STATES

HON. JOHN G. TOWER

OF TEXAS

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1968

Mr. TOWER. Mr. President, Dr. Arthur A. Smith, the senior vice president and chief economist for the First National Bank of Dallas, discussed in the bank's most recent newsletter some of the difficulties confronting the economy of the United States.

I ask unanimous consent that Dr. Smith's remarks be printed in the Extensions of Remarks.

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

FINANCIAL CRISIS (?)

(By Dr. Arthur A. Smith)

It is third down and long yardage to go! The team's only chance is to pass. A well-known university coach once said that when a football team passes three things can happen, and two of these are bad!

In today's financial situation the Federal Reserve faces third down with long, long yardage to go. *Three things can happen—two are bad (ultimately disastrous), and the third is so difficult to achieve that it is rather improbable.*

No less a person than the Chairman of the Federal Reserve Board himself has called the financial situation critical.

The forward thrust of inflation has developed such momentum that the monetary authority (the Federal Reserve) with little or no help from the fiscal authority (the Congress, in the final analysis) is forced "to put the ball in the air"—is burdened with the responsibility for preventing an economic bust of nuclear proportions. It is a monumental task, for sure, now that popular psychology has become so adverse and the thinking of millions of people increasingly is being influenced by emotion—by the fear that their savings, their life insurance, and their retirement and Social Security benefits will be lost in whole or in part as the purchasing power (value) of paper dollars continues to decline at a disturbing rate.

Among most academic economists and allegedly wise men of finance, there was every theoretical reason to divorce the dollar from gold forever, but the people do not believe it, and I do not! Fiscal and monetary mismanagement over quite a period of years finally compelled it. Then the authorities rationalized like the fox in Aesop's fable—"the grapes were sour anyway."

In my job as bank economist, I am observing now more genuine concern (alarm, really) among our customers and friends than ever before. For every one person five years ago who was convinced that more inflation was inevitable because the authorities were playing fast and loose with the dollar, there must be twenty now. Some were hard to convince but as they witnessed one event after another which disclosed increasing weakness in our monetary structure, mounting financial instability, and growing distrust of our dollar both at home and abroad, their thinking changed. The accumulation of such events now weighs heavily upon the popular mind and accounts for the declining faith in the outcome.

There is an old saying that self-preservation is the first law of nature. *Understandably people eagerly want to know what they can do to protect their savings.* They seek a store of value in which they can have confidence; and some are not satisfied to hedge, but greedily want to gain from inflation—speculate on it, and this aggravates the very condition they fear and seek to protect themselves from.

A good money serves as a good store of value, because a good money is stable in value. But our dollar unfortunately has not fulfilled satisfactorily this vital monetary function; and it will not unless the authorities succeed in restoring confidence.

Here are three possibilities—two are bad, very bad!

A. The Federal Reserve can restrict the supply of credit by conventional methods sufficiently to discourage borrowers by higher interest costs and thus reduce demand for loanable funds. If this is done, it would be difficult to predict where interest rates would go, but they most likely would go considerably above their current high levels before they would discourage borrowing enough to bring total credit demand into balance with total savings in the economy and stop inflation. *If the Fed rigidly holds the reserve line so as to prevent further expansion of commercial bank credit, it runs the very great risk of reversing the economy to the point of touching off deflation.* This would be bad, indeed, because the economy under existing conditions cannot stand a reversal of more than very minor magnitude. I call your attention to the fact that credit has been so expanded that today the total net indebtedness outstanding in the U.S. is in excess of $1.5 trillion of which about $1.0 trillion is private debt, and it probably would not take much deflation to trigger (like a row of falling dominoes) a series of debt defaults not unlike what happened in the early stages of the Great Depression of the Thirties. Imagine, if you will, the difficulty of servicing, for example, the record home mortgage debt outstanding today ($250 billion) and the record consumer debt ($99 billion) if widespread unemployment should set in, as it does in a depression; or imagine the drain on Social Security funds; or even the serious trouble corporations would have in servicing their record indebtedness. And what shape would Uncle Sam be in, with falling tax yields from lower corporation income and from lower personal income? What would happen to common stock prices?

B. On the other hand, if the Federal Reserve creates the reserves necessary to bring the supply of loanable funds into balance with the demand for credit, we will just have "more of the same"—and the risk here is that the rate of inflation (now between 4 and 5%) will be sustained or accelerated. If so, then we have not seen high prices yet. Most economists and business analysts are agreed that the nation's economy cannot stand even the current rate of inflation for long without setting off a spiral that will lead to galloping inflation and a bust. And this, like A above, is bad, too! In fact both A and B lead to a bust—one is an incompleted pass and the other is an interception! While there are many reasons why B leads to a bust, let me call attention to the principal one: As more and more people become convinced that more inflation is inevitable, they will be inclined to save less, thus lowering the amount of loanable funds; and at the same time, as consumers and business decision-makers, they are inclined to borrow more, thus increasing the demand for loanable funds. *In fact higher prices require more borrowing, and the expectation of still higher prices induces borrowing in anticipation.* So you have a set of forces all contributing to a widening of the deficit between amount of credit demanded and the supply of loanable funds available from true savings. This applies great pressure on the monetary authority to create money in the fractional reserve banking system. Likewise it generates a capital goods cycle which can contribute to a bust.

C. But there is the happy outcome which all coaches hope for—the third possibility, the completed pass. With long yardage to go the chances are not good because the opposition knows the ball has to be thrown and increases its defense against the play. Yet completion is not impossible, despite its reduced probability. *Conceivably, the Fed could bring us through, reducing the rate of inflation enough to buy sufficient time to adopt sound monetary measures and avoid a bust that would come from either course A or course B.*

However, let me mix my metaphors and say that to steer the nation's financial ship safely through the narrow channel between Scylla (A) and Charybdis (B) will require the ultimate in navigational skill. *I would feel more confident, and so would most people, I think, if Congress would lend a hand, and soon, by fiscal measures designed to reduce the deficit in the Federal budget to the point where inflationary pressures would be lessened substantially.* The financial ship is damaged; she is leaking and we must get her to a safe port for repairs through rough seas and past the two dangers either of which is difficult to avoid without encountering the other, and either of which leads to a bust.

The consequences of a bust are frightening to contemplate. History appears to have repeated itself, as it so often does when the money mechanism is involved. *Credit has been over-expanded, the amount of expansion having been greatest since 1961.* The following figures tell the story of how the amount of all debt has grown since 1950 in billions:

Year-end	All debt	Increase
1950	$490.3	
1951	524.0	$33.7
1952	555.2	31.2
1953	586.5	31.3
1954	612.0	25.5
1955	672.3	60.3
1956	707.5	35.2
1957	738.9	31.4
1958	782.6	43.7
1959	846.2	63.6
1960	890.2	44.0
1961	947.7	57.5
1962	1,016.7	69.0
1963	1,089.5	72.8
1964	1,166.4	76.9
1965	1,257.6	81.2
1966	1,344.9	87.3
1967	1,430.3	85.4

Source: "Economic Report of the President," February 1968, p. 277.

When a nation deliberately uses inflation (via credit) as a stimulus to the economy, it assumes the risk of losing control of the process because the point comes when a vicious cycle sets in. Prices (inflation) become higher and higher requiring more and more credit to support the process—and greater expansion of credit exerts greater upward pressure on prices, especially effective when the total economy approaches practical operating capacity, as now. Higher prices also induce higher wages, adding further to production costs that must be covered by still higher selling prices. Governments (federal, state, and local) get caught too, because they have to pay more for equipment, materials, and services they buy, and hence they have to raise taxes, or borrow more, or both. Everybody has to run faster to stay in the same place!

History records no example of a country

that has been able to control inflation after the latter starts accelerating. It is reasonable to suppose that a nation's economy can be made to adjust to and live with a rate of 1% to 1.5% a year but even this apparently modest amount can generate instability if it persists as an essential part of a deliberate plan, because a free people will begin to discount it. Then its effectiveness in the plan will be nullified and the planners will have to step up the rate to get the stimulation they want in the economy.

A crude but meaningful analogy is to be found in the reaction of the human body to narcotics. After a while the body builds a tolerance for the modest initial doses; then the person must increase the drug to get the same reaction he got from small beginning amounts. The time eventually comes when he is "hooked" for sure. It is interesting that the body's first reaction to dope appears to be good and exciting and sends the user on a trip into a dream world, just as the initial applications of planned inflation appear to be great, and the political and economic planners go off into a dream world, boasting of their handiwork: "We planned it that way!" *But when something goes wrong they are inclined to blame something else or someone else for the trouble—Result: more regulations, more laws!*

Most economists will ridicule this analogy, and let them; but whatever the academic theorizing behind "the bold new approach," it just "ain't working," and we are in a financial jam.

Despite the fact that our economy basically is the strongest in the world, it currently has serious functional trouble with its financial mechanism, and as in 1929 this could lead to a general breakdown. I am not predicting a breakdown, but be assured that one is not out of the question. Much depends upon what help the Federal Reserve gets from the fiscal authorities, and how soon.

Now in case the contents of this *Letter* cause you to think about leaving the country, let me ask you where you would go? Better stick around and join us few whooping cranes whose number just might grow and grow to where even the politicians will pay us some mind! By the way, we would not have to be a majority! (P. S. As this goes to press there is renewed hope that Congress will enact a bill cutting expenditures and increasing taxes which should ease inflation pressures some.)

THE IMPORTANCE OF JULY 4

HON. STROM THURMOND

OF SOUTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1968

Mr. THURMOND. Mr. President, the June 13 edition of the Beaufort Gazette contains a worthwhile editorial which I recommend to my fellow Senators.

The article, entitled "An Important Day," is a reminder of the forthcoming July 4 and the important significance that day should be to each of us.

The Declaration of Independence, which was signed on July 4, the Constitution, and other great documents "that came into being during the formation of our country are the basis of all that has been accomplished in the United States in the past two centuries."

As the editor stated, we have been able to prosper under the political system "bequeathed to us by our forefathers." However, much of our trouble today stems from the fact that we have lived in the protection of this governmental system so long that we have lost the proper appreciation for this system.

It is especially important today, when there are so many dissenters who attack our Government, that we should recognize and protect the freedoms established by the precedent of the Declaration of Independence.

Mr. President, I ask unanimous consent that the editorial be printed in the Extensions of Remarks.

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

AN IMPORTANT DAY

A few years ago, a U.S. Supreme Court Justice is credited with remarking that if the Bill of Rights were to be voted on today, he doubted that it would pass. The Bill of Rights, like the rest of the U.S. Constitution and other great documents that came into being during the formation of our country, are the basis of all that has been accomplished in the United States in the past two centuries. We will shortly be commemorating the adoption of one of the greatest of these documents—the Declaration of Independence.

In 1776, the American colonies declared their independence from Great Britain. And so began "the great experiment" in self-government. As we approach another July 4, we should not let the tumult of the purposeless dissenters blind us to the everlasting need of preserving the spirit and form of the political system that was bequeathed to us by our forefathers. One of the troubles today is that we have lived within the protection of that system for so long that we have lost an awareness of what it means in terms of personal liberty and opportunity. We have never known royal oppression, nor degrading class stratification by birth. We are not subjects. We are citizens. And as citizens with due regard for the rights of others, we are free to speak and act as our conscience dictates and to advance in life as far as our abilities permit. Our homes are our castles.

These things began with the Declaration of Independence and that is why July 4 is a mighty important day, whether we realize it or not.

GOVERNOR ROCKEFELLER ON THE BERLIN CRISIS

HON. HUGH SCOTT

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1968

Mr. SCOTT. Mr. President, Gov. Nelson Rockefeller, of New York, underscored the grave significance of the latest employment of "salami" tactics by the Communist East German regime in its continuing effort to snuff out the freedom of the people of West Berlin in contravention of agreements solemnly undertaken by the Soviet Union and the three Western Allies, the United States, the United Kingdom, and France. I ask unanimous consent that Governor Rockefeller's statement of June 17 be printed in the Extensions of Remarks.

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

STATEMENT BY GOV. NELSON A. ROCKEFELLER

Two events last week highlighted the challenge of contemporary foreign policy. On June 12, the General Assembly of the U.N. endorsed the Non-Proliferation Treaty. On the same day, the East German authorities placed additional restrictions on overland access to West Berlin. These two measures are in contradiction to each other.

The Non-Proliferation Treaty will now be submitted for ratification to the U.S. Senate. Under its terms, the nuclear powers undertake not to transfer nuclear weapons and the non-nuclear countries undertake not to produce any. Civilian uses of nuclear energy in the non-nuclear countries would be subject to international inspection. The nuclear countries have undertaken to make an effort to reverse the arms race. I support ratification of the treaty.

At the same time, it is clear that the treaty, to be meaningful, presupposes a degree of self-restraint in U.S.-Soviet relations. Attempts to upset the existing equilibrium are inconsistent with the spirit of the treaty. We must be prepared to meet the Soviet leaders halfway if they genuinely want a relaxation of tensions, but they must not be permitted to use the slogan of peaceful coexistence as a subterfuge to undermine free countries. The systematic harassment of access to Berlin throughout this year belongs in that category.

Since the beginning of this year, the East German authorities, with Soviet support, have:

1. Prohibited the use of overland routes to Berlin to members of West German right-wing parties;

2. Prohibited the use of overland routes to West German cabinet ministers and other high officials;

3. Instituted a requirement for visas for any other West German citizen;

4. Increased the tolls on road traffic.

Clearly the East German authorities are attempting to apply familiar "salami tactics." They are trying to establish the principle of controlling at their discretion all access to West Berlin. They are laying the basis from which progressive strangulation of the city can be attempted.

This is inconsistent with the agreements of May 4, 1949, between the U.S., U.K., France and U.S.S.R. ending the blockade of Berlin. The Soviet Union has no right to delegate its obligations with respect to Berlin to the East German authorities.

Even more importantly, these tactics are inconsistent with the objectives and spirit of the Non-Proliferation Treaty.

The U.S. Government should leave no doubt that:

1. The freedom of West Berlin and free access to it—solemnly affirmed by every postwar administration—remains a vital American concern.

2. The proposed East German action is inconsistent with a relaxation of tensions; if harassment continues and is supported by the U.S.S.R., it may jeopardize ratification of the Non-Proliferation Treaty.

3. It will concert immediately with its European allies on countermeasures to guarantee the continued freedom and integrity of West Berlin including appropriate measures with respect to East German trade with the West.

The harassment of Berlin underlines the disarray among the Atlantic nations to which I called attention in Los Angeles last week. It is essential that they develop common purposes and objectives to master events instead of becoming their prisoner, to be guided by purposes instead of being overwhelmed by crisis.

PSYCHOLOGICAL HABITUATION TO WAR

HON. WAYNE MORSE

OF OREGON

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1968

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the

Extensions of Remarks an article published in the American Journal of Orthopsychiatry for April 1967. The subject of the article is "Psychological Habituation to War: A Sociopsychological Case Study," and it was written by Dr. Isidore Ziferstein, research psychiatrist, Psychiatric and Psychosomatic Research Institute, Mount Sinai Hospital, Los Angeles, Calif.

It is a very interesting article because it discusses "the techniques employed by Government to reduce opposition to the war in Vietnam, relying heavily on psychological habituation by gradual involvement. Each small new step in the escalation is presented as a logical, unavoidable result of a commitment made by a previous small step. The result is acquiescence by the individual, with no feeling that his right to disagree is being suppressed."

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

PSYCHOLOGICAL HABITUATION TO WAR: A SOCIO-PSYCHOLOGICAL CASE STUDY

(By Isidore Ziferstein, M.D., research psychiatrist, Psychiatric and Psychosomatic Research Institute, Mount Sinai Hospital, Los Angeles, Calif.)

In a comprehensive essay on adolescence, George E. Gardner lists as a major and most difficult task confronting the child as he enters adolescence, the giving up of the security that is predicated upon the "all-knowingness" and the "all-powerfulness" of his mother and father. In this connection Gardner emphasizes ". . . the extreme vulnerability of all adolescents (or of adults who are still essentially adolescent) to the cry and to the seductive voice of the false leader or the leader with the false ideology or intent. That adolescents (of whatever chronological age) are appealed to—and respond to—such leaders, is accounted for by the fact that the latter always promise, among other things, an omniscient who can do their thinking and an omnipotent who will be their power." [10]

There is a parallelism between these growing pains of adolescence and the growing pains of a developing democratic society. In both instances, there is the danger of regression to an earlier phase of development, where security is sought by relying on an omniscient and omnipotent authority. The success of the democratic process requires citizens who are psychologically ready and willing to think creatively, to make choices, to make decisions as adults, not only in their family and other interpersonal relations but also in matters affecting their community and the nation. The democratic process, to be successful, also requires elected representatives who are able to resist the occupational hazards of their positions of leadership—the temptation to feel and act omniscient and omnipotent.

Too often there is a polarization, a division of labor, a division of society into two castes: the leaders and the led. Too often the ordinary citizen, beset by the cares and demands of everyday living, is relieved and content to leave the business of governing to the leaders. And too often the professional "governors" are men who are attracted to this profession by their need to wield power, the need to feel and be omnipotent.

One of the situations that bring this division into sharp relief is the state of war. The men who govern in time of war quite openly arrogate to themselves special powers over the governed. The reason given for this arrogation is the need to "maintain unity on the home front in time of crisis." This phrase means simply that the government feels it can not tolerate, in wartime, expressions or actions that may turn public opinion against the war effort.

In past wars, our government, like other governments, has employed forceful means and appeals to jingoism to achieve the required suppression of dissent. For example, in 1917, during World War I, the Congress enacted a Sedition Act under which more than 1,900 persons were convicted for such crimes as ". . . making a movie of the American Revolution showing Britain and America at war; saying that war drove men mad; urging people to vote against Congressmen who had voted for conscription; and writing a pamphlet which said that war is contrary to the teachings of Christ." [12]

In an upsurge of superpatriotism, an interest in anything German was considered unpatriotic. Sauerkraut became liberty cabbage; opera companies stopped performing Wagner; and symphony orchestras eliminated works by German composers from their repertories.

The current war in Vietnam has to date been relatively free of such phenomenon. In fact, high government officials, including the President, Vice President, and Secretary of State, have made a point on several occasions of defending the right of dissenters to protest. They have even pointed with pride to these proofs of freedom of speech in an America at war.

It may be that the government is not employing the gross techniques of suppression of former wars because there has not been a declaration of war by Congress. The government might therefore be on precarious legal ground if it attempted to invoke wartime powers of suppression. A more likely explanation, however, is that the gross suppressive techniques of previous wars have been replaced by more subtle methods which are effective without being offensive, methods whose effectiveness is enhanced by the refinements of the new "science" of public relations and by the all-pervasiveness of the mass media.

A major element in the new, "public relations" approach is the very gradual escalation of the war effort. In this process of graduated escalation, each new step toward greater involvement is in itself small and seemingly insignificant. Each step appears to evolve as a logical consequence of a previous small and seemingly insignificant step toward greater involvement. And the new step equally logically prepares the ground for the next small and seemingly insignificant step.

The smallness of each step, and its logical evolution out of previous steps, make it acceptable. The gradualness of the process produces a habituation to the involvement. The end result is that the people find themselves deeply committed to large-scale war, without being able to tell how it came about, when and how it all began.

This point was dramatically illustrated at the hearings on the war in Vietnam of the Senate Foreign Relations Committee. On February 17, 1966 the following interchange took place:

"Senator HICKENLOOPER. When was the commitment made for us to actively participate in the military operations of the war with American personnel?

"General MAXWELL TAYLOR. Insofar as the use of our combat ground forces are concerned, that took place, of course, only in the spring of 1965. In the air, we had been participating more actively over two or three years." [23]

The fact that General Taylor, who was personal military representative of President Kennedy in 1961–62, Chairman of the Joint Chiefs of Staff in 1962–64, Ambassador to South Vietnam in 1964–65, and now Special Consultant to the President, could only say vaguely, "in the air we had been participating more actively over two or three years" is characteristic of the confusion and uncertainty produced by this kind of gradual escalation.

At this juncture, with the nation already deeply involved in actual fighting, other seemingly cogent arguments take over; e.g.: The nation is in danger. Our boys are fighting and dying. Now is not the time for doubting, questioning, hesitating, debating. We must give full support to our boys at the front. Those who refuse full support, or who hesitate, give comfort to the enemy and are directly responsible for unnecessary deaths at the front. All we can do now is to rally 'round the flag, support our Commander-in-Chief, etc.

Under these conditions, there is no longer any need for direct suppressive measures to guarantee a pro-war consensus. Instead one can employ appeals to "maturity," to concern for one's country, to concern for our boys fighting and dying at the front.

A classic example of this technique appears in a *New York Times* report of a speech delivered by President Johnson on May 17, 1966:

"President Johnson, in his most outspoken attacks on the opponents of his Vietnam policy so far, called on all Americans to unite behind him.

"Mr. Johnson, gibing at 'nervous Nellies,' seemed almost to call for an end to criticism of the Administration's action in Vietnam and to question his critics' patriotism.

"Mr. Johnson said, 'I ask you and I ask every American to put our country first if we want to keep it first. . . . Put away all the childish divisive things if you want the maturity and the unity that is the mortar of a nation's greatness. I do not think that those men who are out there fighting for us tonight think we should enjoy the luxury of fighting each other back home.' " [18]

Here the President skillfully appeals to the regressive wish of his audience to be good little children and surrender their critical faculties, but couches it as an appeal to maturity. He is lecturing his audience as a benevolently despotic father might lecture a naughty child. In the process, the democratic responsibility of the mature citizen to question, to examine, to criticize, is stood on its head and gibed at as the "childish devisive things" indulged in by "nervous Nellies."

These latter-day techniques are far more difficult to counteract psychologically than are techniques of direct suppression. The individual no longer experiences the suppression as coming from outside himself. The suppression seems rather to come from within, as a logical response to the situation that the country is in. The individual citizen himself, in response to the President's appeals for unity and maturity, suppresses any wish he may have to think critically, to evaluate objectively, to dissent. The suppressing forces are no longer regarded as ego-alien.

This tendency to self-censorship is reinforced by another factor. Since he does not understand how the country got so deeply involved in the war, and feels quite confused about it, the average citizen concludes that the problems of war and peace in general, and of the Vietnam war in particular, are much too complicated for his average mind to encompass. This self-depreciation facilitates a regressive process, where the confused and helpless infant-citizen finds comfort in leaving all decisions to the father-figures, the all-powerful President and his all-knowing expert advisers.

Once the citizen has accepted the policy of war, psychological processes come into play which induce him to distort reality by ignoring or minimizing those facts which contradict the policy, while giving undue weight to facts which tend to validate the policy. Charles E. Osgood has described these processes under his "congruity hypothesis" as the strain toward consistency.[20 21] Leon Festinger has described them as "the reduction of cognitive dissonance." [19] These theories submit the proposition that when peo-

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ple know things that are not psychologically consistent with one another, they will try to make them consistent by various means. Osgood points out that the individual is most likely to change that element in the incongruity to which he has the least intense attachment and will maintain that element about which he has the most intense conviction.

To illustrate: When Stephen Decatur made his famous toast "My country right or wrong," he was in fact saying that he was capable of tolerating the cognitive dissonance between the strong positive valence of "my country," and the negative valence of "wrong." The average citizen cannot tolerate the dissonance and must change the positive valence of one of the elements to a negative one, or vice versa. He will find it extremely difficult to go through the emotionally painful reevaluation of values and the enormous intellectual efforts that would be involved in admitting to consciousness the idea that his country is engaged in policies and actions that are basically wrong. He will find it easier to eliminate the dissonance by justifying, for example, the bombing and napalming of enemy civilians on such grounds as: the enemy, even civilians, are cruel, ruthless, cunning, fanatical and none of them can be trusted.

Having achieved this regressive reduction or elimination of dissonance, the citizen experiences a sense of relief from anxiety and from the pressure of having to think about these complex questions. Henceforth, even if it may seem to him at times that his government's policies are palpably wrong, he can fall back on the comforting thought that there must be some top-secret information to which he has no access, and to which he is not entitled to have access, which can explain everything and make everything all right; and that the father-figures surely know what they are doing.

It seems clear to the behavioral scientist that this situation of habituation, confusion, self-devaluation, and regression to an infantile state of helplessness is unhealthy and should be corrected. Some behavioral scientists also feel that their life-long training and professional skills should enable them to make a contribution toward ameliorating or "curing" this state of sociopathological ill health. Unfortunately, the situation becomes much less clear when the specific questions are asked: What can behavioral scientists do? What contribution can they make?

Jules Masserman concludes an essay on "Psychological Medicine and World Affairs" (in which he writes prophetically as early as 1948 about "the dread prodromata of war") with the question: "What, then, can we as scientists, physicians and men of good will do?" After apologizing for the fact that "as is usual in medical treaties, the section on therapy must be regrettably brief," Masserman answers his own question:

"First, let us raise our voices to cry havoc and, since our puny professional and academic 'securities' would in any case become meaningless should catastrophe break, dare to use every means of communication at our command to rouse the world to its danger. (And second,) let us leave our crumbling ivory towers and use every podium and influence we have to secure a voice on policy-making and governing bodies." [16]

The writer agrees with Masserman's two proposals. He would suggest, in addition, a third way that a contribution could be made by behavioral scientists. In the case described in this paper of the public habituation to war, an effort could be made to counteract it by confronting the public with the existence of habituation and helping the average citizen gain insight into its genesis. The gaining of intellectual and emotional insight is an important tool in dynamic psychotherapy. It should be tried in sociotherapy. Perhaps the average citizen can be helped to feel less bewildered, less helpless, if he is helped to understand, step by step, how the present confused situation came about. Perhaps he can gain confidence in his own ability to think and to understand if he can be helped to perceive the subtle techniques by which his ability to think has been undermined. Perhaps, as in individual psychotherapy, a gaining of insight into the processes, external and intrapsychic, which led to the citizen's regression, may be the first step toward developing greater maturity and self-confidence.

What follows is offered as a sample of an attempt at such elucidation—an effort at counteracting the habituation to war by retracing some of the early steps in the gradual escalation by which the habituation was established.

HABITUATION BY GRADUAL INVOLVEMENT—A CASE STUDY

It is not easy to determine just when, how, and why the United States became committed to intervene in Vietnam. The involvement began quite indirectly, and seemingly without premeditation or intent. It began as an indirect consequence of the efforts of the United States government, under the Marshall Plan, to help the countries of Europe recover from the devastation of World War II.

The French became recipients of Marshall Plan aid soon after World War II ended. When, in 1946, the French began their war against the Viet Minh in an effort to re-establish their colonial rule in Indochina, Marshall Plan dollars enabled the French government to release francs for expenditures in that war.[11] This first indirect involvement, and the sympathy of American government officials for the role of the French as "the defenders of the cause of human freedom" in Southeast Asia,[4] led inexorably (although in steps barely visible to the unaided human eye) to the present full-scale involvement with over 400,000 American ground troops and all the latest paraphernalia of war.

The indirect involvement continued from 1946 until 1950. Then it became direct. This next step was taken in May 1950, with the announcement that the U.S. would give direct economic aid and military equipment to the French in Vietnam and to the emperor Bao Dai, who had been appointed by the French to rule Vietnam under their tutelage.[1] This step seemed insignificant at the time (merely a shift from indirect aid to direct aid), and logical (since the French were our NATO allies).

The sending of American military equipment to Indochina led logically to another step—the sending of American experts to teach the French how to use the equipment. This was another fateful step—the first commitment of American manpower. President Eisenhower wrote in his memoirs:

"It is true that certain legislators have expressed uneasiness concerning any use of American maintenance personnel in Indochina. They fear that this may be opening the door to increased and unwise introduction of American troops into that area. [As indeed it proved to be. I. Z.] The administration has given assurances to guard against such development." [5]

By May 1954, when the French suffered their conclusive defeat at Dienbienphu, there were 684 such American experts, maintenance personnel, and advisers. The French left (in April 1956) but the Americans stayed on, to build up the army of Bao Dai, later of Diem, and still later of the succession of military juntas that followed the overthrow and assassination of Diem.

These American advisers not only stayed on but multiplied, although very slowly at first. At the end of the Eisenhower Administration in 1960, there were about 750 American military personnel in South Vietnam.[24] Although they were military men, they wore civilian clothes, because the Geneva Accords of 1954 forbade "the introduction into Vietnam of any troop reinforcements and additional military personnel." [27]

The next step was also a seemingly unimportant one, but it was perhaps crucial. The American advisers began to appear on the streets of Saigon in American military uniforms. This "surfacing" of the American military in Vietnam was also very gradual. Here, for the first time, was established a palpable, visible American military presence in South Vietnam. Once this was established, all that followed seemed logical and inevitable.

The increase in American troop involvement was considerably accelerated during the Kennedy Administration. By the end of 1961, the newly elected President had more than quadrupled the number of troops to over 3,000. This number tripled in 1962; and by October 1963 there were about 17,000 American "advisers" in South Vietnam. Many of them accompanied their South Vietnamese "advisees" on combat missions, and they were authorized "to fire when fired upon."

In retrospect it is clear that at this stage of the involvement, Americans were engaging in combat—killing and being killed. But this was glossed over by public assurances that there had been "no change in the quality of our support, but only an increase in the quantity of it," and that American military personnel were serving, and would continue to serve, in South Vietnam in a purely advisory and training capacity.[25]

Furthermore, on October 2, 1963 Secretary of Defense Robert McNamara and General Maxwell Taylor made the reassuring announcement that "the major part of the U.S. military task can be completed by the end of 1965, although there may be a continuing requirement for a limited number of training personnel." This was backed up by a statement that 300 American troops would leave Vietnam by December 3, while another 1,000 would depart before the end of the year.[28]

Despite these assurances, American involvement continued to increase, in numbers, in intensity, and in overtness. But by this time, the habituation had taken hold. As late as November 1964, with more than 20,000 American ground troops in South Vietnam and with total American casualties close to 2,000, the American people still believed they were voting for a President who had kept us out of war.

A story in the *Los Angeles Times* in April 1965 describes the satisfaction of American airmen that "the wraps have at long last been taken off the Air Force." Previously, every American helicopter pilot had to be accompanied by a South Vietnamese "even if the South Vietnamese was a mail clerk," so that in case the helicopter crashed or was shot down, it could be claimed that the Vietnamese mail clerk was the pilot and the American pilot was only an adviser. All this pretense could now finally be discarded, the report in the *Los Angeles Times* continued with obvious satisfaction.

It took 19 years of very gradual escalation for our involvement to reach the point where "the fight is now predominantly an American war," as Walter Lippmann points out. But it should be noted that in the past two years, since "the wraps have been off" and all pretense finally discarded, the escalation has been accelerated precipitously. By November 1965 there were more than 150,000 American soldiers in South Vietnam. In November 1966 there were 360,000 American fighting men on Vietnamese soil.

One might ask whether the gradual escalation was deliberately planned by govern-

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ment leaders as a subtle and effective public relations technique, or was the haphazard result of historical factors outside the control of our government. Since both history and human motivation are never a matter of black-or-white, the question can be posed more meaningfully as follows: to what extent was the gradual habituation deliberately planned and predetermined, and to what extent did it just happen?

It is doubtful that anyone, including the leaders themselves, could answer these questions categorically. However, the weight of the historical evidence goes to show that the government of the United States was determined, from the very beginning, to do everything it could to keep Ho Chi Minh and the Viet Minh from coming to power in Vietnam. For example, Chalmers W. Roberts, Chief of the National News Bureau of the *Washington Post and Times-Herald,* reported on March 25, 1954 the National Security Council took a firm position that the United States could not afford the loss of Indochina to the Communists, and that if it were necessary to prevent the loss, the United States would intervene in the war. This decision was approved by President Eisenhower.[22] On April 16, 1954 Vice President Nixon sent up a public trial-balloon in a speech before the American Society of Newspaper Editors, in which he said:

"If to avoid further Communist expansion in Asia and Indochina, we must take the risk now by putting our boys in, I think the Executive has to take the politically unpopular decision and do it."[6]

A few days previously, on April 3, 1954, Secretary of State John Foster Dulles and Admiral Arthur W. Radford, Chairman of the Joint Chiefs of Staff, had urged upon a secret meeting of eight leaders of the Senate and the House the necessity of a joint resolution by Congress to permit President Eisenhower to use air and naval power in Indochina. Admiral Radford's plan was to relieve the French at Dienbienphu by striking at the Vietminh forces with hundreds of American planes from Navy carriers and from the Philippines. Robert writes:

"Some of those at the meeting came away with the feeling that if they had agreed that Saturday to the resolution, *planes would have been winging toward Dienbienphu without waiting for a vote of Congress—or without a word in advance to the American people.*" [Italic mine, I.Z.]

Secretary Dulles tried to interest some of America's allies in his plans. "In these talks Dulles ran into one rock of opposition—Britain."[22] The reaction of another ally is described by Roscoe Drummond and Gaston Coblentz in their book about Secretary of State John Foster Dulles, *Duel at the Brink.* They write:

"The main figure with whom he [John Foster Dulles] negotiated in Paris, shortly before the [Geneva] conference and during its early weeks, was [French] Foreign Minister Georges Bidault.

"As the collapse of Dienbienphu approached, Dulles told Bidault that a battle lost was not a war lost. The discouraged Bidault replied that General de Gaulle had said the same thing in 1940, but that it was something one says in the first year of a war, not in the eighth, as in Indochina.

"Bidault's recollection of the talks, as recounted to these reporters, introduces into the Dulles record a new element which, at present, reposes solely on the French statesman's testimony. *Bidault understood Dulles, on two separate occasions, to have offered him the use of American atomic bombs by French forces in the Indochina war.*

"By Bidault's account both offers were made before the fall of Dienbienphu; prior, that is, to the Geneva Conference. According to Bidault, both offers were made to him personally by Dulles in Paris.

"The first is recalled by Bidault as an offer of one or more atomic bombs to be dropped on Communist Chinese territory near the Indochina border in a countermove against the Chinese supply lines to the Vietminh Communists.

"The second is recalled as an offer of two atomic bombs against the Vietminh forces at Dienbienphu.

"Bidault, by his account, declined both offers. He told Dulles that it would be impossible to predict where the use of nuclear weapons against Red China would end, that it could lead to Russian intervention and a world-wide holocaust. In the case of the second offer, he considered the French and Vietminh forces to be by then too closely engaged at Dienbienphu to permit the use of atomic weapons.

"There is no doubt in Bidault's mind that these offers were made to him by Dulles."[3] [Emphasis mine. *I.Z.*]

These facts point to the conclusion that the Administration would have plunged the United States into the Indochina war much more precipitously if it could have. But it encountered two obstacles: Our Allies, especially Britain and France refused to go along. And Nixon's trial-balloon brought forth an avalanche of negative letters and telegrams to the President, and a great deal of negative reaction in the press. The time was not ripe for total intervention. The American people would have to undergo a prolonged process of habituation before they would be ready for total intervention.

It is, of course, quite likely that, having embarked on a course of gradual escalation, the leaders themselves became conditioned and habituated—they became the victims of their own techniques. The strain toward consistency and elimination of cognitive dissonance described by Osgood, Festinger, and others applies not only to ordinary citizens but also to leaders. The leaders are constrained to find rationalizations which will justify their decisions to themselves, as well as to their followers. Former President Eisenhower recently exemplified one such technique in high places, a technique to justify the killing of civilians in underdeveloped nations. In a televised speech on September 18, 1966, he argued against "the fear of using a weapon [nuclear] that the free world might need in some outlying place where people or life seems to be cheap, and they want to have their way."[26]

It is also probable that the original planners of our Southeast Asia strategy did not anticipate in 1950–54 either the duration or the extent of the ultimate involvement. They grossly underestimated the determination, stamina, and dedication of the guerrillas. The performance of the Viet Minh against the French should have alerted our decisionmakers, but here another factor entered, which is operative to this day. The American leaders felt vastly superior both to the French and to their rag-tag guerrilla opponents. The leaders were the victims of the parochial tendency to feel that "one American is as good as any 10 foreigners," (especially if the foreigners are non-white).

Since then, much habituation has taken place. In June 1954 a Gallup Poll showed that 72% of the American people opposed sending American troops to Indochina. By 1966, 60–70% were going along with the Administration policy. The process of habituation has been eminently successful. It has achieved a 180 degree shift in American public opinion in the space of 12 years.

The habituation has been reinforced by techniques of news management and manipulation of public opinion. The President's televised press conference of July 28, 1965 is a classic example. It furnishes an instructive case study of the psychological preparation and manipulation of the American public:

Several weeks before the press conference took place, Secretary of Defense McNamara made a highly dramatized and thoroughly publicized "fact-finding" tour of South Vietnam. Newspaper dispatches stressed the dangerous nature of this mission. The Viet Cong, it was reported, spared no efforts to "get" McNamara. On one occasion, a mine was discovered in the nick of time under a bridge that McNamara was to cross. (No one asked why such a dangerous mission was given so much advance publicity. Would it not have been safer for Mr. McNamara to slip into Vietnam incognito and with no fanfare?)

Upon his return from Vietnam to Washington, Secretary McNamara and his fact-finding mission continued to capture the headlines. For several days, these front page stories in the news media reported that the President was closeted with Mr. McNamara and several top-level advisers in day-long, continuous top-secret consultations. The purpose of these conferences was to determine, on the basis of Mr. McNamara's findings, the future course of the war. Strangely enough, at the end of each day's "secret" session information was "leaked" to the news media which indicated that there would be a very rapid increase in U.S. combat forces in Vietnam, a marked rise in draft quotas, mobilization of the reserves, and a request that the Congress make a supplemental war appropriation of 12 billion dollars. With each day, as preparations were reported for a Presidential press conference, tension rose and public apprehension mounted that the country would be placed on a total war footing.

So well was the public prepared by the press "leaks" to expect the worst, that there was a general expression of relief when, on July 28, the President asked for "only" 1.7 billion dollars, a draft quota of "only" 35,000 by November, an increase in troop strength to "only" 125,000, and greatest concession of all, did not call out the reserves. However, the *Wall Street Journal* of August 4, 1965, reported that ". . . the President had announced one plan for public consumption, but was pushing, behind the scenes, for a much larger involvement in the war."

In connection with this concealed program, the *Wall Street Journal* continued, Secretary of Defense McNamara appeared before a closed session of the Senate Armed Services Committee to project a far heavier commitment of manpower and funds.

By January 20, 1966, the *Los Angeles Times* was reporting that the President "appeals to Congress to provide $12 billion more to support expanded Vietnam action." (The precise figure mentioned in the press leaks of July 1965.) By February 12, 1966, the President was stating that the time may come when he will have to summon the reserves. Several months after that, a bill was passed giving the President authority to do so. And, of course, the number of combat troops rapidly rose above the 125,000 figure projected in the July 28 press conference.

It is clear, in retrospect, that the skillfully stage-managed, televised press conference of July 28, 1965 marked a new phase of open, headlong escalation of the war—now that the "wraps were off." But an adverse public reaction to this new development was averted by skillful manipulation of information. The formula is simple, but effective: First step: highly alarming rumors about escalation are "leaked." Second step: the President officially and dramatically sets the anxieties to rest by announcing a much more moderate rate of escalation, and accompanies this announcement with assurances of the government's peaceful intentions. Third step: after the general sigh of

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relief, the originally rumored escalation is gradually put into effect, after all.

This technique of psychological backing and filling has two effects: (1) By the time the originally leaked figure of, say, $12 billion, is officially presented by the President in January 1966, the citizen has the comfortable feeling of familiarity with it, of being knowledgeable about it. Somewhere, sometime he has seen and heard this figure before, as indeed he had—in July 1965. It has been robbed of its shock effect. The citizen has become habituated to it. (2) The succession of "leaks," denials of leaks, and denials of denials, thoroughly confuses the individual. He is left bewildered, helpless, apathetic.

The habituation is further reinforced by what is politely called "news management," but what some newsmen have referred to more frankly as the withholding of information or the giving out of misinformation by the government. In February 1965, U.N. Secretary General U Thant bluntly stated that the American people were not getting the true facts about the war in Vietnam, particularly about peace feelers from Hanoi.[13] Australian correspondents in Vietnam have charged American military public relations men with misrepresenting casualty figures in order to make them less stark for the American public.[19] American newsmen have similarly complained about misleading news and misinformation. In a front page news article headed "U.S. Command Less Than Candid in Reporting Vietnam Battle Action," Jack Foisie, Bureau Chief in Saigon for the *Washington Post* and the *Los Angeles Times*, writes:

"Even in a minor defeat, or a minor error in contrast to the bigness of the war, spokesmen try to minimize the setback, distort the fact. They do their best to sweep the dirt under the tent." [14]

Professor Thomas A. Bailey writes in the *New York Times* about President Johnson's "warping, sugar-coating or falsification of the news." [2]

News management is not a new phenomenon. It is probably as old as politics itself. In the United States, as Professor Bailey puts it, "news management dates back to George Washington's Administration." [2] What is new, in our democracy, is the quantity, the degree of news management. What is new is the fact that high government officials openly admit it, and that the large majority of the American people have accepted it as one of the facts of life. William Touhy, the *Los Angeles Times* correspondent in Saigon, writes:

"Sylvester [Assistant Secretary of Defense for Public Affairs Arthur Sylvester] has said he favors government news management, including lying to the press in times of crisis. On a trip to Vietnam, he declared the press ought to be the handmaiden of the government, as far as reporting the war went.[15]

And *Newsweek* quoted the official spokesman for the United States mission in Saigon as stating: "My directive says that our policy is one of minimum candor." [17]

The open advocacy by governmental leaders of policies of "minimum candor" and lying to the people undermines "the right to know." The restrictions on his right to know the truth mesh neatly with the citizen's regressive wish to remain unknowing, and further facilitate his regression to the preadolescent phase of seeking security in the omniscience and omnipotence of the authority figures.

CONCLUSIONS

The techniques employed by government to reduce opposition to the war in Vietnam rely heavily on psychological habituation by gradual involvement. Each small new step in the escalation is presented as a logical, unavoidable result of a commitment made by a previous small step. The result is acquiescence by the individual, with no feeling that his right to disagree is being suppressed.

The acquiescence resulting from psychological habituation to the war could prepare the ground for eventual acceptance of the use of nuclear weapons, if such use developed as a "logical" next step. Senator Richard B. Russell, Chairman of the Senate Armed Services Committee, has advocated using small nuclear weapons in Vietnam, increasing the size of the nuclear bombs when necessary. This foreshadows a kind of nuclear escalation similar to the gradual escalation described above.

The gradual habituation, the "management" of news and information, and the manipulation of public opinion produce in the American people a sense of confusion. They undermine the average American's confidence in his own ability to think clearly and cope with important issues. They foster in the average American a feeling of helplessness and passivity. All this bodes ill for the democratic process: an ill-informed and misinformed people may be unable to participate intelligently in decision-making. It bodes ill for the prospects of human survival: a habituated people may be unable to stop the drift toward a third, thermonuclear, world war. It bodes ill for the emotional health of the American people.

And all this is a matter of serious concern to behavioral scientists, as citizens and as specialists.

FOOTNOTES

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[5] EISENHOWER, D. D. 1965. Op. cit.: 416.

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HOUSING AND URBAN DEVELOPMENT ACT OF 1968: COMMENT BY NATIONAL ASSOCIATION OF PROPERTY AND CASUALTY REINSURERS

HON. JOHN SPARKMAN

OF ALABAMA

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1968

Mr. SPARKMAN. Mr. President, the Senate recently passed S. 3497, the Housing and Urban Development Act of 1968, which included provision for the establishment of an urban insurance program. Subsequent to the passage of the bill by the Senate, I received a letter from a representative of the National Association of Property and Casualty Reinsurers in which they comment on the bill.

I ask unanimous consent that the letter be printed in the RECORD.

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

ROBINS, DAVIS & LYONS,
Washington, D.C., June 14, 1968.

Re National Insurance Development Act of 1968 (S. 3497).

Senator JOHN J. SPARKMAN,
Chairman, Senate Committee on Banking and Currency, Washington, D.C.

DEAR SENATOR SPARKMAN: A group of the nation's leading reinsurers are in the process of forming a non-profit, voluntary association to be known as the National Association of Property and Casualty Reinsurers, for the purpose of presenting the point of view of the members to Congress, state legislatures and regulatory agencies and commissions. Members of the proposed association will include North American Reinsurance Company, American Re-Insurance Company, Reinsurance Corporation of New York, General Reinsurance Corporation, Employers Reinsurance Corporation, Munich Reinsurance Company, Prudential-Skandia Reinsurance Group, Constellation Reinsurance Company, Christiana General-Switzerland General Reinsurance Group and the Reinsurance Division of Insurance Company of North America.

Please be advised that I have been appointed as spokesman for this group on the matter of S. 3497 and authorized to present the views of the members on this important piece of legislation. Since our articles of association were neither drafted nor filed at the time of your Committee's public hearings on the bill, we were not able to present an industry viewpoint therein. Nor were we able to present the matter in time for appropriate amendments on the floor. However, the group studied the bill in great detail and on its behalf I did have several discussions with members of the Senate Banking and Currency Committee staff before the matter went to the floor for debate.

Although the bill has been passed by the Senate, we would like to make a record of

our objection to two sections of the measure in its present form: (1) the proposed finding in Sec. 1102(a)(2) that "recent riots and other civil commotions in many American cities have brought abnormally high losses to the property insurance industry *for which adequate reinsurance cannot be obtained at reasonable cost*" (emphasis added) and (2) the mandatory directive in Sec. 1235 of the proposed new Title 12 to the Housing Act which orders the Corporation to study reinsurance as a means of guaranteeing an adequate market in urban areas for burglary and theft and contractors surety bonds.

1. The "finding" in Sec. 1102(a)(2) that adequate reinsurance cannot be obtained for recent riot losses at a "reasonable cost" is misleading and unsupported by the record. As a matter of fact, those riot and civil commotion losses that were not reinsured were so treated for reasons unrelated to the cost and availability of reinsurance. To the extent that risks in such areas were reinsured, the cost of reinsurance for riot and civil commotion losses was nominal since they were included in the miscellaneous perils and charged a composite or group rate. Hence to date there has been an adequate supply of reinsurance at more than "reasonable" cost.

It is only recently that riot and civil commotion losses have raised a serious problem. But the problem is primarily one for the primary insurers who have written such coverage in the past and more importantly, for those who will be asked to take such risks in the future under the FAIR plans contemplated by S. 3497. Assuming that such losses continue to rise in severity and frequency, the primary insurers will in all probability still be able to obtain reinsurance at a "reasonable cost"—reasonable being defined as a rate which reflects experience. Ultimately the cost or reinsurance reflects the actual experience of primary insurers, nothing more and nothing less. When judged by any marketplace yardstick, the cost will thus always remain reasonable in that the seller is recovering his out-of-pocket costs plus an acceptable profit.

The primary insurance industry believes that if riot and civil commotion losses continue to increase, the "capacity" or ability of the industry, whether primary or reinsurance, may be strained unduly. But it should be recognized that any such situation is not produced by the arbitrariness of the reinsurance industry; rather it will be the product of a need beyond the ability of the primary insurers to absorb or repay to reinsurers at a price reflecting their true experience.

Hence, we respectfully suggest that the proposed findings contained in Sec. 1102(a)(2) relating to the unavailability of adequate reinsurance at a "reasonable cost" be amended to read:

Recent riots and other civil commotion in many American cities have brought about abnormally high losses to the property insurance industry which raise the question as to whether adequate reinsurance will continue to be available at previous rates, and the risk of such losses will make most lines of property insurance even more difficult to obtain.

2. Our second basic concern is the present language of Sec. 1235 which authorizes and *directs* the Corporation to make a study of "reinsurance and other means to help assure (1) an adequate market for burglary and theft and other property insurance in urban areas; and (2) adequate availability of surety bonds for construction contractors in urban areas."

Neither of these areas of concern or forms of coverage present any problem of reinsurance or its availability or cost. Historically these coverages have been handled almost exclusively by primary insurors—especially in ghetto areas—and losses paid up to amounts well below the catastrophe coverages of the normal reinsurance contracts. This is especially true with respect to surety bonds, where reinsurance is rarely drawn into play except in projects of large value.

Hence, we suggest deletion of the phrase "of reinsurance and other means to help assure. . . ." This will allow the Corporation to concentrate its energies wherever the problems and solutions are to be found. Of course, such a study could also include inquiry into the role of reinsurers but such an inquiry would be optional or supplementary as opposed to the prime focus of interest as the bill now seems to require.

We also discussed these matters with key members of the House Banking and Currency Committee and the Committee staff. They have agreed with our position on these two points and will offer the amendments described above, either in Committee or on the floor. If the House should adopt these amendments and pass their companion measure, H.R. 17003, we earnestly request that our proposals be given favorable consideration in Conference by the Senate conferees.

Respectfully submitted,

RONALD A. JACKS,
Washington Counsel, National Association of Property and Casualty Reinsurers.

MAJORITY RULE OUTMODED?

HON. PAUL J. FANNIN

OF ARIZONA

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1968

Mr. FANNIN. Mr. President, one of our most respected churchmen in Arizona has written a very perceptive article in one of the widely circulated religious publications in my State. Msgr. John Doran questions the strange shift in concept from the rule of the majority to the rule of the minority. He quite correctly notes that most of our concepts of law are based upon the idea that the majority shall establish the law with the rights of the minorities protected by the Constitution.

Monsignor Doran's clear statement of the principles involved in some of our current problems is worthy of wider attention, particularly when he calls to the remembrance of those in authority that, "a loud minority does not make up a majority, nor does it outweigh the will of the majority."

He suggests that those authorities who do not have the courage to recognize and act upon this principle should be replaced.

Mr. President, I quite agree.

I ask unanimous consent that the article to which I have referred be printed in the RECORD.

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

ROLE OF THE MINORITIES

One of the strange things happening these days is the shift from the American concept of the rule of the majority to a new rule of the minority. Although most of our concepts of law and order are based upon the idea that the majority of people shall establish the laws, with the protection of the minorities guaranteed by the Constitution, we are shifting in fact into allowing loud and vocal minorities to get their way, no matter what the majority might want.

I suppose that the clearest example of this is in the college and university strikes and sit-ins which have been taking place of late. Minorities, indeed very small minorities, have been allowed to close colleges and dictate terms to the administrators, while the majority of students sit around waiting to see what will happen. A small number of students sitting in the President's office can not only push the President of a University out, but push out the rest of the students too.

Is noise and rowdiness to become the law of the land? That's a question worth asking. Riots in Washington lead to legislation. Marches to the capitol take the place of representative government. Arsonists and and looters are treated like blood brothers by the police. One small union can close off the press, pile up the garbage or turn off the telephones, no matter what the majority of people want.

Are we abandoning our majority concept and replacing it with the rule of force? This is a question which we Americans must ask before we get the answer without even having the sense to ask the question.

This is a vital matter since the majority is usually voiceless except at election time. Minorities can shout up a storm and do; but they should be seen for what they are, that is a small group making a lot of noise. As such they will have to be heard, since unfortunately we do not have a switch for turning off our ears: but it will have to be remembered by those in authority that a loud minority does not make up a majority, nor does it outweigh the will of the majority.

This will take courage on the part of the authorities, a courage which seems sadly lacking in some of the recent public displays and riots. If the authorities lack this courage, they should be replaced, for the faint of heart do not belong as rulers in our land.

SOLIDARITY DAY

HON. HARRY F. BYRD, JR.

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1968

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent to have printed in the Extensions of Remarks an editorial entitled "Solidarity Day," published in the Washington Evening Star of June 20, 1968.

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

SOLIDARITY DAY

From time to time the cameras focused on the massive, brooding figure in the background. And one felt that he would have understood it—all of it.

Poverty? Very few among the many thousands massed around the Memorial have known poverty as Abraham Lincoln knew it.

Housing? The only home he knew in his formative years was a log cabin in the wilderness.

Hunger? There were many days when young Abe felt its pangs.

War? It may be doubted that any man has known greater anguish than that which was Lincoln's constant companion from 1861 to 1865.

So Abraham Lincoln would have understood the demonstration—all of it.

He would have abided the demagogues, for he knew an abundance of them in his day. He would have understood and applauded the statesman-like remarks from such men as Roy Wilkins and Senator Brooke, for Lincoln also bore the stamp of statesmanship.

He would have listened with compassion as Mrs. Martin Luther King, a remarkable woman, cried out for an end to the war in Vietnam. Abraham Lincoln paced the floor on many a sleepless night searching in heart and mind for a way to end the agony of our Civil War. He would have been deeply moved as he listened to Mrs. Mary Gurley, of Atlanta, sing "My Heavenly Father Watches Over Me."

He would even have understood the threatful, even belligerent tone of the speech by the Rev. Ralph David Abernathy, and he would have hoped, as all must hope, that reflection and wiser counsel will overrule the announced intent to stay indefinitely in Resurrection City, permit or no permit.

Yes, this man who spoke of government of the people, by the people, for the people would have fully understood and appreciated the peaceful demonstration put together in Washington yesterday under the direction of Sterling Tucker. The right of the people to petition their government was close to the heart of Abraham Lincoln, who also died of an assassin's bullet—although, strangely, there was little or no mention of the fact by the speakers who addressed the throng from the steps of his Memorial.

THE POSSIBILITY OF REESCALATION IN VIETNAM

HON. STROM THURMOND

OF SOUTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1968

Mr. THURMOND. Mr. President, the June 14 edition of the Spartanburg, S.C., Herald contains an excellent article entitled, "Reescalation May Be Only Recourse for Us." The capable editor, Hubert Hendrix, invites our attention to the fact that unless there is a clear break in negotiations soon, there must be a reescalation of the combat effort in Vietnam. He acknowledges that the United States has done more than could be reasonably expected to set the stage for negotiations. Bombing in North Vietnam has been restricted and the United States has been fighting a holding action south of the DMZ.

At the same time the Communists have launched brutal attacks against Saigon. The Communist radio has now threatened to shell Saigon for 100 consecutive nights with a barrage of 100 rockets each night, and each time the broadcast warns the residents of the city to flee Saigon.

Mr. President, this terroristic propaganda and savage action against civilians in the largest city in South Vietnam is serving to undermine the confidence of American strength and determination. I concur with the editor that the time has come to establish a deadline on negotiations and insist that fruitful talks begin and concrete proposal be reached by that deadline. If these terms are not met by the Communist negotiators, I also concur with the capable editor of the Spartanburg Herald in recommending a resumption of the conflict at a much higher level so as to bring the North Vietnamese to their knees.

I ask unanimous consent that the editorial be printed in the Extensions of Remarks.

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

REESCALATION MAY BE ONLY RECOURSE FOR US

Reasonably soon in Vietnam, the United States is going to have to reestablish its own rules of the game and quit playing it on the enemy's terms.

In short, unless there is a demonstratable break in negotiations, there must be a reescalation of the combat effort.

Specifically, the bombing of North Vietnam should be reinstituted on a stepped-up scale.

The United States has done more than could be reasonably expected to set the stage for a negotiated settlement.

Bombing in North Vietnam has been much restricted. It continues only in a strip across the southern part of that country, as a safeguard against increased movements of enemy troops and supplies.

De-escalation, however, has been unilateral.

The communists on their part have ranted and raved in Paris and have launched brutal attacks against Saigon.

For almost two weeks, the South Vietnamese capital has been shelled indiscriminately.

Where are those anti-war activists who have yelled so loudly against U.S. bombing? Is the killing of children in Saigon by the Viet Cong less to be abhorred?

The Communist radio now has threatened to shell Saigon for 100 consecutive nights with barrages of 100 rocket each night. The broadcast warned residents to flee the city.

Such terroristic propaganda is effective in undermining confidence in American strength and determination.

The only antidote is counteraction. The U.S. should demand substantial and immediate de-escalation of the fighting by the Viet Cong. If that does not occur, the bombers should be loosed again.

NIXON FOR PRESIDENT

HON. JOHN G. TOWER

OF TEXAS

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1968

Mr. TOWER. Mr. President, I ask unanimous consent that an editorial entitled "Nixon Is the Man for President," published in the Shreveport Times, be printed in the Extensions of Remarks.

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

[From the Shreveport (La.) Times, June 16, 1968]

NIXON IS THE MAN FOR PRESIDENT

"These past few years have been a long night of the American spirit. It's time we let in the sun."—Richard Nixon.

Richard Nixon stands out among all of the presidential nomination candidates of both the Democratic and Republican parties as the man who should be the next President of the United States.

In his speeches and position papers on vital American problems while sweeping eight straight party primaries from the Atlantic to the Pacific—winning by 73 to 80 per cent or more of the total vote cast in each instance—he has presented strong, constructive and common sense approaches to problems which now plague the nation the most.

His steadily increasing popularity, resulting from the soundness of political philosophies he has been expressing, gave him unpredictable New Hampshire by close to 80 per cent of the GOP vote cast. In stolid Vermont, looked on in advance as solid Rockefeller country, the GOP state convention kicked over the traces and gave 9 of its 12 nominating convention delegates to him, with only two for Rockefeller and one uncommitted.

All the way across the nation, in Oregon—considered the most Anglo-Saxon state in the nation—he polled 73 per cent of the Republican vote with both Rockefeller and Governor Reagan on the ballot. He gained an equally big victory in Middlewest farmland Nebraska with Governor Reagan on the ballot.

While neither Reagan nor Rockefeller campaigned personally in those states, the money spent for the campaign for Reagan in Oregon still is a topic of endless political conversation and Reagan money also was spent freely in Nebraska. Also there was considerable financing of the write-in candidacy of Rockefeller in Oregon.

Through increasing popularity, Mr. Nixon forced Governor Romney of Michigan out of the GOP nomination contest, although the latter was openly backed by Rockefeller. He has easily kept Governor Rockefeller at bay since the latter made a belated entry into the contest.

HOLDS GUARANTEED INCOME IS WRONG

The fallacy of guaranteed income as a creator of idleness and destruction of morale and morals has been attacked by him in a manner to gain praise from those who once opposed him—in fact, he seems now to have the best press, nationally, that he ever had and a steady outflow of editorial commendation from some magazines and other publications that once opposed him.

In his 1960 campaign he stood staunchly for retention of the depletion tax allowance on mineral deposits, including petroleum, although he knew this would cost him votes in some states and bring him victory in none. As Vice President he worked behind the scenes for the Eisenhower tidelands oil bill which might have avoided present confusion on that issue had it been specific as to state shoreline boundaries.

The amazing part of Mr. Nixon's present political drive is that he has climbed to his present peaks with endless and what some political experts might call even dangerously frank political discussion without dividing either his Party or contributing to division of his country.

Quite to the contrary, the Republican Party has not been as united as it is now for years, despite the small core of opposition to Mr. Nixon that exists within it. (This type of opposition is natural.) He thus has demonstrated qualifications which the next President must have if the nation is to be brought back to unity, to law and order, to peace here at home.

There is no controverting Mr. Nixon's contention that crime is the nation's greatest problem—professional crime, big crime, crime on a scale that dwarfs the volume and cost of crimes of arson, bloody violence and even anarchy in the streets of cities across the nation—a form of crime Mr. Nixon also is pledged to stop instead of disregarding or even encouraging it.

Federal estimates are, Mr. Nixon emphasizes, that professional "secret society" organized crime—"the tape-worm of American society" he calls it —now takes *50 billion dollars* a year from the American people.

In the past seven years it has grown nine

times as fast as the population. In the same period major crimes have increased nationally by 83 per cent.

And the President's Crime Commission Report says that a poll made for it showed that 43 per cent of all American adults are afraid to be on the streets at night; 35 per cent would not speak even in daylight to a stranger; 21 per cent use cars and taxis at night solely to avoid criminal dangers in mass transit.

"These are not statistics of a Great Society," says Mr. Nixon. "They are statistics of a lawless society."

To change them must be the top priority in the next administration. Richard Nixon is pledged to exactly that end.

Mr. Nixon courageously has led in emphasizing that welfarism does nothing to cure ills and is merely a dole, a payoff for votes. In the weeks just preceding his assassination, Senator Robert F. Kennedy turned to this same theme. It is the foundation of Governor Reagan's political base. Governor Rockefeller and Vice President Humphrey have been mildly echoing these Nixon contentions—but in too little and too late manner.

Mr. Nixon proclaimed publicly that he would not seek to buy Negro votes or labor votes with promises. He has hit hard at all such federal promises—the creation of expectations, among the poor especially, when obviously such expectations could not be fulfilled by money or any other way. He has pointed out repeatedly that unfulfilled expectations lead only to frustration, emotional revolt, physical uprising—crime and destruction.

HAS SUPPORT FROM ALL CITIZEN GROUPS

Mr. Nixon's votes have come almost evenly in the primaries from all categories of the electorate—upper, middle and lower income brackets, city dwellers, farmers, big and little business, and the millions who have fled from the city to the suburbs in recent years and now are of such numerical volume that they can control any national election if they wish to unite to do so. Mr. Nixon has been especially strong in the suburbs—East, Middle West or West—and that is where the presidential campaign will be decided; where people who pay half of the nation's taxes seem to be in ever-increasing nonpartisan revolution against the very things Mr. Nixon is opposing most vigorously: big government, big taxes, big crime and big welfarism.

No President of the United States, no Congress, no political administration can lift this nation overnight from the depths to which it has sunk through being overwhelmed by crime in the midst of a bloody overseas war that has taken 23,000 American dead and wounded 130,000 other Americans; and while arson, bloodshed and anarchy flourish in the streets of several dozen cities with little attempt at prevention or punishment—and actual encouragement (if only through quiescence) from people in high public posts.

Richard Nixon recognizes these problems. He has shown a keen insight into the causes. He has the qualifications and the courage to make the effort to restore normalcy, sanity and unity to this nation, no matter how difficult it may be, in those areas where the onrush against both morals and morale steadily is moving closer and closer to the point of irresistibility.

It is for these and other reasons that *The Times* takes the unusual step of endorsing Mr. Nixon now for the presidency of the *United States* even though he has not yet been nominated by his party. He seems certain to be nominated. If he is, we will support him for election to the best of our ability.

Mr. Nixon will need help from everyone, nonpartisanly, if he is to face the problems—as President—which must be solved. He is the man best qualified for that task. He has greater and wider experience than any other candidate. His political philosophies—although we differ with him on some of them now and may differ on others in the future—are basically sound, constructively conceived, and make more common sense than those of any other candidate we know of.

Since he so obviously is the best man for the job now on the national scene, the question naturally arises: Why not start now to guarantee Mr. Nixon's election and also full national and nonpartisan support of him if elected? Our answer is, "Let's Go!"

Mr. Nixon has supported President Johnson on issues of national patriotism, opposed him when he felt the President was abandoning his own previously stated principles. In matters of international gravity, he has loyally upheld the dignity and the majesty of his own nation, and the respect due its Chief Executive to a far greater extent than some of the outstanding leaders of the Party in power—the Democratic Party.

When President John F. Kennedy found himself in the midst of the devastating Cuba invasion Bay of Pigs fiasco, the first three men he called on privately for help were former President Eisenhower, Mr. Nixon and General MacArthur. All three responded quickly as did Mr. Nixon when called again by Mr. Kennedy during the Cuban missile crisis.

Mr. Nixon has centered his political pronouncements for more than a year on the contention that crime is the biggest problem and the most destructive condition in the nation now—above Vietnam, poverty, street violence, welfarism and the ghetto in national importance. He was the first among top political leaders to point out the folly of pouring *two billion dollars* a year of federal taxes into city ghettos and low income areas in efforts to solve problems of economy or crime while sitting idly by as what he calls "the secret society" of organized crime illegally extracts an estimated *$3½ billion dollars* a year from the people of those same areas in one single racket: The numbers game.

GOVERNOR ROMNEY ON VIOLENCE IN AMERICA

HON. HUGH SCOTT

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1968

Mr. SCOTT. Mr. President, on June 12, the able and distinguished Governor of Michigan, Hon. George Romney, delivered an important speech in which he identified the fundamental causes of the political and social turmoil which the United States is undergoing and proposed some basic remedies. I ask unanimous consent that Governor Romney's timely and important remarks be printed in the Extensions of Remarks.

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

ADDRESS BY GOV. GEORGE ROMNEY TO THE LENAWEE COUNTY REPUBLICAN DINNER, ADRIAN, MICH., JUNE 12, 1968

There is a yearning for peace in America—peace at home and peace abroad. But we must not deceive ourselves or permit others to do so. As Emerson wrote, "There is no peace except through the triumph of principle." As Lincoln said, "Principles may and must be inflexible."

There can be no peace in Vietnam by negotiating a settlement that is a camouflaged surrender or just by American military escalation.

This is as true today as it was before the Paris talks began. More than ever, America needs a sound strategy and a positive program for peace in Vietnam.

There can be no peace in our cities imposed from without. It must come from within—yes, from within the ghettos and the suburbs and the hearts and minds of both black and white.

Attitudes in both races and the extremes in both must change. This depends not on government primarily but on personal commitment and involvement.

There can be no peace in our economic relationships unless we turn America back to the people, rewarding contribution rather than raw power.

We must divide excessive concentrations of economic power, so that the greatest economic rewards will go to those who make the greatest contribution, not to those who are most highly organized.

And there can be no peace on our campuses and streets until we replace permissiveness and debauchery with the principles that have been revealed by God and proven through history.

There can be no peace anywhere in America, there can be no lasting security and safety in America, there can be no New America—except through the triumph of principle.

Now, if ever in our history, is the time for straight talk, clear thinking, and sound action.

Now, if ever, is the time to rise above politics as usual and dig beneath the surface of political cliches.

Now, if ever, is the time to face hard facts and speak eternal truths about America.

For the convulsions that have wracked our country in recent years and months are rising in a stunning crescendo of surprise, shock, tragedy and violence.

And no thinking man today can say the climax has been reached.

The tragic death a week ago tonight of Senator Robert Kennedy from an asssassin's bullet is the most recent in a series of sudden, violent turns in the political and moral life of our nation.

Americans have stood transfixed in horror as leader after leader has been struck down, as city after city has been ravaged, as campus after campus has been torn by violent protest.

And we ask why—why, in America, with all our affluence, sophistication, power and skill—why, with all our great traditions and noble aspiration—why, in America, do these things happen?

I believe there is an answer—a hard, unpalatable answer—an answer, I have found, that many Americans are loath to recognize. For the truth can hurt—and universal popularity is seldom the reward of those who speak it first.

These acts of civil violence and moral depravity do not occur in a vacuum. They are symptoms.

They are the consequence of a drift away from principle—spiritual principle, moral principle, political principle, and economic principle.

They are the price—the terrible price—that we are paying for turning our backs on the eternal truths and the inspired principles that were the foundation of this nation.

America has a spiritual foundation. Its first premise is the supreme authority of the Creator as the father of all men, who are brothers and sisters and thus equal in His sight.

Our spiritual foundation exalts the sanctity of human life and individual personality.

It demands that each individual be free to develop his potential to the full, subject only to the rights of others to develop their potential. It requires personal responsibility, personal effort, self-reliance, self-discipline, and obedience to law. It necessitates voluntary cooperation, divided public and private power, and limited government of laws, not men.

These are not dogmatic principles harshly and rigidly imposed. These are liberating principles that spring from the true nature of man as a spiritual being—principles that unlock the best the human mind and spirit can become.

On the foundation of these principles, America has flourished. We rose to religious, moral, political, economic and material greatness—we offered opportunity to every man without a ceiling—because our foundations were secure.

Our principles worked because most citizens undertook to live them. They were reflected in powerful religious convictions, strong families, personal development, hard work, respect for authority, community service, competition, and cooperation in serving others.

Our principles put chains upon our individual impulses and our appetites—not chains imposed by a totalitarian state or authoritarian society, but chains of internal discipline and self-restraint—chains that are capable of withstanding any stress only when forged by what Gladstone said was the greatest concept of all, "Personal accountability to Almighty God."

Everything in life has its price. Nothing is free. And the price we paid for freedom was self-discipline.

But today the system has been turned upside down. Too many of us have been mesmerized by the material by-products of our success to the point that we have forgotten the principles that made them possible.

Ours is an age which demands instant gratification of every impulse, every appetite, every whim. Too many Americans are unwilling to work and wait for what they want. "Something for nothing," "everything at once," and "anything goes" are the watchwords of the "fun culture" and the "now people". Permissiveness, self-indulgence, and personal irresponsibility are the order of the day in a society sated with materialism and addicted to sensation. Among young people and adults as well there is a growing attitude of "Me—this—now!"

The natural consequence of this collapse of self-discipline and internal restraint is a growing idealization of violence, glorification of brutality defiance of authority, and spread of criminal behavior.

If there is no right or wrong, if objective standards of value do not exist, if individuals are not accountable to God and men for their own actions, if living for kicks is all there is to life, if material and sensual gratification are all that matters, if America is just another man-made society, if God is dead—if enough people are encouraged to believe false doctrines such as these, the foundations of stability and progress cannot stand, and America will take the last euphoric plunge into existentialism, nihilism, anarchy, and ultimate destruction.

We are reaping the whirlwind of several generations of permissive child-rearing practices, life-adjustment "progressive" education, declining religious conviction, loosening family ties, preoccupation with materialism, living on credit, judicial leniency, and an environment saturated with selfishness and sex.

None of our social institutions is exempt from blame or free from consequences.

Families—school—churches—businesses—unions—the press, radio and television—universities and intellectuals—government, courts and politicians—all have contributed to the corruption of our basic American philosophy.

Mistakenly, we have tried to cure our ills not by returning to the spiritually premised principles which made our progress possible, but by ever-larger doses of government, money, materialism, and mere knowledge.

We have showered our children with material gifts in the name of "love", while denying them the limits that they really want and need to develop character and respect for order and authority.

We have turned our schools into instant gratification factories, stripped education of its vital spiritual and moral content, nurtured skepticism, unbelief and cynicism, imparted knowledge without understanding of how it should be used, relaxed standards of discipline and excellence, and adjusted education to the lowest common denominator of morality, behavior, and intelligence.

With welfare handouts, we have encouraged lethargy, dependency, irresponsibility, promiscuity, illegitimacy, and family breakdown. We have tried to hand the disadvantaged the material benefits of our system, without requiring them to contribute and enabling them to share in the system itself.

We have loosened external restraints on anti-social behavior to match the loosening of internal restraints. We have permitted the law to be violated with impunity, downgraded and harassed the police, coddled young criminals, extended greater sympathy and protection to the law-breaker than to his victim, and exalted the rights of the criminal at the expense of the rights of law-abiding citizens.

President Johnson said that 200 million Americans did not murder Robert Kennedy. He was right. Neither did 200 million Americans kill Martin Luther King, or loot and burn Watts, Newark and Detroit, or disrupt Berkeley and Columbia.

But 200 million Americans did tolerate the creation of an environment produced by the spread of permissiveness and self-indulgence—the decline of religious conviction, moral standards and personal responsibility—and the preoccupation with mere knowledge, materialism, sex and violence.

Two hundred million Americans, by their indifference or ineffectiveness, permitted the growth of an irresponsible, undisciplined moral, social, political and economic climate which fosters selfishness, envy, lawlessness, riot, and destruction.

Yes, I am preaching. I am preaching what I preached before the murders of John Kennedy, Martin Luther King and Robert Kennedy—before the wave of adult and juvenile crime struck—before the riots—before the violence on our campuses.

I am preaching nothing new. It is as old as the Ten Commandments and as American as the Declaration of Independence and Constitution of the United States.

I have said it a thousand times before, I say it here tonight, and as long as it is necessary and I have life I will say it again and again and again:

The greatest deficiencies in America in the period ahead are not going to be any lack of government. We're going to have plenty of government. It is top-heavy and too centralized and unless we change our course it will become a tyrannical police state.

The greatest threats to the future of our country are the decline in religious conviction, decline in moral character, decline in the quality of family life, decline in responsible citizenship based on an understanding of the principles of personal resonsibility on which this nation was built, and decline in patriotism.

These threaten us most—because these are the root causes of our sickness as a society. We cannot treat the symptoms successfully without treating the causes fundamentally.

How many more universities will be ransacked, how many more cities will be burned, how many more children will be made fatherless, how many more leaders will be cut down, before we come to our senses as individuals and as a nation and return to the sources of our greatness?

We must learn that obedience is the first principle of personal growth, that duties are the price of rights, that work is the price of progress, that preparation is the price of opportunity, that contribution is the price of reward—that discipline is the price of freedom.

We must have national leadership that understands our nation's fundamental principles, personifies the American virtues, and stimulates and fosters a return to sanity, self-discipline, and self-reliance in America.

We must stop just throwing money at a problem and expecting it to go away. Poverty does not cause crime. On the contrary, crime is highest in the most affluent countries and the most affluent times. We are more prosperous than ever in history and we have more crime than ever in history.

Our fundamental principles, properly applied, can lick both poverty and crime. We need leadership that has the courage and the sense to apply them fully and unflinchingly—leadership that recognizes the limits of government action and the power of the people themselves.

And we need citizens who will support such leadership—not only with their votes, but in their daily lives—responsible Americans who will make it respectable again to speak out and act in the name of virtue, religion, morality and obedience to authority.

It is not too late—not yet—not while responsible Americans are ready to sweat, sacrifice and serve to save their country. Indeed the problems that threaten our destruction are to a considerable extent the product of our success.

But long trends are shaped by little steps. Our nation's drift toward trouble and tragedy has been underway for many, many years.

A boat that is drifting downstream, above a waterfall, may have many opportunities, at almost any moment, to turn against the current and churn its way to safety. But finally the moment comes—one last, decisive moment—when it can wait no longer when further delay would sweep it over the brink to disaster.

It is to such a moment that America is rapidly approaching.

We can see the brink of the precipice. We still have a chance. We must take it—take it now—or it could be too late.

Let us launch here in Michigan—this year, this month, this day—not just a political crusade, but a moral and spiritual crusade—a rebirth of the American revolution that will give America back to responsible Americans—to restore value and meaning, responsibility and duty, work and contribution, discipline and excellence to the life of our nation and the lives of all its people.

Morris Adler, the beloved Detroit rabbi, was struck down by an assassin's bullet as he conducted worship in his synagogue. His words should be an inspiration to us all:

"The American dream," he said, "is penetrated by a moral passion and religious conscience. The historic documents—the Declaration of Independence, the addresses of Washington, the Gettysburg Address or any of the immortal utterances of great Americans—are all motivated by more than a political philosophy or an economic program. They are rooted in the soil of a moral outlook. . . . They are alive with the quality of a pure religious attitude toward life and man.

"Only as we sensitize ourselves to ethical

and religious values will we attain the wisdom with which we can heal and enrich mankind.

"We must rediscover the true America. A new frontier of global service beckons. May the historian of the future writing of our day not be compelled to record that ours was a lofty opportunity but a mean aspiration; a great challenge but a feeble response."

Let us address ourselves once again to the historic American task at home and in the world: to bring peace, to build an ever New America, through the triumph of principle.

For as surely as I stand here, the Old America will be destroyed unless we rediscover the true America and thus build a New America.

IRRESPONSIBILITY AT RESURRECTION CITY

HON. THRUSTON B. MORTON

OF KENTUCKY

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1968

Mr. MORTON. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial entitled "To the Poor; Shape Up or Ship Out," printed in the Washington Daily News of June 21, 1968, regarding conditions at Resurrection City.

The editorial also refers to a "Guest Editorial" which I ask unanimous consent to have printed in the RECORD.

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

TO THE POOR; SHAPE UP OR SHIP OUT

The honeymoon is over.

The glowing name "Resurrection City" has become a mockery.

The carefully nourished and generally pervasive mood of sympathy, friendship and understanding that characterized Solidarity Day has been sundered by the irresponsible words and actions of some of the Poor People and, more importantly, by the even more outrageous irresponsibility of some of their leaders.

All of this took but a few hours.

Reasonable citizens of whatever race, or creed, will blame:

The Rev. Ralph D. Abernathy, successor to Dr. Martin Luther King, Jr., as leader of the Southern Christian Leadership Conference, for his grossly intemperate remarks at the Solidarity Day ceremonies Wednesday, and for his wantonly cynical exhortation to his followers to "escalate"—to provoke arrests. In this he was successful yesterday.

Disorder at the Agriculture Department, plus objects hurled at police, provoked the use of tear gas and 86 arrests.

The Rev. A. D. King, minor league brother of the martyred SCLS leader, who successfully acted the role of a mewling infant at Wednesday night's "eat-in" at the Statler Hilton. First he made a Federal case of a house rule requiring males to wear neckties in the dining room. Certainly this is a matter for haberdashers and fashion authorities to adjudicate. Neckties, or the lack thereof, have nothing to do with race or creed.

Then, the Rev. King and his numerous companions, having been served anyway, walked away without paying the check. There is nothing in the Constitution that grants anyone the right to welsh on a dinner tab. The Rev. A. D. King contributes no adornment to the civil rights movement, nor to the memory of his late brother.

We have said the name of Resurrection City has become a mockery. We quote Alvin Jackson, who, until his connections with it were severed yesterday, says he was the tent city's chief security marshal.

"If the leaders don't do something soon," he said bitterly, "this is going to be known as blood city." He was referring to the fact that there have been an estimated 100 cases of assault and similar crimes of violence in the "city" since it was set up in mid-May. At least 20 visitors have been robbed, beaten or knifed by residents outside the fence surrounding the community on the Mall.

Where, then, is the responsible leadership that any such enterprise as the Poor People's Campaign must have? Certainly the Rev. Abernathy is either unwilling or unable to provide it.

There remain some eminently decent leaders:

Sterling Tucker, a thoughtful and reasonable man who belatedly was put in charge of co-ordinating Solidarity Day events, and did it with calm efficiency.

The Rev. Jesse Jackson, an immensely eloquent and effective proponent of civil rights—and of discipline within the ranks of the poor.

"Shape up or ship out," he warned while he was, almost-single-handedly, bringing some order out of chaos at Resurrection City yesterday.

All of us must hope fervently that the voice of the Rev. Jackson, not those of the Revs. Abernathy and King, will ultimately prevail in the "city."

Otherwise, the vast travail of the Poor People will add up to a minus, rather than a plus, in the long, weary campaign for "equal opportunity under God."

Meanwhile we urge the residents of Resurrection City, and all citizens hereabouts, to read our Guest Editorial on Page 24. The author: A. Lincoln.

GUEST EDITORIAL

(From a speech by Abraham Lincoln in Springfield, Ill., January 27, 1837—reprinted on the cover of the May–June, 1968 issue of the Riggs Bank News)

Let every American, every lover of liberty, every well-wisher to his posterity swear by the blood of the Revolution never to violate in the least particular the laws of the country, and never to tolerate their violation by others. As the patriots of seventy-six did to the support of the Constitution and laws let every American pledge his life, his property, and his sacred honor—let every man remember that to violate the law is to trample on the blood of his father, and to tear the charter of his own children's liberty. Let reverence for the laws be breathed by every American mother to the lipsing babe that prattles on her lap; let it be taught in schools, in seminaries, and in colleges; let it be preached from the pulpit, proclaimed in legislative halls, and enforced in courts of justice, and in short, let it become the political religion of the nation.

REALTOR WEEK

HON. JOSEPH D. TYDINGS

OF MARYLAND

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1968

Mr. TYDINGS. Mr. President, the week of May 19–25 was designated "Realtor Week." During that time, the Board of Realtors of Montgomery County, Md., took the opportunity of honoring one of its most prominent members. Sam Eig is a well-known figure in the real estate world, and a highly regarded citizen in his county and in the State of Maryland. It is a great pleasure, then, for me to ask unanimous consent to have printed in the RECORD the statement of Mr. C. Windsor Miller, on behalf of the Montgomery County Board of Realtors, at the time of his presentation of Mr. Eig.

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

REMARKS OF C. WINDSOR MILLER HONORING SAM EIG ON BEHALF OF THE MONTGOMERY COUNTY BOARD OF REALTORS

Good evening ladies and gentlemen, happy Realtor Week. We may be a little premature, but this meeting is being dedicated to Realtor Week which starts this Sunday, May 19, and ends May 25.

As part of the Realtor Week program I have been given the privilege on behalf of the MCBR of presenting a small token to a mighty large realtor. Not large in a physical sense but in terms of his status in the community he must be considered a giant. I am sure that no one would take issue with the statement that this gentleman is the most prominent realtor member that the MCBR has ever had.

The name of Sam Eig has become legend in Montgomery County. Anyone who has lived here over six months has at least heard of Sam Eig.

He is well known to officials of all levels of Government: Governors, senators, representatives, councilmen, you name them, all have paid him homage for one reason or another.

Presidents of some of the world's largest corporations are among his acquaintances and business associates. The entire business community of our country has, in some manner, felt the influence of this man.

All of the religious faiths have benefited by his generosity and have expressed their great appreciation in various ways—many of the clerical hierachy call him "Sam".

National magazines have written feature articles about him. His name has for many years consistently appeared in the various local news media. (Current *Realtor* magazine)

Why is this man so well know to so many people. Because his life is dedicated to action, accomplishment, achievement. He makes things happen.

Time will not permit any reference to the thousands of activities in which he has played a major part but they are legion. Every day he lives is a meaningful day.

I must mention, however, that this board is constantly the beneficiary of Sam Eig's cooperation and consideration. He never hesitates to place at our disposal the complete facilities of this establishment giving us priority over all others and at a cost considerably less than it would be to others.

What can we do then to show our recognition of this high decree of prominence one of our own members has gained. How do we reveal our great feelings of respect for the tremendous contributions he has made to the phenomenal growth of our country. You need only to walk through the lobby of this club and see the walls literally covered with certificates, plaques, testimonials, citations, and awards of all descriptions. There is no room left in his office for any more trophies or gifts. How can we adequately express our appreciation for the spirit of total coopera-

tion he has always extended to the MCBR. The answer is we can't.

But, Sam, I have here a money clip which I am sure you don't need anymore than I. You don't need it because you already have a truck full and I don't need it because I have nothing to put in it. But you will notice that it is in the shape of a dollar sign with the realtor's emblem attached to it and there is a very obvious symbolism involved here reflecting the fact that the real estate industry and being a realtor has played a very significant role in your climb to the top of the ladder of success. To accompany this gift is the 4,654th certificate of appreciation that has been presented to you.

Ladies and gentlemen, I had said that this was to be a small token and it is, but with it goes a full measure of deep heartfelt sincerity from us to Montgomery County's most prominent realtor—Sam Eig.

U.S. GOLD RESERVES AT LOWEST LEVEL SINCE MID-1930'S

HON. JOHN G. TOWER

OF TEXAS

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1968

Mr. TOWER. Mr. President, recently the Federal Reserve System reported that the U.S. gold reserves dropped to the lowest level since the mid-1930's. I ask unanimous consent that the accounting reported by the Associated Press and carried by the St. Paul Pioneer Press be printed in the RECORD.

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

U.S. GOLD STOCK DIPS 100 MILLION; AT 32-YEAR LOW

NEW YORK.—The Federal Reserve Bank Thursday reported a $100-million drop in the nation's gold stock, the first change since the mid-March agreement among six western nations setting up a two-tier gold price system.

The Federal Reserve said the gold was transferred to a special fund which handles the nation's gold sales to foreign central banks.

In Washington, the Treasury Department reported sales to foreign governments totaled $156 million during April, leaving $63 million in the special fund at the end of that month.

The loss was far below that in March, when almost $1.2 billion was sold, most of it to speculators. Such sales were discontinued in mid-March.

Transfer of the additional amount to the special fund indicated that the gold drain continued into May.

The Federal Reserve does not identify nations that purchased gold.

The gold stock now stands at $10.384 billion, lowest since May 20, 1936, when it was $10.375 billion.

The United States gold stock has dropped $1.6 billion this year in the wake of international monetary uncertainties, stemming primarily from Britain's devaluation of the pound last November.

Following devaluation, the United States and its European gold allies abolished the London gold pool through which the price of gold had been maintained at $35 per ounce.

It was through this pool that hoarders and speculators has siphoned gold from the stockpiles of the gold allies.

After the gold pool ended, the seven nations agreed to maintain a $35-an-ounce price in international settlements. A second market was set up in which the price of gold was allowed to fluctuate according to demand.

An informed source said the $100 million drop in the gold stock did not indicate any deterioration in the two-tier system.

It indicated, the source said, that the central banks were not buying gold on the free market but were buying from the United States.

TRENDS IN INTERNATIONAL TRADE OF THE UNITED STATES

HON. EDMUND S. MUSKIE

OF MAINE

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1968

Mr. MUSKIE. Mr. President, it has been recognized that the goals of our foreign policy should include plans for expanding our trade with the world. At this time of international economic crisis it is especially urgent that the United States reexamine its trade policy and study the steps the Congress must take to assure continued expansion of American trade.

Dr. Merrill A. Watson and Dr. Howard S. Piquet, economists, have given me a copy of their recent study entitled, "Trends in International Trade of the United States," which was prepared for the National Footwear Manufacturers Association, Inc. In this study the authors examine our Nation's position in world trade and analyze the capacity and composition of American trade. The study also examines our trade with the European Economic Community, the impact of the Kennedy round tariff reductions as a stimulant to our imports, and the effect of foreign trade and investment abroad on our balance of payments.

I call this comprehensive study to the attention of Senators and ask unanimous consent that it be printed in the RECORD.

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

TRENDS IN INTERNATIONAL TRADE OF THE UNITED STATES

(By Dr. Howard S. Piquet and Dr. Merrill A. Watson)

PREFACE

There are few today who would disagree with the statement that the long-run aims of U.S. foreign policy should include, among other things, plans for encouraging and developing trade with the world. The position of the United States as a leader in the Western World, with an enormous stake in investment and production abroad, calls for such a posture. There are signs, however, that changes in our competitive position as compared with that of other principal trading countries may require more realism and tough-mindedness in the pursuit of this idea in the future.

Since 1934, when the Reciprocal Trade Act reversed a trade policy that had persisted almost from the beginning of the Republic, we have led the world in encouraging trade liberalization. We have not worried too much about reciprocity in our trade negotiations but have attempted to influence others by example. In fact, our trade policy has been so interwoven with political goals that Senator Russell Long, chairman of the Senate Finance Committee, has said, "since World War II the commercial policy of the United States has been so merged with our foreign aid objectives that the two have become virtually indistinguishable." *

Most tariffs in the United States have been reduced to a point where in five years at the end of the Kennedy Round reductions they will be relatively unimportant. With declining tariffs, increasing competition from industries in lower wage countries abroad, and agricultural policies aimed at protecting home markets and achieving self-sufficiency almost everywhere, concern is arising about our ability to compete both here and abroad with the products of other countries. These developments, along with the current balance-of-payments problem, are causing some anxiety as to the direction of our future trade policy.

With the completion of the Kennedy Round negotiations, there would probably have been a review of trade policy in any event. Up until recently, at least, the current balance-of-payments "constraint" has not resulted from an imbalance in trade but primarily from military expenditures, foreign aid, and investment abroad. With the trade surplus shrinking, however, there has been growing uneasiness over our trade position. As a result of all these developments, there have been Congressional and Administration trade-policy hearings, and a most important hearing on trade policy is promised for the near future.

This pamphlet does not attempt to answer basic questions concerning trade policy. It is primarily a series of statistical tables designed to reflect broad trends in merchandise trade, whether produced locally or from U.S. affiliates or subsidiaries abroad. Any worthwhile conclusions on the direction of future trade policy would require extensive investigation of many factors which affect the flow of international commerce. Among these would be the levels of economic development in the chief trading countries; the political, social and economic policies of their governments; detailed wage and price information including data on employee fringe benefits and productivity; trade barriers of all types; and finally, some consideration of the elasticity of demand for the major products entering into trade. The statistics do suggest that the time is fast approaching for such a thorough-going investigation to provide more information on whether or not we are losing our competitive "edge."

An estimate of the effect of the Kennedy Round reductions in tariffs, and a discussion of the methods of measuring our foreign trade, have been included because they are part of the current dialogue. For the same reason, a final section on the balance of payments has been included.

The statistics are from official sources, as indicated, and (with the exception of Tables 12, 21 and 22) have been supplied by Dr. Piquet, consulting economist, who also prepared the text on the Kennedy Round and the Balance of Payments. He is not responsible for the remainder of the text or for any other interpretations or conclusions, expressed or implied. The tables may be brought up to date by the user of this pamphlet as later data becomes available. It is hoped that this compilation will be useful in broadening the understanding of the position of the United States in world trade.

MERRILL A. WATSON.

THE UNITED STATES IN WORLD TRADE

There has been a great expansion in the trade of the free world in the last two dec-

Footnotes at end of article.

ades. World trade, excluding the iron-curtain countries, was something over $106 billion in 1959 and, as Tables 1 and 2 show, was approximately $200 billion in 1967.[1] Since World War II particularly, the United States has taken the leadership in encouraging a policy of trade liberalization and cooperation among Western nations to solve international economic problems and raise standards of living.[2] Marshall Plan aid, which made possible a rapid rebuilding of industry in Western European countries and Japan, as well as the swift growth of U.S. investments abroad, were responsible to no small way for the growth of world trade. The role of the United States in the post-war development of world markets is reported to be well recognized abroad.[3]

The United States is the world's largest exporting and importing country. With only 6 per cent of the world's population and about 7 per cent of its land area, as Tables 1 and 2 indicate, it accounts for 16.6 per cent of the world's exports and 14.4 per cent of the world's imports.

The gain for world trade from 1960 to 1967 was considerably greater than the gain for the United States for the same period. The most significant gain in exports was shown by Japan, followed by Canada and industrial Europe. The Japanese percentage increase over the period was over twice that for the world as a whole and almost three times that of the United States. The gain of 86.2 per cent for industrial Europe was substantially greater than that for the United States and twice that for the United Kingdom which was the smallest on record—even less, in fact, than for the less-developed countries. The increase for Canada for the period was slightly greater than that for industrial Europe. Exports from the less-developed countries increased only 45 per cent from 1960 to 1967, compared with an increase of approximately 75 per cent in the exports of the industrial countries.

Another significant figure in Table 1 is the proportion of world exports accounted for by the United States. The U.S. share declined from 18.2 per cent in 1960 to 16.6 per cent in 1967, while industrial Europe's share rose from 33.2 per cent to 36.9 per cent during the same period. While the United Kingdom's share declined from 9.3 per cent in 1960 to 7.6 per cent in 1967, the Japanese share expanded from 3.6 per cent to 5.5 per cent for the same period. The share of world exports of the industrialized countries as a whole increased from 69.5 per cent in 1960 to 72.6 per cent in 1967, while the share accounted for by the less-developed countries declined from 23.7 per cent to 20.5 per cent.

Tables 1 and 2 indicate that the modern industrial complexes of Europe and Japan are finding it possible to capture an increasing share of world trade.

TABLE 1.—WORLD EXPORTS,[1] 1960-67

[Values in billions]

	1960	1962	1964	1966	1967	Percent change 1960-67
World total	$113.4	$124.7	$152.6	$181.4	$190.0	+67.5
Industrial countries	78.8	87.5	107.9	130.8	137.8	+74.9
United States	20.6	21.7	26.7	30.4	31.6	+53.4
Industrial Europe[2]	37.7	43.3	53.8	65.9	70.2	+86.2
United Kingdom	10.6	11.4	12.8	14.7	14.4	+35.8
Canada	5.8	6.2	8.1	10.0	11.0	+89.7
Japan	4.1	4.9	6.7	9.8	10.4	+153.7
Less-developed countries	26.9	28.6	34.0	38.4	39.0	+45.0
All other	7.7	8.6	10.7	12.2	13.2	+71.4

PERCENTAGE DISTRIBUTION

	1960	1962	1964	1966	1967
World total	100.0	100.0	100.0	100.0	100.0
Industrial countries	69.5	70.2	70.7	72.1	72.6
United States	18.2	17.4	17.5	16.8	16.6
Industrial Europe	33.2	34.7	35.3	36.3	36.9
United Kingdom	9.3	9.1	8.4	8.1	7.6
Canada	5.1	5.0	5.3	5.5	5.8
Japan	3.6	3.9	4.4	5.4	5.5
Less-developed countries	23.7	22.9	22.3	21.2	20.5
All other	6.8	6.9	7.0	6.7	6.9

[1] F.o.b. (free-on-board).
[2] Excluding the United Kingdom.

Source: International Monetary Fund, International Financial Statistics, April 1968.

Note: Columns may not add up to totals due to rounding.

TABLE 2.—WORLD IMPORTS,[1] 1960-67

[Values in billions]

	1960	1962	1964	1966	1967	Percent change 1960-67
World total	$119.4	$132.4	$160.8	$192.5	$201.6	+68.8
Industrial countries	79.5	90.1	110.6	134.0	141.5	+78.0
United States	16.4	17.8	20.3	27.7	29.1	+77.4
Industrial Europe[2]	39.4	47.3	58.9	69.9	72.0	+82.7
United Kingdom	13.0	13.0	15.9	16.7	17.8	+36.9
Canada	6.2	6.4	7.6	10.2	11.0	+77.4
Japan	4.5	5.6	7.9	9.5	11.7	+160.0
Less-developed countries	29.6	31.1	35.2	40.2	41.3	+39.5
All other	10.3	11.2	15.0	18.3	18.8	+82.5

PERCENTAGE DISTRIBUTION

	1960	1962	1964	1966	1967
World total	100.0	100.0	100.0	100.0	100.0
Industrial countries	66.6	68.0	68.8	69.6	70.2
United States	13.7	13.4	12.6	14.4	14.4
Industrial Europe	33.0	35.7	36.6	36.3	35.7
United Kingdom	10.9	9.8	9.9	8.7	8.8
Canada	5.2	4.8	4.7	5.3	5.5
Japan	3.8	4.2	4.9	4.9	5.8
Less-developed countries	24.8	23.5	21.9	20.9	20.5
All other	8.6	8.5	9.3	9.5	9.3

[1] C.i.f. (cost-insurance-freight).
[2] Excluding the United Kingdom.

Source: International Monetary Fund, International Financial Statistics, April 1968.

Note: Columns may not add up to totals due to rounding.

FOREIGN TRADE AND THE GROSS NATIONAL PRODUCT

Discussion of the foreign trade of the United States often takes the form of rather broad generalization coupled with some hyperbole. Secretary of State Rusk has said: "For thirty-three years it has been the policy of the United States to lower, on the basis of reciprocity, barriers to international trade. This policy has served our nation well. It has contributed, I believe, especially since the Second World War, to the remarkable rise in our national prosperity and in the standard of living of our people."[4]

Actually, the foreign trade of the United States is small, relative to our gross national product. The percentage of U.S. exports to total GNP has ranged from 3.2 per cent in 1934 to 3.9 per cent in 1967. During this period it reached a high of 6.8 per cent in 1947 as American industry aided in rebuilding the economies of war-torn countries. Since 1960, it has shown considerable stability, ranging between 3.7 per cent and 4.1 per cent.

Trade is much more important to some of our trading partners. Some approximate relationships of trade to GNP are as follows: United Kingdom, 14 per cent; West Germany, 16 per cent; Italy, 13 per cent; France, 11 per cent; and Japan, 10 per cent.

In the light of these data, it is not surprising that Oscar Gass, noted economist, has said: "Yet such is the ascendancy of British economics over the American mind, that much of what Americans write about international trade reads as if it were counsel addressed to a British Chancellor of the Exchequer."[5]

Moreover, Table 3, which shows growth of GNP and trade from 1934 through 1967, indicates that while GNP increased from $65 billion to 1934 to $785 billion in 1967 (or an increase of $720 billion), gross exports grew by some $28 billion. In the last ten years exports have expanded on the average by $1.14 billion a year compared with an average expansion of $34.4 billion in GNP. While export growth may have been extremely significant to certain segments of industry and agriculture, it cannot be said to have had a marked effect on the standard of living in the United States.

There is a slight upward trend in the relationship of imports to GNP, particularly from 1961 through 1967. At 3.4 per cent of GNP, imports were the highest in 1967 of any of the years on record.

While exports provide the largest foreign exchange earnings, it is clear they do not occupy as important a place in the U.S. economy as they do, for example, in the United Kingdom. This would not be recognized from much of the current discussion on the subject. It has been estimated that an increase of 1 per cent in the annual growth rate of the United States would add possibly $50 billion to the gross national product. It would seem that some of the extensive discussion on exports, which have increased on the average by something over $1 billion a year, could well be devoted to the necessity for proper fiscal and monetary policy to encourage the growth of the domestic economy.

Footnotes at end of article.

TABLE 3.—GROSS NATIONAL PRODUCT, MERCHANDISE EXPORTS AND IMPORTS, UNITED STATES, 1934-67

[Values in billions]

Year	GNP	Exports [1]	Imports [2]	Exports and imports as a percentage of GNP	
				Exports (percent)	Imports (percent)
1934	$65.0	$2.1	$1.7	3.2	2.6
1939	91.1	3.2	2.3	3.5	2.5
1946	210.7	11.7	5.1	5.6	2.4
1947	234.3	16.0	6.0	6.8	2.6
1948	259.4	13.2	7.6	5.1	2.9
1949	258.1	12.1	6.6	4.7	2.6
1950	284.6	10.0	8.9	3.5	3.1
1951	329.0	14.0	11.0	4.3	3.3
1952	347.0	13.2	10.8	3.8	3.1
1953	365.4	12.3	10.9	3.4	3.0
1954	363.1	12.9	10.3	3.6	2.8
1955	397.5	14.3	11.5	3.6	2.9
1956	$419.2	$17.3	$12.8	4.1	3.1
1957	441.1	19.5	13.3	4.4	3.0
1958	447.3	16.4	13.3	3.7	3.0
1959	483.7	16.4	15.6	3.4	3.2
1960	503.7	19.6	15.0	3.9	3.0
1961	520.1	20.2	14.7	3.9	2.8
1962	560.3	21.0	16.4	3.7	2.9
1963	590.5	22.4	17.1	3.8	2.9
1964	632.4	25.7	18.7	4.1	3.0
1965	683.9	26.7	21.4	3.9	3.1
1966	743.3	29.4	25.5	4.0	3.4
1967	785.0	30.9	26.8	3.9	3.4

[1] Domestic and foreign merchandise, excluding military.
[2] General imports.

Source: U.S. Department of Commerce, "overseas business reports, 1967", and official national income statistics as reported in "Economic Indicators."

Table 4 and Chart I (not printed in the RECORD), showing percentage increases, reveal that comparisons of rates of growth can be deceiving. It is possible to reach different conclusions, depending upon the periods that are chosen for observation. Thus, between 1946 and 1967, imports increased more rapidly than exports (425 per cent compared with 164 per cent). During the same interval the country's gross national product increased 273 per cent, or at a rate between that of imports and exports.

Since 1958, both exports and imports have increased more rapidly than the gross national product (88 per cent, 102 per cent, and 76 per cent, respectively).

TABLE 4.—RELATIVE INCREASES, GROSS NATIONAL PRODUCT, EXPORTS AND IMPORTS, U.S.; INDEX NUMBERS, 1946-66 AND 1958-67

Year	GNP	1946=100.0		GNP	1958=100.0	
		Exports	Imports		Exports	Imports
1946	100.0	100.0	100.0			
1947	111.2	136.8	117.6			
1948	123.1	112.8	149.0			
1949	122.5	103.4	135.3			
1950	135.1	86.3	178.4			
1951	156.1	120.5	219.6			
1952	164.7	113.7	211.8			
1953	173.4	105.1	215.7			
1954	172.3	109.4	203.9			
1955	188.7	122.2	225.5			
1956	199.0	148.7	251.0			
1957	209.3	165.8	260.8			
1958	212.3	139.3	254.9	100.0	100.0	100.0
1959	229.6	139.3	300.0	108.1	100.0	117.7
1960	239.1	166.7	288.2	112.6	119.6	113.1
1961	246.8	170.9	284.3	116.3	122.7	111.5
1962	265.9	176.1	317.6	125.3	126.4	124.6
1963	280.3	188.9	333.3	132.0	135.6	130.8
1964	300.1	216.2	364.7	141.4	155.2	143.1
1965	324.6	223.9	421.6	152.9	160.7	165.4
1966	352.8	249.6	500.0	166.2	179.1	196.2
1967	372.6	264.1	525.5	175.5	188.4	201.5

[1] Derived from table 3. On a 1939 basis the index numbers for 1966 are 815.9, 912.5, and 1,108.7 for gross national product, exports, and imports, respectively.

Trends in dutiable versus nondutiable imports

An examination of Table 5 will show that the percentage of total imports entering free of duty has fallen from 61 per cent in 1934 to 38 per cent in 1967. The dollar volume of duty-free imports increased about ten times.

The percentage of dutiable imports has increased from 39 per cent in 1934 to 62 per cent in 1967. The dollar volume of dutiable imports during this period increased approximately twenty-five times.

In dollar volume, dutiable imports exceeded duty-free imports for the first time in 1956 and have increased over two and a half times since that year.

In 1934 our duty-free imports were about one and a half times our dutiable imports. Over the years the situation has been reversed, and in 1967 dutiable imports were about one and a half times our duty-free imports.

Duties as a percentage of total imports have declined from 18.4 per cent in 1934 to 7.5 per cent in 1967. When the percentage of duties is applied to dutiable imports alone, the decline has been from 46.7 per cent in 1934 to 12.2 per cent in 1967.

So many variables are involved—the growing industrial maturity of countries, changing demand, elasticity of demand for products, fiscal policies and price levels, as well as complicated causal relationships—that it is impossible to reach meaningful conclusions as to the influence of duty cuts on imports of dutiable products over this extended period.[4]

Footnote at end of article.

TABLE 5.—U.S. IMPORTS, DUTIABLE AND DUTY FREE, AND DUTIES COLLECTED, 1934-67

[Dollar amounts in millions]

	Imports [1]			Percentage distribution		Calculated duties		
	Total	Dutiable	Duty free	Dutiable	Free	Total	As percentage of total imports	As percentage of dutiable imports
1934	$1,636	$645	$991	39	61	$301	18.4	46.7
1939	2,276	879	1,397	39	61	328	14.4	37.3
1946	4,825	1,890	2,935	39	61	478	9.9	25.3
1947	5,667	2,212	3,455	39	61	428	7.6	19.3
1948	7,093	2,918	4,175	41	59	405	5.7	13.9
1949	6,591	2,708	3,883	41	59	365	5.5	13.5
1950	8,743	3,976	4,767	45	55	522	6.0	13.1
1951	10,817	4,824	5,993	45	55	591	5.5	12.3
1952	10,748	4,491	6,257	42	58	570	5.3	12.7
1953	10,779	4,859	5,920	45	55	584	5.4	12.0
1954	10,240	4,572	5,668	45	55	529	5.2	11.6
1955	11,337	5,300	6,037	47	53	633	5.6	11.9
1956	12,516	6,281	6,235	50	50	710	5.7	11.3
1957	12,950	6,914	6,036	53	47	746	5.8	10.8
1958	12,740	7,398	5,342	58	42	821	6.4	11.1
1959	14,994	9,170	5,824	61	39	1,052	7.0	11.5
1960	15,014	8,872	6,142	59	41	1,078	7.2	12.2
1961	14,658	8,735	5,923	60	40	1,057	7.2	12.1
1962	16,242	10,026	6,216	62	38	1,220	7.5	12.2
1963	17,001	10,743	6,258	63	37	1,240	7.3	11.5
1964	18,600	11,579	7,021	62	38	1,339	7.2	11.6
1965	21,283	13,849	7,434	65	35	1,643	7.7	11.9
1966	25,367	16,023	9,344	63	37	1,921	7.6	12.0
1967	26,732	16,529	10,203	62	38	2,016	7.5	12.2

[1] Imports for consumption.

Source: Historical Statistics of the United States and Statistical Abstract of the United States, U.S. Department of Commerce. Figures for 1967 direct from the Department.

MEASUREMENT OF FOREIGN TRADE

With growing interest in the U.S. trade position as a result of the balance-of-payments problem and an increasing number of appeals from industry and agriculture for relief from foreign competition, more attention has been given the measurement and reporting of trade figures. The discussion has revolved around the measurement of imports on an f.o.b. vs. c.i.f. basis and the publication of data on gross exports without supplementary figures on the part that is government financed.[7]

First, considering the f.o.b. (free on board) vs. c.i.f. (cost, insurance and freight) argument, if all trading nations followed the same practice in measuring imports, as they do essentially in measuring exports, there would be no debate. Practically all countries in the world value exports f.o.b. or its approximation. In most cases, this is f.o.b. point of exportation. In the United States it is f.a.s. (free alongside ship); in Canada, the point where exports were consigned for shipment or some interior point where they were consigned for shipment.

The argument over whether imports should be measured on an f.o.b. or c.i.f. arises because practice in trading countries is not uniform. With the exception of the United States, Canada, the Union of South Africa, and a few small countries—all of which use f.o.b.—imports are measured on a c.i.f. basis. In developing statistics on world trade the International Monetary Fund converts the import data of f.o.b. countries to a c.i.f. basis.

One of the reasons—but not the only one—why nations do this is that when duties are added to import values on a c.i.f. basis and when certain levies or border taxes are added to that it produces more revenue.

Economists generally agree that for logic and consistency both imports and exports of a country should be valued either f.o.b. or c.i.f. J. R. Meade, British economist, points out: "But if it is decided to maintain an international consistency between all the constituent elements in all countries' balances of payments (in the sense that the total of all importing countries' visible imports should equal the total of all exporting countries' visible exports and the total of world invisible imports should equal the total of world invisible exports). . . . Either all imports and all exports should be valued c.i.f. or all imports and all exports should be valued f.o.b." He concludes, however: "Since in practice exports are recorded f.o.b. by all countries and imports are also recorded f.o.b. by a large number of countries, it will accord more closely with reality if, in order to achieve international consistency in the argument, we treat all visible exports and imports as f.o.b."[8]

In these comments Meade does not seem to be aware of the fact that, as J. P. Young in "The International Economy" indicates, most countries consider c.i.f. to be the proper basis for valuing imports.[9] Young in this text does not comment on the propriety of either method.

Ely and Petruzelli point out that it depends on how the statistics are to be used. If the purpose is to compare the statistics of trading countries, then it would be better to use f.o.b. for both exports and imports. This would permit the cost, insurance and freight to be taken care of separately in the balance-of-payments account.

On the other hand, they indicate that a c.i.f. valuation would be more useful in comparing imports with domestic trade and that it might be useful to have the data available on both bases.[10]

Those who agree with the economists and with our current policy of recording imports f.o.b. argue that to treat imports on a c.i.f. basis and exports f.o.b. (f.a.s.) is to mix trade and services. The value of imports themselves at port of entry is one thing. The costs of transportation, insurance and labor to get them to the port is another and quite different thing. To add goods and services together is like adding together apples and oranges.

However, those who take issue with the official U.S. policy of measuring imports and argue for c.i.f. imports have the support of the great majority of trading countries. This group, more interested in trade measurement than in international finance, believes that for trade purposes these countries measure the value of imports accurately by computing the costs of making the goods available in the importing country and providing more accurate comparisons with domestic merchandise.

From a theoretical standpoint, if ships were to meet in the middle of the ocean and exchange goods, assuming equal shipping costs, then accurate trade comparisons with various countries would be possible. Each trade figure would contain an equal c.i.f. addition. In practice, when County "A" exports f.o.b. and the United States imports f.o.b., there is no problem of comparison. The value of goods leaving their shores should should approximate the value of goods reaching the United States. When the United States exports f.o.b. and Country "A" imports c.i.f., there is a problem of comparability. For example, in 1964 the United States reported exports, f.o.b., of $1.9 billion to Japan; Japan recorded as U.S. imports, c.i.f., of $2.3 billion. For the same year the United States reported exports, f.o.b., $1.4 billion to Britain; Britain recorded these as U.S. imports, c.i.f., of $1.7 billion. These calculations assume that errors from the shipment at sea are washed out for each country.[11]

Because most countries use c.i.f. for imports, the International Monetary Fund adjusts import data for the United States, Canada, and a few others to this basis. It is hardly likely that in spite of the economists' views these countries will change their basis of tabulating imports. They will continue to compare exports f.o.b. with imports on a c.i.f. basis. Perhaps they are not particularly concerned with consistency here and believe the gains from added duties are more important. At the same time, it is not likely the United States will go to a c.i.f. basis in measuring imports.

It was pointed out earlier in this section that the c.i.f. measurement of imports would be useful in comparing imports with domestic trade. Table 6 also calculates the amount of duties collected on the official f.o.b. basis and adds these to hypothetical imports on a c.i.f. basis. On this basis, which is similar to that used by most countries, total imports in 1967 would have been valued at $31 billion as compared with the official $26.8 billion. Actually, for a proper comparison with wholesale value of domestic output, brokerage and miscellaneous charges should be included which could mean an additional $1 billion to $2 billion; over the $31 billion total. In other words, the value of imports for comparison with wholesale domestic production should include not only cost, freight and insurance but duties, brokerage and miscellaneous charges, as well as all costs to land imports ready for domestic sale.

The comparison of U.S. imports on a c.i.f. basis with f.o.b. exports to show a smaller trade surplus than officially reported has been made, in practically all cases, by those who believe trade liberalization policies have gone too far. It is worth noting that the Committee for a National Trade Policy, a liberal trade group, has expressed no objection to calculation of imports on a c.i.f. basis if it does not impose a burden on those engaged in international trade.[12] Presumably they would object if it were used to calculate the official trade surplus.

However, as a result of interest in this subject, on February 9, 1966, Senator Russell Long, chairman of the Senate Finance Committee, requested the chairman of the United States Tariff Commission to carry out a Senate resolution calling for an investigation of the methods of valuing imports used by the United States and by the principal trading partners of the United States. The Bureau of the Census, in cooperation with the United States Tariff Commission and the Bureau of Customs, examined a representative sample of U.S. import shipments and found that the value of U.S. general imports on a c.i.f. basis was about 8.3 per cent higher than the f.o.b. value reported in the U.S. import statistics.[13]

If we were to follow the practice of the nations recording imports on a c.i.f. basis, Table 6 will illustrate the extent to which the official import figures increase by the use of this adjustment factor. It will be noted that on a c.i.f. basis the value of imports is increased by $2.226 billion in 1967.

TABLE 6.—U.S. GENERAL IMPORTS, 1960-67

[in millions[

Year	Total imports (f.o.b.) as reported	Total imports (f.o.b.) plus c.i.f. value (8.3 percent)	Percent duty	Total imports (f.o.b.) plus c-i-f-value plus duties
1960	15,019	16,266	7.2	17.437
1961	14,716	15,937	7.2	17.084
1962	16,392	17,753	7.5	19,084
1963	17,140	18,563	7.3	19,918
1964	18,684	20,234	7.2	21,691
1965	21,366	23,139	7.7	24,921
1966	25,542	27,662	7.6	29,764
1967	26,816	29,042	7.5	31,220

Source: U.S. Department of Commerce, "Highlights of U.S. Export and Import Trade" (FT 990) for September 1967, p. IV, and December 1967, p. IV.

As interest in our foreign trade has grown, the question of proper measurement of exports has arisen along with the discussion of import valuation. In his memorandum calling for a review of trade policy, Senator Everett Dirksen also pointed out the effects of including government-financed merchandise in the official trade figures on exports. The exports on government account take the form primarily of U.S. merchandise under A.I.D. loans and grants and agricultural exports under Public Law 480. Senator Russell Long has also commented on this point. Recently a bulletin of the Bankers Trust Company called attention to the difference between the official trade surplus, which includes government-financed exports, and the trade surplus on purely commercial transactions.[14]

Table 7 shows the excess of commercial exports over imports, on the official f.o.b. basis, from 1960 to 1967. It will be noted that while the excess of total exports over total imports declined from $7.0 billion in 1964 to $4.1 billion in 1967, the commercial "surplus" declined from $4.2 billion in 1964 to $893 million in 1967. It also reveals that in 1967 for the first time exports of nonagricultural products on government account were substantially larger than government-financed agricultural exports.

The export-import figures used in Table 7 are balance-of-payments figures and the trade balance compares with that in Table 30 on balance of payments. In some cases the trade balance is calculated from the merchandise adjusted data as shown in the June 1968 Survey of Current Business, and government-financed shipments are deducted. The "commercial" surplus would be slightly different and as follows: 1960—2.9 billion; 1961—3.2 billion; 1962—2.1 billion; 1963—2.4 billion; 1964—3.9 billion; 1965—2.0 billion; 1966—.7 billion; 1967—255 million.

Footnotes at end of article.

TABLE 7.—U.S. MERCHANDISE EXPORTS (COMMERCIAL AND ON GOVERNMENT ACCOUNT) AND U.S. MERCHANDISE IMPORTS, 1960–67

[In millions]

Calendar year	Total exports [1]	Total imports [2]	Excess exports over imports	Exports on Government account [3]		"Commercial" exports [4]	Excess "Commercial" exports over imports
				Agricultural	Other		
1960	$19,634	$15,019	$4,615	$1,898	$1,472	$426	$17,736	$2,717
1961	20,190	14,716	5,474	2,209	1,600	609	17,981	3,265
1962	20,973	16,392	4,581	2,333	1,553	780	18,640	2,248
1963	22,427	17,140	5,287	2,721	1,608	1,113	19,706	2,566
1964	25,690	18,684	7,006	2,801	1,758	1,043	22,889	4,205
1965	26,700	21,366	5,334	2,758	1,536	1,222	23,942	2,576
1966	29,380	25,542	3,838	3,012	1,564	1,448	26,368	826
1967 [5]	30,942	26,816	4,126	3,233	1,537	1,696	27,709	893

[1] Domestic and foreign merchandise, excluding military grant aid.
[2] General imports.
[3] U.S. Government expenditures on U.S. merchandise under AID loans and grants and under Public Law 480.
[4] Total exports less exports on Government account.
[5] Preliminary.

Source: "Overseas Business Reports," Department of Commerce, 1967; "Foreign Agricultural Trade of the United States," July 1965 (p. 8) and direct from the U.S. Department of Agriculture.

TABLE 8.—VALUE OF EXPORTS, IMPORTS, AND MERCHANDISE TRADE BALANCE [1]

[In millions of dollars]

Year	U.S. exports					U.S. imports		
	Domestic and foreign			Domestic merchandise	Foreign merchandise	General	For consumption	Gross merchandise balance [1]
	Total	Military grant-aid	Excluding military grant-aid					
1967	31,534	592	30,942	31,147	387	26,816	26,732	4,126
1966	30,320	940	29,379	29,884	436	25,542	25,360	3,837
1965	27,478	779	26,700	27,135	343	21,366	21,283	5,334
1964	26,508	818	25,690	26,156	352	18,684	18,600	7,006
1963	23,347	920	22,427	23,062	285	17,140	17,002	5,287
1962	21,700	727	20,973	21,431	269	16,392	16,253	4,581
1961	20,999	810	20,189	20,754	245	14,716	14,660	5,473
1960	20,584	949	19,635	20,383	201	15,019	15,015	4,616
1959	17,645	1,227	16,418	17,461	184	15,629	15,416	789
1958	17,916	1,543	16,373	17,751	165	13,262	13,218	3,111
1957	20,862	1,355	19,507	20,682	180	13,261	13,229	6,246
1956	19,095	1,757	17,338	18,945	150	12,777	12,677	4,561
1955	15,547	1,256	14,291	15,419	128	11,495	11,448	2,796
1954	15,110	2,255	12,854	14,981	129	10,295	10,320	2,559
1953	15,774	3,511	12,262	15,652	122	10,914	10,820	1,348
1952	15,201	1,997	13,203	15,049	152	10,753	10,782	2,450
1951	15,032	1,065	13,968	14,879	153	10,998	10,848	2,970
1950	10,275	[2] 282	9,993	10,142	133	8,874	8,765	1,119

[1] Balance represents exports, f.a.s., less imports which are valued generally at the market price in the foreign country. Export values include both commercially financed shipments and those under Government financed programs such as AID and Public Law 480.
[2] Includes data from April when shipments under the program began.

Note: The export figures in this table are slightly larger than those reflected in the trade balance figures in the balance-of-payments table which were: 1960, $4,800,000,000; 1961, $5,400,000,000; 1962, $4,400,000,000; 1963, $5,100,000,000; 1964, $6,700,000,000; 1965, $4,800,000,000; 1966, $3,700,000,000; and 1967, $3,500,000,000. The above include exports of domestically owned goods out of storage abroad (e.g., U.S. grain sold from storage in Canada); exports of electrical energy; exports of nonmonetary gold and silver; and net sales of gold by U.S. private residents to the U.S. monetary gold stock; personal remittances in kind (gift parcels sent through the mail); and transfers, financed under nonmilitary aid programs, of goods to recipient countries from Defense Department stocks located abroad.

Source: "Overseas Business Reports," U.S. Department of Commerce, 1967 and 1968, and "Highlights of U.S. Export and Import Trade," Jan. 6, 1968.

It is interesting to speculate on what figures the U.S. negotiators in the Kennedy Round used in meeting with their European counterparts. Was the U.S. trade balance on an f.o.b. import-export basis compared with a French balance derived from comparing exports f.o.b. and imports c.i.f.? Were U.S. imports f.o.b. compared with French imports c.i.f.? Were the border taxes added to these c.i.f. figures? The regular publication of the gross trade balance or "surplus" in the U.S. could lead to important misconceptions both here and abroad as to our actual competitive position in trade. This in turn could influence our bargaining posture with trading countries. It is to be assumed these factors were taken into consideration by the negotiators. It has also been pointed out that there are other factors to consider than government-financed exports. There are some commercial agricultural exports that are produced only because they are subsidized by the government and, under these terms, are sold at lower prices in international trade.[15]

Now that Commerce is making available the c.i.f. adjustment factor so that those interested may calculate imports on this basis, it would seem desirable to include with the reported trade figures supplementary data on government-financed exports as frequently as these could be made available.

U.S. EXPORTS, IMPORTS, AND THE COMPOSITION OF TRADE

U.S. exports have exceeded U.S. imports consistently since 1894. Table 8 will show the gross value of exports, imports, and the merchandise balance since 1950 as officially reported. It reveals that both imports and exports of domestic merchandise, unadjusted for price changes, have trebled over the last eighteen years. While it shows the extent to which military grant-aid has entered into exports, it does not reflect the fact that since 1950, if sales are included with aid, over 6 per cent of all U.S. exports have consisted of military material.

From 1950 to 1964 there was an irregular upward trend in the gross merchandise trade balance. The excess of merchandise exports over merchandise imports increased from $1.1 billion in 1950 to $7 billion in 1964 but receded to $4.1 billion in 1967.

During the first four months of 1968, with exports amounting to $10.9 billion and imports $10.5 billion, the trade-balance surplus on a seasonally-adjusted basis fell to $431 million. During the same period of 1967, the excess of exports over imports on a seasonally-adjusted basis amounted to $1.5 billion.

The sharp decline in the favorable balance of commercial trade suggests that basic changes are underway in the foreign trade of the United States which may have important implications for future trade policy.[15]

Table 9 reveals the change in composition of U.S. exports since World War II. All categories except manufactured foodstuffs have shown substantial growth. The maximum gain was in exports of semi-manufactures, followed by finished manufactures.

The percentage distribution of these broad categories of exports reveals only modest changes since the 1946–1950 period and even since 1960. Since 1960 the export share of crude materials and manufactured foodstuffs has declined slightly. Combining semi-manufactures and finished manufactures show a modest increase for the 1960–1967 period.

More significant changes are revealed in Table 10 on broad categories of imports. Gains in imports of crude materials and foodstuffs in 1967 over the 1946–1950 period were small compared with the increase in imports of manufactured items. The percentage increase in imports of finished manufactures stands out sharply in comparison to semi-manufactures.

Footnotes at end of article.

TABLE 9.—U.S. DOMESTIC EXPORTS, BY ECONOMIC CLASSES 1946–50 TO 1967

[Values in millions]

Economic class	1946–50	1953	1956	1960	1963	1965	1966	1967	Percentage change 1946–50 to 1967
Crude materials	$1,630	$1,626	$2,515	$2,585	$2,577	$2,887	$3,145	$3,294	+102.1
Crude foodstuffs	973	962	1,333	1,645	2,273	2,587	3,198	2,600	+167.2
Manufactured foodstuffs	1,198	759	1,264	1,117	1,496	1,590	1,587	1,594	+33.1
Semimanufactures	1,295	1,423	2,780	3,563	3,343	4,063	4,259	4,415	+240.9
Finished manufactures	6,576	10,881	11,054	11,473	13,373	16,008	17,710	19,244	+192.9
Total	11,672	15,651	18,946	20,383	23,062	27,135	29,899	31,147	+166.6

TABLE 9.—U.S. DOMESTIC EXPORTS, BY ECONOMIC CLASSES 1946–50 TO 1967—Continued

PERCENTAGE DISTRIBUTION

Economic class	1946–50	1953	1956	1960	1963	1965	1966	1967
Crude materials	14.0	10.4	13.3	12.7	11.2	10.6	10.5	10.6
Crude foodstuffs	8.3	6.1	7.0	8.1	9.9	9.5	10.7	8.3
Manufactured foodstuffs	10.3	4.8	6.7	5.5	6.5	5.9	5.3	5.1
Semimanufactures	11.1	9.1	14.7	17.5	14.5	15.0	14.2	14.2
Finished manufactures	56.3	69.5	58.4	56.3	58.0	59.0	59.2	61.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: U.S. Department of Commerce, Statistical Abstract and Overseas Business Reports; 1967 figures by telephone from the Department.

TABLE 10.—U.S. IMPORTS BY ECONOMIC CLASSES, 1946–50 TO 1967

Values in millions

Economic class	1946–50	1953	1956	1960	1963	1965	1966	1967	Percentage change 1946–50 to 1967
Crude materials	$1,992	$2,613	$3,246	$3,012	$3,141	$3,653	$3,845	$3,676	+84.5
Crude foodstuffs	1,237	2,185	2,036	1,720	1,725	2,008	2,115	1,981	+60.1
Manufactured foodstuffs	706	1,108	1,167	1,566	1,998	1,877	2,307	2,518	+256.7
Semimanufactures	1,471	2,678	3,005	3,455	3,756	4,957	5,603	5,544	+276.9
Finished manufactures	1,178	2,194	3,221	5,262	6,382	8,871	11,680	13,096	+1,011.7
Total	6,584	10,778	12,675	15,015	17,002	21,366	25,550	26,815	+307.3

PERCENTAGE DISTRIBUTION

Economic class	1946–50	1953	1956	1960	1963	1965	1966	1967
Crude materials	30.3	24.2	25.6	20.1	18.5	17.1	15.0	13.7
Crude foodstuffs	18.8	20.3	16.1	11.5	10.1	9.4	8.3	7.4
Manufactured foodstuffs	10.7	10.3	9.2	10.4	11.8	8.8	9.0	9.4
Semimanufactures	22.3	24.8	23.7	23.0	22.1	23.2	21.9	20.7
Finished manufactures	17.9	20.4	25.4	35.0	37.5	41.5	45.7	48.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: U.S. Department of Commerce, Statistical Abstract and Overseas Business Reports. Figures for 1967 by telephone from the Department.

Some significant trends are shown in the percentage distribution of the various categories of imports. The share of imports of crude materials and foodstuffs declined from 49.1 per cent of the total imports in the postwar period to 21.1 per cent in 1967. From 1960 this share declined from 31.6 per cent to 21.1 per cent in 1967. Imports of semimanufactures and finished manufactures together, which totaled 40.2 per cent of imports in the 1946–1950 period, rose to 69.5 per cent in 1967. Imports of finished manufactures alone rose from 17.9 per cent of total for the 1946–1950 period to 48.8 per cent for 1967.

If it is assumed that the "other" on Table 7 is, for the most part, manufactured goods, it is possible to arrive at an approximation of the total commercial sales of manufactured goods. This is shown in Table 11 which points up that our commercial exports of finished manufacturers and semi-manufactures have increased 50.3 per cent since 1960, while our imports in the same category have increased 113.8 per cent. It is also apparent that our export surplus of commercial manufactures and semi-manufactures, which gained slightly in 1967 over 1966, has been declining since 1960. If the trend of increasing imports recorded for the first quarter of 1968 continues, the trade surplus for the year 1968 may show a sharp drop from 1967 and possibly vanish.

TABLE 11.—EXPORTS OF DOMESTIC COMMERCIAL MANUFACTURES

[Dollar amounts in millions]

Year	Total domestic exports	Exports of semimanufactures and finished manufactures	"Other" or manufactured exports on Government accounts [1]	Commercial semimanufactured and finished manufactured exports	Percent total commercial semimanufactured and finished manufactured exports of total exports	Imports of semimanufactures and finished manufactures	Excess exports over imports
1960	$20,383	$15,036	$426	$14,610	71.7	$8,717	$5,893
1963	23,062	16,716	1,113	15,603	67.7	10,138	5,465
1965	27,135	20,071	1,222	18,849	69.5	13,828	5,021
1966	29,884	21,969	1,448	20,521	68.7	17,283	3,238
1967	31,147	23,659	1,696	21,963	70.5	18,640	3,323

[1] Assumes "other" from table 7 is all manufactured and semimanufactured products.

These trends in trade and manufactured goods are not surprising. Spurred by American aid, the rapid industrial recovery in Japan and Western Europe after World War II has encouraged an intensive drive for foreign markets in most of these countries. With new facilities, access to American technological improvements, and lower labor costs, there is little reason to expect a change in the current export programs of these countries.

Trade in agricultural products in practically every major trading nation is subjected to the political, social, and economic objectives of the country in question. This includes the United States. To one degree or another, governments, through price supports, crop controls, import restrictions, and export subsidies frame farm policies directed at self-sufficiency goals and an improvement in farm income which usually lags income in the industrial sector. Practically all major commodities in Europe are covered by one or another of these types of controls.[16]

Table 12 reveals a little more clearly than Tables 9 and 10 trends in agricultural trade. Exports of agricultural products in relation to total exports have declined from a peak of 26 per cent in the 1961–1963 average to 20.8 percent for 1967. Imports of agricultural products have fallen from a total of 24 per cent for the 1961–1963 average to 16.6 per cent for 1967.

To obtain an approximation of commercial sales, adjustments are made for the total shipments under P.L. 480 and A.I.D.

No adjustment has been attempted for that part of commercial agricultural exports which were produced as a result of government subsidy. One source has estimated this for fiscal 1965–1966 at $1.2 billion.[17] If these sales averaged $1 billion in 1967 and were to be eliminated, commercial sales of agricultural products in 1967 would have been under $4 billion. With sales of agricultural products subsidized in practically every trading country, this hypothetical calculation may have little value.

Footnotes at end of article.

TABLE 12

U.S. EXPORTS OF AGRICULTURAL PRODUCTS

[Dollar amounts in millions]

Year	Total exports	Agricultural exports	Agricultural exports as percent of total
1967	$30,900	$6,451	20.8
1966	29,912	6,885	24.0
1965	27,003	6,229	23.0
1964	26,086	6,347	23.0
1964-66 average			23.0
1961-63 average			26.0

U.S. IMPORTS OF AGRICULTURAL PRODUCTS

[Dollar amounts in millions]

1967	$26,815	$4,472	16.6
1966	25,408	4,492	18.0
1965	21,282	4,088	19.0
1964	18,600	4,082	22.0
1964-66 average			20.0
1961-63 average			24.0

Source: 1961-66 data from "The Future of U.S. Foreign Trade Policy," hearings before the Subcommittee on Foreign Economic Policy of the Joint Economic Committee, Vol. 1, p. 61; 1967 data from "Highlights of U.S. Export and Import Trade," U.S. Department of Commerce, December 1967.

U.S. COMMERCIAL AGRICULTURAL EXPORTS AND GOVERNMENT SPECIAL PROGRAMS

Millions of dollars]

	Average, 1955-59	Average, 1960-64	1965	1966	1967
Export trade, Public Law 480	$1,063	$1,461	$1,510	$1,517	(1)
AID programs	298	81	26	47	(1)
Total	$1,362	$1,542	$1,536	$1,564	$1,537
Commercial sales	2,575	3,822	4,693	5,321	4,914
Total exports	3,937	5,364	6,229	6,885	6,451
Exports under special programs as percent of total agricultural exports	35	29	25	23	23.8

[1] Not Available.

Source: Lawrence Witt and Vernon Sorenson, "Problems of Agricultural Products in World Trade," Issues and Objectives of U.S. Foreign Trade Policy, A compendium of statements submitted to the Subcommittee on Foreign Economic Policy of the Joint Economic Committee (September, 1967), table 5, p. 154; 1967 data from "Highlights of U.S. Export and Import Trade" U.S. Department of Commerce (December, 1967).

The percentage of agricultural exports under governmental aid programs has been falling consistently over the past years but seems to have stabilized somewhere between 20 per cent and 25 per cent.

While no definite conclusion can be drawn from these data on agricultural exports, they suggest that statements that our exports of agricultural products may reach $8 billion by 1970 and perhaps $10 billion by 1980 may be overoptimistic.[18]

Many factors have influenced and will continue to influence the growth and development of trade between the dynamic mixed economics of the United States and its trading partners. These data suggest, however, that important changes are taking place in the competitive relationship of the United States and that these should be given intensive study.[19]

U.S. EXPORTS BY CATEGORIES AND GNP, 1960-67

Almost 75 per cent of the total increase in U.S. exports between 1960 and 1967 was accounted for by machinery, transportation equipment, miscellaneous manufactures, and chemicals.

Almost 66 per cent of all U.S. exports in 1967 consisted of products, the exports of which increased more rapidly than did the country's gross national product (82 per cent compared with 56 per cent). In addition to the product groups just named, the exports that increased most in terms of dollar volume were: grains and grain preparations, oilseeds and oil nuts, animal feeds, miscellaneous metals, wood, tobacco, and coal.

Among the $10 billion of exports in 1967 that increase less rapidly than the country's gross national product over the same period were: grains, miscellaneous manufactures of metal, tobacco, coal, wood pulp, textiles and clothing, fruits and nuts, petroleum products, animal and vegetable oils, and meat. Among the exports that actually declined over the same period were: raw cotton, iron and steel mill products, synthetic rubber, dairy products, and textile fibers.

TABLE 13.—U.S. DOMESTIC EXPORTS THAT HAVE INCREASED MORE RAPIDLY THAN THE COUNTRY'S GROSS NATIONAL PRODUCT, 1960 AND 1967

[Values in millions]

Product group	Exports in— 1960	Exports in— 1967	Change	Percentage change
Machinery	$4,476	$8,283	+$3,807	+85.1
Transportation equipment	2,517	4,325	+1,808	+71.8
Miscellaneous manufactures [1]	1,565	2,947	+1,382	+88.3
Chemicals	1,776	2,803	+1,027	+57.8
Oilseeds and oil nuts	368	822	+454	+123.4
Animal feeds	87	332	+245	+281.6
Crude materials [2]	260	478	+218	+83.8
Wood	$142	$337	+$195	+137.3
Mineral fuels (other than coal and petroleum)	20	83	+63	+315.0
Hides and skins	76	128	+52	+68.4
Beverages	6	13	+7	+116.7
Total (11)	11,293	20,551	+9,258	+82.0
GNP (dollars in billions)	503.7	785.0		+55.8

[1] Other than chemicals, machinery, transportation equipment, metals and manufactures, and textiles (including clothing).

[2] Other than items shown separately in this table and in table 14.

Source: Based on official statistics of the U.S. Department of Commerce. See Overseas Business Rept. 68-5, February 1968.

TABLE 14.—U.S. DOMESTIC EXPORTS THAT HAVE INCREASED BY LESS THAN THE COUNTRY'S GROSS NATIONAL PRODUCT, OR THAT HAVE DECREASED, 1960 AND 1967

[Values in millions]

Product group	Exports in— 1960	Exports in— 1967	Change	Percentage change
Grains and preparations	$1,761	$2,686	+$925	+52.5
Miscellaneous metals and their manufactures [1]	973	1,195	+222	+22.8
Tobacco and manufactures	477	636	+159	+33.3
Coal	354	482	+128	+36.2
Wood pulp	154	234	+80	+51.9
Textiles and clothing	618	695	+77	+12.5
Fruits and nuts	265	338	+73	+27.5
Petroleum products	468	539	+71	+15.2
Animal and vegetable oils and fats	295	338	+43	+14.6
Meats and meat preparations	115	151	+36	+31.3
Vegetables	133	154	+21	+15.8
Iron and steel scrap	$242	$251	+$9	+3.7
Nonferrous ores and scrap	193	193	0	0
Textile fibers (other than cotton)	131	127	−4	−3.1
Dairy products and eggs	123	117	−6	−4.9
Synthetic rubber	201	170	−31	−15.4
Iron and steel mill products	635	539	−96	−15.1
Raw cotton	980	464	−516	−52.7
All other	972	1,287	+315	+32.4
Total (19)	9,090	10,596	+1,506	+16.6

[1] Other than iron and steel mill products.

Source: Based on official statistics of the U.S. Department of Commerce. See Overseas Business Rept. 68-5, February 1968.

U.S. IMPORTS BY CATEGORIES AND GNP, 1960-1967

Of the increase in U.S. imports of some $11.8 billion between 1960 and 1967, approximately 73 per cent was accounted for by machinery, transportation equipment, miscellaneous manufactures, metals and metal manufactures, iron and steel mill products, and textiles.

Table 15 shows that import of these products, together with imports of meat, beverages, fish, fruits and nuts, natural gas, footwear, vegetables, feed grains, and cheese increased more rapidly than did the country's gross national product and accounted for 91 per cent of the increased imports over the seven-year period. The increase in imports of these products was 138 per cent, compared with an increase in the gross national product of 55.8 per cent.

Footnote at end of article.

TABLE 15.—GENERAL IMPORTS THAT HAVE INCREASED MORE RAPIDLY THAN THE COUNTRY'S GROSS NATIONAL PRODUCT, 1960 AND 1967

[Dollar amounts in millions]

Product group	Imports in— 1960	Imports in— 1967	Change	Percentage change
Machinery	$724.0	$3,103.0	+$2,379	+328.6
Transportation equipment	742.0	2,688.0	+1,946	+262.3
Miscellaneous manufactures[1]	2,032.0	3,841.0	+1,809	+89.0
Metals and manufactures (except iron and steel)	1,082.0	2,109.0	+1,027	+94.9
Iron and steel mill products	431.0	1,289.0	+858	+199.1
Textiles and textile clothing	866.0	1,461.0	+595	+68.7
Meat and meat preparations	314.0	645.0	+331	+105.4
Beverages	279.0	536.0	+257	+92.1
Fish	308.0	522.0	+214	+69.5
Fruits and nuts	$218.0	$360.0	+$142	+65.1
Natural gas and other mineral fuels	37.0	162.0	+125	+337.8
Footwear	148.0	263.0	+115	+77.7
Vegetables	96.0	195.0	+99	+103.1
Feed grains	82.0	146.0	+64	+78.0
Cheese	31.0	65.0	+34	+109.7
All other	401.0	1,141.0	+740	+184.5
Total	7,791.0	18,526.0	+10,735	+137.8
[GNP]	[2](503.7)	[2](785.0)		(+55.8)

[1] Except items shown separately.
[2] In billions of dollars.

Source: Based on official statistics of the U.S. Department of Commerce. See Overseas Business Report 68-5, February 1968.

Among the imports that increased less than the GNP were petroleum and petroleum products, inedible crude materials other than fuels, chemicals, sugar, unmanufactured tobacco, animal and vegetable oils and fats, cocoa beans, and tea. The value of coffee imports decreased over the seven-year period (see Table 16).

TABLE 16.—GENERAL IMPORTS THAT HAVE INCREASED LESS THAN THE COUNTRY'S GROSS NATIONAL PRODUCT OR THAT HAVE DECREASED 1960 AND 1967

[Values in millions]

Product group	Imports in— 1960	Imports in— 1967	Change	Percentage change
Petroleum and products	$1,537	$2,008	+$471	+30.6
Crude materials, inedible, except fuels	2,711	2,965	+254	+9.4
Chemicals	821	963	+142	+17.3
Sugar	507	588	+81	+16.0
Other food and live animals[1]	238	313	+75	+31.5
Tobacco, unmanufactured	117	162	+45	+38.5
Animal and vegetable oils and fats	$95	$122	+$27	+28.4
Cocoa beans	143	147	+4	+2.8
Tea	56	58	+2	+3.6
Coffee	1,003	964	−39	−3.9
Total	7,228	8,290	+1,062	+14.7

[1] Except those shown separately.

Source: Based on official statistics of the U.S. Department of Commerce. See Overseas Business Report 68-5, February 1968.

U.S. EXPORTS BY GEOGRAPHICAL REGION

In 1950 Western Europe, the Latin American Republics, and Canada were the principal markets for U.S. exports. The most important single market country was Canada. Between 1950 and 1960 the largest increases in U.S. exports were to the six countries that now comprise the European Economic Community (EEC), or Common Market (West Germany, France, Belgium-Luxembourg, the Netherlands, and Italy), followed by Canada and the European Free Trade Association (EFTA) countries (United Kingdom, Norway, Sweden, Denmark, Switzerland, Austria, and Portugal). The largest percentage increases were to Oceania, Japan, and the Middle East. Over the decade U.S. increased approximately 10 per cent a year.

Between 1960 and 1967 U.S. exports increased 7.6 per cent a year, with the largest increases (in terms of dollar value) going to Canada, the EEC countries, and Asia. The largest percentage increases were in exports to Oceania, Canada, Japan, and Africa. In the 1960–1967 period, however, there were significant changes in the average annual gains for Western Europe, where the increases were substantially less than half that of the 1950–1960 period, and for Japan, where they were approximately half. Important declines were also shown for Asia, the Middle East, and Oceania. Canada and the Latin American Republics showed percentage increases in the 1960–1967 period compared with 1950–1960.

TABLE 17.—U.S. EXPORTS,[1] BY GEOGRAPHICAL REGION, 1950, 1960, 1967

[Values in millions]

To—	1950	1960	1967	Change 1950–1960	Change 1960–1967	Average annual percentage change 1950–1960 (percent)	Average annual percentage change 1960–1967 (percent)
Canada	$1,999	$3,810	$7,173	+$1,811	+$3,363	+9.1	+12.6
Latin American Republics	2,626	3,351	4,126	+725	+725	+2.8	+3.3
Western Europe	2,898	7,211	10,099	+4,313	+2,888	+14.9	+5.7
(EEC)[2]	(1,587)	(3,979)	(5,646)	(+2,392)	(+1,667)	(+15.1)	(+6.0)
(EFTA)	(993)	(2,467)	(3,270)	(+1,474)	(+803)	(+14.8)	(+4.6)
Japan	417	1,448	2,696	+1,031	+1,248	+24.7	+12.3
Other Asia	817	2,207	3,556	+1,390	+1,349	+17.0	+8.7
Middle East	214	683	895	+469	+212	+21.9	+4.4
Oceania	127	514	1,016	+387	+502	+30.5	+14.0
Africa	344	642	1,182	+298	+540	+8.7	+12.0
All other	833	718	791	−115	+73	−1.4	+1.5
Total[3]	10,275	20,584	31,534	+10,309	+10,950	+10.0	+7.6

[1] Domestic and foreign merhcandise.
[2] Includes East Germany for 1950.
[3] Includes "special category" items.

Source: U.S. Department of Commerce, Overseas Business Reports.

Table 18 will show the percentage distribution of U.S. exports by geographical region. Here the most significant changes are the decline in exports to Latin American Republics from 25.6 per cent in 1950 to 13.1 per cent in 1967 and the increase in exports to Japan from 4.1 per cent in 1950 to 8.5 per cent in 1967. The share of exports going to Western Europe increased until 1960, and since that time has fallen. Both EEC countries and EFTA countries showed declines since 1960.

TABLE 18.—PERCENTAGE DISTRIBUTION OF U.S. EXPORTS BY GEOGRAPHICAL REGION, 1950, 1960, AND 1967

[Percentages]

To—	1950	1960[2]	1967
Canada	19.5	18.5	22.7
Latin American Republics	25.6	16.3	13.1
Western Europe	28.2	35.0	32.0
EEC[3]	(15.4)	(19.3)	(17.9)
EFTA	(9.7)	(12.0)	(10.4)
Japan	4.1	7.0	8.5
Other Asia	7.9	10.7	11.3
Middle East	2.1	3.3	2.8
Oceania	1.2	2.5	3.2
Africa	3.3	3.1	3.7
All other	8.1	3.5	2.7
Total	100.0	100.0	100.0

[1] Domestic and foreign merchandise.
[2] Includes "special category" items.
[3] Includes East Germany for 1950.

Source: Table 17.

U.S. Imports by Geographical Region

As Table 19 shows, significant changes have taken place in the average annual percentage changes between the 1950–1960 period and the 1960–1967 period. In Canada, for example, the average annual rate of increase almost trebled between the two periods. Significant, too, was the decline in the annual increase in imports from the EEC in the 1960–1967 period, which were less than half the rate of the previous ten-year period. The average annual rate of increase in imports from the EFTA group fell considerably in 1960–1967 from that of the earlier period. The rate of average annual increase in imports from Japan was also less than half that of the previous period. The Middle East fell below the average annual increase during the 1950–1960 period.

Table 20 reveals significant changes in the distribution of imports by geographical region. Probably the two most striking trends are the decline in imports from the Latin American Republics where the percentage in 1967 was less than half that of 1950 and the

Footnote at end of article.

gain from Western Europe where the share increase in imports in 1967 was double that of 1950. The rate of change here has slowed down since 1960.

The gain in the EEC share from 6.4 per cent in 1950 to 16.6 per cent in 1967 was even greater than that for Western Europe. From 1960 to 1967, however, the EEC gain in imports was relatively small. At the same time, the EEC increase was considerably greater than from the EFTA countries.

Percentagewise, Japan showed the largest increase in imports, rising from 2.1 per cent in 1950 to 11.2 per cent in 1967. This has apparently been a more or less steady increase throughout the period.

TABLE 19.—U.S. IMPORTS,[1] BY GEOGRAPHICAL REGION, 1950, 1960, 1967

[Values in millions]

From	1950	1960	1967	Change		Average annual percentage change	
				1950–60	1960–67	1950–60	1960–67
Canada	$1,961	$3,153	$7,099	+$1,192	+$3,946	+6.1	+17.9
Latin American Republics	2,910	3,171	3,853	+261	+682	+0.8	+3.1
Western Europe	1,364	4,188	8,055	+2,824	+3,867	+20.7	+13.2
(EEC)[2]	(569)	(2,264)	(4,457)	(+1,695)	(+2,193)	(+29.8)	(+13.8)
(EFTA)	(606)	(1,609)	(2,882)	(+1,003)	(+1,273)	(+16.6)	(+11.3)
Japan	182	1,149	2,999	+967	+1,850	+53.1	+23.0
Other Asia	1,119	1,260	2,058	+141	+798	+1.3	+9.0
Middle East	131	344	293	+213	−51	+16.3	−2.1
Oceania	206	266	581	+60	+315	+2.9	+16.9
Africa	494	595	905	+101	+310	+2.0	+7.4
All other	485	893	973	+408	+80	+8.4	+1.3
Total	8,852	15,019	26,816	+6,167	+11,797	+7.0	+11.2

[1] General imports.
[2] Includes East Germany for 1950.

Source: U.S. Department of Commerce "Overseas Business Reports."

TABLE 20.—PERCENTAGE DISTRIBUTION OF U.S. IMPORTS BY GEOGRAPHICAL REGION, 1950, 1960, 1967[1]

[Percentages]

From—	1950	1960	1967
Canada	22.1	21.0	26.5
Latin American Republics	32.9	21.1	14.4
Western Europe	15.4	27.9	30.0
EEC[2]	(6.4)	(15.1)	(16.6)
EFTA	(6.8)	(10.7)	(10.7)
Japan	2.1	7.6	11.2
Other Asia	12.6	8.4	7.7
Middle East	1.5	2.3	1.1
Oceania	2.3	1.8	2.2
Africa	5.6	4.0	3.4
All other	5.5	5.9	3.6
Total	100.0	100.0	100.0

[1] General imports.
[2] Includes East Germany for 1950.

Source: Table 19.

U.S. TRADE WITH THE EUROPEAN ECONOMIC COMMUNITY

The European Economic Community with its plan for internal free trade and a common external tariff has been a matter of some concern to American industry and agriculture, although U.S. policy has supported the idea.[20] Something over 22 per cent of our agricultural products and around 18 per cent of our manufactured goods are sold to the EEC. Next to Canada these countries are our largest customers.

As Witt and Sorenson have pointed out: "EEC agricultural policy is based on objectives and attitudes long embedded in national agricultural policies. Changes are aimed largely at arriving at a common market organization but not at reducing, or for that matter greatly increasing, the amount of protection to agriculture. To this point, the EEC has not developed a broadly oriented agricultural policy. The principal focus has been on domestic price supports, protection against competitive imports and, where necessary, export subsidies. These policies have recently taken on concrete form and will apply to 85 per cent or more of EEC production. . . . Price guarantees will apply to 85 per cent or more of EEC agricultural output." [21]

In order to maintain domestic prices for most agricultural products high enough to provide protection and freeze out competition, the EEC uses a variable levy system. On grains this is reported to be about 100 per cent ad valorem. Imports are permitted only when domestic production cannot supply the market at a predetermined price. This differs from the British program where supply and demand set market prices but government subsidies, to reach predetermined levels, make up the difference to the producer. Both programs, however, look toward self-sufficiency in agricultural and stifle outside competition.

Butter offers an example of how the levy system works. With high dairy support prices and variable levy protection, surplus EEC butter costing 60 to 65 cents a pound, which couldn't be sold to the United Kingdom, New Zealand, Denmark, Japan, Canada, and other countries because of tight quotas, was sold in the United States at around 22 cents a pound. This finally brought about quotas on butter and dairy products in the United States.[22]

Tables 17 and 19 have shown that the growth rate of U.S. exports to the EEC of 15.1 per cent for the 1950–1960 period fell to 6.0 per cent for the 1960–1967 period, while U.S. imports from the EEC fell from 29.8 per cent in the 1950–1960 period to 13.8 per cent in the 1960–1967 period. Tables 18 and 20 revealed that the share of U.S. exports going to the EEC fell from 19.3 per cent in 1960 to 17.9 per cent in 1967, while the U.S. share of imports from that area rose from 15.1 per cent to 16.6 per cent during the same period.

However, if the total of exports and reexports shown on Table 21 is compared with total exports from Table 8, it is apparent that there was no change in the share of U.S. exports going to the EEC from the United States in the last five years. It was 17.9 per cent in 1963 and the same percentage in 1967. During these recent years the United States has maintained its share of the EEC market. In dollars, however, exports to the EEC from 1963 to 1967 increased 34.8 per cent while imports as shown on Table 22 from the EEC grew 76.8 per cent for the same period.

If figures for exports and live animals, beverages and tobacco, and animal and vegetable oils and fats are combined, total U.S. sales of this group to EEC dropped from 21.3 per cent of total in 1963 to 19 per cent in 1967. Exports of machinery and transport equipment and other manufactured goods rose from 42 per cent in 1963 to 47.1 per cent in 1967.

U.S. imports from EEC of the products of the three combined groups shown above, which were 8.2 per cent in 1963, fell to 6.8 per cent in 1967. Imports of machinery and transport equipment and other manufactured goods from the EEC were 76.5 per cent of total in 1963 and 79.2 per cent in 1967.

It has been pointed out that from 1958 to 1966 world exports by value about doubled. U.S. exports increased about 70 per cent, while trade within the EEC countries more than trebled.[23] This increase in trade among member countries, while exercising some restraint on imports from outsiders, is in conformity with at least one of the objectives of the formation of the Common Market.

The future development of trade with the EEC will be worth watching. The recent Kennedy Round discussions were marked by a relatively adamant attitude on the part of the Common Market toward giving concessions and opening agricultural markets to U.S. producers of these products.[24] They wanted to preserve opportunities for market growth for their own producers. However, no action was taken to decrease exports. As a result, the United States did not improve its trading position in agriculture with the EEC. One participant in the Kennedy Round discussions has said: "The Kennedy Round has shown beyond doubt that we cannot buy—with reductions in duties—removal of the major barriers standing in the way of a substantial and orderly trade in farm products." [25]

It is possible that action to increase domestic prices of feed grains, which will increase the levy in 1968, and consideration of similar action on other products may curtail U.S. export opportunities this year and beyond.[26]

While the EEC did negotiate for duty cuts in many industrial areas, they were unwilling to make substantial cuts in "areas of advancing technology such as business machines. In steel, aluminum, and textiles none of the countries made very substantial cuts. But in most other areas of industry, I think we have the opportunity for substantial increases in exports." [27]

There is apparently some doubt in other quarters on this point. The changing trends of U.S. imports, the steady progress of Western Europe in industrial technology in spite of the "technological gap," together with lower costs may well provide increasing competition for American industry and curtail export opportunities.[28]

Footnotes at end of article.

TABLE 21.—U.S. EXPORTS AND REEXPORTS TO EEC

Commodity	Millions of dollars					Percent of total				
	1963	1964	1965	1966	1967	1963	1964	1965	1966	1967
Food and live animals	667	756	925	974	848	16.7	16.6	17.6	17.7	15.2
Beverages and tobacco	127	128	126	142	173	3.2	2.8	2.4	2.6	3.1
Crude materials, inedible, except fuels	635	830	757	831	846	15.9	18.2	14.4	15.1	15.1
Mineral fuels and related materials	309	280	261	253	239	7.7	6.1	5.0	4.6	4.3
Animal and vegetable oils and fats	57	81	78	55	38	1.4	1.8	1.5	1.0	.7
Chemicals	450	542	555	596	593	11.3	11.9	10.5	10.8	10.6
Machinery and transport equipment	1,015	1,098	1,408	1,510	1,747	25.4	24.1	26.8	27.4	31.3
Other manufactured goods	663	758	787	891	880	16.6	16.6	15.0	16.2	15.8

TABLE 21.—U.S. EXPORTS AND REEXPORTS TO EEC—Continued

Commodity	Millions of dollars					Percent of total				
	1963	1964	1965	1966	1967	1963	1964	1965	1966	1967
Other transactions	12	11	10	12	24	.3	.2	.2	.2	.4
Reexports	61	0	62	68		1.5	1.7	1.2	1.2	
Total	3,996	4,564	4,969	5,332	5,388	100.0	100.0	94.6	96.8	96.5
Special category			282	179	194			5.4	3.2	3.5
Total	3,996	4,564	5,251	5,511	5,582	100.0	100.0	100.0	100.0	100.0

Source: "Overseas Business Reports," U.S. Department of Commerce; "Highlights of U.S. Exports and Import Trade," U.S. Department of Commerce.

TABLE 22.—U.S. IMPORTS FROM EEC

Commodity	Millions of dollars					Percent of total				
	1963	1964	1965	1966	1967	1963	1964	1965	1966	1967
Food and live animals	129	122	129	159	178	4.7	4.3	3.9	3.9	4.0
Beverages and tobacco	77	84	88	104	112	3.1	3.0	2.7	2.5	2.5
Crude materials, inedible, except fuels	112	119	110	125	117	4.4	4.2	3.3	3.0	2.6
Mineral fuels and related materials	5	7	6	20	33	.2	.2	.2	.5	.7
Animal and vegetable oils and fats	11	12	14	15	14	.4	.4	.4	.4	.3
Chemicals	159	182	202	270	261	6.3	6.4	6.1	6.5	5.9
Machinery and transport equipment	704	848	990	1,456	1,557	28.0	30.0	29.8	35.3	35.0
Other manufactured goods	1,222	1,332	1,624	1,801	1,972	48.5	47.1	48.9	43.7	44.2
Other transactions	112	125	157	175	214	4.4	4.4	4.7	4.2	4.8
Total	2,521	2,831	3,320	4,125	4,458	100.0	100.0	100.0	100.0	100.0

Source: "Overseas Business Reports," U.S. Department of Commerce; "Highlights of U.S. Exports and Import Trade," U.S. Department of Commerce.

KENNEDY ROUND TARIFF REDUCTIONS AS A STIMULANT TO IMPORTS

Estimates have been made of the degree to which imports into the United States would increase if there were to be gradual removal of tariffs and import quotas. Although they were made about a decade ago, there is no reason to believe that the international economic situation has changed sufficiently to nullify the findings with respect to the magnitudes involved. One of the studies, based on estimates by technical and economic experts of the U.S. Tariff Commission,[29] concludes that imports would increase by between 10 per cent and 25 per cent and the other, that the number of jobs that would be immediately affected adversely by increased imports would be at the rate of 83,000 per billion dollars of new imports.[30] Applying this percentage factor to the estimates of increased imports made in the earlier study indicates that approximately 172,000 to 430,000 jobs might be adversely affected in the short run.

On the other hand, it is argued that in the longer run, after economic adjustments to the new imports have been made, there would be more, rather than fewer, jobs in consequence of the removal of all trade barriers and over-all per capita consumption in the country would be increased.

The Kennedy Round Trade Agreement (concluded in 1967) consists of schedules of tariff concessions together with separate agreements regarding certain trading sectors (such as grains, chemicals and steel) and a proposed anti-dumping code. With respect to cereals there was agreement regarding prices as well as food aid to needy countries. Several bilateral agreements were concluded regarding meat, while practically nothing was accomplished with respect to dairy products. American negotiators were unable to obtain concessions for agricultural exports comparable with those obtained for manufactured products, largely because the EEC was still developing its own common agricultural policy affecting approximately $200 million of U.S. exports. A few significant agricultural concessions were made by Japan, Canada, the United Kingdom, the Scandinavian countries, and Switzerland.

The thirty-nine countries participating fully in the negotiations, whose trade accounts for approximately three quarters of total world trade (excluding the communist countries), granted concessions affecting a little over $40 billion of trade, or approximately one fifth of all noncommunist international trade.

Approximately $26 billion of trade among the participating countries will be subject to tariff *reductions*, of which tariffs applicable to $17 billion will be reduced 50 per cent or more.

The United States obtained concessions from other participating countries on approximately $8.1 billion of its exports, of which $6.8 billion are tariff reductions. The United States granted concessions on approximately $8.5 billion of its imports from all countries. On $7.9 billion it reduced tariffs, on $150 million it bound existing rates against increase, and on $400 million it bound existing duty-free treatment.

Because most official analyses of the Kennedy Round Agreement refer to tariff concessions in terms of percentage reductions, it is tempting to infer that the cuts are more significant than they really are. A given percentage reduction of a low tariff usually is less meaningful than the same percentage reduction applied to a higher tariff. For example, a 50 per cent reduction in the 60 per cent tariff on certain types of household chinaware represents a cut of 30 "percentage points," whereas a 50 per cent reduction in the 11 per cent tariff on condensed milk represents a cut of only 5½ "percentage points."

The tariff reductions agreed to under the Kennedy Round can be seen in clearer focus if they are measured in terms of "percentage points" reduced rather than in terms of percentage reductions. Thus, the European Economic Community granted a 20 per cent reduction on imports of fresh salmon, representing a reduction from a tariff of 10 per cent to one of 8 per cent—a reduction of 2 "percentage points." Similarly, the 50 per cent EEC reduction on parts for statistical and punchcard machines represents a cut of only 4 "percentage points"—from a tariff of 8 per cent to one of 4 per cent. It is doubtful whether tariff cuts that are deep in terms of percentage reduction, but which are little more than nominal in terms of "percentage point" reduction, can have a marked effect in expanding trade. In many instances import quotas and production subsidies are more significant than tariffs as impediments to trade. For the most part, the tariffs that have not been reduced are on products, the imports of which would be substantially larger in the absence of restrictions.

The average tariff level is determined not only by governmental action but also by changes in prices. When prices are rising, tariffs that are levied on a "specific" basis (so much per unit of physical measurement such as pounds, yards, or tons in contrast to those that are levied as a percentage of value) decline in terms of their ad valorem (according to value) equivalents. This is a phenomenon that has been present since prices began rising in the late 1930's. Conversely, during periods of falling prices the ad valorem equivalents of duties levied on a specific basis rise.

Had the President used all of his tariff-cutting authority under each of the enabling acts since 1934, the average tariff level of the United States in 1962 would have been 8.8 per cent, compared with an actual average ad valorem equivalent in that year of 12 per cent. Had the President used his tariff-cutting authority to the full in the Kennedy Round, the average tariff level of the United States over the five-year period 1968–1973 would be 6 per cent. Instead, the cuts in U.S. tariffs under the Kennedy Round average approximately 35 per cent. Assuming no major change in price levels, the average tariff level in 1973 will be 7.8 per cent.

The deepest cuts in U.S. tariffs were made under the Trade Agreements Act of 1934 and the Trade Agreements Act of 1945, covering a period during which prices were rising. The average ad valorem equivalent of duties collected declined from 47 per cent to 28 per cent between 1934 and 1945 and to 12 per cent in 1955.

The tariff cuts authorized by the Acts of 1955 and 1958 were nominal in terms of "percentage point" reductions, amounting to only 1.8 and 2.2, respectively. The ratio of total duties collected to the value of total dutiable imports remained constant at approximately 12 per cent between 1961 and 1967.

What started out as "across-the board," or linear, tariff cutting at the outset of the Kennedy Round soon fell into the familiar pattern of selective tariff cutting. However, instead of starting out, as in previous tariff-cutting exercises, by singling out those tariffs that can be cut safely, the procedure under the Kennedy Round was to start out with an overall horizontal cut and to negotiate "exceptions." In consequence, the list

Footnotes at end of article.

of products subjected to tariff cuts undoubtedly was longer than would otherwise have been the case, but the "bare minimum" of exceptions that had been promised proved to be substantial in terms of potential trade expansion.

In its 1954 Staff Papers the Commission on Foreign Economic Policy (Randall Commission) presented estimates that had been previously published showing, on the basis of informed judgments by technical staff experts of the U.S. Tariff Commission, the extent to which U.S. imports would increase if all U.S. tariffs and import quotas were suspended.

It was stated, on the basis of these expert judgments, that, with economic conditions as they were in 1951, dutiable imports would increase 42 per cent, from $4.8 billion to approximately $6.8 billion, or by approximately $2 billion of which $1.4 billion would be accounted for by twenty-seven "import-sensitive" items including: sugar, fine wools, cattle and beef, woolens and worsteds, earthenware, fish fillets, lead and zinc.

It is significant that none of these twenty-seven sensitive items was subjected to trade-barrier reduction under the Kennedy Round. Imports of all other items, together, would increase 18 per cent, or by $600 million.

Except for the fact that the total volume of trade has increased substantially, the economic conditions prevailing today are not vastly different from those prevailing in 1951–1953. It is not unreasonable, therefore, to apply the percentage increase of the earlier period to more recent figures.

Dutiable imports in 1965 totaled $13.8 billion, of which $7.9 billion are subject to tariff reductions under the Kennedy Round. If it is assumed that the same percentage increase of all imports on which tariffs were reduced would prevail if all tariffs and import quotas were suspended, import would increase by $1.4 billion (18 percent of $7.9 billion).

However, the Kennedy Round does not provide for the elimination of all tariffs and import quotas but only for tariff cuts averaging 35 percent, or 4.2 "percentage points," from a level of 12 percent to a level of 7.8 percent.

On the basis of these estimated and comparisons, it seems reasonable to conclude that the tariff reductions granted by the United States in the Kennedy Round might result in increasing U.S. imports by as much as $350 million to $700 million (one quarter to one half of $1.4 billion).

This figure does not constitute a forecast, however, as to what can be expected in the way of increased imports over the next few years. It is only an estimate of the likely effect on U.S. imports of the U.S. tariff cuts made in the Kennedy Round.

TABLE 23.—U.S. TARIFF REDUCTIONS, 1934-67

Legislation	Percentage reductions authorized	Maximum reduction authorized on basis of actual use of tariff-cutting authority: Authorized reduction in tariff level (percent) From—	To—	Average "percentage point" reduction authorized	Actual change in average ad valorem equivalent (percent) From—	To—
1934 act	50 percent (of 1934 rates)	47.0	23.5	23.5	47.0	28.0
1945 act	50 percent (of 1945 rates)	28.0	14.0	14.0	28.0	12.0
1955 act	15 percent (of 1955 rates, over 3 years).	12.0	10.2	1.8	12.0	11.0
1958 act (Dillion round)	20 percent (of 1958 rates, over 4 years).	11.0	8.8	2.2	11.0	12.0
1962 act (Kennedy round)	50 percent (of 1962 rates, over 5 years).	12.0	6.0	6.0	12.0	[1]7.8

[1] Assuming no change in price levels.

There has been, and there continues to be, a close relationship between imports and the country's gross national product, with imports equaling approximately 3 per cent of the GNP. As the country's gross national product increases it can be expected that imports will also grow, maintaining approximately the same over-all ratio. Thus, if the GNP over the next five years increases by 35 per cent, as it did between 1960 and 1965, it can be expected that imports will increase by $4.5 billion—from $25.5 billion to $30 billion. It is not likely that the close relationship between imports and the gross national product will be changed markedly by the tariff reduction made under the Kennedy Round.

FOREIGN TRADE AND INVESTMENT ABROAD

The foreign trade of the United States has a much broader scope than the export and import of commodities. Manufacturers may supply foreign markets by exporting, or through direct investment and building plants abroad, or through licensing, or by a mix of all methods.

As Judd Polk has pointed out: "The concept of total foreign sales properly brings together U.S. deliveries in response to foreign demand whether involving products made here or there. Basically, the two sources of supply are complementary, and, in fact, they have grown in parallel and vigorous manner. . . ." Polk also points out that there is a "powerful inference from export and production trends that investment is a major stimulant to exports." [31]

The two decades since World War II have seen a marked expansion in international trade but a much more rapid growth in American direct investment abroad. This has been a dynamic factor in world trade development. It is reflected in the tremendous growth of the international firm and this, in turn, has aided growth not only in the United States but abroad. The reason for the rapid development of plants abroad are numerous, but an increasing number of manufacturers have concluded that in the light of nationalistic tendencies abroad, trade barriers, and lower costs abroad they have no choice but to begin producing abroad.[32]

In fact, growth of these international corporations has been so great that they have an impact on national economic policies. As former Assistant Secretary of State George Ball has said: "The ability of the multinational corporation to fulfill its real objective, which is the use of resources wherever they are found in the most efficient manner for markets wherever they are developed—this implies a gradual washing out of the restrictions that are based on national lines. These multinational corporations are simply too big to operate within national restrictions. And when such restrictions are imposed, they interfere very seriously with the fulfillment of the purpose of these corporations. And I think that the realization of this point may over time, tend to erode away these impediments based on national boundaries." [33] It may be that a growing recognition of the long-range implications of the international firm is what is causing various countries to attempt to halt or slow down the massive growth of U.S. investments through drives for partnerships and joint ventures in Western Europe, nationalism and renegotiation of existing arrangements in the Middle East, or through limitations on foreign ownership in South America.[34] There are even flurries of activity in this direction in Canada, our next-door neighbor.

The excess of American investments abroad over foreign investments in the United States is large and has been increasing. In 1950 U.S. foreign investments and claims on foreigners totaled $31.1 billion, while foreign investments and claims on the United States totaled $17.6 billion, an excess of almost $14 billion on the plus side. By 1967, American foreign investments and claims on foreigners had increased to $113 billion, while foreign investments in the United States increased to $62 billion. Whereas 85 per cent of American claims against foreigners are long term in nature, just under 55 per cent of all foreign claims against Americans are short term.[35]

"Since 1960, the value of U.S. direct investments abroad has climbed by 70 per cent to $54.6 billion at the end of 1966. Nearly half of the substantial growth of $22.1 billion stemmed from investments in manufacturing affiliates, a fourth went into various sectors of the petroleum industry and the remainder into mining and other operations. Western Europe absorbed about $9½ billion of the increase in our direct investments during the period and Canada about $5¾ billion." [36]

TABLE 24.—INTERNATIONAL INVESTMENT POSITION OF THE UNITED STATES, 1950, 1963, AND 1966 (END OF YEAR)

[In billions]

Types of investment	1950	1963	1966
U.S. investments and claims on foreigners [1]	$31.5	$88.2	$111.9
Private investments and claims	19.0	66.4	86.2
Long-term	17.5	58.3	75.6
(Direct)	(11.8)	(40.6)	(54.6)
Short-term assets and claims	1.5	8.1	10.7
U.S. Government credits and claims	12.5	21.8	25.6
Long-term credits and claims	10.8	17.1	21.2
Foreign currencies and short-term claims	0.3	3.4	2.8
IMF gold tranche position and convertible foreign currencies	1.4	1.2	1.6
Foreign assets and investments in the United States	17.6	51.5	60.4
Long term	8.0	22.8	27.0
(Direct)	(3.4)	(7.9)	(9.1)
Short-term assets and U.S. Government obligations	9.6	28.7	33.4
Private obligations	(6.5)	(14.9)	(20.8)
U.S. Government obligations	(3.2)	(13.8)	(12.6)
Excess, U.S. investments abroad over foreign investments in the United States	+13.9	+36.7	+51.5

[1] Not including gold holdings.

Source: U.S. Department of Commerce, "Survey of Current Business," September 1965 and September 1967.

The irregular but consistent growth in new direct investment abroad and the almost constant growth of earnings from direct investment abroad testify to the increasing importance of these expanding operations in world trade. The outflow of funds for new U.S. direct investment has grown from not quite two thirds of a billion in 1954 to $3 billion in 1967. Earnings, including royalties and fees, received on direct investment abroad have increased from $1.9 billion in 1954 to $5.6 billion in 1967. It is clear, too, that the relationship of earnings on investment has declined somewhat since 1957. Ex-

Footnotes at end of article.

pressed as cumulative totals, the outflow of funds for new direct investment over the thirteen-year period amounted to $27.8 billion, while earnings on outstanding direct foreign investment over the same period amounted to $47.3 billion.

TABLE 25.—NEW DIRECT PRIVATE FOREIGN INVESTMENTS AND INCOME FROM OUTSTANDING DIRECT FOREIGN INVESTMENTS, 1954-67

[In billions of dollars]

Year	New U.S. direct investment abroad	Earnings received on direct investment abroad	Net effect on balance of payments
1954	−0.7	+1.9	+1.2
1955	−.8	+2.1	+1.3
1956	−2.0	+2.4	+.4
1957	−2.4	+2.5	+.1
1958	−1.2	+2.4	+1.2
1959	−1.4	+2.6	+1.2
1960	−1.7	+2.8	+1.1
1961	−1.6	+3.2	+1.6
1962	−1.7	+3.6	+1.9
1963	−2.0	+3.8	+1.8
1964	−2.4	+4.4	+2.0
1965	−3.4	+4.9	+1.5
1966	−3.5	+5.1	+1.6
1967	−3.0	+5.6	+2.6
Total	−27.8	+47.3	+19.5

Source: U.S. Department of Commerce, Survey of Current Business.

TABLE 26.—INVESTMENT, EARNINGS, AND YIELDS ON U.S. PRIVATE DIRECT INVESTMENTS ABROAD, 1950-67[1]

[Dollar amounts in billions]

Year	Value of investment at start of year	Earnings	Yield (percent)
1967	$54.6	$5.09	9.3
1966	49.3	5.68	11.5
1965	44.4	5.46	12.3
1964	40.7	5.07	12.5
1963	37.2	4.59	12.3
1962	34.7	4.24	12.2
1961	31.8	3.82	12.0
1960	29.8	3.57	12.0
1959	27.4	3.24	11.8
1958	25.4	3.01	11.9
1957	22.5	3.56	15.8
1956	19.4	3.30	17.0
1955	17.6	2.88	16.4
1954	16.3	2.40	14.7
1953	14.7	2.26	15.4
1952	13.0	2.33	17.9
1951	11.8	2.24	19.0
1950	10.7	1.77	16.5

[1] Not including undistributed profits of subsidiaries.

Source: Overseas Business Report, International Investments of the United States, U.S. Department of Commerce, November 1967, and Survey of Current Business, March 1968.

These figures do not include undistributed earnings of subsidiaries, which do not affect the balance of payments which do not involve international transfers and therefore are not included in the balance-of-payments accounting.

Total earnings on U.S. direct investment abroad amounted to $5.6 billion at the beginning of 1967 and were second in importance, on the receipts side of the balance of international payments, only to merchandise exports.[37]

Table 27 reflects the growth of American private investments and earnings by major areas. It will be noted that net capital outflow for investment in manufacturing industry represented almost half the total outflow in 1966, with petroleum adding another 25 per cent. Petroleum earnings, however, amounted to almost a third of the total, while earnings from manufacturing industries abroad amounted to something less than 40 per cent. In book value, manufacturing represented about 40 per cent of the total at the year-end 1956 and has doubled since 1960.

Canada has shown rapid growth in capital absorption in the seven-year period. Investment in Western Europe, while growing at a slower rate, still in substantially greater than in any other area. Similar trends are reflected in earnings for Canada and Western Europe.

TABLE 27.—AMERICAN PRIVATE DIRECT INVESTMENTS ABROAD, BY AREA, 1960-66

[Millions of dollars]

	Book value at year end					Net capital outflows					Earnings					Income			
	Total	Mining and smelting	Petroleum	Manufacturing	Other	Total	Mining and smelting	Petroleum	Manufacturing	Other	Total	Mining and smelting	Petroleum	Manufacturing	Other	Total	Mining and smelting	Petroleum	Manufacturing	Other
All areas, total:																				
1960	31,815	2,947	10,810	11,051	7,007	1,674	155	452	801	266	3,566	394	1,302	1,176	694	2,355	337	1,150	550	318
1961	34,667	3,044	12,190	11,997	7,436	1,599	70	793	462	274	3,815	362	1,476	1,203	774	2,766	297	1,336	722	413
1962	37,226	3,194	12,725	13,250	8,057	1,654	97	606	712	239	4,235	372	1,695	1,307	861	3,044	318	1,565	746	415
1963	40,686	3,369	13,652	14,937	8,728	1,976	85	828	774	289	4,587	388	1,824	1,541	834	3,129	321	1,715	656	437
1964	44,384	3,569	14,328	16,935	9,552	2,435	90	760	1,034	551	5,071	512	1,808	1,852	899	3,674	403	1,856	893	522
1965	49,328	3,785	15,298	19,339	10,906	3,418	88	977	1,525	828	5,460	571	1,830	2,022	1,037	3,963	442	1,799	1,094	628
1966	54,562	4,135	16,264	22,050	12,113	3,543	220	876	1,730	716	5,680	660	1,869	2,098	1,063	4,045	524	1,778	1,118	625
Canada:																				
1960	11,179	1,325	2,664	4,827	2,363	451	199	135	29	88	718	88	98	398	134	361	47	60	176	78
1961	11,602	1,367	2,828	5,076	2,331	302	9	100	117	76	726	96	114	360	158	464	51	78	213	122
1962	12,133	1,489	2,875	5,312	2,457	314	85	159	12	58	825	97	121	460	147	476	60	79	221	116
1963	13,044	1,549	3,134	5,761	2,600	365	7	188	120	50	948	127	149	525	147	465	80	80	192	103
1964	13,809	1,667	3,196	6,197	2,749	253	45	25	140	43	1,106	191	170	565	180	634	118	118	269	129
1965	15,223	1,755	3,356	6,872	3,240	912	1	179	395	337	1,209	198	183	606	222	703	110	122	315	156
1966	16,840	1,942	3,606	7,674	3,618	1,087	121	155	548	262	1,240	191	196	633	221	766	120	114	362	170
Latin America: [1]																				
1960	8,315	1,269	3,122	1,521	2,403	149	−60	24	125	60	970	224	370	147	229	719	234	331	64	90
1961	9,189	1,282	3,674	1,707	2,526	219	32	63	78	46	1,079	206	478	172	223	824	198	438	75	113
1962	9,474	1,271	3,642	1,944	2,617	29	−13	−67	133	−24	1,179	230	543	173	233	891	221	488	71	111
1963	9,891	1,303	3,636	2,213	2,739	235	24	5	150	56	1,125	219	532	171	203	956	210	544	70	132
1964	10,204	1,354	3,589	2,507	2,754	266	29	8	137	92	1,244	266	539	243	196	1,011	245	531	98	137
1965	10,836	1,424	3,546	2,945	2,921	271	43	−74	245	57	1,320	290	513	289	228	995	266	476	123	130
1966	11,473	1,481	3,538	3,312	3,142	276	28	−35	158	125	1,446	359	511	337	238	1,110	327	497	146	141
Western Europe:																				
1960	6,691	49	1,763	3,804	1,075	962	(2)	273	607	82	769	10	91	487	181	397	11	55	241	90
1961	7,742	48	2,152	4,255	1,287	724	(2)	376	233	115	837	8	63	530	236	486	9	47	326	104
1962	8,930	50	2,385	4,883	1,612	868	3	229	453	183	844	5	60	496	283	526	7	63	334	122
1963	10,340	55	2,776	5,634	1,875	924	1	362	395	166	996	4	67	627	298	507	6	73	305	123
1964	12,129	56	3,122	6,587	2,364	1,388	2	414	619	353	1,115	4	8	782	321	659	5	64	427	163
1965	13,985	54	3,427	7,606	2,898	1,479	−1	342	760	378	1,176	8	−41	859	350	768	8	17	532	211
1966	16,200	54	3,977	8,879	3,290	1,805	1	634	899	271	1,155	10	−79	855	369	725	11	4	484	226
Other areas:																				
1960	5,630	304	3,261	899	1,166	112	16	20	40	36	1,109	72	743	144	150	878	45	704	69	60
1961	6,134	347	3,536	959	1,292	354	29	254	34	37	1,173	52	821	141	150	994	39	773	108	74
1962	6,689	384	3,823	1,111	1,371	443	22	285	114	22	1,387	40	971	178	198	1,151	30	935	120	66
1963	7,411	462	4,106	1,329	1,514	452	53	273	109	17	1,518	38	1,076	218	186	1,211	25	1,018	89	79
1964	8,242	492	4,421	1,644	1,685	528	14	313	138	63	1,606	51	1,091	262	202	1,370	35	1,143	99	93
1965	9,284	552	4,969	1,916	1,847	756	45	530	125	56	1,755	75	1,175	268	237	1,497	58	1,184	124	131
1966	10,049	658	5,143	2,185	2,063	375	70	122	125	58	1,839	100	1,231	273	235	1,444	66	1,163	126	83

[1] Includes "Other Western Hemisphere."
[2] Less than $500,000.

Source: Overseas Business Reports, "International Investments of the United States," U.S. Department of Commerce, November 1967.

Table 28 on foreign direct investments in the United States for the same period indicates that at the end of 1966 total value of these investments amounted to only about 16 per cent of the book value of our private direct investments abroad. The United Kingdom and Canada make up over 60 per cent of the total, with other European countries making up approximately 30 per cent. Total earnings of direct foreign investments in the United States were only a little over 11 per cent of the total earnings of American private direct investments abroad in 1966.

Footnote at end of article.

TABLE 28.—FOREIGN DIRECT INVESTMENTS IN THE UNITED STATES, 1950, 1965, AND 1966

[In millions of dollars]

	Value at yearend			Capital flow						Earnings,[4] income[4] and undistributed profits					
				1965[1]			1966[2]			1965[1]			1966[2]		
	1950	1965[1]	1966[2]	Total	New investments[3]	Other	Total	New investments[3]	Other	Earnings	Income	Undistributed profits	Earnings	Income	Undistributed profits
Total	3,391	8,797	9.054	57	100	−43	86	89	−3	642	298	358	695	371	339
By area:															
Canada	1,029	2,388	2,439	43	58	−15	2	25	−23	135	94	58	133	77	80
United Kingdom	1,168	2,852	2,864	−66	11	−77	23	18	5	214	116	91	234	125	102
Other Europe	1,059	3,224	3,409	23	26	−3	67	43	24	270	76	195	307	159	143
Belgium	(5)	175	193	−7	1	−8	10	-------	10	8	3	7	9	2	8
France	(5)	200	215	(6)	2	−2	8	3	5	7	2	5	10	3	7
Germany	(5)	209	247	43	14	29	28	36	−8	16	4	11	19	7	11
Italy	(5)	87	87	7	3	4	1	1	(6)	−2	-------	−2	1	-------	1
Netherlands	334	1,304	1,402	−33	-------	−33	20	3	17	147	26	120	153	73	78
Sweden	(5)	215	217	6	-------	6	−7	(6)	−7	13	3	10	18	7	10
Switzerland	348	940	949	6	6	-------	7	(6)	7	71	34	37	89	64	23
Other countries	377	94	100	1	-------	1	1	-------	1	10	5	5	8	2	5
Japan	(5)	118	103	33	2	31	−24	3	−27	22	10	14	14	7	8
Latin America	(5)	161	177	27	4	23	14	-------	14	3	3	-------	4	2	2
Other countries	134	53	61	−3	-------	−3	4	(6)	4	(6)	-------	(6)	4	-------	4
By industry:															
Petroleum	405	1,710	1,740	−63	-------	−63	−94	1	−94	215	26	184	214	81	124
Manufacturing	1,138	3,478	3,789	132	75	57	111	47	64	303	176	129	357	159	200
Trade	(5)	748	739	30	10	20	−39	9	−48	66	25	43	43	15	30
Insurance	[7] 1,065	[7] 2,169	[7] 2,072	−20	-------	−20	64	-------	64	40	40	-------	76	76	-------
Other finance	(5)	(5)	(5)	−37	11	−48	13	9	4	[8] 11	[9] 12	6	[9] 7	[9] 22	−5
Other industries	[8] 784	[8] 693	[8] 714	15	5	10	31	24	7	6	20	−5	−2	18	−10

[1] Revised.
[2] Preliminary.
[3] "New investments" consist of the first reported capital inflow to establish a new company or operation in the United States and also inflows to acquire additional shares of existing companies.
[4] "Earnings" represents the foreign share in corporate and branch profits; "Income" is the amount distributed, after withholding taxes, as dividends, interest, and branch profits.
[5] Not shown separately.
[6] Less than $500,000.
[7] Includes market revaluations of securities held by insurance companies.
[8] Included in "Insurance."
[9] Earnings and income paid by agency banks in the United States to foreign home offices have been excluded from direct investment totals.

Source: Overseas Business Reports, International Investments of the United States, U.S. Department of Commerce, November 1967.

SALES FROM AMERICAN PLANTS LOCATED ABROAD

International investment has brought a new and extremely important dimension to our world trade. According to the Committee on Commercial Policy, U.S. Council of the International Chamber of Commerce, Inc.: ". . . Total product delivery to foreign markets associated with U.S. direct investment abroad is estimated to be in the neighborhood of $110 billion a year. When products associated with U.S. investment other than direct is included, the figure grows to $150 billion." [38]

Judd Polk estimates that gains in U.S.-initiated output abroad for Europe "grew from $6 billion in 1950—against U.S. exports of roughly half that amount—to some $32 billion in 1966—against exports of $10 billion, or less than a third." [39]

According to the U.S. Department of Commerce,[40] the sales of American manufacturing affiliates, i.e., of American-owned manufacturing establishments abroad, in 1965 were approximately $42.4 billion. It is likely that they increased to at least $47 billion in 1966 and to $50 billion in 1967. It thus appears that sales of American-owned manufacturing corporations abroad are about two and a half times U.S. domestic exports of manufactured goods.

In discussion of this question at the Senate hearings on removal of the gold cover, it was suggested that sales from all activities may be as much as $165 billion annually, although it was stressed there was a possibility for a large margin of error in this estimate. These estimates of sales of American corporations abroad, which could be anywhere from five to five and a half times our exports, are based on a study of the ratio of sales to book values of corporations. Manufacturing concerns at present are estimated to represent about one third of total direct investment abroad and about one sixth of the grand total investment.[41]

Decisions by American firms to produce abroad are influenced by political as well as economic conditions. Among other things, nationalistic preferences, tariffs and other trade barriers to exporting to a particular country, competitive conditions, lower costs and efforts to save foreign markets, potentials for new market growth, and access to raw materials may enter into these decisions. One opinion in this matter is worth citing: "It is important, however, to note emphatically that intensive case study rarely turns up a situation in which the producer abroad could have continued to export as an alternative to producing locally abroad." [42]

While some investments may retard exports, others may aid exports. U.S. subsidiaries, for example, are one of this country's best customers. According to the U.S. Department of Commerce, 25 per cent of total U.S. merchandise exports in 1964 went to American-owned subsidiaries abroad.[43]

Although the data are not yet available beyond 1965, Table 28 will illustrate the scope and trend in sales of foreign manufacturing affiliates by types of products as well as major areas. Total manufacturing sales to Canada about doubled between 1957 and 1965, while sales to Europe increased about three times. Transportation equipment, followed by chemicals, machinery (excluding electrical), food products, and electrical machinery were the most important categories of sales, in that order.

Footnotes at end of article.

TABLE 29.—SALES OF FOREIGN MANUFACTURING AFFILIATES, BY INDUSTRY AND AREA, 1957, 1959, AND 1961–65

[In millions of dollars]

Areas and year	Manufacturing, total	Food products	Paper and allied products	Chemicals	Rubber products	Primary and fabricated metals	Machinery, excluding electrical	Electrical machinery	Transportation equipment	Other products
All areas, total:										
1957	18,331	2,457	881	2,411	968	1,548	1,903	2,047	4,228	1,889
1959	20,634	2,810	940	2,950	1,010	1,590	2,200	1,864	5,140	2,100
1961[1]	25,061	3,195	1,060	3,890	1,195	1,875	2,897	2,234	6,000	2,715
1962[1]	27,923	3,310	1,180	4,400	1,332	2,053	3,359	2,671	6,680	2,938
1963[1]	31,809	3,462	1,342	5,130	1,350	2,433	3,716	2,986	8,050	3,340
1964[1]	37,438	3,657	1,595	5,903	1,582	2,940	4,592	3,579	9,466	4,124
1965	42,377	4,020	1,820	6,851	1,650	3,357	5,257	3,946	10,760	4,716
Canada:										
1957	7,897	928	.769	897	272	927	695	1,080	1,488	842
1959	8,204	1,060	800	1,070	290	950	760	794	1,600	880
1961[1]	8,429	1,095	870	1,315	285	940	760	764	1,450	950
1962[1]	9,196	1,135	945	1,295	340	1,090	810	851	1,730	1,000
1963[1]	10,199	1,182	1,042	1,400	355	1,198	916	866	2,140	1,100
1964[1]	11,620	1,274	1,212	1,535	400	1,330	1,038	1,010	2,483	1,338
1965	13,445	1,325	1,366	1,690	472	1,513	1,165	1,203	3,226	1,485
Latin America:[2]										
1957	2,435	608	55	499	239	111	66	190	375	292
1959	2,830	740	60	590	260	100	80	190	470	340
1961[1]	3,597	730	85	690	300	160	122	300	770	440
1962[1]	3,967	750	100	880	302	163	144	360	790	478
1963[1]	4,250	815	130	1,060	310	215	175	280	760	505
1964[1]	4,951	775	145	1,239	355	313	219	380	978	547
1965	5,484	867	178	1,398	350	309	242	392	1,172	576

See footnotes at end of table.

TABLE 29.—SALES OF FOREIGN MANUFACTURING AFFILIATES, BY INDUSTRY AND AREA, 1957, 1959, AND 1961-65—Continued

[In millions of dollars]

Areas and year	Manufacturing, total	Food products	Paper and allied products	Chemicals	Rubber products	Primary and fabricated metals	Machinery, excluding electrical	Electrical machinery	Transportation equipment	Other products
Europe:										
1957	6,313	734	34	822	262	435	1,009	678	1,700	639
1959	7,690	760	50	1,050	290	470	1,210	770	2,350	740
1961 [1]	10,780	1,110	70	1,510	400	690	1,755	1,050	3,070	1,125
1962 [1]	12,120	1,185	80	1,760	460	715	2,090	1,320	3,280	1,230
1963 [1]	14,045	1,190	105	2,070	420	880	2,185	1,680	4,050	1,465
1964 [1]	16,653	1,308	148	2,273	517	1,115	2,735	1,968	4,700	1,889
1965	18,761	1,500	166	2,743	537	1,316	3,146	2,102	5,060	2,191
Common Market:										
1964 [1]	8,683	598	54	1,038	214	563	1,651	1,066	2,607	892
1965	9,882	670	62	1,302	232	600	1,960	1,172	2,864	1,020
United Kingdom:										
1964 [1]	6,871	613	93	1,075	228	496	1,019	708	1,738	901
1965	7,510	730	102	1,241	219	546	1,121	706	1,798	1,047
Other Europe:										
1964 [1]	1,099	97	1	160	75	56	65	194	355	96
1965	1,369	100	2	200	86	170	65	224	398	124
Other areas:										
1957	1,685	188	23	193	195	75	133	99	665	116
1959	1,910	250	30	240	200	70	150	110	720	140
1961	2,255	260	35	375	210	85	260	120	710	200
1962 [1]	2,640	240	55	465	230	85	315	140	880	230
1963 [1]	3,315	275	65	600	265	140	440	160	1,100	270
1961 [1]	4,214	300	90	856	310	182	600	221	1,305	350
1965	4,687	328	110	1,020	291	219	704	249	1,302	464

[1] Revised.
[2] Includes "Other Western Hemisphere."

Source: Survey of Current Business, November 1966.

The immediate effect of new long-term American capital investment abroad on the balance of payments is similar to an increase of merchandise imports. The immediate and longer run effects, however, are of greater significance than the short-run effects because foreign investments yield continuing income to Americans.

Shortly after investment funds flow abroad there is a tendency for some of them to return to the United States as foreign affiliates of U.S. firms import equipment and supplies from the United States for their own use. As indicated above, exports to such affiliates in 1964 amounted to $6.3 billion, or 25 per cent of total exports.

In the longer run there is a tendency for funds to flow back to the investing country in the form of earnings on investment. This inward flow of funds has an effect on the balance of payments similar to that of increased exports. Over a considerable period of time, the excess of earnings on investment over new investment expenditures is likely to lead to increased U.S. expenditures on imports. A country that engages in large-scale foreign investment over a considerable period of time can expect that eventually its merchandise imports will tend to increase relative to its merchandise exports. This is because the investing country receives returns on its investments, the anticipation of which was the reason for investing in the first place.

Foreign investment is also advantageous to recipient countries because it facilitates economic development and expansion. Economic development of the less-developed areas of the world for some time has been an important objective of U.S. foreign policy.

Beginning in 1965, American companies were asked to cooperate in a voluntary program of restraint in direct foreign investment to mitigate the persistent balance-of-payments deficit and the consequent drain on U.S. gold reserves. It is reported that possibly as many as nine hundred companies cooperated to slow down or postpone projects abroad to curb voluntarily the dollar outflow and finance through foreign borrowing and other measures.

With the balance-of-payments problem persisting, on January 1, 1968, the President announced stringent mandatory restrictions on direct investments. A complete moratorium was imposed on new capital transfers to Continental Europe and South Africa (excluding Great Britain, Greece, and Turkey) for direct investment, together with a cutback in other areas and forced repatriation of earnings. This was coupled with an order to the Federal Reserve to tighten voluntary restrictions by financial institutions on foreign lending.

All of this was done through an Executive Order based on the 1917 Trading with the Enemy Act (still on the statute books) and the special emergency powers of the Executive during the never-terminated Korean war emergency. The Act authorizes the President in case of war or a declared state of emergency to restrict foreign transactions in any way deemed necessary.

Concern has been expressed in both trade and financial circles over the investment restrictions. Undoubtedly some action was necessary at the beginning of the year and the action taken was probably thought to be, from a practical as well as psychological point of view, the least harmful of all possibilities to our international posture. Financial experts generally believe it will help the balance-of-payments problem in the short run although, in the long run, it will cut investment income.[44] The importance of this income factor is illustrated in a calculation by Piquet: "If you add the amount of money that Americans sent abroad over the past thirteen years in the form of new direct private investment and, in a column alongside of it how much Americans collected over those thirteen years on that cumulative investment, in the form of dividends, royalties, et cetera, you will come up with a plus balance of $19 billion. Restricting such investment is truly tantamount to 'killing the goose that lays the golden eggs.'"[45] There is good reason, therefore, for concern over the possible long-run extension of investment controls.

The impact of investment restrictions on trade remains to be seen. As Polk has pointed out, there is a close relationship between investment and international trade: "Moreover, when international trade—especially in the case of the United States—is seen in proper relation to production abroad, very serious doubt is cast upon the workability of any trade policy initiative, such as export expansion, unless taken in compatible relation to policy initiatives pertaining to the entire range of our foreign production—here namely the encouragement of investment in production abroad."[46]

In the past, U.S. producers have had the choice of exporting to expand markets or investing in production facilities abroad. The result has been a rapid growth in U.S. investment abroad, and this has been the most dynamic force in the great expansion of world trade. It has not only produced sales about five times the value of our exports but has been responsible for at least 25 per cent of our exports. Any long-run extension of the restriction in investment abroad could not only slow down the growth of world trade but also curtail our own exports.

INTERNATIONAL TRADE AND THE BALANCE OF PAYMENTS

Merchandise trade is the largest single item in the international accounts and contributes the most important foreign exchange earnings of the country. Exports provide foreign exchange equal to the total dollar volume of sales, while production abroad from U.S. investment returns foreign exchange only to the extent of profits sent back to investors. Although the borrowing and lending of funds and payments for such services as shipping and insurance are important, their magnitude is dwarfed by merchandise exports and imports. In the United States merchandise exports account for about 64 per cent of all receipts from abroad, while merchandise imports account for more than half of the country's payments abroad—receipts and payments being on both government and private account. The remainder of the receipts are principally returns on American investments abroad, foreign funds seeking long-term investment in the United States, and travel and transportation, while the remainder on the payments side is accounted for by support of the U.S. military establishments abroad, nonmilitary foreign aid, travel and transportation, and new foreign investments.

The exports and imports of a country are interrelated even though the merchandise exports and merchandise imports of a country seldom are in exact balance with each other. The total monetary out-payments of the nationals of a country, however, tend to be balanced by their total in-payments. Payments received from foreigners for services rendered, such as transportation and insurance, have the same effect on a country's international payments as merchandise exports, while purchases by the nationals of a country of the services of foreigners have the same effect as payments made for merchandise imports.

A country can have an excess of either merchandise exports or merchandise imports over a considerable period of time, pro-

Footnotes at end of article.

vided other payments offset the excess. Thus, throughout the latter part of the nineteenth century the United Kingdom's merchandise imports exceeded its merchandise exports because Britons were receiving large sums in the form of interest and dividends on investments previously made by them in other countries. The excess of receipts over outgo was used by them to import the food and other consumption goods that made their high standard of living possible.

The over-all balance-of-payments deficit (or surplus) can be shown in different ways. The two most usual approaches, both of which are shown in the official figures of the U.S. Department of Commerce, are known as the "liquidity" concept and the "official settlements" concept.

The balance, computed on the liquidity basis, is measured by changes in U.S. official reserve assets and in liquid liabilities to all foreigners. It includes as liabilities, which are a potential drain on U.S monetary reserves, all short-term liabilities to foreigners, private as well as those payable to foreign monetary authorities. It does not include U.S. private short-term holdings as an offsetting asset entry, however, on the theory that the U.S. Government exercises no direct control over them and therefore cannot mobilize them in support of the dollar in an emergency.

The balance, computed on the official settlement basis, is measured by changes in U.S. official reserve assets, together with changes in liquid and certain nonliquid liabilities to foreign official agencies. Under this concept foreign short-term capital inflows are included, as are U.S. short-term outward capital flows, as regular transactions. According to this concept, the large inflows of foreign commercial bank funds in recent years have represented predominantly market-oriented business phenomena.

The United States has had deficits in its international accounts every year, with only one exception, since 1950. Unlike Western Europe after World War II, and unlike the situation prevailing in the less-developed countries today, the United States has ample productive capacity to make up the difference between American expenditures abroad and American receipts from foreigners. It is obvious from the magnitudes involved (a GNP of well over $800 billion, compared with balance-of-payments deficits of between $1.3 billion and $4 billion a year) that the difficulty does not arise from lack of economic strength. It is, rather, a technical problem in the international balancing mechanism and evidences lack of willingness by governments to allow their national economies to adjust to each other through the international flow of capital and trade.

During the period between World War I and World War II countries experienced the difficulties of widely varying exchange rates. Countries vied with each other to depreciate the exchange values of their currencies so as to expand exports while trying to curtail imports. The result was that international commerce became hazardous and its volume dwindled. The desire for stable exchange rates became so strong that fixed exchange rates became the very foundation of the International Monetary Fund, which was established by international agreement in 1944.

With currencies pegged at fixed ratios relative to each other and with all sorts of obstacles impeding the international movement of goods and capital (so as not to interfere with domestic policies deemed necessary to assure national economic growth and full employment), it becomes exceedingly difficult to keep the international accounts of all countries in balance with each other.

In most years the balance-of-payments deficit of the United States has been considerably smaller on the official settlements basis than on the liquidity basis. On either basis, the over-all deficits in 1965 and 1966 were considerably smaller than in the years immediately preceding. In fact, in 1966, there was a balance-of-payments surplus of some $200 million on the official settlements basis. In 1967, however, the deficit on both bases widened markedly to $3.6 billion and $3.4 billion, respectively.

In the first quarter of 1968, the deficit on a "liquidity" basis declined, after seasonal adjustment, to $600 million from $1.845 million in the fourth quarter of 1967. On an official reserve transaction basis, the balance after seasonal adjustment, in the first quarter of '68, showed a deficit of $520 million compared with $1.220 million in the fourth quarter of 1967.[47]

TABLE 30.—U.S. BALANCE OF INTERNATIONAL PAYMENTS, 1960-67

[In billions]

	1960	1961	1962	1963	1964	1965	1966	1967
Balance on goods and services [1]	+$6.8	+$8.2	+$7.5	+$8.2	+$10.6	+$9.0	+$7.9	+$7.8
Merchandise exports [2]	+19.5	+19.9	+20.6	+22.1	+25.3	+26.3	+29.2	+30.5
Merchandise imports [2]	−14.7	−14.5	−16.2	−17.0	−18.6	−21.5	−25.5	−27.0
Trade balance	+4.8	+5.4	+4.4	+5.1	+6.7	+4.8	+3.7	+3.5
(Commercial balance) [3]	(+2.7)	(+3.3)	(+2.2)	(+2.6)	(+4.2)	(+2.6)	(+.8)	(+.9)
Balance on investment earnings	+2.7	+3.5	+3.9	+4.0	+4.7	+5.2	+5.2	+5.6
Travel and transportation (net)	−1.0	−1.0	−1.2	−1.4	−1.2	−1.5	−1.4	−1.8
Other services (net)	+.3	+.2	+.4	+.4	+.4	+.5	+.5	+.5
Private U.S. capital (net)	−3.9	−4.2	−3.4	−4.5	−6.5	−3.7	−4.2	−5.4
Long-term investment	−2.6	−2.6	−2.9	−3.7	−4.4	−4.5	−3.8	−4.3
Direct	(−1.7)	(−1.6)	(−1.7)	(−2.0)	(−2.4)	(−3.4)	(−3.5)	(−3.0)
Portfolio, bank, and other	(−.9)	(−1.0)	(−1.2)	(−1.7)	(−2.0)	(−1.1)	(−.3)	(−1.3)
Short term	−1.3	−1.6	−.5	−.8	−2.1	−.8	−.4	−1.2
G.S. Government transactions	−5.5	−5.4	−5.4	−5.9	−5.6	−5.4	−6.3	−7.2
Loans and grants [4]	−2.8	−2.8	−3.0	−3.6	−3.5	−3.4	−3.4	−4.1
Military (net) [5]	−2.7	−2.6	−2.4	−2.3	−2.1	−2.0	−2.8	−3.0
"Errors and omissions"	−$0.9	−$1.0	−$1.2	−$0.4	−$1.0	−$0.4	−$0.3	−$0.6
All other transactions [6]	−.4		+.3	−.1	−.3	−.8	+1.5	+1.8
Balance (liquidity basis) [7]	−3.9	−2.4	−2.2	−2.7	−2.8	−1.3	−1.4	−3.
Balance (official settlements basis) [8]	−3.4	−1.3	−2.7	−2.0	−1.5	−1.3	+.2	−3.64

[1] Excluding transfers under military grants and expenditures in support of the U.S. Military Establishment abroad.

[2] Exports include domestic merchandise and reexports of foreign merchandise, excluding military grant aid. Imports are general imports and are shown on an f.o.b. basis.

[3] Excluding exports on U.S. Government account (i.e., those financed under AID loans and grants under Public Law 480) most of which do not give rise to dollar receipts. Agricultural products that are sold for local currencies under Public Law 480 add to U.S. holdings of such currencies abroad.

[4] Estimated dollar payments to foreign countries and international and regional organizations through U.S. Government grants and capital outflows. Figures do not include transactions involving no direct dollar outflow from the United States.

[5] Direct military expenditures abroad less receipts under military sales contracts.

[6] Includes private remittances, Government pension payments and other transfers, certain transactions in U.S. Government assets (other than official reserve assets and Government loans) and in foreign assets in the United States.

[7] Measured by increase in U.S. official reserve assets and decrease in liquid liabilities to all foreigners.

[8] Measured by increase in U.S. official reserve assets and decrease in liquid and certain nonliquid liabilities to foreign official agencies.

Note: Totals and subtotals may not add because of rounding of figures to billions.

Source: Survey of Current Business, June 1966 and March 1968.

FOOTNOTES

* Senator Russell Long, Chairman, Senate Finance Committee, "The Need for a Reappraisal of U.S. International Economic Policies," before Synthetic Organic Chemical Manufacturers Association, December 7, 1967.

[1] Available export figures do not equal available import figures. While all countries report exports on a f.o.b. (free-on-board) basis, most of them report imports on a c.i.f. (cost, insurance, freight) basis. The International Monetary Fund, which assembles world trade statistics on a country-by-country basis, adjusts the figures for such countries as the United States and Canada, which report imports on an f.o.b. basis, to include estimated insurance and freight for comparability with the import statistics of other countries. A discussion of this question will be found in this study in the section, "Measurement of Foreign Trade."

[2] John P. Young, *The International Economy*, Ronald Press (1963), Fourth Edition, page 309.

[3] Kenneth Younger, Director, Royal Institute of International Affairs, London, *Future of U.S. Foreign Trade Policy*, Hearings before the Subcommittee on Foreign Economic Policy of the Joint Economic Committee (July 11–20, 1967), Volume 1, page 138.

[4] Secretary of State Dean Rusk, "The Price of Protectionism," before the Senate Finance Committee, October 18, 1967.

[5] Oscar Gass, "Crusade for Trade," *The New Republic* (March 19, 1962).

[6] J. W. Culliton, "Foreign Trade Revisited," *Compendium of Papers on Legislative Oversight Review of U.S. Trade Policies*, Committee on Finance, United States Senate, Volume 2 (February 7, 1967), page 637.

[7] Senator Russell Long, Chairman, Senate Finance Committee: "The Need for a Reappraisal of U.S. International Policies," before Synthetic Organic Chemical Manufacturers Association, December 7, 1967; Memo-

randum, Senator Dirksen, Senate Minority Leader, on Need for Investigation and Public Hearings on Administration of Customs, Tariffs and Trade Agreements Legislation (February 15, 1967); *Compendium of Papers on Legislative Oversight Review of U.S. Trade Policy*, Committee on Finance, United States Senate (February 7, 1967), Volume 1, pages 59–63; Volume 2, pages 713, 717, 571, 605, 606, 619, 654, 697, 738; *Issues and Objectives of U.S. Foreign Trade Policy*, Compendium of Statements submitted to the Subcommittee on Foreign Economic Policy of the Joint Economic Committee (September, 1967), page 133; *The Future of U.S. Foreign Trade Policy*, Hearings before the Subcommittee on Foreign Economic Policy of the Joint Economic Committee (July 11–20, 1967), Volume 1, page 208.

[8] J. R. Meade, *The Balance of Payments*, Oxford University Press (latest printing, 1966), Volume 1, page 22.

[9] J. P. Young, *The International Economy*, Ronald Press (1963 edition), page 269.

[10] R. G. D. Allen, London School of Economics, and J. E. Ely, Bureau of the Census, U.S. Department of Commerce, *International Trade Statistics*, John Wiley & Sons, New York (1953), Chapter 5, "Valuation," by J. E. Ely and N. M. Petruzelli.

[11] *Compendium of Papers on Legislative Oversight Review of U.S. Trade Policies*, Committee on Finance, United States Senate (February 7, 1968), Volume 2, Page 717.

[12] Statement by John W. Hight, Executive Director, Committee for a National Trade Policy, *Compendium of Papers on Legislative Oversight Review of U.S. Trade Policies*, Committee on Finance, United States Senate (February 7, 1968), Volume 2, page 536.

[13] *Highlights of U.S. Exports and Import Trade*, U.S. Department of Commerce, December, 1967, page iv.

[14] Senator Everett Dirksen, "The Need for Investigation and Public Hearings by the Senate Finance Committee by Way of Legislative Oversight of the Administration of U.S. Customs, Tariff, and Trade Agreements Legislation," (February 15, 1967), page 2; Senator Russell Long, "The Need for a Reappraisal of U.S. International Economic Policies," before Synthetic Organic Chemical Manufacturers Association, (December 7, 1967), page 4; Dr. Roy Reierson, Senior Vice President and Economist, Bankers Trust Company, "The Federal Reserve in 1968—Point of View" (January 8, 1968), page 4; R. G. Wingerter, President, Libby-Owens-Ford Glass Co., *Compendium of Papers on Legislative Oversight Review of U.S. Trade Policies*, Committee on Finance, United States Senate (February 7, 1968), Volume 2, page 606.

[15] Statement by Dr. Harry P. Guenther, Dean, Georgetown University, School of Business Administration, *Compendium of Papers on Legislative Oversight Review of U.S. Trade Policies*, Committee on Finance, United States Senate (February 7, 1968), Volume 2, page 654.

[15] In this connection, see Statement by J. W. Culliton, *Compendium of Papers on Legislative Oversight Review of U.S. Trade Policies*, Committee on Finance, United States Senate (February 7, 1968), Volume 2, page 634; also, Statement of N. R. Danielian, President, International Economic Policy Association, *The Future of U.S. Foreign Trade Policy*, Hearings before the Subcommittee on Foreign Economic Policy of the Joint Economic Committee (July 11–20, 1967), Volume I, pages 205–207.

[16] Statement by Lawrence Witt and Vernon Sorenson, "Problems of Agricultural Products in World Trade," *Issues and Objectives of U.S. Foreign Trade Policy*, A Compendium of Statements submitted to the Subcommittee on Foreign Economic Policy of the Joint Economic Committee (September, 1967), pages 170, 171.

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[18] Statement by John A. Schnittker, Under Secretary of Agriculture, *The Future of U.S. Foreign Trade Policy*, Hearings before the Subcommittee on Foreign Economic Policy of the Joint Economic Committee (July 11–20, 1967), Volume 1, page 29.

[19] Statement of N. R. Danielian, President, International Economic Policy Association, *The Future of U.S. Foreign Trade Policy*, Volume 1, page 205.

[20] On this latter point, see J. P. Young, *The International Economy*, Ronald Press (1963), Third Edition, page 645.

[21] Lawrence Witt and Vernon Sorenson, "Problems of Agricultural Products," *Issues and Objectives of U.S. Foreign Trade Policy*, A Compendium of Statements submitted to the Subcommittee on Foreign Economic Policy of the Joint Economic Committee (September, 1967), page 172.

[22] Statement of John A. Schnittker, Under Secretary of Agriculture, *The Future of U.S. Foreign Trade Policy*, Hearings before the Subcommittee on Foreign Economic Policy of the Joint Economic Committee (July 11–20, 1967), Volume I, page 34.

[23] Statement of N. R. Danielian, President, International Economic Policy Association, *The Future of U.S. Foreign Trade Policy*, Hearings before the Subcommittee on Foreign Economic Policy of the Joint Economic Committee (July 11–20, 1967), Volume I, page 201.

[24] See discussion, *The Future of U.S. Foreign Trade Policy*, Hearings before the Subcommittee on Foreign Economic Policy of the Joint Economic Committee (July 11–20, 1967), Volume I, pages 39–64.

[25] Statement of John A. Schnittker, Under Secretary of Agriculture, ibid., page 33.

[26] See Executive Branch Statement, *Compendium of Papers on Legislative Oversight Review of U.S. Trade Policies*, Committee on Finance, United States Senate (February 7, 1968), Volume 1, page 335.

[27] Statement of William M. Roth, President's Special Representative for Trade Negotiations, *The Future of U.S. Foreign Trade Policy*, Hearings before the Subcommittee on Foreign Economic Policy of the Joint Economic Committee (July 11–20, 1967), Volume I, page 44.

[28] For further comment on this point, see *The Future of U.S. Foreign Trade Policy*, Volume I, pages 205–216; also, *Removal of Gold Cover*, Hearings before the Committee on Banking and Currency, House of Representatives (January 23, 25, 30, 31 and February 1, 1968), page 301.

[29] Howard S. Piquet, "Aid, Trade and the Tariff" (1953).

[30] W. Salant and B. Vaccara, "Import Liberalization and Employment" (1961).

[31] Judd Polk, United States Council of the International Chamber of Commerce, Inc., "U.S. Exports in Relation to U.S. Production Abroad," *Issues and Objectives of U.S. Foreign Trade Policy*, A Compendium of Statements submitted to the Subcommittee on Foreign Economic Policy of the Joint Economic Committee (September, 1967), pages 110, 111.

[32] Judd Polk, *Issues and Objectives of U.S. Foreign Trades Policy*, A Compendium of Statements submitted to the Subcommittee on Foreign Economic Policy of the Joint Economic Committee (September, 1967), page 113.

See also, Statement of William Diebold, Jr., "Future Negotiating Issues and Policies in Foreign Trade," Ibid, pages 15–16.

Also, Executive Branch Statement, "Evaluating the Effects of Direct Investment on Exports," *Compendium of Papers on Legislative Oversight Review of U.S. Trade Policies*, Committee on Finance, United States Senate (February 7, 1968), Volume 1, pages 373–380.

[33] Statement by George Ball, Assistant Secretary of State, *The Future of U.S. Foreign Trade Policy*, Hearings before the Subcommittee on Foreign Economic Policy of the Joint Economic Committee (July 11–20, 1967), Volume I, page 298.

[34] Statement by N. R. Danielian, President, International Economic Policy, *Removal of Gold Cover*, Hearings before the Committee on Banking and Currency, House of Representatives (January 23, 25, 30, 31, February 1, 1968), page 116.

[35] Data supplied by Dr. Howard S. Piquet, consulting economist. For elaboration of this point, see statement by Howard S. Piquet, "The U.S. Balance-of-Payments Deficit: Ailment or Symptom?", *Removal of Gold Cover*, page 127.

[36] Executive Branch Statement, *Compendium of Papers on Legislative Oversight Review of U.S. Trade Policies*, Committee on Finance, United States Senate (February 7, 1968), Volume 1, page 324.

[37] See, in this connection, discussion between Judd Polk and Congressman W. E. Brock, *Removal of Gold Cover*, Hearings before the Committee on Banking and Currency, House of Representatives (January 23, 25, 30, 31, February 1, 1968), pages 227–228.

"Mr. BROCK. Mr. Polk, first off, would you say again, what was our total investment overseas?

"Mr. POLK. We estimate it is around $115 billion. When I say 'estimate', we have a fairly firm basis through 1965, that this has been updated by inspection.

"Mr. BROCK. What is the output, the production output, the sales of those investment overseas?

"Mr. POLK. I estimate that at $165 billion, currently, with the proviso that there is a large possible margin of error in an estimate based on what we know about manufacturing concerns, which represent only about a third of total direct investment abroad, and about one-sixth of the grand total investment. Nonetheless, I think this is a fairly good figure.

"Mr. BROCK. That would be the gross international product on an annual basis?

"Mr. POLK. Yes. I wouldn't want to overdo the analogy. It is not operated like a country. This is cooperative production, scattered around the world. But in magnitude, it is in that order.

"Mr. BROCK. What are the profits on those investments (Polk estimated $115 billion. Also estimated sales of investments or production abroad at $165 billion, although this is subject to large possible margin of error) on that production or sales, or provisions of services?

"Mr. POLK. By and large, 10 per cent is a fair figure.

"Mr. BROCK. You are talking about $16.5 billion. Of this, the annual return to this country is something in the neighborhood of $6 billion?

"Mr. POLK. That is correct.

"Mr. BROCK. So we are reinvesting $10 billion a year from our profits overseas?

"Mr. POLK. Probably.

"Mr. BROCK. In addition, we are also investing around $4 billion from this country a year, aren't we? What is the capital investment out?

"Mr. POLK. Around 3½ now, in direct investment.

"Mr. BROCK. So we have 10 over there, plus 3½—$13.5 billion per year now on those investments. That is $13.5 billion. If we get a 10 per cent return, that would mean close to $1.5 billion net profit we would make next year on the investments we are going to make this year?

"Mr. POLK. Yes, sir; counting only the profit on new investment. Total earning on all our investment would be 10 times that amount. And profits repatriated are currently in the range of $6 billion a year."

[38] *Compendium of Papers on Legislative Oversight Review of U.S. Trade Policies*, Committee on Finance, United States Senate (February 7, 1968), Volume 2, page 458.

[39] Judd Polk, "U.S. Exports in Relation to U.S. Production Abroad," *Issues and Objectives of U.S. Foreign Trade Policy*, A Compendium of Statements submitted to the Subcommittee on Foreign Economic Policy of the Joint Economic Committee (September, 1967), page 112.

[40] *Survey of Current Business*, U.S. Department of Commerce (November, 1966), page 7.

[41] See discussion, *Removal of Gold Cover*, Hearings before the Committee on Banking and Currency, House of Representatives (January 23, 25, 30, 31, February 1, 1968), page 227.

[42] Judd Polk, "U.S. Exports in Relation to U.S. Production Abroad," *Issues and Objectives of U.S. Foreign Trade Policy*, A Compendium of Statements submitted to the Subcommittee on Foreign Economic Policy of the Joint Economic Committee (September, 1967), page 113.

[43] *Survey of Current Business*, U.S. Department of Commerce, (November, 1966), page 7.

[44] Dr. Gottfried Haberler, Professor, International Trade, Harvard University, "Reflections on the U.S. Balance of Payments," *Manufacturers Hanover Trust Company Bulletin* (March, 1968).

[45] Howard S. Piquet, *Removal of Gold Cover*, Hearings before the Committee on Banking and Currency, House of Representatives (January 23, 25, 30, 31 and February 1, 1968), page 123.

[46] Judd Polk, "U.S. Exports in Relation to U.S. Production Abroad," *Issues and Objectives of U.S. Foreign Trade Policy*, A Compendium of Statements submitted to the Subcommittee on Foreign Economic Policy of the Joint Economic Committee (September, 1967), page 109.

[47] Press release, Department of Commerce, Washington, D.C., May 14, 1968.

HOWARD SAMUELS DISCUSSES SOCIAL PROBLEMS

HON. HERBERT TENZER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 21, 1968

Mr. TENZER. Mr. Speaker, since his appointment as Under Secretary of Commerce in November 1967, Howard Samuels has distinguished himself both in the Commerce Department and in public speeches on timely issues to groups of businessmen across the country.

I have had the privilege of knowing Howard Samuels for the past 6 years and he is clearly a public servant who is concerned about the present welfare and the future direction of the Nation.

Recently Under Secretary Samuels commented on pressing social problems in an article appearing in the Wall Street Journal of May 28, 1968.

Under unanimous consent, I insert at this point the views of my fellow New Yorker whose hopes for a better America and a better life for every American I share:

IS THE ANSWER "MORE PUBLIC SPENDING"?

(By Howard J. Samuels)

The poor people's camp-out in progress in the nation's capital is dramatizing the central question of American life today—whether the country is doing as much as it can without jeopardizing the soundness of the economy on which all progress depends.

The "moral" case for investing more of the nation's wealth in public needs—education, training, health, housing, pollution control—is so apparent that few would disagree.

But many who admit the moral case argue that spending more for such purposes would be bad economics. It would aggravate inflation, weaken the dollar, stunt economic growth, and in the long run kill the goose that lays the golden eggs. Is this true?

As the poor people were staking out their huts on the Mall the Commerce Department was reporting that the gross national product for the first quarter—the measure of the nation's new wealth—had increased by a record $20 billion. Clearly to me the nation is suffering a case of economic schizophrenia—rising private affluence and mounting public need. It is time to examine how the nation's wealth is being used, and whether the "mix" between private and public spending is right.

We have fallen into the trap of praising private spending as economic virtue—no matter what the money is spent for—while condemning public spending as "wasteful." Air-conditioning convertibles is considered progress, while funds for Head Start are cut back as a luxury we cannot afford.

The U.S. runs the risk of starving the public investment, in people and resources, on which much of our future economic growth depends:

We spawn new industries that need more and more skilled people, while a fourth of the population drops out of high school before graduation.

The "help wanted" columns grow longer with offers of technical jobs, while the welfare lists grow longer with names of people who don't qualify for those jobs—but could.

We buy more and more portable TV sets to take to the beach—only to find that the water is too polluted for swimming.

PUBLIC COST

Answers to these contradictions must be found. And while "more spending" is not the answer by itself, it is self-deluding to pretend that our public and human needs can be met without public cost.

Simply spurring the economy on to greater growth each year will not solve the problems of the cities if the greater proportion of the new wealth continues to be poured into motor boats, electric carving knives and costume jewelry—while the cities decay—and while millions of people remain under-educated—and unmotivated.

Nor will "turning the problem over to free enterprise" solve it. Private business can and should play a much more significant role, but it should not be expected to educate and motivate four-year-old ghetto kids at its own expense any more than it should build missiles at its own expense.

It is devastating to hear so much of the political dialogue turn on how much spending should be cut, not just today but in the future, while public problems deepen. After the Vietnam war, the argument goes in some quarters, taxes should be reduced a little each year as the means of stimulating growth. There is very little analysis of what kind of growth, growth for what, or even whether that really is the route to growth.

In 1964 we cut taxes in the interest of stimulating the economy, of eliminating the "fiscal drag." And the idea has proved to be valid. But we did not give enough thought to keeping taxes where they were and stimulating the economy by investing more in public needs. It was argued that higher spending instead of a tax cut would have been politically unacceptable; Congress would never have approved. And that may be right. That is why it is important to begin a new discourse on what our priorities for the future will be.

The time has come to turn the dialogue around, to examine in depth the trade-off in both economic and human terms between future tax cuts and more public investment. The time is coming when that kind of choice will be upon us.

We will have some critical choices to make: Cut taxes and spend our incomes for whatever extra luxuries we wish, or invest more for some of the things we cannot buy as individuals—schools, parks, education of the disadvantaged, economic re-development of decaying areas.

Increasingly the evidence of recent years has pointed to the impressive economic gains from investment in human development. They are harder to measure than investment in steel and concrete, but just as real.

Estimates by some of our experts conclude that about half the growth in output in the last 50 years has come from investments in education, training and health.

Improved education in the past few decades has raised the average quality of labor by a third—quality that is translated daily into higher production.

Or look at the investment in health, in purely economic terms. Since the turn of the century the increase in life expectancy has enlarged the work force by 25%.

The future capacity of this country to produce will depend more on developing "human capital" than on striving for new peaks of affluence. The examples of Germany and Japan have offered striking evidence of the economic importance of human capital. They rose from ashes to affluence in less than 20 years. Their greatest asset: an educated, motivated population.

This country can no longer afford the waste of slums and ghettos. A society cannot expect to prosper indefinitely bedded in social tension so deep that it erupts into riots as predictable as summer. But in more specific terms, society needs the productive capacities of these people as much as they need the help of society.

Few economic analysts fear, as they once did, that automation will flood the country with unusable manpower. The foreseeable problem is one of finding enough qualified people for the more demanding jobs.

A recent Government study predicted that in the decade ending in 1975 employment would grow 26%. The greatest growth will be in jobs calling for higher levels of education. White collar jobs are expected to grow 38% while blue collar jobs grow 17%. Plain laboring jobs will grow scarcely at all.

We have enough experience with manpower training and retraining now to know that a high percentage of those unemployed or under-employed can be fitted for existing jobs. There is some delay on the return, and some waste in the process; but the return when it comes in is manifold.

A man or woman salvaged from idleness and welfare creates a double economic benefit. By earning his own way he saves the public the $2,500 it costs to keep a family of four on welfare, and at the same time contributes $6,000 to the gross national product by his earnings.

RISK OF SLOWING

The argument is often made that a dollar spent in the public sector does not have the same economic "impact" as a dollar spent on a car, TV set or groceries. Thus diverting funds to public purposes risks slowing the rate of economic growth.

That could happen, to some extent, if the spending were managed badly. But it need not.

Growth is dependent on the increase of markets for our output, on the ingenuity of businessmen and their alertness to new opportunities. It is dependent also on maintaining investment incentives in the business community and a steady improvement in the productive quality of the labor source. None of these forces for growth need be undermined by a prudent shift of some of our extra annual output into public investment.

It would not reduce markets as a whole. Whether a dollar is spent by a private con-

sumer or by the government, the end is still the purchase of goods. A dollar spent for teacher training is promptly transformed into purchasing power by the recipient. However spent, the money still ends up in the cash registers of the private sector.

On top of that, if public spending helps bring into the main stream of the economy—and into the mass market—those people now on the fringes it creates a new source of demand to fuel business growth.

And business incentive would certainly not be shot down by the kind of marginal extra taxes required; it is not that fragile.

The whole conception of "more public spending" is too easily dismissed in boom times like these as being inflationary. It would be, of course, without taxes to pay for it.

But there is nothing inflationary about channeling an increased proportion of national spending into the public instead of the private sector. Quite the contrary. Properly used, public spending can help combat inflation.

Certain sectors of the economy—like construction, medical services—contribute more than their share of inflationary pressure because demand for these services outstrips supply. Funds spent to develop workers and build factories, or foster technological advance, would alleviate the pressure.

Can the U.S. afford to spend more than it does for public needs without taking a cutback in the standard of living? Clearly it can—as long as the economy can be kept growing as well as it has so far in this decade.

We have been growing at an average rate in real terms of almost 5% a year. This growth adds $35 billion of new wealth to the economy each year, more than the entire output of Sweden and Switzerland combined. Of that amount, some $20 billion is retained in added private affluence with the rest going to increase government spending or business investment.

EXTRA INVESTMENT

It takes about half of the $20 billion to keep the standard of living where it is, allowing for growth in population. If for just a few years the other $10 billion were devoted to extra investment in public needs, within five years the nation could have available $50 billion more each year for such purposes.

That would represent about a 50% gain over the amounts of wealth consumed in 1967 at all levels of government excluding defense; perhaps it would not even take that much to do the job. And if our investment proves sound, our future taxes will be less because of lower social costs and greater productivity.

How much extra taxes would it take? It is impossible to tell until future defense needs are known. But with the end of Vietnam, raising taxes just half way back to the level that prevailed before the 1964 tax cut—or keeping in force the 10% surcharge—would probably be enough. It should permit some continued rise in the standard of living and a budget reasonably in balance at the same time.

Spending by itself, of course, would cure few social ills. Doubling the money spent on education would not double the results if the money were simply pumped into the same stale system. Spending more in a welfare system as degrading as it is bureaucratic would not solve the problem of welfare. But funds used creatively—say, to rescue children from the cycle of poverty even before kindergarten—is something else. Government, with the aid of the best private experts, would have to analyze the problems in depth and plan its response intelligently. But that can be done.

Any corporation with the long-range interest of its stockholders in mind will pass up some of the dividends it could declare each year and invest for tomorrow. The nation must do the same.

TEN WEEKS AS POSTMASTER GENERAL

HON. THADDEUS J. DULSKI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 21, 1968

Mr. DULSKI. Mr. Speaker, our new Postmaster General, W. Marvin Watson, has been obtaining a fast baptism in the operation of the Post Office Department.

He discusses his early impressions in a guest editorial he has written for the June 26 edition of the Federal Times:

THE POSTAL SERVICE

(By Postmaster General W. Marvin Watson)

During the past weeks I have visited more than 30 postal installations and greeted almost 10,000 individual postal employes.

I wish I could somehow change that last figure to 711,000. For I would very much like to meet each one of you individually.

I can't do that, of course. But through this fine publication I can tell you what I would if I did have the chance to sit down with each of you.

Last week, when I spoke to the National Press Club, my host followed the tradition of joshing the speaker by mentioning that, as a deacon in the Baptist Church, instead of being sworn in as Postmaster General, I probably should have had a total immersion ceremony.

I didn't have the chance to tell him that I have been having one. In the 10 weeks since I became Postmaster General, I have been totally immersed in postal problems and challenges, sometimes a little too deeply for comfort.

But I think that is what makes this position such an important and exciting opportunity.

As I mentioned at that same Press Club luncheon, I have come to realize that the postal service is an overlooked cornerstone of democracy.

We of the postal system bear a major responsibility, as federal employes and as good citizens. I like to think of responsibility as an old-fashioned American virtue which, in the complex, dizzying pace of events today, is too often obscured or neglected—in our work and in our lives.

I would decry any disintegration of responsibility. I think we ought to learn again the necessity to care about others and to accept our share of responsibility for the world in which we live and the communities which we serve.

The postal employe is no less important in his role as an exemplary citizen as well as a good worker; he serves the public good as well by raising good children as by swift delivery of the mails.

My personal desire throughout my term as Postmaster General is to carry out the policies of President Johnson in the very best way I know how. I accept fully my responsibility toward the mail service and toward my country, and I invite all postal employees to share these responsibilities with me, in their own ways, in their own communities.

I have seen first hand the high quality of our postal workers. I know how well you can accomplish whatever task you dedicate yourself to. During my inspections of postal facilities I have been deeply impressed by the kind of talented, conscientious individuals who are my fellow postal workers. I feel certain that we have the personnel to carry out our responsibilities as we see them.

One of these involves our new regulations on the movement of firearms through the mails. The question of gun control is under consideration by Congress. Our new postal rules are the least we can do to assist with that effort, to help President Johnson and local law enforcement agencies everywhere prevent the indiscriminate, unwholesome traffic in lethal weapons.

Enforcement of these regulations will depend upon our postal employes, and I am certain that I can count upon your cooperation in the name of the common good which demands such action.

Another responsibility, one which I would like to reemphasize, is equal employment opportunity. I believe with President Johnson that all of us must share that commitment. We must see to it that every American has equal opportunity to education, to a job that suits his abilities, to a home of his choice and to the full life to which all Americans are entitled.

In this endeavor, I ask the cooperation of every American. I have requested that postmasters of first-class offices bear an even greater share of the load commensurate with their positions as federal installations heads and community leaders. But equal opportunity in its truest sense implies a universal responsibility, a participation by postmasters, employees and citizens alike.

I am convinced that more than anything it is the everyday practice of equal opportunity that has the greatest meaning. It must be a continuing consideration in the hearts and minds of us all.

POVERTY IS NOT ALONE THE PROBLEM OF THE POOR, BUT OF ALL PEOPLE, ARTHUR GODFREY DECLARES WHEN ADDRESSING SUBJECT OF PATRIOTISM

HON. JENNINGS RANDOLPH

OF WEST VIRGINIA

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1968

Mr. RANDOLPH. Mr. President, our good friend, Arthur Godfrey, in delivering a Memorial Day address in Carbondale, Ill., cogently discussed the changes in patriotism which have developed in our country. His comments were timely and perceptive.

This famous pilot, entertainer, and doer of good deeds recalled that, while a proud colorbearer of his Boy Scout Troop during participation in Decoration Day ceremonies in New Jersey, he noted that a service star flag was displayed in the front window of almost every home along the parade route. He deplored the tendency today not to manifest the same reverence and display of patriotism.

Referring with vigor to our commitment in Vietnam and to the sacrifices being made by our gallant soldiers, sailors, marines, and airmen there, Mr. Godfrey suggested that we take our cue from those young patriots and do our share to build a better world. In this sense, he said, we must realize that racism is not the problem of the minorities, but the problem of all people, and that poverty is not alone the problem of the poor but, indeed, is a problem of the well-to-do—a problem of all Americans.

In addressing graduating classes in West Virginia, I spoke of the task of the graduates' generation to seek to make a reality of our national aspirations for brotherhood and true racial equality. Much as the distinguished Mr. Godfrey said on the occasion of his Memorial Day

address, I noted that the call to brotherhood is really the call of patriotism, too. For so long as we deny to men and women jobs for reason of race or ethnic origin, each of us must live in partial want. So long as we deny a home on any street in any town or city for reasons of race or ethnic origin, each of us is denied spiritual fulfillment.

I say, too, that patriotism will be required as the generation of youth addresses the task of developing a more rational and a wiser approach to the use of our bountiful but not unlimited natural resources—in cleaning our streams and lakes—in purifying our smog-laden air—in reclaiming our eroded land—and in replenishing our depleted forests. All of these will be acts of patriotism.

Mr. President, I am one of Arthur Godfrey's admirers and one of his friends, who thoroughly appreciates the fact that our esteemed colleague from Hawaii [Mr. INOUYE] had the gentleman's thought-provoking and inspiring speech placed in the RECORD of Wednesday, June 19, 1968.

DIALOG ON COLLECTIVE BARGAINING

HON. WAYNE MORSE

OF OREGON

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1968

Mr. MORSE. Mr. President, a most interesting series of articles was published by the Christian Science Monitor last April and May, forming a "dialog" on collective bargaining by various leaders in industry, labor, and government. Many wise things—and some not so wise—were said by participants in this "dialog," and I commend these articles to Senators.

One of the wisest remarks, in my view, was made by Mr. Theodore Kheel, when he said:

> The best way to minimize strikes and reassure the public is by improving the bargaining process.

I know we all hope that labor and management will seek to do this.

I was struck also by the fact that all but one of the management leaders quoted in these articles defended the right to strike as a part of the collective bargaining process. With one exception, they opposed compulsory arbitration.

That is my position also. I have not changed. So long as WAYNE MORSE stays in the Senate, he will fight any attempt to fasten a system of compulsory arbitration into our labor laws.

I agree with quoted remarks of two prominent labor leaders in this newspaper "dialog." President I. W. Abel of the Steelworkers said:

> We would be hard put to find anything . . . that works as well as our free collective bargaining system. More than 95 percent of contract negotiations are resolved harmoniously without a strike or lockout. It would be tragic if this process, which generally works so well, is tampered with because of an occasional strike.

President P. L. Siemiller, of the Machinists, declared:

> Strikes are not typical of collective bargaining. Year in and year out, we reach peaceful settlements in 97 or 98 per cent of negotiations with thousands of employers, without the loss of a single hour's production. But strikes are necessary to collective bargaining. If the employer knows that his employees have no recourse—no right to strike—he has no reason to make concessions.

The public should be aware of these facts. They are the essential bedrock of the American system of labor-management relations. Yet we do face the problem of the occasional strike that causes wide disruption—the so-called national emergency dispute.

On this topic the Christian Science Monitor's "dialog" also offers some interesting thoughts. I note that the spokesman for the railroad industry, Mr. J. P. Hiltz, Jr., does favor a system of compulsory arbitration in that industry.

A spokesman for the railway brotherhoods, Mr. G. E. Leighty, chairman of the Railway Labor Executives' Association, offers what seems to me to be a more reasonable approach. Mr. Leighty is quoted as follows:

> We in railroad labor are well aware of the fear that a railroad strike would paralyze the national economy. But compulsory arbitration is not the answer. What's needed is some practical alternative that would avoid both economic paralysis and "Big Daddy" government compulsion to force private employees to work for less pay than they could win by their own free efforts.

Mr. Leighty, according to the Monitor, suggested three possible alternatives: First. Allowing national railroad strikes that would not interfere with the movement of freight essential to the national defense and public health. Second. If workers are barred from striking, seizure of the railroads and impounding of the profits pending a voluntary settlement. Third. Allowing strikes limited to a few roads, instead of all of them, to minimize the impact.

Of these alternatives, the third may be the most practical, though I would remind the Senate that several Presidents have in fact seized the railroads in the course of labor disputes.

The word "deescalation" has come into popular use in connection with the war in Vietnam. Perhaps the way to avoid congressional intervention in future railroad disputes would be to deescalate the size of any strikes—although the best answer, of course, is for the parties to settle these disputes at the bargaining table without a strike, as they have usually done.

I wish to comment briefly on a few other suggestions made in the Monitor's "dialog." One is the idea of a labor court to decide labor disputes. That is simply compulsory arbitration under another name; labor disputes cannot be straitjacketed into courtroom procedures. Another proposal is to outlaw industrywide bargaining or coordinated bargaining. The effect of that, as I see it, is simply to weight the scales of law against the employees and in favor of large corporate managements.

A third proposal is to put wage contracts under the antitrust laws. This harks back to the old 19th century notion that labor unions are a kind of conspiracy. It ignores the fact that the antitrust laws concern the manufacture and pricing of commodities. Unions are as much covered by them as industry is now proscribed by the antitrust laws.

The Clayton Act of 1914 specifically excluded the legitimate activities of labor unions from the antitrust laws with the declaration:

> The labor of a human being is not a commodity or article of commerce.

What was true in 1914 about the labor of a human being remains true in 1968, and I see no useful purpose in expanding the law to cover collective bargaining.

I ask unanimous consent that the text of the newspaper articles be printed in the Extensions of Remarks.

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

GOOD FAITH STRESSED—UPDATED BARGAINING FAVORED

(Experts in labor-management relations have been asked to respond to a recent Christian Science Monitor report on collective bargaining. Compiled by labor correspondent Ed Townsend, the first of a series of dialogues examines this question: "Is the collective bargaining process outmoded?")

Hard and potentially critical bargaining ahead in a number of major industries this spring and summer could send strike figures skyrocketing again this year.

New questions pop up about collective bargaining: Is it outmoded? Does it have a future—not just a past? Has it developed into massive power plays that serve to bring about major crises and government intervention?

In a recent interview in the Monitor, New York labor lawyer Theodore W. Kheel was asked whether he felt that the collective-bargaining process is doomed.

"No. Emphatically no," said Mr. Kheel.

However, he said that while he is convinced that there is no workable alternative to collective bargaining, he believes that the process can and should be improved.

Experts agree with Mr. Kheel that free collective bargaining is alive—and should be kept that way. But their responses to questions by this newspaper indicate differences of opinion about what should be done to preserve bargaining as a fair and reasonable way of handling labor-management relations:

Peter J. Pestillo, for the Chamber of Commerce of the United States:

"Free collective bargaining is the best device available to organized labor and management as a means of resolving differences. . . . But collective bargaining is in trouble. . . . Many union leaders seem to resort to strikes in order to prove their militancy. Rank and file rejections of settlements and union leaders have further handicapped free collective bargaining. Yet collective bargaining is worth saving. . . .

"Mr. Kheel has not offered what we consider the only solution. Unions have simply been allowed to grow too powerful. Add to this government interference on the union side . . . and our labor laws (that) favor unions. . . . To succeed, collective bargaining requires parties of comparable strength operating under the same set of rules. Today's double standard labor laws do not permit this. We believe they must be changed. . . . When the law begins to operate the same way for business and labor, collective, bargaining should work as we expect."

Arthur J. Goldberg, United States ambassador to the United Nations, former Secretary of Labor, before the counsel for AFL-CIO and the United Steelworkers:

"The state of labor-management relations is, by and large, good. It is only a myth that the basic relationship between management and labor is one of all-out conflict and that every agreement is a mere truce before the next battle.

"This hasn't always been so, but whatever changes may come in technology, in the labor force and in the organization of industrial production, I believe certain fundamentals will remain. Just as political democracy has survived vast social changes . . . so I expect that the fundamentals of industrial democracy will survive . . . and the nation will continue to depend primarily upon free collective bargaining as the best safeguard of the interests of workers, management and the public.

"But collective bargaining is not a tidy, logical system. No system can possibly be tidy and logical which depend essentially upon a freely negotiated compromise between opposing principles."

Ambassador Goldberg concluded, in "personal views," that the fact management and labor are able to do this "with almost monotonous regularity, however illogical the results may often appear, is one of the greatest strengths of our free American system."

J. W. Keener, president, B. F. Goodrich Company:

"I would certainly agree that collective barganing is not dead. On the other hand, I think it should be recognized that the collective bargaining process is in real danger of being severely undermined by some current trends and events. Of these, I believe the most serious . . . is the callous disregard on the part of too many union leaders for the total responsibilities which parties to any collective barganing negotiations must share."

Carl Hageman, vice-president, Union Carbide Corporation:

"The labor crisis today does not result from a failure of the collective bargaining process. Rather, it results from the excessive power of labor unions to magnify the impact of infrequent breakdowns in this process and to achieve inflationary settlements. Responsibility for these developments lies not only with certain unions but with the National Labor Relations Board and the courts."

William F. May, chairman, American Can Company, chairman of the National Association of Manufacturer Industrial Relations Committee:

"Where a labor-management relationship exists, free collective bargaining is the best method for determining wages, hours, and working conditions compatible with democratic ideals and the most effective utilization of our manpower resources."

Mr. May quotes NAM: "Despite occasional breakdowns, the collective-bargaining process has been an important stabilizing influence in our industrial system."

Mr. May: "The basic crisis today . . . is that just those agencies of government which should be promoting collective bargaining, as contemplated by Congress, are working at cross-purposes with that objective. Rather than promote collective bargaining, the National Labor Relations Board (NLRB) and the courts have too frequently promoted unions and unionism."

Peter Bommarito, president, the United Rubber Workers:

"A campaign to destroy the democratic process of free collective bargaining—and therefore to undermine the wages and benefits of workers—now is under way. In certain instances employers have invited or provoked strikes. . . . Companies banded together in mutual assistance pacts sabotage free collective bargaining. . . . Pessimistic about the future of free collective bargaining, the companies advocate passage of laws that would, in effect, hamstring the free collective bargaining process.

"We have faith in free collective bargaining. . . . It works but it requires goodfaith bargaining. It is our joint responsibility to make it work. . . . Collective bargaining must become more than a few weeks of meetings just before the contract deadline."

Sen. Robert F. Griffin (R) of Michigan:

"I believe the time has come when we should establish a joint bipartisan committee on industrywide bargaining (in Congress) with a specific mandate to review and recommend revisions of laws relating to industrywide collective bargaining and industrywide strikes and lockouts. . . . In this decade, we have seen industrywide bargaining, and the awesome consequences of industrywide strikes, evolve into the nightmare of the American economic structure. . . . National paralysis can set in when a labor-management dispute involves not merely one employer and his workers—but all or most of the employers and unions representing the workers in an entire industry."

The Rev. Benjamin L. Mass, associate editor, America:

"Collective bargaining . . . is clearly preferable to the only available alternatives: compulsory arbitration (which means ultimately government dictation) and unilateral decisionmaking by employers."

P. L. Siemiller, president, International Association of Machinists:

"If collective bargaining is going to succeed, both the labor side and management must be strong and effective. . . . Both must believe in free collective bargaining—with all its inconveniences—if we believe in our own peculiar American-type free enterprise system. It's even more important than making the railroads run on time," a reference to congressional action that required compulsory arbitration to avoid a railroad strike.

Sen. Jacob K. Javits (R) of New York:

"I have faith in free collective bargaining as an institution. I also believe there can be no such thing as free collective bargaining without the right to strike and the correlative right, on the part of management, to take a strike rather than accept a proposal when it is unwilling to do so."

Mr. May: "Collective bargaining is the best mechanism through which differences can be settled and objectives obtained by both management and labor. . . . The principal problem . . . is that in many, if not most, instances true collective bargaining can exist only when the economic and punitive powers of the two parties are approximately equal and the results of disagreement affect each party with equal adversity. Today, union power which has increased over the past three decades and which has been supported by the prounion decisions of the NLRB and the courts, prevents collective bargaining from occurring.

"I believe that collective bargaining should be preserved and that we should not resort to compulsory arbitration, government seizure, factfinding committees or the ad hoc 'arsenal of weapons' approach suggested by Mr. Kheel. I believe that a balance of power must be restored and this will be done only through basic labor law reform and the curtailment of powers of NLRB."

Howard Jensen, vice-president and general counsel, Lone Star Steel Company:

"As an employer adviser on the U.S. delegation to the International Labor Organization in Geneva in 1966 and 1967 . . . it was appalling to me to learn how widespread is the acceptance of government compulsion in one form or another in fixing the economic relationship between employers and workers."

Virgil Day, vice-presdient, General Electric Company:

"Mr. Kheel's articulate comments on collective bargaining give a good longer range perspective if we can solve some of the current problems—but the question of whether collective bargaining will survive I think remains. I am with Mr. Kheel when he defends free collective bargaining, as opposed to compulsory arbitration and the like, but I suggest his position is not nearly responsive enough to the very real public concern over repeated strikes and public inconvenience—too often followed by public-harming and excessive settlements feeding inflationary fires.

"We do need to save collective bargaining. But we will not save it if the public patience is much further strained. We need to find new answers within the framework of free collective bargaining (and) develop new resourcefulness responsive to the institutional needs of the parties and the requirements of the public."

I. W. Abel, president, United Steelworkers of America:

"We would be hard put to find anything . . . that works as well as our free collective bargaining system. More than 95 percent of contract negotiations are resolved harmoniously without a strike or lockout. It would be tragic if this process, which generally works so well, is tampered with because of an occasional strike."

Sam Zagoria, member, National Labor Relations Board:

"I second most of Ted Kheel's thoughts on the value, indeed the indispensability, of collective bargaining as the heart of healthy industrial relations. I agree, too, that it can and should be improved. . . . The public should be given an increased opportunity to affect settlements, not by direct advocacy at the bargaining table but by the molding and mobilizing of public opinion in cases where the parties have not been able to adjust their differences."

J. P. Hiltz Jr., chairman, National Railway Labor Conference, the industry bargaining association:

"I don't think the collective bargaining process is outmoded; I don't think that compulsory arbitration has to be anathema to free society, as Mr. Kheel says it is; and I don't condone using the settlement of labor disputes as a testing ground for the philosophical theories of third parties. . . . There are instances where collective bargaining cannot provide the proper solution to a dispute . . . where the bargaining strength of one party to the process so outweighs that of the other party as to make the reaching of an equitable settlement impossible—especially when the stronger party employs its strength in a ruthless effort to obtain an unwarranted advantage.

"If the railroad unions elect to employ the advantage of strength which they bring to the bargaining table in a ruthless manner in order to obtain an unwarranted advantage—as some of them have—will collective bargaining, backed up by the right to strike, work?

"The answer, of course, is that it will work only if management accedes to all demands, which obviously is not in the public interest, and signs its own financial death warrant in order to forestall a possible demise through strike action. This type of labor-management process is not collective bargaining: It is coercive settlement.

George H. Hildebrand, professor, New York State School of Industrial and Labor Relations, Cornell:

"Is the collective bargaining process outmoded? I agree that the answer is emphatically no. In essence, collective bargaining is the use of collective representation to write the rules of the employment relationship on a private basis. If the system could be abolished, it would have to be supplanted by a great deal of detailed federal and state regulation in the same field, and this would be undesirable for many reasons."

Joseph A. Beirne, president, Communications Workers of America:

"I believe that the process of collective

bargaining may be on the threshold of significant evolution. Many of our industrial problems, because of the very complexity of their composition, are moving away from the confines of the work place. They are blending with the problems of the vast urban area. . . .

"As our environment deteriorates under the assaults of a heavily populated industrial society, the buying power of a 15-cent wage increase may appear less attractive to workers than an atmosphere that can be breathed without coughing or a water supply that can be drunk. . . . It is very clear that the collective bargaining process is going to be changing."

J. P. Hiltz, Jr., National Railway Labor Conference:

"I think the tendency to regard labor disputes as areas in which theories of philosophy and salesmanship and feats of illusion and enchantment can be practiced or tried out should be avoided to every extent."

Mr. Kheel:

"Even members of the so-called intellectual community seem to want to find a substitute for collective bargaining. They find it unsystematic and inefficient, cardinal offenses to an orderly mind. The search for an alternative has severely damaged the image of collective bargaining. It has obscured the fact that collective bargaining is the most successful example of how conflicts between groups of people can best be adjusted. In my opinion, there is no workable alternative to collective bargaining in a democratic society."

PUBLIC INTEREST STRESSED, TOO—RIGHT TO STRIKE HELD BASIC TO BARGAINING

(Experts in labor-management relations have been asked to respond to a recent interview in The Christian Science Monitor on collective bargaining. Compiled by labor correspondent Ed Townsend, this second in a series of dialogues examines the question: "Should something be done to eliminate strikes?")

Prolonged, costly strikes have increased public demands for legislative or other measures to eliminate walkouts that today may hurt the public.

In a recent interview in this newspaper New York labor lawyer-mediator-arbitrator Theodore W. Kheel described a strike or lockout as "indispensable" to free collective bargaining. He said that the possible losses involved on both sides are "the most effective strike deterrent ever devised."

Not everybody agrees with Mr. Kheel on the strike issue:

Howard Jensen, vice-president and general counsel, Lone Star Steel Cement:

"The right to strike is indispensable to free collective bargaining. However, the right should not be without its risks. The employer must retain his right to keep his plant open and continue to operate. Barriers to the exercise of that right should be removed."

George E. Leighty, chairman, Railway Labor Executives Association, the railroad union group:

"There is no substitute for the right to strike. . . . One big reason why railroad workers lag in pay and working conditions is that the government refuses to allow a national railroad strike. The fact destroys the railroad companies' incentive to bargain."

J. P. Hiltz Jr., chairman, National Railway Labor Conference, the industry group:

"The railroad industry is a prime example of the imbalance of strength between bargaining parties. Railroads are and have been one of the financially weaker industries. . . . They therefore are less able to stand a strike than some industries and they are less able to overcome increased wage costs as easily as some industries do by raising prices. . . .

"Even if they wanted to take a strike, it is almost certain that the government would seize their properties. . . . Management's strength in railroad labor disputes is severely limited by economic and regulatory considerations. . . . Recent experience underlines the importance of a permanent system for final determination of disputes which cannot be equitably resolved in normal collective bargaining. . . . Such a system would be as effective in promoting collective bargaining free of a crisis atmosphere and political pressures as some think the unrestricted right to strike would be." (Railroad labor and management are exploring new ways of dealing with vital issues "far removed from the pressures of the bargaining table.")

Virgil B. Day, vice-president, General Electric Company:

"The main source of public agitation now is basically that the strike has become a weapon which injures the public more than management or the enterprise at which it is ostensibly directed. Management never welcomes a strike, but basically management is willing to pay the price of free collective bargaining and is more concerned over what alternatives might be imposed if the public gets fed up with strikes and blows the whistle.

"What we need basically are measures which would preserve the strike but limit its impact to the enterprise and the management against which it is directed, protecting the public. . . . One basic way of limiting the impact of strikes on the public would be to deescalate the score of bargaining impasses.

"If this is true, the rise of such new approaches as coalition bargaining, like the old one of industrywide bargaining, go precisely the wrong direction. . . . An additional safeguard should be to provide employees with safeguards that enable them to register their views on vital decisions, such as whether to strike."

Sen. Jacob K. Javits (R) of New York:

"In a democracy, there is no such thing as an absolute right. . . . The right to strike or to accept a strike must be subordinated when, but only when, an activity directly required by the nation is involved. . . . Last summer, during the railroad strike, I felt that it was shocking that the country could be in such a predicament without any permanent legislation on the books to deal with the situation."

The Rev. Benjamin L. Masse, associate editor, America:

"I think the warlike aspects of strikes and walkouts are overly deemphasized [by Mr. Kheel]. The suffering often associated with a strike, for the innocent public as well as for strikers and their families, is very real, as are the bellicose passions aroused."

Carl Hageman, vice-president, Union Carbide Corporation:

"International unions . . . have been pursuing different courses of action [industrywide, areawide or coalition bargaining] leading to enlargement of the impact area of their collective bargaining. . . . The results have been bigger and bigger strikes or threats thereof, accompanied by an enlarging impact on the national economy and serious public inconvenience or true national emergencies."

Sen. Robert P. Griffin (R) of Michigan:

"The basic right to strike should be preserved in the private sector, but we must strive to minimize the use of the strike and to develop other, more civilized methods of settling economic disputes. . . . Congress and the government should move in the direction of finding new substitutes for the strike and the lockout—substitutes which are fair and in the public interest."

William F. May, chairman, American Can Company and chairman of National Association of Manufacturers' Industrial Relations Committee:

"The right of the parties to reach a voluntary agreement requires acceptance of the fact that failure to reach the agreement may result in a strike or lockout. This possibility and its attendant inconvenience are part of the price we must pay for the maintenance of responsible collective bargaining."

Charles Cogen, president, American Federation of Teachers:

"Collective bargaining is at the heart of the democratic process as it applies to labor-management relations [and] collective bargaining without the possibility of strikes is meaningless—the collectivity of employees must have the right to say 'no' at the crucial time . . . or else they are unquestionably at the mercy of the employer."

P. L. Siemiller, president, International Association of Machinists:

"Strikes are not typical of collective bargaining. Year in and year out, we reach peaceful settlements in 97 or 98 percent of negotiations with thousands of employers, without the loss of a single hour's production. But strikes are necessary to collective bargaining. If the employer knows that his employees have no recourse—no right to strike—he has no reason to make concessions. . . . He risks nothing by giving negative answers to every union proposal."

"The more free collective bargaining is undermined through strikebreaking legislation, the more government is going to directly regulate other aspects of the employer-employee relationship. . . . It is impossible in the long run to limit the rights of workers without limiting the rights of management. It is but a short step from government determination of wages, hours, and working conditions to government determination of prices, profits and production."

William K. Zinke, vice-president for industrial relations, National Association of Manufacturers:

"The rising tide of strikes—41 million man-days lost during work stoppages in 1967—underscores the need for labor-law reforms to redress the imbalance of power between management and labor at the bargaining table [and] alleviate a crisis in labor relations."

Among other things, Mr. Zinke said NAM proposes: "The law should set specific standards to prevent secondary boycotts, product boycotts, and all forms of collusion, coalitions, and other subtle combinations by which unions representing the various units of employees seek to bargain jointly. All further union efforts to expand the scope of conflict and to centralize bargaining power should be rejected."

William E. Simkin, director, Federal Mediation and Conciliation Service:

"There's a general notion that when something goes wrong, 'There ought to be a law.' But laws don't always solve the problems. The simple fact is, there is no panacea in this business. Sometimes we just have to suffer through it."

I. W. Abel, president, United Steelworkers of America:

"The time lost in industrial disputes last year [1966] totaled less than two-tenths of 1 percent of total man-hours worked. . . . Picture the height of the Washington Monument as total time worked and the length of a lead pencil as time lost by strikes."

William E. Simkin, FMCS:

"The average time lost in strikes is one day per worker for more than two years of work. You do a lot worse than that because of colds."

Joseph A. Beirne, president, Communications Workers of America:

"The strike threat can be a most satisfactory method of causing even the most secure and complacent of industrial-relations vice-presidents to roll up his sleeves and work a little harder at the job of seeking a more satisfactory settlement."

For unions, Mr. Beirne says, "In this increasingly automated age, the question is how to protect the collective-bargaining process, in which the right to strike is essential, in industries whose technology be-

comes ever more strike-proof. In CWA, we have developed a concept of collective bargaining with a 365 days a year basis . . . to transcend the crisis of deadline negotiations."

Sam Zagoria, member, National Labor Relations Board:

"The scale of bargaining has been growing—both parties have moved toward big company, big union, multiemployer and, occasionally, multiunion confrontations. Thus the gentle ripples created by a small-company-one-union dispute have now grown to become more like huge waves carrying along in their wake not only massive numbers of workers and management, but also a string of suppliers, transporters, distributors, retailers, bankers, local and state governments, local businesses depending on worker spending, and thousands and thousands of stockholders throughout the country.

"And then there's the public generally. . . . The impact thus often escalates from a relatively private matter between two parties, more and more toward a matter of public interest. . . . I suggest that when the parties cannot agree we . . . concentrate on facts about the dispute . . . on comparable wages in comparable industry, comparable wages in similar jobs requiring the same amount of education, training, or license, company profits and future prospects, the gain in productivity . . . the increase in the cost of living for example. . . . This alone would not be the cure-all for the varied problems besetting as dynamic and competitive a process as collective bargaining, but it might be a helping hand in those cases where assistance is clearly essential."

George H. Hildebrand, professor, New York School of Industrial and Labor Relations, Cornell:

"Are strikes economic warfare? Of course they are, for the purpose of any strike is to impose loss, directly upon the employer and indirectly upon his customers. However, not all strike issues involve economic questions.

"In principle, collective bargaining must include the possibility of a shutdown, either through strike or lockout. The prospective losses to each side are one of the factors that brings them to agreement.

"However, this view puts great emphasis upon an exchange relationship in collective bargaining, and overlooks the possibility of developing other forms of sanctions that do not involve a shutdown. Moreover, public policy must contemplate situations in the private sector in which shutdowns cannot be permitted. . . . Collective-bargaining rights are already limited under law in many different ways. Clearly there can be situations in which continuity of productive operations takes precedent over the right of the parties to engage in economic warfare.

"The question is: How do we define these exceptions? Mr. Kheel would do it on the basis of whether human life or national security is at stake. I would use a somewhat broader definition that would center upon the losses to third parties as against those accruing to the primary parties themselves."

Harold S. Roberts, professor and director of the Industrial Relations Center, University of Hawaii:

"Other measurements are at least as valid as strike figures in judging the effectiveness of a nation's industrial-relations system. They should be considered before swallowing compulsory arbitration or any other 'instant peace' capsules to solve labor-management problems."

Theodore W. Kheel:

"When the public is discommoded by a strike, it is going to be disturbed regardless of the merits. It is not strange for the public to want to be assured that such strikes will not take place. Yet what the public is actually asking for is an alternative to collective bargaining since collective bargaining cannot take place without the possibility of a strike or lockout. . . . The only way to minimize strikes and reassure the public is by improving the bargaining process—not by replacing it."

NEED DEBATED ON CHANGES IN U.S. LABOR LAWS

(Experts in labor-management relations have been asked to respond to a recent Monitor report on collective bargaining. Today's discussion, third in the series of resulting dialogues compiled by labor correspondent Ed Townsend, examines the question: "What about federal labor law changes?")

Sharp sniper fire is aimed at the Taft-Hartley and Railway Labor Acts. It could explode into political issues in the national elections this year.

Fusillades might be heard if there are serious steel or aerospace walkouts. But specific suggestions for changes in both acts have not yet been offered by the administration.

Theodore W. Kheel, authority on management-labor relations, said recently in an interview with The Christian Science Monitor that existing laws are adequate and that Congress has shown its ability to act effectively if present safeguards fail.

But he suggested that the right of management and labor to bargain collectively should be subordinated where human life or national security is at stake.

"The best way to minimize strikes and reassure the public is by improving the bargaining process," he stated. "The American Foundation on Automation and Employment, Inc., founded by labor and management in 1962, is establishing an Institute on Collective Bargaining . . . in New York City. It will have two primary objectives: to make collective bargaining work better, because obviously there is room for improvement, and to give the public a better understanding of how it operates and why it is so important to our society."

Ideas from experts who agree and disagree with Mr. Kheel follow:

Bernard Cushman, special assistant to the general counsel, National Labor Relations Board:

"The level of public tolerance of strikes of any kind is low. And in national-emergency disputes or local-emergency disputes, public impatience is acute. A paradox is found in the desire for continued adherence to private decisionmaking in a free economy, a process which includes free collective bargaining, and the mounting public desire to preclude crippling strikes in important labor-management controversies.

"The President and his task force of experts have admittedly failed in their efforts to find better legislative solutions. . . . I believe that it is clear beyond a doubt that the public has determined that if the parties cannot solve major labor disputes peacefully, the public will insist on their resolution by compulsion. . . .

"Experience has show that collective bargaining just does not take place where one party or the other feels it has an advantage in awaiting dispute determination by a tribunal. The dispute becomes unduly protracted. It turns from collective bargaining into an off-beat kind of litigation. . . . There is no magic in the term 'jurisprudence' which would be of assistance in solving national or local-emergency disputes . . . a labor court is not the answer.

"(But) we need to develop something more than mediation and the 80-day Taft-Hartley injunctive provisions if the clear and present danger of further legislative curtailment or prohibition of the right to strike or lock out is to be eliminated. . . . I believe that 'something more' is to be found in the development of private procedures (such as) voluntary arbitration."

Howard Jensen, vice-president and general counsel, Lone Star Steel Company:

"So long as the political decision is to permit big labor to close entire industries, we will have pressure for national antistrike safeguards. Only when the size of the bargaining is reduced to companywide or plantwide will the public cease to view each strike as a national emergency. . . . There have to be some limitations on collective bargaining. We should not countenance nationwide coalition bargaining . . . with a general strike as the end result. . . . I think the same reasoning applies to industrywide bargaining and strikes."

Joseph A. Beirne, president, Communications Workers of America:

"It is inevitable that the new trend of coordinated multiunion bargaining will be an increasingly important factor in collective bargaining in an era when big corporations are spreading their fields of operation over the entire economy.

"I am disturbed by suggestions that bargaining should be limited, and proposals that go so far as to suggest that unions should be brought under antitrust laws. If it is not a violation of antitrust laws for a company to expand its wings, I do not believe any right-minded person can believe that antitrust principles are violated when unions cooperate to bargain effectively with this kind of company."

Sen. Jacob K. Javits (R) of New York:

"Whatever law is adopted should not inhibit free collective bargaining, but should strive to promote it. It is for this reason that I as well as many others in both labor and management oppose compulsory arbitration."

J. W. Keener, president, B. F. Goodrich Company:

"The most important step that needs to be taken in the very near future . . . is a major overhaul of federal labor legislation. There is a very real need to establish a proper balance of bargaining strength between labor and management which will bring both sides to the bargaining table under the same set of rules and will help to assure, on the part of all parties concerned, a proper sense of responsibility to the social and economic institutions which make free collective bargaining possible in the first place. . . .

"I can see nothing but further deterioration of the process of free collective bargaining as long as labor unions enjoy immunities and privileges that are denied all other sectors of our economy. And change in labor laws must also include restraints that would counteract and nullify the strongly pro-union bias of the present National Labor Relations Board."

Carl Hageman, vice-president, Union Carbide Corporation.

"The solution must be enlightened labor-law reform, but not stop-gap, antistrike legislation. Remedial legislation must limit the scope for industrial conflict by (a) setting specific standards to prevent secondary-boycott activity, (b) reaffirming the prohibitions against product boycotts, and (c) prohibiting all forms of collusion, coalition, and other subtle combinations by which unions . . . seek to bargain jointly. All further union efforts to expand the scope of conflict and to centralize bargaining power should be rejected. . . . The alternative will be government domination of union-management relations."

Benjamin Aaron, director, Institute of Industrial Relations, University of California-Los Angeles:

"The constant preoccupation with procedures for dealing with strikes is dangerous and unrewarding. I am now convinced that there is no formula likely to be devised for dealing with strikes that will be demonstrably more effective than those we now use. Instead of searching for procedural nostrums, we ought to be concentrating on improving the climate and the character of collective bargaining; but these improve-

ments cannot be forced on the parties but must be developed by the parties themselves.

"Undoubtedly, many improvements could be made in existing statutory labor law. These improvements might lead to less, rather than more, legislation."

Prof. Aaron also warned against "piecemeal" lawmaking and suggested a tripartite commission to work toward "a unified and internally consistent federal labor code."

William F. May, chairman, American Can Company and chairman, Industrial Relations Committee of the National Association of Manufacturers:

"Intervention in any manner, other than conciliation assistance, by the government in labor disputes should be kept to an absolute minimum. Such intervention should be limited to the unbiased and impartial administration of applicable labor laws.

"In the event of a strike or lockout, or threat of a strike or lockout, that imperils the national health, safety, or security, any restraint order issued to maintain the status quo should be of such duration as is necessary to protect the public interest. No labor laws should allow any governmental agency to empanel any special boards for settling labor disputes, nor should any governmental agency—federal, state, or local—be allowed to recommend or impose a settlement for labor disputes."

Sen. Robert P. Griffin (R) of Michigan:

"Congress should seriously consider proposals for:

"A United States Labor Court to replace the National Labor Relations Board, which is twisting and repealing labor laws;

"A government-supervised strike ballot on the employer's last offer, to be available immediately before a strike and at reasonable intervals thereafter;

"Limited compulsory arbitration to head off nationwide strikes in certain government-regulated industries, such as railroad and airline transportation;

"A possible application of antitrust principles to labor unions."

The Senator also urged legislation to "encourage labor and management voluntarily to agree to arbitration (with) a pledge on the part of the union not to strike . . . and a pledge on the part of the employer not to lock out." And he urged efforts to "narrow the areas in which disputes are going to be resolved by strikes."

Henry Ford II, chairman, Ford Motor Company:

"At a time when our country needs every ounce of economic strength, there can be no defensible reason to shut down one of the major business contributions to America's economic well-being. I am sorry we do not have laws that effectively prevent the use of this kind of bludgeon against the public interest." (The comment was written before the United Auto Workers struck Ford in what developed into the longest walkout in auto-industry history.)

Arthur J. Goldberg, United States Ambassador to the United Nations and former Secretary of Labor and counsel for AFL-CIO and the United Steelworkers:

"Government has an inescapable duty as a watchdog of the public interest in the collective-bargaining process. Present procedures certainly can be improved, but I want to challenge one notion that seems to me pure myth: namely, that nothing is right about our present methods of handling disputes."

I. W. Abel, president, United Steelworkers:

"Makeshift legislation or administration intervention . . . can at best only hobble free collective bargaining. Instead of getting itself embroiled in the collective-bargaining process by imposing new restrictions or seemingly simple solutions to complex issues, the government should assist labor and management to perfect the existing system."

Mr. Abel suggested "a formal government study which would examine and analyze thoroughly the causes of industrial peace." (A series of company and industry studies published two decades ago, The Causes of Industrial Peace, received little more than academic attention.)

Mr. Abel adds, "Industry and labor themselves have a vital obligation to voluntarily strengthen and bring perfection to our free-collective-bargaining system. Even before negotiations . . . begin, the parties might be able to agree on steps to be taken in the event of a stalemate in collective bargaining. An approach of this type, developed freely by the parties themselves, would go a long way toward protecting our collective bargaining system and preclude the need for government intervention."

George Leighty, chairman, Railway Labor Executives Association, a union association:

"We've all been looking for ways and means to prevent constant crises in the railroad industry. Now is the time to build a new era of harmony and cooperation between labor and management in this vital industry. The industry needs it and the nation needs it." The association has asked the industry to join it in setting up a committee that, among other things, will develop new policies leading to "prompt, good-faith settlements of disputes over wages and working conditions."

CRITICS HIT COMPULSORY ARBITRATION

(Experts in labor-management relations have been asked to respond to a recent Monitor report on collective bargaining. Compiled by labor correspondent Ed Townsend, the fourth in a series of dialogues examines the question: "What about compulsory arbitration?")

Massive strikes that hurt the national economy—and the public—always lead to demands for compulsory arbitration or some other form of settlement procedure.

But compulsory arbitration of contract disputes is completely unacceptable to labor and hardly less so to many in industry: It turns over to outsiders what both parties in bargaining consider to be their decisions to make in their own way, and according to their own needs and abilities.

Theodore W. Kheel, New York labor lawyer-mediator-arbitrator, writing earlier in The Christian Science Monitor opposed compulsory arbitration: It would be anathema in a free society, he said.

The subject is controversial. Not all who responded to a similar question by the Monitor agreed with him:

George H. Hildebrand, professor, New York State School of Industrial and Labor Relations, Cornell:

"I see real difficulty in broad use of compulsory arbitration and agree with Mr. Kheel that it conflicts with the tenets of a free market system. For the public sector, compulsory arbitration poses some basic constitutional questions and could well become an instrument for fostering extreme demands and awards. It is no more attractive for the private sector but may turn out to be the only remedy left in clear-cut major 'public interest' cases."

J. P. Hitz, Jr., chairman, National Railway Labor Conference, the industry bargaining body:

"I can't understand why some regard compulsory arbitration as anathema to free society! Binding arbitration—'compulsory' by one means or another—is not new. It is accepted and endorsed by both unions and management to resolve disputes which require an unbiased, objective analysis of the facts surrounding the issue. . . . In thousands of companies all over the land, disputes are settled by binding arbitration.

"Arbitration is, or should be, a process in which each side to a dispute presents the facts involved in a dispute to a qualified neutral or panel of neutrals. Through a careful, complete, and judicial review of the presented facts, the neutral or panel of neutrals produces a decision which should be a fair one to all concerned.

"Disputes involving our most fundamental rights, including our liberty, as well as our most valuable property, rights, are submitted to the judicial process where the ultimate determination is made by a third party. Are labor disputes that threaten the public interest of a higher order or more sacred than these rights?"

Joseph A. Beirne, president, Communications Workers of America:

"Unions and companies have been expressively clear and frequent in voicing varied objections to compulsory arbitration. . . . Government, too often in the past, has looked upon compulsory arbitration as a 'cure' that appears easy to administer. It is, however, one that is destructive and debilitating. . . . It is incumbent on labor and management to use restraint so that legislative and executive bodies of government at the national and state levels have no overwhelming incentive to fall back on compulsory arbitration."

William E. Simkin, director, Federal Mediation and Conciliation Service:

"A good many people think compulsory arbitration is the answer to problems of labor disputes. This doesn't work. Australia has a law that is a form of compulsory arbitration, and that country's lost time due to strikes is worse than ours."

Harold S. Roberts, professor and director, Industrial Relations Center, University of Hawaii:

"If the prime objective of compulsory arbitration is to end a particular labor dispute, then it is not the answer. Compulsory arbitration does not guarantee the elimination of strikes. New Zealand and Australia, which use compulsory arbitration, have not escaped strikes."

Alf M. Landon, former governor of Kansas and 1936 Republican presidential candidate:

"There have been five major labor-dispute decisions made in the last four years either by direct presidential power or my compulsory-arbitration legislation initiated by the President. . . . This was pure naked settlement by the awesome power of a president. It is eroding the principle of collective bargaining—and democratic processes, to boot."

Mr. Landon proposed a national board of arbitration, a permanent body, and machinery to prevent labor disputes from reaching a crisis point. Compulsory arbitration, he said, can lead to nationalization of corporations.

Howard Jensen, vice-president and general counsel, Lone Star Steel Company:

"I am firmly against compulsory arbitration."

J. W. Keener, president, B. F. Goodrich Company:

"I agree with Mr. Kheel that compulsory arbitration would be an anathema to a free society."

Sen. Jacob K. Javits (R) of New York.:

"I oppose it. With a compulsory-arbitration law, we would not have collective bargaining but merely jockeying for position before arbitrators."

Dr. Morrison Handsaker, head of the Department of Economics, Lafayette College, and a veteran arbitrator:

"The feeling exists that compulsory arbitration in private disputes discourages good, hard, collective bargaining. The parties aren't faced with a strike situation which can bring about a settlement. This is often true in the private sector, but it may not be the case in disputes involving public employees."

Arthur J. Goldberg, United States Ambassador to the United Nations, former Secretary of Labor, and former counsel for the AFL-CIO and United Steelworkers of America:

"I am convinced compulsory arbitration is no answer."

I. W. Abel, president, United Steelworkers:

"Compulsory arbitration or government intervention do not encourage collective bargaining but have an opposite effect. . . . The trend toward more and more government intervention and compulsory arbitration ultimately would lead to a planned economy, with wage and price controls. . . . Americans just don't like compulsion!"

Sen. Vance Hartke (D) of Indiana:

"To make the government the automatic third party in every labor-negotiations dispute would have disastrous effects for both free enterprise and free labor.

"We have seen government intervention in England, and the result with a drift to nationalization of key industry. I believe we should work to preserve our eminently workable systems of free enterprise and free labor rather than destroy them by adding another stratification of big government."

Donald S. Beattie, executive secretary, Railway Labor Executives Association, the labor body:

"The idea that some form of compulsory arbitration is the 'answer' to labor-management conflict is an antilabor idea. Compulsion is never suggested where labor is weak. It is only suggested where labor is strong."

Charles Luna, president, Brotherhood of Railroad Trainmen:

"The whole idea of compulsory arbitration is wrong. As long as there are unions and as long as there is collective bargaining, there is no room for compulsion. There is no room for a third party to dictate the wages and conditions that workers must live with. No matter how good a settlement may seem, it is lacking in all the things that count if it is by coercion.

"There are things more important than temporary gains in money and conditions. One . . . is freedom. Freedom to negotiate, freedom to strike, if necessary, is the very root of American labor. Anything less means the eroding away of labor's hard-fought rights."

Charles Cogen, president, American Federation of Teachers:

"Compulsory arbitration is unacceptable in a free society. The freedom involved in collective bargaining and in the right to strike is completely negated by a threat of compulsory arbitration hanging over the heads of the bargaining parties."

P. L. Siemiller, president, International Association of Machinists:

"The problem with compulsory arbitration is that it just doesn't work. It has failed to maintain industrial peace wherever it has been tried. This is true even in Australia, which is supposedly the showplace of compulsory arbitration. A few years ago a study of Australia's experiences showed that they have more labor disputes than we do—in relation to the size of the work force—leading to more wildcat strikes, slowdowns, and other work stoppages."

William Schnitzler, secretary-treasurer, AFL-CIO:

"It is a fallacy to think that there is always a 'right' or 'fair' solution to a labor dispute which a wise outsider can determine. Obviously the decision—or arbitration award—would be heavily influenced by precedent, by existing standards elsewhere, and by the inherent tendency of such [Arbitration, labor court, or other use of outsiders] proceedings to compromise between the positions of the parties.

"Such a system would be a built-in brake on progress. It would limit gains to patterns already established. There would be no new precedents set, for the power to break through old barriers would be gone."

William F. May, chairman, American Can Company, and chairman, industrial-relations committee, National Association of Manufacturers:

"I believe that collective bargaining must be preserved and that we should not resort to compulsory arbitration, government seizure, factfinding committees, or 'ad hoc' procedures."

EXPERTS ASSESS LAW—HOW TAFT-HARTLEY HANDLES EMERGENCY STRIKES

(Experts in labor-management relations have been asked to respond to a recent Monitor report on collective bargaining. Compiled by Ed Townsend, this fifth of a series of "dialogues" examines the question of national emergency strikes under the Taft-Hartley Act?)

If there is a steel or aerospace strike this year, the Johnson administration will intervene quickly, using national-emergency strike procedures of the Taft-Hartley Act.

There's almost no doubt of that: with the war requiring a full mobilization of resources and the economy under strain, the government can't afford a long shutdown in either defense-important industry.

Under the law, strikes that could seriously affect the nation's security, health, and welfare can be enjoined for up to 80 days as a "cooling-off" period for mediation and factfinding. At the end of 80 days, the strike prohibition must be removed. The government has no other recourse left at this point except congressional action.

The national-emergency strike provision in Taft-Hartley is perhaps the most controversial part of a controversial law. Some say it is too strict. Others say it is so inflexible and unpredictable that it inhibits true collective bargaining. But many defend it.

THE ACCEPTED RITUAL OF BARGAINING

In an interview with The Christian Science Monitor, Theodore W. Kheel described the national-emergency strike clause as "part of the accepted ritual of bargaining." The New York labor attorney-mediator-arbitrator, through the years a member of a number of Taft-Hartley emergency boards, said the procedures are generally good.

But "gamemanship" becomes involved. He recommends that perhaps it could be given more flexibility.

A sampling of expert opinion finds agreement—and disagreement.

J. W. Keener, president, B. F. Goodrich Company:

"The national emergency provisions of the Taft-Hartley Act need not be changed. In the 27 emergency situations in which its provisions have been invoked, all but six disputes were settled within the 80-day cooling-off period. Of the remaining six, three were settled within a few days following the end of the 80-day period."

Arthur J. Goldberg, retiring United States Ambassador to the United Nations, former Secretary of Labor and former counsel for AFL-CIO and the United Steelworkers:

"We have an imperfect system which, historically, has worked reasonably well. I do not believe a radically new approach is needed. Compulsory arbitration as an accepted and uniform method would be totally alien to the American temperament. . . . Experience abroad has demonstrated that it will not work in any free society. This is not to say that in a national emergency, a settlement cannot be imposed by Congress or under its authority."

Howard Jensen, vice-president and general counsel, Lone Star Steel Company:

"The emergency disputes provisions of the Taft-Hartley Law have a much better record than is generally recognized. . . . But in the final analysis, the best answer for the future of free collective bargaining is to keep the size of the dispute small enough that the public can stand the pain. And then let economic power control the result . . . subject only to the caveat that the economic power should be reasonably balanced and not all on one side."

William F. May, chairman, American Can Company, and chairman, industrial relations committee of the National Association of Manufacturers:

"I believe a balance of power [between employer and union] must be restored to the degree contemplated when Congress passed the Wagner Act in 1935. . . . For the present, and pending such legislative reform, the best current solution lies in the emergency provisions of the Taft-Hartley Act and a policy by the government that it will not intervene in any labor-management controversy unless it is forced to in accordance with statutory requirements or in the nation's interest."

I. W. Abel, president, United Steelworkers of America:

"The trend toward increasing government intervention—by both the executive and legislative branches—in the collective bargaining process must be reversed. . . . Occasional frantic outbursts of intervention or punitive legislation which our lawmakers devise when a temporary crisis in bargaining flares up . . . are nothing more than stopgap measures which often pyramid into more serious confrontations later on."

Benjamin L. Masse, S.J., associate editor, America:

"The case for giving the President a flexible approach to emergency disputes under Taft-Hartley—the so-called 'arsenal of weapons' approach—seems to me very persuasive." [This approach recommended several years ago by the President's Labor-Management Committee, would give a president discretionary power to intervene or not intervene in an emergency, and would give him a choice of alternatives to be used—each having a different impact on either or both sides, so that neither could be sure of the consequences of a failure to settle peacefully.]

P. L. Siemiller, president, International Association of Machinists:

"Those who suggest prohibiting strikes at missile bases would be horrified at any proposal to prohibit "profits at those bases . . . We could not justifiably take the rights of labor out of the private sector and leave the rights of management." IAM, important in the aerospace industry bargaining this year, represents missile base workers and has been involved from time to time in bargaining deadlocks at the bases.

Virgil B. Day, vice-president, General Electric Company:

"What we need basically are measures to preserve the strike but limit its impact to the enterprise and the management against which it is directed, protecting the public. This is what the Taft-Hartley 80-day injunction procedure attempts to do for truly national emergency situations. This procedure has worked well.

"A far more basic way of limiting the impact of strikes on the public would be to deescalate the score of bargaining impasses. . . . The very purpose of coalition bargaining seems to be to escalate the prospects of industry crippling strikes and thereby create the kind of national emergencies which are going to kill collective bargaining if they do not stop. Carefully drawn legislative restraints on coalition bargaining may be needed if pursuit of this tactic [by unions] continues to generate crisis bargaining situations."

Bernard Cushman, special assist to the general counsel, the National Labor Relations Board:

"I reiterate, we need to develop something more than mediation and the 80-day Taft-Hartley injunctive provisions if the clear and present danger of further legislative curtailment or prohibition is to be eliminated. . . . Voluntary arbitration, which has a long and honorable history, is a better answer than forcing Congress to legislate on an ad hoc basis in haste and in an atmosphere of public and executive panic."

Sen. Jacob K. Javits (R) of New York:

"Whatever law is adopted should not inhibit free collective bargaining, but should strive to promote it. It is for this reason that I as well as many others in both labor and management circles oppose compulsory arbitration. . . . The sole function of the government is to keep essential services from being cut off; it is not to take sides in a

dispute. The best way to accomplish this is through a limited form of seizure by virtue of which an enterprise affected by an emergency dispute can be kept running to the extent, but only to the extent, necessary to protect the public health and safety. At the same time, the parties should be left free to solve the dispute themselves."

Joseph A. Beirne, president, Communications Workers of America:

"The question facing labor and management often is not whether the government should intervene in significant labor-management disputes but how that intervention should come. I believe government has a right, even an obligation, to use every even-handed process in an effort to achieve fair industrial peace—short of compulsory arbitration and, as in the case of the airlines strike of 1966, strikebreaking legislation. . . .

"What constitutes a national emergency as it involves labor-management relationships and strikes? That is a question that has thus far defied an answer that all parties can accept. There was a hue and cry from many who thought the airlines strike created a national emergency. We in CWA did not think so and . . . called on Congress 'to make haste slowly' at the time when Congress was rushing to halt the strike. . . . The controversy over what constitutes a national emergency continues."

Sen. Wayne Morse (D) of Oregon:

"The Taft-Hartley Act defines as national emergency disputes 'work stoppages which imperial the national health or safety.' Under Taft-Hartley these disputes are subject to an 80-day injunction for a cooling-off period. After that there is no further machinery to terminate the dispute. . . . Since 1947, a period of 20 years, there have been only 28 disputes that were found to imperil the national health or safety.

"A bill establishing labor courts to handle labor disputes [introduced by Sen. George A. Smathers, Democrat of Florida] has a much broader definition of disputes. It would cover any dispute having any adverse effect upon the public interest. There are dozens of disputes every year that could be said to have an adverse effect upon the public interest. All of these would be turned over to compulsory arbitration under the Smathers bill. . . . Conceivably, there might be some dispute to which compulsory arbitration might be appropriate, but I cannot see applying the rules of courtroom law to every labor contract negotiation and in effect having the contract written by judges who would use their judgment on the basis of rules of evidence. Courts have their place, but collective bargaining is a major part of our industrial system of economic freedom and it cannot be straitjacketed into courtroom procedures.

"Many politicians are looking for some kind of law that would remove from Congress all future labor disputes and work stoppage . . . because strikes are always embarrassing to politicians. But I deny that contract negotiations can be put under government control as a matter of automatic and general practice without plunging Congress more deeply into the political pit of industrial relations. . . . It would place a large part of our private enterprise system under a dangerous form of statism."

Judge Samuel I. Rosenman, former special assistant to Presidents Roosevelt and Truman, and chairman of the emergency board named by President Kennedy in the railroad dispute of 1963.

Last July he urged labor courts as "a better way to handle strikes." Under the plan in Senator Smathers' bill any strike or lockout that might "adversely affect the public interest to a substantial degree" would be subjected to an 80-day injunction period, as now; if the dispute continued beyond that, the bar against any interruption of work would remain in effect while the labor court sat as a board of arbitration to make a final determination of all issues." The parties' only recourse would be an appeal to the United States Supreme Court. Unions call the proposal "a potential bonanza for the lawyers."

George H. Hildebrand, professor, New York School of Industrial and Labor Relations, Cornell:

"National emergency disputes outside the transportation industry are now covered by the injunction procedure provided by the Taft-Hartley Act. I see no reason why the railroad industry, covered by the Railway Labor Act, should be singled out for special treatment now. Presumably any dispute involves a 'national emergency' because the cessation of production involves unbearable costs to third parties—the public, other employees, and perhaps the government.

"The Taft-Hartley procedure has two major weaknesses: (1) The board of inquiry is forbidden to make recommendations for a settlement to the parties, and (2) the procedure is self-limiting and provides no solution to a dispute that continues beyond the 80-day injunction period other than the option for the administration to recommend legislation to the Congress.

"If we are not to have Congress continually involved in drafting ad hoc statutes to resolve major labor disputes, and we wish at the same time to have a means of insuring continuity of operations in these exceptional cases, then we require a more general procedure for dealing with these impasses. The most desirable approach in my judgment would be to induce the parties to build into their own agreements an automatic mechanism by which to resolve impasses without cessation of operations. Failing this, the legislation could provide for temporary introduction of the recommendations of the board of inquiry, these to remain in effect pending agreement by the parties on their own terms of settlement. I share Mr. Kheel's concern about the risks of fact-finding. As he says, however, it can still be a very useful device."

WHAT ABOUT COMPULSORY ARBITRATION?

(Experts in labor-management relations have been asked to respond to a recent Monitor report on collective bargaining. Compiled by Ed Townsend, this is the sixth of a series of "dialogues." Today's discussion examines the question of railroad labor disputes.)

Railroad labor and management representatives have met quietly in recent months to discuss grounds for better relations.

But even as their committees conferred, a new round of bargaining—with costly labor demands—brought fresh concern about contract problems later this year.

A rail-labor spokesman recently told a transportation-industry seminar in Evanston, Ill., that in the past year and a half carriers and unions peacefully negotiated "a number of important accords," and that these could usher in a period of more productive bargaining.

Harold C. Crotty, president of the Maintenance of Way Employees, said this would be "in the interest of the industry, the employees, the public, and the national economy."

But voluntarily negotiated agreements are by no means certain. Union wage goals are high, and carriers say they're not going to give ground in "inflationary" settlements.

USEFULNESS ASSESSED

Theodore W. Kheel, one of the members of a board in a 1967 railroad dispute, told The Christian Science Monitor that basically the Railway Labor Act is still good, but that it could be improved by strengthening the mediation process and by reducing the inevitability that a rail-labor dispute will be settled through eventual third-party action.

Mr. Kheel, a New York labor lawyer, mediator, and arbitrator, said he opposes compulsory arbitration of rail disputes that aren't resolved by the parties through collective bargaining. If the Railway Labor Act's procedures do not result in a settlement, he said, Congress has demonstrated that it can deal quickly and firmly with the problem.

In 1967, it ordered "mediation to finality," or mediation with binding recommendations as a last resource. Once before, it ordered compulsory arbitration. Each had a similar result: a direct settlement.

A cross-section of experts who replied to questions by this newspaper showed a mixed reaction to Mr. Kheel's views:

George E. Leighty, chairman, Railway Labor Executives Association, the union body:

"We in railroad labor are well aware of the fear that a railroad strike would paralyze the national economy. But compulsory arbitration is not the answer. What's needed is some practical alternative that would avoid both economic paralysis and 'Big Daddy' government compulsion to force private employees to work for less pay than they could win by their own free efforts."

Mr. Leighty suggests: (1) Allowing strikes that would not interfere with the movement of freight essential to the national defense and public health. (2) If workers are barred from striking, seizure of the roads and impounding of profits pending a voluntary settlement. (3) Allowing strikes limited to a few roads, instead of all of them, to minimize the impact.

J. W. Keener, president, B. F. Goodrich Company:

"The Railway Labor Act should be changed so that third-party intervention would become the exception rather than the rule."

Howard Jensen, vice-president and general counsel, Lone Star Steel Company:

"Amendments to the law should be aimed at breaking up national negotiations, not compulsory arbitration."

P. L. Siemiller, president, the International Association of Machinists, one of the shop-craft unions with an important bargaining role in railroad and airline bargaining:

"If the railroad industry is too important to the nation to permit strikes, it is too important to leave in the hands of private ownership. We do not have the right to strike against the government, but the railroads are not owned by the government but are run for private profit and personal gain."

Rep. J. J. (Jake) Pickle (D) of Texas:

"Permanent legislation is necessary whenever it becomes apparent that a particular law has fallen down to the point that Congress is continually being drawn in to 'mediate' the dispute. This is obviously the case in the Railway Labor Act under which Congress has been brought in on three major disputes in the last four years. I believe that broader remedies [against strikes] should now be made available . . . and that the executive is the logical place to vest emergency powers needed to protect the national interest."

J. P. Hiltz, Jr., chairman, National Railway Labor Conference, the industry bargaining body:

"I can't understand why some regard compulsory arbitration as anathema to free society. . . . Binding arbitration—'compulsory' by one means or another—is not new. It is accepted and endorsed by both unions and management to resolve disputes which require an unbiased, objective analysis of the facts surrounding issues. It is engaged in every day in the railroad industry, for instance, when the National Railroad Adjustment Board of Special Boards of Adjustment [under the Railway Labor Act] adjudicate disputes on the basis of facts presented to them, and their decisions are binding. . . .

"The Railway Labor Act does need some revision, but not in the manner suggested by

Mr. Kheel. It needs to be revised to provide for final and binding arbitration of those labor disputes which cannot be resolved through the other processes of collective bargaining. Such a provision will be effective in promoting collective bargaining as some think the unrestricted right to strike would be."

Mr. Hiltz says the experiences of the shopcraft dispute "underline the importance of a permanent system for final determination of disputes which cannot be equitably resolved in normal collective bargaining, so that the deliberations of the adjudicative body are free of a crisis atmosphere and political pressures."

Sen. Robert P. Griffin (R) of Michigan: "The administration's failure to recommend improvements in the available legal machinery to deal with crippling strikes provides no excuse for inaction by Congress. We must strive to minimize the use of the strike while preserving the basic right. We should try to develop other, more civilized methods of settling economic disputes, including a labor court, government-supervised voting on the employer's last offer, limited compulsory arbitration to head off nationwide strikes in government-regulated industries such as railroad and airline transportation, and possible application of antitrust principles to labor unions."

George H. Hildebrand, professor, New York School of Industrial and Labor Relations, Cornell University:

"The railroad shopcraft dispute ended in statutory imposition of compulsory arbitration because of a decision by the federal government that a national railroad stoppage cannot be permitted. The award reveals that compulsory arbitration is by no means a guarantee that its money terms will conform to [administration wage-price] guideposts. The case also reveals the inherent difficulty of combining a national incomes policy with ad hoc compulsory settlements. From the standpoint of the internal equities of the groups involved within the railroad industry, the award makes a good deal of sense. For the same reason it is incompatible with the requirements of the guideposts."

Prof. Hildebrand agrees with Mr. Kheel that " 'mediation to finality' is but a euphemism for compulsory arbitration." (Johnson Administration spokesmen have denied vigorously that this is so—not caring to admit to a recommending of compulsory arbitration.)

Should the Railway Labor Act be changed? Says Prof. Hildebrand: "Originally the intention of the emergency-board provision, which was drafted by the parties themselves, was that recommendations of such boards would be final and would be accepted by both sides in lieu of a strike. Since 1941, this has not been the case, mainly because the unions discovered that they could use the award of an emergency board as a basis for further escalation, to be achieved by use of their influence at the White House.

This destroyed the finality of the emergency-board procedure. In those years the unions in the industry pressed for industry-wide bargaining and settlements.

More recently, the operators of the railroads have discovered advantages in this system of central bargaining, because it is guaranteed to produce a crisis in which they can count upon government intervention to prevent a stoppage. There is no easy solution to the problem.

One alternative would be to bring about by statute some kind of decentralization of the bargaining system in the industry. The other would be to treat the recommendations of emergency boards as final, leaving it to the administration and the Congress to decide upon what course of ad hoc action to take if either side refuses to accept the board's recommendations."

BARGAINING POWER GROWS—PUBLIC-EMPLOYEE STRIKE RIGHTS?

(Experts in labor-management relations have been asked to respond to a recent Monitor report on collective bargaining. Seventh and last of a series of "dialogues" compiled by Ed Townsend, today's discussion asks: "What about public-employee unions and strikes?")

The recent Memphis strike of Negro garbagemen, members of the American Federation of State, County, and Municipal employees, was a public-employee strike with strong civil-rights overtones.

Even so, it demonstrated once again that public workers, once substantially unorganized, are developing muscle and militancy. Today they are a labor force that can't be ignored.

William E. Simkin, director of the Federal Mediation and Conciliation Service, recently said that the "new wave of strikes" by public employees is roughly parallel to the situation in the mass-production industries in the 1930's, when factory workers engaged in sitdown strikes and other demonstrations because they felt they needed organization and militancy to keep pace with workers in other industries.

According to Mr. Simkin, teachers and other public workers "heretofore substantially unorganized" can be expected to join unions and that as they do, strikes are "inevitable—they will spread."

Spokesmen for the American Federation of Teachers and the American Federation of State, County, and Municipal Employees don't hedge even a little on that. They say the strikes of 1967 were "only the beginning" and predict there will be even more this year.

This is a matter of public concern. The strikes are against the public, and the bargaining and strikes involve different and complex problems. There is concern about the rights of the public employees—and concern about the rights of the public itself. Serious studies are under way, seeking a balanced solution.

One of those involved is Theodore W. Kheel, New York lawyer, mediator, and arbitrator whose testimony was sought by the New York Legislature in hearings called to seek equity in law for all in public-employee disputes.

Earlier, in an interview with The Christian Science Monitor, Mr. Kheel said that public employees should have a right to bargain collectively, that if they do, there must be a possibility of strikes, but that the right to strike must be subordinated to "superior public rights" if danger to life and property should be involved. Wherever strikes are curtailed, he said, "some alternative . . . must be substituted."

Mr. Kheel would not place teachers "high on the list of those whose right to bargain collectively should be subordinated."

Others of a panel of experts who replied to The Christian Science Monitor's questions on this subject showed a divergence of views:

Howard Jensen, vice-president and general counsel, Lone Star Steel Company:

"It is completely inconsistent with a theory of government which is responsible to its citizens and taxpayers to permit bargaining between employees and the government which has the inevitable effect of imposing new taxes not initially agreed to by the voter or legislature. I agree that bargaining implies the right to strike, and for this reason I think collective bargaining by public employees should not be permitted."

Dr. Morrison Handsaker, head of Department of Economics, Lafayette College, veteran arbitrator:

"Many public workers now have the right to organize and negotiate, but it's illegal for them to strike. I agree that they shouldn't be allowed to strike, but some machinery must be established as an alternative to the strike." Dr. Handsaker is basically in agreement with a principle of the International Labor Organization in Geneva, that if the right to strike is denied to government workers, they should be given conciliation procedures to use and, if necessary, access to an arbitration board whose awards should be fully and promptly implemented.

"It may finally be necessary to rethink the whole matter of labor relations involving public employees, but for the time being I think it is worthwhile and interesting to experiment with laws on compulsory arbitration. . . . The feeling exists that compulsory arbitration in private disputes discourages good, hard collective bargaining. The parties aren't faced with a strike deadline, which often brings about a settlement."

"This is often true in the private sector, but it may not be the case in disputes involving public employees," says Dr. Handsaker, who concedes he finds himself "in some disagreement with some of my colleagues" on the matter of compulsory arbitration in public employee bargaining disputes.

I. W. Abel, president, United Steelworkers of America:

"I am a firm believer in the right of teachers and public employees to organize unions and to bargain collectively. . . . Where a strike might be deemed to be a threat to the safety or health of patients or the public, then the minimum right . . . should include binding arbitration of the issues. . . . I am thinking particularly of situations involving police and firemen. Schoolteachers, without question, should have the right to strike."

Charles Cogen, president, American Federation of Teachers:

"The government, in its employment relations, should be a model employer and therefore should be the first to grant the democratic and effective tools of collective bargaining and the strike. All talk of government being sovereign and therefore not subject to the strike weapon is completely outmoded in a democratic society. . . .

"Work stoppages by teachers in the form of strikes and mass resignations . . . are healthy signs in our society, rather than developments to be deplored. . . . Teachers, as well as other public employees, have already indicated, with a growing show of courage and determination, that they will not allow themselves to be frustrated by repressive legislation and court decisions. . . . The collective-bargaining process in the public sector must be brought up to the highest possible level of democratic functioning."

Secretary of Labor W. Willard Wirtz:

"It is today perfectly clear that 10,000,000 (M) American citizens, government employees, are not going to accept an employment relationship "which is built on the proposition that their employers exercise a sovereignty which makes it less majesty to file a grievance and which equates disagreement—at least if it is organized—with disloyalty. . . .

"It ought to be accepted generally that some effective form of bilateral and representational labor relations is inevitable, is proper, and most of all is desirable in public employment in this country. . . . To whatever extent the development of new doctrines—jointly by representatives of all who will be affected—of public employment relationships is focused or is permitted to center around the argument about whether there is a right of public employees to strike, that development is going to be at best delayed, or worst defeated. . . .

"Every strike by public employees creates at least as great a crisis of public opinion as it does a crisis of transportation or education or whatever else may be involved."

Secretary Wirtz suggests provisions for organizational and representational rights for all public employees, substantially similar to those provided by Wagner and Taft-Hartley Acts for private employees, plus an agency

for handling organizational and representational disputes.

In the bargaining area, he calls for "some table, some place, whether in executive, legislative, or some independent office, across the table from somebody with the authority and the courage to say, 'I will' instead of 'I can't.'"

On strikes Mr. Wirtz says: "An attempt to distinguish between various kinds of governmental functions in terms of their essentiality seems to me fruitless and futile. Policemen and firemen are, in my understanding of it, no more essential than school teachers. . . . Every governmental function is essential in the broadest terms.

"In almost every instance the government is the only supplier of the service involved—and there is a serious question in my mind about the legitimacy of any strike which deprives the public of something it needs very much and which it can't get someplace else. I come to the conclusion that the sound doctrine of public employment is one that assures and guarantees a reasonable and a fair procedure—with independent third-party determination if necessary—for settling new contract disputes, and which does not include the strike."

Jerry Wurf, president, American Federation of State, County, and Municipal Employees:

"Public employees want to be workers in a free society. They want to have a free union. They are entitled to sit at the collective bargaining table with dignity and status in an effort to mutually solve problems rather than have the other fellow solve them unilaterally. So long as the public employees sit at a bargaining table, they have got to have something to deal with. . . . They don't want the right to strike just for the privilege of walking around the building . . . but to bargain as equals."

Mr. Wurf says that repressive laws "passed to prevent striking usually have resulted in strikes and generally have made it almost impossible to settle them quickly—we had to find a way around the unreasonable statute." And he says, "I can't agree that a strike of teachers is the same as a strike of policemen. I just don't really believe that the community can stand a strike of policemen."

George H. Hildebrand, professor, New York State School of Industrial Labor Relations, Cornell:

"I think I differ with Mr. Kheel. I think it is possible to design a system of collective bargaining in the public services that excludes work stoppages. I think, also, that there is no feasible way to sort out the activities of government, declaring that stoppages can be legal for some of them but not for others. As a general rule, the services of government are monopolistically provided and are essential to their users. If so, continuity of operations will be essential.

"The most difficult problem in the public sector is to protect the independence of public-agency management as a participant in the bargaining process. If that independence can be undercut by political deals, the system is not collective bargaining but rather one of political influence. There is nothing wrong with political influence per se, but it should not be confused with genuine collective bargaining. . . .

"What must be done to make collective bargaining work for public employees? A procedure must be devised for resolving questions concerning representation and for dealing with disputes over the terms of new contracts. Many difficult questions are involved here, such as the timing of negotiations to meet budget dates, the introduction of mediation and at whose option, the resolution of impasses, and sanctions against stoppages.

"I prefer fact finding with recommendations, backed by injunctions against strikes or lockouts, as the terminal step in this procedure. However I do also recognize that public management is not bound to accept such recommendations and that unions in the public service are also not bound and can find ways short of strikes to make continuation of service difficult or impossible. There simply is no fool-proof mechanical solution to these problems."

THE VIRTUES OF WORK

HON. STROM THURMOND

OF SOUTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Friday, June 21, 1968

Mr. THURMOND. Mr. President, Abraham Lincoln, in a speech in Cincinnati, Ohio, in 1859, said that we must rely upon the labor of others for just about everything we receive in the way of material goods. Lincoln stated at that time:

Labor is the great source from which nearly all, if not all, human comforts and necessities are drawn.

Today, we live in an age where some frown upon work, especially work involving a real physical effort. Jobs that people were begging for 10 or 15 years ago are scorned by many today. Some need to learn anew the value and virtue of work, and to understand that the humblest job is important in the scheme of life. Man's satisfaction lies in himself, in the normal and healthy exercise of his powers of mind and body in harmony with physical and moral laws of the universe.

Two excellent articles on this subject, one examining the religious aspect of work, the other a comment on today's viewpoint toward employment, are worthy of the attention of the Senate.

The first is a sermon by the Reverend Thomas G. Daum, pastor of the Bush River Baptist Church, Newberry, S.C., entitled "If You Don't Work Then You Don't Eat." The sermon was published in the Newberry Observer on May 17, 1968, as the sermon of the week in that area.

The second item is a letter to the editor of the State newspaper, Columbia, S.C., and was published in that newspaper's columns June 14, 1968, under the title "Opportunity Goes Begging." The letter was written to Editor W. D. Workman of the State by Miss Evelyn Earley, manager of the Earley Employment Service, Columbia.

Mr. President, I ask unanimous consent that these articles be printed in the Extensions of Remarks.

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

[From the Newberry (S.C.) Observer, May 17, 1968]

SERMON OF THE WEEK: IF YOU DON'T WORK THEN YOU DON'T EAT

(By Rev. Thomas G. Daum, pastor of Bush River Baptist Church, Newberry, S.C.)

There is a theory going around in America today that before long we will all be handed out a salary of $8,000 a year. There is another theory that before long the work week will be shortened to thirty hours a week. And the third theory is that some people have the idea that they aren't going to work at all. They are just going to lie down, open their mouths and have somebody to feed them free of charge. And the bad part of some of this is that some churches are supporting this type of philosophy. Though there are men and though there are churches who might support this belief it can readily be seen that nowhere does the Bible teach this.

When Adam sinned in the garden God came to him and said, "in the sweat of thy face shalt thou eat bread." In other words, if you want something to eat then you'll have to work so hard for it that the sweat will run down your face.

When Paul wrote to the church at Thessalonica he found that some people were not working and this is what he said, "For we hear that there are some which walk among you disorderly, working not at all, but are busybodies." And in the verse above this he said, "that if any would not work, neither should he eat." Or in modern language, he is simply saying this. If a man is too lazy to work then he begins to hang around and make trouble for himself and others. He becomes disorderly and sticks his nose in other people's business. And if this man is this type and if he is too lazy to work then let him starve. Some might say that I am stretching the point here in saying that a man should starve, but I believe that the law of science will tell you that if a man doesn't eat that he will starve.

There are those today who say that we must do away with all poor people, but Jesus said, "ye have the poor with you always." There are some people that you could give a million dollars to today and by this time next week they would be right back where they started. Further, let me ask this question. What is so horrible about being poor? I was raised as a poor child. I can remember eating cornbread and black-eyed peas day after day and they never killed me. I can remember when a piece of chicken looked like gold but not having it every day didn't kill me. I can remember when we had only one pair of shoes and they lasted us all year, and not having a closet full of them didn't ruin my feet. Being poor can do something for a person that being rich will never do.

Of course, I have nothing against rich people. I'm all for a man who wants to get ahead but I don't believe that the Bible tells us anywhere that a man should get rich and have the luxuries of life without working for them. When I got off the bus to go to college I had $1.25 in my pocket and I didn't know where the money to work my way through was coming from but seven years later I walked out of college and the seminary with degrees that I had earned by the sweat of my brow and I was as happy as any member of my entire class. I could truthfully say that I had worked and earned those sheepskins and not a soul had given them to me. There is satisfaction and honor in work.

Abraham Lincoln once put it this way, "You cannot bring about prosperity by discouraging thrift. You cannot strengthen the weak by weakening the strong. You cannot help the wage earner by pulling down the wage payer. You cannot further the brotherhood of man by encouraging class hatred. You cannot help the poor by destroying the rich. You cannot keep out of trouble by spending more than you earn. You cannot build character and courage by taking away man's initiative and independence. You cannot help men permanently by doing for them what they could and should do for themselves.

If a man wants a new car then that is fine but let him work for it. If he wants a new home then we are all for getting rid of every run-down house and shack in Newberry, but let him work for it. If a man wants steak on his table every night then he is like every human being, but let him work for it. If a man wants a better world then let him go out and construct it by taking his hands and

his back and building it. Then when he lies down at night he can have the good feeling way down inside that he has earned his car, his house and his bread. He can face the world straight in the eye and say that no one has given me a thing for I have earned it.

I personally do not get the picture of the Lord Jesus Christ loafing around the carpenter shop while everybody else made a living for Him. Nor do I find Him ever teaching the philosophy that a man can get something for nothing. Nor do I see Paul out asking his church members to give him a pay check unless he worked for it. He made this very clear when he once said, "Neither did we eat any man's bread for nought; but wrought with labour and travail night and day, that we might not be chargeable to any of you."

I am still of the opinion that many of our social ills could be cured tomorrow if we would work and when the job is finished find another one to do.

[From the Columbia (S.C.) State, June 14, 1968]

OPPORTUNITY GOES BEGGING

TO THE EDITOR: I own and operate an employment agency here, and feel that I have my finger on the pulse of the employment situation.

Being a Negro in today's society is definitely no handicap. The local business firms in our area have opened up whole-heartedly. This has been proved by the number of Negroes placed in offices and banks throughout the city. Let the record speak for itself.

A person is judged today by his merit, and there is equal opportunity regardless of color. I am tired of hearing about the "poor Negro." If a Negro is poor today, he has no one to blame but himself, and I say this for the white race too.

Jobs are so plentiful that employers are forced to consider and hire people today that, five years ago, would not have been granted an interview. These are people who are unqualified or have long-standing records of being unreliable, having moved from one job to another.

For example, I placed a young man who had been out of work for some time and whose wife was expecting a child, on a job working five days a week for $85 a week. He worked a half day and quit. His reason? Too hard. He preferred a truck-driving job. The next day I placed him as a driver with a van line. The company went to the expense of paying for a physical at a cost of $25. He didn't show up for work the next day. Reason? Too far. I then placed him on another job six blocks from his home as a driver. He worked one day and quit. Reason? Too hard.

All of these jobs paid above-average salaries and were for five days a week. I used my car and part of my staff to take this young fellow to see about these jobs. The next day I had occasion to visit where he lived, and I was astounded at the squalor. Card board filled space for window panes. Screen doors hung drunkenly from broken hinges, and the poverty was unmistakable.

I am sure some photographer could have gotten some excellent shots to be used for the "poverty march" or maybe to be used on that TV spectacular, "Hunger in America."

Now, whose fault would you say it is if this man's family is hungry? Who could you blame for the squalor he and his family live in? Should we accept the blame for this because he is a Negro, or should the blame be placed where it really belongs, on the shoulders of a perfectly healthy strong man, physically able to support the family he has acquired, whose handicap is not being a Negro, but being a lazy Negro?

This case is not unusual or isolated. I can show you in my files a number of cases involving those of both races whose only handicap is laziness.

I feel that the welfare program is a wonderful thing for those who need it, but my sentiments are in agreement with your editorial "Job Market": Many of the marchers looked able to work. If a person is physically able to endure the hardships, living slipshod, sleeping in open sheds or tents to prove his point, enduring all kinds of weather, and walking the many miles that some of these marchers have walked, he is physically able to work.

Being partially disabled is no handicap, which I am sure the South Carolina Rehabilitation agency can attest to. Lack of education is no handicap. There are many jobs available, paying excellent wages that require no education. Color is no handicap. Ability opens the doors of opportunity now, regardless of color. Experience is no handicap. There are many fine jobs available that have excellent training programs. We are our brother's keeper to a degree, but when our brother is able to keep himself, let him.

EVELYN EARLEY,
Manager, Earley Employment Service.

THE GUN BILLS

HON. JACK BRINKLEY

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 21, 1968

Mr. BRINKLEY. Mr. Speaker, the second amendment to the Constitution of the United States provides "the right of the people to keep and bear arms shall not be infringed." If this provision is still a sound one, as I think it is, should not the crackdown be on the lawbreaker rather than upon the instrument used by him?

Shall we outlaw automobiles because of the abuses and excesses of a few? Shall we register matches, aspirin, and cook knives—and what of those possessing the temperament of Cain?

Legislation designed to keep any dangerous instrumentality out of the hands of criminals, minors, and the incompetent would be in order. Also, severe penalties for the use of firearms in the commission of crimes should be enforced. Let there be an end to permissiveness in the law. If the criminal clearly knows that society will not tolerate his acts, this will be more effective than a dozen gun laws.

OMNIBUS SAFE STREETS AND CRIME CONTROL ACT OF 1968

HON. CARL ALBERT

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 21, 1968

Mr. ALBERT. Mr. Speaker, President Johnson has signed the Omnibus Safe Streets and Crime Control Act of 1968. He has done so, in his words, "because it responds to one of the most urgent problems in America today—the problem of fighting crime in the local neighborhood and on the city streets."

The President signed this act into law because he rightly believed there was more good in it than there was bad.

In his statement on this signing, the President said something which I believe goes to the heart of the matter on the war against crime. No act or program initiated by the administration and passed by the Congress can eliminate crime. This is a job that must be handled by State and local officials with the strong support of each and every American.

And the President was right to call upon every citizen "to support their local police officials with respect and with the resources necessary to enable them to do their job for justice in America.

As the President recognizes, if we are to be a law-abiding people with respect for the rights of others, we simply must render full support to those charged with our protection and safety.

I support President Johnson for his determined efforts to help inject new vitality into the war against crime. And I support his call to the American people for their complete cooperation and support in this vital matter.

HOUSE OF REPRESENTATIVES—*Monday, June 24, 1968*

The House met at 12 o'clock noon.

Rev. Father Francis J. Fox, Society of Jesus, librarian of Brophy College Preparatory, Phoenix, Ariz., offered the following prayer:

Lord, God all-powerful, we are grateful that You have brought us to the beginning of this day. By Your power, aid us in the practice of virtues, particularly those of justice and love; keep us on the road to salvation that we may not offend You today; but grant that all our words, all our thoughts, and our actions may be in conformity with Your law and Your commandments. This we ask of You through Your Son, our Lord, Jesus Christ, who lives and reigns with You in union with the Holy Spirit, God, forever. Amen.

THE JOURNAL

The Journal of the proceedings of Thursday, June 20, 1968, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Geisler, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On June 18, 1968:

H.R. 11308. An act to amend the National Foundation on the Arts and the Humanities Act of 1965;