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**NOMINATION OF S. L. PITTMAN
AND MISCELLANEOUS BILLS**

GOVERNMENT
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HEARING
BEFORE THE
COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE
EIGHTY-SEVENTH CONGRESS
FIRST SESSION
ON

NOMINATION OF STEUART L. PITTMAN, NOMINEE FOR
ASSISTANT SECRETARY OF DEFENSE

S. 2457 (H.R. 8765)

REEMPLOYMENT PROVISIONS, UNIVERSAL MILITARY
TRAINING AND SERVICE ACT

S. 2476

LAND EXCHANGE, BOARDMAN BOMBING RANGE, MORROW
COUNTY, OREG.

H.R. 2732

TRAILER ALLOWANCE FOR MEMBERS OF THE UNIFORMED
SERVICES

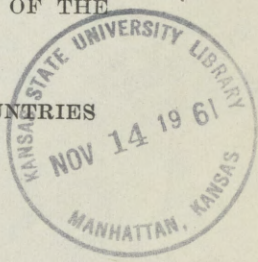
H.R. 7723 (S. 2554)

INCREASING PER DIEM RATES FOR MEMBERS OF THE
UNIFORMED SERVICES

H.R. 7726

LOAN OF VESSELS TO FRIENDLY FOREIGN COUNTRIES

SEPTEMBER 14, 1961



Printed for the use of the Committee on Armed Services



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NOMINATION OF S. L. PITTMAN AND MISCELLANEOUS BILLS

THURSDAY, SEPTEMBER 4, 1961

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 212, Old Senate Office Building.

Present: Senators Russell (chairman), Stennis, Ervin, Thurmond, Cannon, Saltonstall, Smith of Maine, Case of South Dakota, Bush, and Beall.

Also present: William H. Darden, T. Edward Braswell, Jr., and Gordon A. Nease of the committee staff; Harry L. Wingate, Jr., chief clerk; and Herbert S. Atkinson, assistant chief clerk.

Chairman RUSSELL. The committee will come to order.

We have today the nomination of Mr. Steuart L. Pittman of the District of Columbia to be an Assistant Secretary of Defense. It has been pending here the required 7 days and is eligible for consideration today.

(The nomination reference and report, together with the biographical sketch of Mr. Pittman follow:)

NOMINATION REFERENCE AND REPORT

IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
August 30, 1961.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Steuart L. Pittman, of the District of Columbia, to be Assistant Secretary of Defense.

STEUART L. PITTMAN NOMINATED ASSISTANT SECRETARY OF DEFENSE (CIVIL DEFENSE)

President Kennedy today named Steuart L. Pittman, of Washington, D.C., to be Assistant Secretary of Defense (civil defense).

Mr. Pittman, presently a partner in the Washington, D.C., law firm of Shaw, Pittman, Potts & Trowbridge, has practiced law since his graduation from the Yale University Law School in February 1948, specializing since 1954 on aviation and foreign matters.

From February 1950, to August 1954, Mr. Pittman was in Government service. He was associated with the development of our foreign-aid programs and became Assistant General Counsel of the Foreign Operations Administration.

Since 1954, Mr. Pittman has been a consultant on Government matters on several occasions. He was a consultant to the Second Hoover Commission on Government Operations, and wrote the Commission staff report on public lending activities and participation of private capital in U.S. Government foreign op-

erations. He was also a consultant to the Development Loan Fund in 1958 and 1959, assisting first in establishing loan policies and procedures and later in unusual loan negotiations. In 1955, Mr. Pittman served as a consultant to the State Department in connection with the investment guarantee program in South America. In 1959, he participated in development of the Straus report on expanding private investment abroad.

During World War II, Mr. Pittman served with the U.S. Marine Corps, rising in rank from private first class to first lieutenant. For a year and a half, he was the commanding officer of a Chinese-American amphibious guerrilla unit which operated along the east China coast, encouraging and assisting civilian and irregular forces to maintain active resistance against the Japanese in Wenchow. He won the Silver Star for gallantry in action in what was probably the most unusual sea battle of World War II, a fight between sailing junks in the East China Sea.

Mr. Pittman was born June 6, 1919, in Albany, N.Y. He attended St. Paul's School, Concord, N.H. (1932-37). He was graduated from Yale University, cum laude, in 1941, after majoring in international relations. He received his law degree from the Yale University Law School in 1948, and became associated with the law firm of Cravath, Swaine & Moore, New York City.

He is married to the former Barbara Milburn White and has five children.

Chairman RUSSELL. In accordance with our precedents Mr. Pittman is making a personal appearance before the committee.

We welcome you here, Mr. Pittman, and the entire committee extends congratulations on your appointment. We will be very happy to have you make a very brief biographical statement, and then some members of the committee may have some questions for you.

STATEMENT OF STEUART L. PITTMAN, NOMINEE TO BE ASSISTANT SECRETARY OF DEFENSE

Mr. PITTMAN. Thank you, Mr. Chairman and members of the committee.

I understand you have the press release which gives you the background on me. I will amplify parts of it which might be of particular interest.

I was raised in New York City, graduated from Yale University in 1941. My first job was with Pan American Airways in its African division. They set this up when we were neutral, to supply the RAF in Cairo.

I was stationed in the Gold Coast and Khartoum and Cairo, was sent on to Calcutta at the time Pan American thought they would extend into India, but the military took over that part of their line, and I was transferred over to their Chinese subsidiary in early 1942.

This was the China National Aviation Corp., which was a refugee airline that had been moved because of the war from Shanghai to Hong Kong, to Rangoon, and ended up at Dumdum Airfield, Calcutta.

I was assistant operations manager, concerned with housekeeping problems which resulted from the fact that the airline had no right to be there, nobody had passports, the Chinese or Americans.

The Japanese were coming up through Burma at that time. The operation was largely flying refugees out of Burma and supplying General Chennault's Flying Tiger group with spare parts and gasoline in Burma.

Later in 1942 the war in Burma was pretty well lost, and I became aware of what was going on in the rest of the world, Guadalcanal and other places, and came home and enlisted in the Marine Corps.

I spent part of a year training in the United States and was sent back to China because I had some familiarity with the Chinese, having worked with the Chinese airline, and was assigned to command a battalion of so-called guerrilla Chinese troops along the coast of China.

The experience was a very vivid one for me. It lasted about a year and a half, the last part of the war. I spent my time living with civilians in the mountains along the coast. The Japanese occupied several cities and used to come out and visit the civilians for one purpose or another.

The civilian population consisted of village people and refugees from Shanghai, who had lived better in Shanghai than most Americans.

They were intelligent, educated people, and the adjustment they made and the stoicism with which they faced these conditions developed a lasting interest on my part in civilian behavior in crisis and in war, and in the relation between civilians and the military under these conditions.

In this case the military were provincial troops, Communist troops, Nationalist troops, our little hybrid unit, with some Americans and some Chinese.

The civilians knew these troops, Japanese and Chinese, largely as people in uniform who robbed them and conscripted them, and were a problem rather than an asset.

After the war ended I came back to the United States and had in mind getting into public service in the international economic field, and was advised by various people the best way to go at this was to get myself into the legal profession. So I went to the Yale Law School, graduated in 1948, and, in order to be sure I had gotten into the legal profession, I spent 2 years in a large New York law firm, Cravath, Swaine & Moore, where I was fortunate in being assigned to Roswell Gilpatric.

At the end of these 2 years, I thought I should get on with what I then thought was my primary interest, and came to Washington as a lawyer in the Marshall plan. This was 1950.

I spent 4 years in the various successive foreign aid programs.

Almost all of my time was devoted to the problem of inducing private investment abroad, and various techniques to bring private enterprise into the foreign aid program. This has been a continuing interest of mine.

I left the Government to enter law practice here in Washington, helping to found a small law firm. It now is called Shaw, Pittman, Potts & Trowbridge.

During 7 years of practice I have been able to pursue my primary interest in a series of Government consulting assignments: first, with the Second Hoover Commission; then the State Department sent me on a tour through Latin America to negotiate investment guarantee agreements to stimulate American investment in these countries; I worked on the Straus report to the Senate Foreign Relations Committee on a similar subject; I took about half a year off to assist in the early startup phase of the Development Loan Fund.

That carries me up to the present time, up to 2 or 3 weeks ago, when I started extricating myself from law practice.

A word about securities that I hold. You have, I believe, a list; I will dispose of any securities which the committee thinks I should dispose of. I have a question in my mind as to whether any potential conflict-of-interest problems concern the rather long list of corporations involved in military procurement or whether my particular problem on the civil defense program relates to a list of corporations which, I understand, have done work under the civil defense program.

Chairman RUSSELL. I have given consideration to that, Mr. Pittman, and I realize that your duties will be primarily confined to the field of civil defense. But we have had a number of other occasions where assistant secretaries have come before us whose fields were limited in scope, and the committee has not been prepared to draw any line of demarcation. We are studying the entire question of conflict of interest. But until such time as that is settled, I am afraid, under the committee precedents, you will have to dispose of the holdings that you might have with companies that have done business in the specified amount with the Department of Defense. I realize that is a hardship in some instances.

We hope some day to correct it with respect to those who succeed you in the years to come, and they will not be presented with this same question.

It is unpleasant, I assure you, for this committee, but we have our precedents.

Mr. PITTMAN. I fully understand the situation. I just wanted to clear the point up.

But a question still remains—this policy presumably has its purpose; that is with respect to the list of companies doing business with civil defense. I would dispose of them if it should be concluded in my case that they are doing business in my area as well as in military procurement.

Chairman RUSSELL. Yes; I would think so because, as I understand it now, the civil defense is a part of the Department of Defense; at least the Department of Defense has assumed its functions.

Mr. PITTMAN. The list I refer to are corporations which have done business with OCDM, the Office of Civil and Defense Mobilization, on the civil defense program, which we have taken over.

Chairman RUSSELL. Does this list you furnished this committee include both?

Mr. PITTMAN. I am not certain, but I will have that checked into.

Chairman RUSSELL. I doubt very much if you will find there would be any extension of the list to civil defense.

Mr. PITTMAN. If there is any I will dispose of those securities.

Chairman RUSSELL. All right. We thank you, sir.

Mr. PITTMAN. I have one problem on the same subject, if the defense list is included, as it must be, with respect to one company here, Electronic Teaching Laboratories, Inc., which is a Washington company that I have been involved with as a lawyer. I brought members of my family into a joint investment with me in this company, which is a very closely held company, no market for the stock. The plan, as I understand it, is for the company to go public sometime within a year, at which time there would be a market established.

Chairman RUSSELL. We have had that same problem here on a number of other occasions where closely held interests were involved, and we try to be as reasonable as we can. We have allowed extensions

of 6 months, 8 months, and if you think this is going public in 12 months, I do not think the committee would have any objection to your holding it, in view of the small amount of the contract that is involved with this company.

You do not think you could dispose of it in less than 12 months?

Mr. PITTMAN. The date has not been determined as to the issuing of securities to the public. But if I could have 12 months I would appreciate it. This company's business with the Defense Establishment is in language teaching abroad; equipment that is used in training troops. In view of the obvious remoteness—

Chairman RUSSELL. I think in view of that contract that you will be safe in assuming the committee will allow you 12 months.

Mr. PITTMAN. Thank you very much.

In closing, let me simply say that I am here because I have had the honor of being asked to assist Mr. McNamara in carrying forward the President's new civil defense program. I am convinced that civil defense today is a major and integral part of this country's national security problem and, as such, it commands the attention of every citizen able to contribute.

For my part, it sweeps aside personal considerations.

I would like to make one correction on the press release. It says that I have five children. I have six, but this is not a typographical error. The last one just arrived. [Laughter.]

Chairman RUSSELL. Congratulations.

Are there any questions of Mr. Pittman?

Senator SALTONSTALL. Mr. Chairman, I would like to ask one, and I make this observation, Mr. Pittman, that the chairman does not permit me now to bring up this question of Harvard and Yale; he brings it up himself to avoid any embarrassment later on. [Laughter.]

I would like to ask this question: How do you conceive of your prerogatives, if you will, with the local, and State civilian defense offices, and how do you consider your prerogatives with the Secretary of Defense with respect to the civilian side of Government?

I do not quite understand what Mr. Ellis will now do as compared with what your responsibilities are. I would like to know what is your concept of your relation with the State civil defense offices, and how much authority do you have over them, and whether you consider civil defense is a Federal prerogative now or still under general Federal direction; whether it is a State responsibility and, secondly, what is your relationship with the civil end of government as interpreted—as conducted by Mr. Ellis and his group?

Mr. PITTMAN. Senator Saltonstall, I learned more about the answers to your questions from reading the very able report of the House Government Operations Committee on this subject 2 days ago, than I had learned from any other source. I do not think it has been released yet. I received an advance copy of it. It points up the fact that these are a few areas that are not fully resolved, in their opinion, in the changes taking place.

Now, I think the Executive order, as I read it and understand it, places Mr. Ellis in the position of being very much involved in both of the questions you have raised, relations with the States and with other parts of the Federal Government, as the person who advises and assists the President.

The extent to which the President is involved and wishes to use Mr. Ellis is something which will evolve as we implement the Executive order and complete the reorganization, which is nearly completed at the present time.

I would like to say on a more general level that my own personal, perhaps premature, conviction about relations with the States and their programs is that this must be a nationwide effort and program.

The Federal program is, perhaps, the hard core around which other activities will build, but I do not think the Federal Government is in a position or should be in a position of directing the State and local programs—or industry programs which are very important.

I think we can, by the way we carry out our part of the program, stimulate them and, perhaps, influence the direction of their programs.

We have, of course, more direct involvement in the Federal contributions, matching funds, where we actually finance portions of these programs, thus having some voice in their program. But beyond that I do not think we have any authority over the States under that order.

Senator SALTONSTALL. Well, the old question arises. For instance, in World War II it arose. Do you conceive it as your function that if a State is carrying out a civil defense program that it believes is satisfactory or is helpful, and there is a question of a Federal contribution, are you going to say, "Well now, you do it this way, this is the right way to do it, and you do it this way or else you won't get any Federal contribution"? Are you going to take that attitude or are you going to try to work it out cooperatively, without too much dictation through the force you have of the Federal contribution?

Mr. PITTMAN. Well, you make it easier for me in the last part of your question. We are going to try to work it out cooperatively.

Senator SALTONSTALL. I hope you will. That is all.

Mr. PITTMAN. I know what is in your mind.

Senator SALTONSTALL. I think essentially it is a local operation. If the local people won't take the responsibility, then the Federal Government cannot take this responsibility because our country is too large, and there are too many people, and if you attempt to dictate too much, then you are going to take away a sense of local responsibility, are you not?

Mr. PITTMAN. I do not mean to be evasive about this. It seems to me we should use Federal funds to get the maximum mileage out of civil defense efforts around the country and, therefore, if we have some leverage through Federal financing which is used intelligently, and try to bring about some cohesion, coordination, in civil defense programs so that we get the most, the country gets the most, out of it, we should do it.

Now, we have to do this in a very careful, tactful, and cooperative way. Initiative must come from the local and State program. We do not want to kill that initiative.

Senator SALTONSTALL. Did I understand you to say that your relationship with Mr. Ellis and his responsibilities has not yet been worked out?

Mr. PITTMAN. It has been worked out in great detail. How it will operate, as you can understand, depends—the Executive order is one thing and how we relate to each other—Mr. Ellis and I have had sev-

eral long and earnest conversations, and I have great respect for him, and I hope he has for me. I foresee working this out in a practical way where the best use can be made of his organization and of our organization.

It will take several weeks, I think, after the reorganization is complete before all the details are worked out.

Senator SALTONSTALL. Just one more question. We appropriated \$207 million, if my memory is correct, for civil defense to the President.

Now, is it your responsibility to administer the use of those funds?

Mr. PITTMAN. It is.

Senator SALTONSTALL. Thank you, Mr. Chairman.

Chairman RUSSELL. It is very well to talk about cooperation, but in the last analysis somebody has to assume responsibility.

There are now a number of regional offices of the Office of Civilian Defense scattered throughout the country. To whom do they report now? To whom do they look now as their superiors?

Mr. PITTMAN. This decision is one of the several unresolved issues at the moment. It is unresolved in this sense: It is clear that the Defense Department civil defense program will and must have field offices. I believe that the Office of Emergency Planning also asserts a need for field offices. How the two field offices relate to each other, whether the Office of Emergency Planning, in fact, will have field offices, those are questions which, I believe, are still under consideration.

I rather assume that the field requirements of both activities will be met in these regional offices.

Chairman RUSSELL. If you have a vacancy in one of those regional offices, who will make the appointment, the Department of Defense or Mr. Ellis' organization?

Mr. PITTMAN. If there is a vacancy, a slot, which is concerned with civil defense, we clearly would make the decision.

Chairman RUSSELL. As I understand it, these regional offices have representatives of all the departments of Government, not all of them, perhaps, but certainly Agriculture, HEW, and two or three others, and those people have heretofore, even those who represent Agriculture, been employed by civilian defense. Will that be transferred over to the Department of Defense, or will that remain where it is now, in Mr. Ellis' office?

Mr. PITTMAN. If you are correct, I am afraid I am ignorant on this point. I had the impression that the regional offices reported directly to the Office of Civil and Defense Mobilization, and that the HEW representatives in the field reported independently or were not a part of these regional offices. I could well be wrong about that.

But I do not know the answer to your question. If Agriculture, HEW representatives are within these regional offices—

Chairman RUSSELL. I believe they are.

Mr. PITTMAN. Whether they will report back directly to their departments or to the regional directors, and whether the regional directors in that case will report to Defense or the Office of Emergency Planning, I think is probably the most important area that has not been fully resolved in this reorganization.

Chairman RUSSELL. Do you think it is desirable for us to have any standards of experience and capacity, education, and things of that

nature, on the part of State officials who are paid jointly with Federal funds?

Mr. PITTMAN. My personal conviction is that it is most important that a high standard of competence be maintained. I do not know enough as to whether a system of examinations of a certain type is the best way to accomplish it, but I certainly think that something is necessary to be sure that the standard of competency is being met.

Chairman RUSSELL. At the present time one of the very important powers of the Office of the Director is to make recommendations to the President as to imports from abroad that might affect the defense of the country, the most notable instance having been the petroleum imports a year or two ago.

Does that authority stay in Mr. Ellis' office or is that transferred over to Defense?

Mr. PITTMAN. It is my understanding that that authority stays with Mr. Ellis.

Chairman RUSSELL. Senator Stennis.

Senator STENNIS. Mr. Pittman, I just have a very few questions, but I want to point out that when Secretary McNamara was here he said that he wanted the Department of Defense to assume these additional duties with reference to civil defense without infringing on their primary responsibility of being military men and looking at the military programs and military responsibilities.

There was not time to develop that thought here. He did not have time to make clear how he was going to do that, but the question has lingered in my mind. I believe that the primary role of the military is to carry on the military planning, and military planning for military operations, and then going into military action, if necessary; and I do not want to deemphasize that role.

Now I know that the decision has already been made to give some responsibility there, but just what is your attitude on that, and how demanding are you going to be, as you understand your responsibilities on the time and talent of our military organizations? Could you say something on that?

Mr. PITTMAN. Well, let me say this: I think that there is full realization throughout the Defense Department at the top level that the very important military assignment of protecting the civilian population includes, it cannot be extricated from, the problem of civil defense, and I think that it may be—I cannot speak with authority on this, but I think this may be—a shift in thinking over the last year or two.

To the extent that this is elevated to a priority military assignment, and civil defense is an integral part of it, it makes the problem a little easier to deal with.

Now, when you ask how demanding I will be, I take it you have something particular in mind.

Senator STENNIS. Well, how aggressive will you approach this matter and what do you envision as your role in getting attention and effort and talent of the military personnel itself? If you could just express yourself along that line briefly it would be helpful.

Mr. PITTMAN. Well, one of the prime purposes of putting this program in the Department of Defense is to make available the very considerable resources that would move this program forward as,

perhaps, it has not moved before now. This is, I think, one of my most important responsibilities, to see that this works, and that we do have the full resources of the Department of Defense when we need them, and we will insist on it.

Senator STENNIS. Is it your idea to get the benefit of the military's know-how as to organization and planning for emergencies? Are you going to stop there or do you have in mind putting a great number of these military men in on duty over the country as instructors, and so forth? That is one point that I have in mind.

Mr. PITTMAN. Yes. Well, on that I feel that most of the operating problems of civil defense should be in the hands of civilians, certainly controlled by civilians, and I think carried out by civilians, and it would not be men in uniform who would be training the civilian population.

I think Senator Saltonstall raises the same point in another way. I think we want to be sure that initiative and responsibility remains at the local level. Nobody knows to what extent the country will be decentralized in the event of an attack.

Senator STENNIS. My concern is not to dilute the military as fighting men and as men prepared for war and thinking in terms of military planning, and so forth; and I think we made a lot of inroads on the military since World War II, I will say, and they have carried the load splendidly, but I believe there is a limit, and we should not go very heavily in on their time and their talent and divide their responsibilities and duties away from military functions.

Mr. PITTMAN. I understand your concern, and I take it very seriously.

Senator STENNIS. Do you share it?

Mr. PITTMAN. Perhaps you are talking about the use of Reserves?

Senator STENNIS. No, I was not referring to the Reserves.

Mr. PITTMAN. I certainly share your general point of view. But as applied to some of the complex questions we will have, such as secondary assignment of Reserves, I really do not know enough.

Senator STENNIS. I say, do you share generally the concern?

Mr. PITTMAN. Yes, sir.

Senator STENNIS. All right. That is all, Mr. Chairman.

Chairman RUSSELL. Senator Smith.

Senator SMITH. Thank you, Mr. Chairman.

Mr. Pittman, do I understand that there is not yet a clear distinction as to jurisdiction between the Federal and the State governments in civil defense?

Mr. PITTMAN. Well, I think that I would not put it that way, but I would agree with you. I think we are talking here about a very imperfect program, and it will continue to be.

As I see it, the problem is getting the most mileage out of the resources and energy in the country to meet the civil defense program. This is a job that can never be perfectly done. Everybody, and by everybody I mean all organizations, public and private, that are able to contribute to this end, should be involved and used.

I think in that type of a program it is impossible to organize it along clear command lines. We will want State civil defense programs, local civil defense programs, to move with their own initiative in the areas which could result in some duplication. If it results in

duplication we will try to deal with that problem, but we do not want to plan it all here from Washington.

Senator SMITH. But isn't the program going to be imperfect and varied as long as there is a divided jurisdiction, as there seems to be?

I had thought, I might observe that I had thought, that when this went over into the Defense Department that there would be a clear line of authority, and that we would get on the right track. But it seems to me that what we are doing is opening the way for a great deal of duplication and a great deal of argument as to the Federal-State relationship and, as Senator Saltonstall brought out, how far we can go in interfering with what the States are doing or whether there is some plan like the highway program, for instance, Federal aid to highways, where you have a standard set by the Federal Government, with the States going along.

Mr. PITTMAN. Well, there are standards, and we will review programs and improve them for purposes of Federal contributions.

However, the State of Maryland, for example, is considering certain tax incentives to stimulate people to build home shelters. We are surveying, identifying existing shelters, marking them; we will be in the State of Maryland. It may be that these two programs should be closely coordinated, and it may be that the home shelter construction, as generated by the Maryland tax program, if it comes into being, can quite well proceed independently and without any attempt at coordinating it with our program of identifying and listing shelters. I use this as an example.

I think close coordination is possible in certain areas, and I do not think it is necessarily undesirable.

I should add I speak from considerable ignorance here, I have been spending every waking hour reading about civil defense, but I am not really on board yet.

Senator SMITH. In other words, you are just feeling your way along, and we are still without a very specific program on civil defense, which is getting to the point of being vital?

Mr. PITTMAN. I think you will be surprised at how specific the program is and how far it has gone, the Federal program. The center of it is bringing into use all existing shelter space as rapidly as possible. We predicted a certain amount of money will be spent on this, and we would have certain results by a certain date. We are well ahead of schedule. I think everyone will be surprised at how rapidly we will achieve this goal.

I understood your question to be directed at something a little different, which was not in the Federal program itself, but the civil defense activities around the country that are not under direct Federal control but which can be influenced to some extent, sometimes to a considerable extent, by Federal activities.

Senator SMITH. This is not the place to go into it any more probably, Mr. Pittman, but I had hoped with this change that we would have offered or been able to offer, some leadership that would bring about a specific program that would help the communities get away from what we had been doing for so many years.

Mr. PITTMAN. We fully intend to offer leadership. I think a balance has to be struck between offering leadership and the point Senator Saltonstall brings out about local initiative.

Senator SMITH. Thank you, Mr. Chairman.

Chairman RUSSELL. Senator Thurmond.

Senator THURMOND. Thank you, Mr. Chairman.

Mr. Pittman, in the 2d Army area, and I believe in the 1st Army area and, possibly in others, there are certain Reserve units that are now doing some planning on civil defense. It is part of their assignment to them. I understand they are doing a very fine job.

Have you had occasion to review what they are doing?

Mr. PITTMAN. I have not had occasion to review or appraise it, but I have heard in a very general way this is going on and they were doing a very fine job.

Senator THURMOND. These are civil affairs units that are especially trained to take over a city or nation and operate it in the event they are called upon in any way. They are specialists in various capacities, public health specialists, public safety specialists, educational specialists, labor specialists, and water works specialists, and things of that kind. I suggest you look into the work they are doing because it should be most helpful to you of the type of unit that will be able to assist you in planning.

You have been into it in some places?

Mr. PITTMAN. I am glad you called it to my attention.

Senator THURMOND. Thank you, Mr. Chairman.

Chairman RUSSELL. Senator Bush.

Senator BUSH. Mr. Chairman, I was not here at the opening, but I would like to ask specifically this question about the OCDM of which Mr. Ellis is the head. Did I understand that the organization remains intact as it was before this office was created for which you were nominated?

Mr. PITTMAN. Civil defense operations have been moved out of that office and put in the Defense Department. It continues to act as the President's adviser and assist him on certain matters with respect to civil defense, and then it retains the very considerable responsibility that, perhaps, could be described as what used to be with the Office of Defense Mobilization before that was put together with civil defense.

Senator BUSH. That all remains in that?

Mr. PITTMAN. That remains.

Senator BUSH. That becomes then its principal function really?

Mr. PITTMAN. That is its principal function.

Senator BUSH. So that all of its functions relating to preparing the communities for civil defense transfer to the new division of which you will be in charge and over which you will preside; is that right?

Mr. PITTMAN. That is correct, except that Mr. Ellis may be advising and assisting the President on the subject of civil defense, and this may bring him into any aspect of our program.

Senator BUSH. I have no other questions.

Chairman RUSSELL. Senator Cannon.

Senator CANNON. Thank you, Mr. Chairman.

Mr. Pittman, I am, I think, more confused now than when I came in as to this distribution of authority.

It seems to me we may be setting up two agencies to do the job that heretofore was done by one, as a consequence of, perhaps, greater confusion and greater expansion so far as the Government is concerned; is that a correct analysis? Will we now have two agencies handling

the job that formerly was handled by the one separate agency or have I got the wrong picture?

Mr. PITTMAN. I think that the situation is probably much clearer than it was. I think you do have the wrong picture, Senator.

The civil defense operation is clearly the responsibility of the Secretary of Defense. The activities that are now called resource management, planning for economic revival, mobilization, formerly were with the Office of Defense Mobilization, are clearly the responsibility of the Office of Emergency Planning.

The Office of Emergency Planning also advises the President across the board on both subjects, and to that extent has a continuing interest in civil defense. But there are other members of the President's staff who act for him on the affairs of other departments of the Government. I do not think this has caused any confusion, and I do not think it should be anticipated that it should here.

Senator CANNON. Well, now, on these regional offices that Senator Russell asked about, I take it, there may be some divided responsibilities there insofar as the regional offices are concerned, apparently.

Mr. PITTMAN. I think you are quite right. This, as I have said earlier, is the one area where, perhaps, if this hearing had taken place 2 days from now I would have been able to speak more clearly on it.

We have a problem of organization at the regional level which requires a little more attention. It is not fully resolved in the executive order, and it is under active discussion. Early resolution of the regional organization is expected, I would think, within a matter of days.

Senator CANNON. You make the statement that you did not want to plan all of this program from Washington, but to leave the initiative, as I understood it, at a local level.

I think Senator Young has made a very good point in numerous talks that one of the difficulties so far has been, because of a lack of proper planning, it has been pretty much of a boondoggle, as he puts it, up to the present time, and I certainly hope that your new office would not relax a moment in the planning to see that the States and the communities are following a reasonable plan rather than follow the so-called boondoggle type of thing that I think, in part, is pretty correct, up to this point.

I noticed here just a few days ago one of the most noteworthy statements by one of the States was when the announcement was made as to the new allocation of funds as a result of the appropriations, that one of the States had put on a public relations director, gone out and hired a public relations director.

Well, it seems to me like the planning that would permit that type of thing to occur is just pointing up the problem that Senator Young explained on numerous occasions, and I hope certainly that you will have some very firm planning and some authorized directions in which the expenditures of funds can be made and in which the operation should be directed.

Mr. PITTMAN. Well, let me say this, Senator: a week ago, as you know I am not really aboard here, I asked those who have operating responsibilities in the Defense Department on Civil Defense to pull together the opportunities that may exist for the Defense Department Office of Civil Defense to more effectively use all of the influence and leverage it has on the local programs so that we could be sure

that, as we move into next year, we would make the most of our opportunities for leadership, I am talking and thinking in terms of hard operating activities offering leverage for maximum leadership, not in terms of public statements and visiting with Governors. Incidentally, the Governors' committee on civil defense is coming to Washington on Sunday, and we are going to meet with them and we are going to try to develop an approach to the problem that you have raised.

I do not want you to have the impression that this is a neglected problem simply because I am cautiously saying that there are some balancing considerations.

Senator CANNON. Well, as you know, one of the objections so far certainly has been that there has been no real effective planning.

You have indicated that we are further along in the planning than some people may think. But, at least, I am one who agrees that so far there has not been a real effective plan, as evidenced from what has actually transpired.

Mr. PITTMAN. It is very useful to me to have your views and to hear some of the comments that have been made here this morning.

Senator CANNON. Thank you, Mr. Chairman.

Chairman RUSSELL. Senator Beall.

Senator BEALL. Mr. Chairman, I do not have any questions, but I would like to say to the committee that Mr. Pittman's family, I believe, has lived in Maryland for a number of generations, about nine generations, isn't it?

Mr. PITTMAN. Seven generations.

Senator BEALL. Seven generations; and although I do not know Mr. Pittman personally, I do know he is very highly regarded by his neighbors and people who have known him in a business way who have come to me about what an understanding person he is, and it is my pleasure to recommend him to the committee.

Chairman RUSSELL. At this stage I think I should say Senator Symington was called out of town, and he asked me to particularly say to the committee that he knew Mr. Pittman personally and held him in very high regard, and he thought he was amply qualified for this position.

Senator Case.

Senator CASE. No questions.

Chairman RUSSELL. Any further questions?

Senator BUSH. Just for the record, before we close, I would like to say that I have known Mr. Pittman for many years, known his family a long time, and I subscribe to the agreeable comments that have been made concerning him by both the Senators whom you quoted.

Chairman RUSSELL. Mr. Pittman, I am sure the committee is conscious of the fact that the amendments to the Civil Defense Act of 1958 did confer very considerable powers on the office in dealing with the States who are accepting Federal assistance.

Mr. PITTMAN. Yes.

Chairman RUSSELL. Senator Smith mentioned the highway program. You have, I think, practically all of the powers that the Bureau of Public Roads has, more than the Federal Office of Extension has over the Extension Service, far more; and there is no question in my mind, that under the amendments of 1958, you have a right to prescribe

standards for employment and for programs. You cannot enforce them on the States, but the law specifically gives you the authority of withholding Federal assistance from those States that do not comply within a period of time, 30 or 60 days, I have forgotten which it is, to enter into the program you may have announced.

Senator SALTONSTALL.

Mr. Chairman, I have just one more question, perhaps, in the form of an observation, Mr. Pittman, and, perhaps, to get your reaction.

You have told us you have the responsibility of over \$207 million worth of funds. That is an awful lot of money.

Now, have you thought up at all how you are going to use that money with relation to the cities and towns? For instance, are you going to allot it out in proportion to the population? Are you going to allot it so much to each State or are you going to allot it out on the degree of danger?

For instance, New York City, Detroit, we will say, Los Angeles, Washington, perhaps, are the four places that might be bombed first or would be the most desirable targets from the enemy's point of view.

Are you going to put the money out in proportion to the degree of danger that you think is going to exist or are you going to distribute it out on some formula so much to each State that comes up to certain standards, and so on? Perhaps you cannot answer that.

Chairman RUSSELL. Well, the law prescribes that pretty well.

Senator SALTONSTALL. The chairman is always a careful observer, and I would appreciate it if the chairman would read that section.

Chairman RUSSELL. It says:

Regulations governing allocations to States shall give due regard to (1) the criticality of the target and support areas with respect to the development of the total civil defense readiness of the Nation; (2) relative state of civil defense readiness of the State; (3) population; (4) other factors as the Administrator shall prescribe: *Provided*, That the Administrator may reallocate the excess of any allocation not utilized by the State on approvable plan submitted hereunder; *Provided, further*, the amounts paid to any State or political subdivision under this paragraph shall be expended solely for the purposes set forth herein—

and then there are about two or three paragraphs of the purposes.

Senator SALTONSTALL. I would say, Mr. Chairman, that is a very difficult formula, as I heard it, to carry out in a practical way without getting into a lot of difficulty with various Governors and various mayors, public officials, and private citizens.

I hope that Mr. Pittman, who comes to us very well regarded by those who know him, will work out those formulas, work out formulas in accordance with that statute very, very carefully because the rows are going to come down upon us.

I have already received a number of letters asking me to get from you substantial sums of money. [Laughter.]

Mr. PITTMAN. We have considerable correspondence in the same vein.

Senator Saltonstall, may I just say, you asked about the \$207 million supplemental appropriation, which is really the major portion of our program here. The problem you raised does not apply to that because these funds were appropriated for specific purposes, which could not possibly be divided on a State basis. This is a nationwide program

of identifying existing shelter, marking it, equipping it, the NEAR system for communications, warning and detection. monitoring radioactive fallout.

The legislative language which was read by the chairman applies to other funds which we take over from OCDM, which are the previous program, which includes Federal matching, Federal contributions activities, and there we have the problem which would require all of the act and judgment and good sense that you referred to.

This other one is a little bit more of a hard-operating program, and is not intimately involved with State activities.

Senator SALTONSTALL. Thank you, Mr. Chairman.

I would just say good luck to you in a very difficult job.

Mr. PITTMAN. Thank you.

Chairman RUSSELL. Are there any further questions?

Senator CASE. Mr. Chairman, I do not have any questions of Mr. Pittman, but your observations with regard to the Bureau of Public Roads suggests a question to you, if you would permit it. You indicated that you thought that in this position he would have authority over the Bureau of Public Roads.

Chairman RUSSELL. Oh, no, no, indeed. I said it was a comparable program. The matching funds for the States in the nature of Bureau of Public Roads, Senator Smith brought out that observation.

Senator CASE. For example, on the Interstate and Defense System Highways, some of the overpasses were designed at an elevation and some of the States which do not permit the transmission and transportation of some of the ICBM's in the customary fashion. Would it be within his power to require that those overpasses be redesigned?

Chairman RUSSELL. I do not know if any authority exists as to that area. I would think though that the Bureau of Public Roads would have ample authority to do it.

Senator CASE. Would you think that as to the access—

Chairman RUSSELL. I think they should have where the Federal Government is putting up 90 percent of the cost of the highways, they certainly should be able to see to it by regulation, that you would have a road on which a missile could be transported.

Senator CASE. I think they will prospectively. But there were some that were designed before this happened to be brought out, and I do not know whether there has been any move to change those. Of course, it does not mean that you cannot transport the missiles. It merely means you have to go around that particular underpass, I assume.

Chairman RUSSELL. I think where the Federal Government is putting up 90 percent of the money it ought to have considerable latitude, and I am about as much of a States righter as there is in the Congress of the United States, I suppose. But where the Government is putting up 90 percent of the money, I am not in favor of letting the States have the entire say-so as to how it is going to be expended.

Senator CASE. That was not the issue I referred to; whether the Bureau of Public Roads or the Civil Defense Administrator would make the prescription.

Chairman RUSSELL. I do not think there is anything in the law which I have any knowledge of that would permit him to make any

regulation whatever with relation to funds appropriated for the Bureau of Public Roads.

But I hope in the discharge of his duties he will communicate with the Director of the Bureau of Public Roads and see that he issues regulations that money shall be spent in such a way that we could transmit the missiles over it.

It could not cost much more and if it did, 90 percent of it is borne by the Federal Government anyhow.

Senator CASE. I possibly misunderstood your earlier comment, but I had understood you to say that he had vast powers dealing with public roads.

Chairman RUSSELL. No, no. I said, as Senator Smith suggested, that the Federal Government did have powers in the joint ventures. She had used the public roads as an illustration, and I was merely reiterating that, and then I brought in the extension service and other cooperative ventures. I am glad the Senator brought that up. I am glad that Mr. Pittman got the benefit of that suggestion.

Some of the States were designing overpasses, and were spending Federal funds for 90 percent of the cost of it, that you could not carry an ICBM under. I hope you get in touch with the Bureau of Public Roads and see that no State gets any 90 percent contribution if it does not design overpasses that permit large missiles to be carried under them.

Mr. PITTMAN. I will get in touch.

Chairman RUSSELL. Anything else?

Senator THURMOND. Mr. Chairman, that was one theory on which the Interstate Highway System was approved, was it not?

Chairman RUSSELL. Of course, it was.

Senator THURMOND. The theory of national defense so we could carry troops and weapons from one State to another and other parts of the country.

Chairman RUSSELL. There is no other way in which we could justify the Federal expenditure.

Senator THURMOND. That is really the constitutional basis.

Chairman RUSSELL. That is correct.

Is there anything else?

If not, we thank you, Mr. Pittman.

Mr. PITTMAN. Thank you, Mr. Chairman.

S. 2457 and H.R. 8765

Chairman RUSSELL. We have a few legislative proposals that are not momentous but are of tremendous importance to certain persons. The first one is S. 2457, a legislative proposal sponsored by the Department of Labor that would amend the reemployment provisions of the Universal Military Training and Service Act.

An amended version of the House companion bill, H.R. 8765, is awaiting action in the other body. Copies of H.R. 8765 are before the Members in order that we may consider the House amendments in relation to the Senate bill. Since the time remaining in this session is short, it apparently would expedite the enactment if the House amendment should prove acceptable to this committee.

(The bills referred to, S. 2457 and H.R. 8765, follow:)

[S. 2457, 87th Cong., 1st sess.]

A BILL To amend and clarify the reemployment provisions of the Universal Military Training and Service Act, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 9 of the Universal Military Training and Service Act, as amended (50 U.S.C. App. 459) is amended as follows:

(1) By amending paragraph (1) of subsection (g) to read as follows:

"(1) Any person who, after entering the employment to which he claims restoration, enlists in the Armed Forces of the United States (other than in a reserve component) and who between June 24, 1948, and August 1, 1961, serves for not more than four years, or who on and after August 1, 1961, serves any period additional or otherwise, not exceeding four years (plus in each case any period of additional service imposed pursuant to law) shall be entitled upon release from service under honorable conditions to all the reemployment rights and other benefits provided for by this section in the case of persons inducted under the provisions of this title."

(2) by amending paragraph (2) of subsection (g) to read as follows:

"(2) Any person who, after entering the employment to which he claims restoration, enters upon active duty (other than for the purpose of determining his physical fitness and other than for training), whether or not voluntarily, in the Armed Forces of the United States or the Public Health Service in response to an order or call to active duty shall, upon his relief from active duty under honorable conditions, be entitled to all of the reemployment rights and benefits provided by this section in the case of persons inducted under the provisions of this title, if the total of such active duty performed between June 24, 1948, and August 1, 1961, did not exceed four years, and the total of any such active duty, additional or otherwise, performed after August 1, 1961, does not exceed four years (plus in each case any additional period in which he was unable to obtain orders relieving him from active duty)."

(3) By amending paragraph (4) of subsection (g) to read as follows:

"(4) Any employee not covered by paragraph (3) of this subsection who holds a position described in paragraph (A) or (B) of subsection (b) of this section shall upon request be granted a leave of absence by his employer for the period required to perform active duty for training or inactive duty training in the Armed Forces of the United States. Upon his release from a period of such active duty for training or inactive duty training, or upon his discharge from hospitalization incident to that training, such employee shall be permitted to return to his position with such seniority, status, pay, and vacation as he would have had if he had not been absent for such purposes. He shall report for work at the beginning of his next regularly scheduled working period after expiration of the last calendar day necessary to travel from the place of training to the place of employment following his release, or within a reasonable time thereafter if delayed return is due to factors beyond the employee's control. Failure to report for work at such next regularly scheduled working period shall make the employee subject to the conduct rules of the employer pertaining to explanations and discipline with respect to absence from scheduled work. If that employee is hospitalized incident to active duty for training or inactive duty training, he shall be required to report for work at the beginning of his next regularly scheduled work period after expiration of the time necessary to travel from the place of discharge from hospitalization to the place of employment, or within a reasonable time thereafter if delayed return is due to factors beyond the employees' control, or within one year after his release from active duty for training or inactive duty training, whichever is earlier. If an employee covered by this paragraph is not qualified to perform the duties of his position by reason of disability sustained during active duty for training or inactive duty training, but is qualified to perform the duties of any other position in the employ of the employer or his successor in interest, he shall be restored by that employer or his successor in interest to such other position the duties of which he is qualified to perform as will provide him like seniority, status, and pay, or the nearest approximation thereof consistent with the circumstances in his case."

(4) By renumbering paragraph (5) of subsection (g) as paragraph (6), and by inserting a new paragraph (5) as follows:

"(5) Any employee not covered by paragraph (3) of this subsection who holds a position described in paragraph (A) or (B) of subsection (b) of this section shall be considered as having been on leave of absence during the period required to report for the purpose of being inducted into, entering or determining by a preinduction or other examination his physical fitness to enter the Armed Forces of the United States. Upon his rejection, up completion of his preinduction or other examination, or upon his discharge from hospitalization incident to that rejection or examination, such employee shall be permitted to return to his position in accordance with the provisions of paragraph (4) of this subsection."

[H.R. 8765, 87th Cong., 1st sess.]

AN ACT To amend and clarify the reemployment provisions of the Universal Military Training and Service Act, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 9 of the Universal Military Training and Service Act, as amended (50 U.S.C. App. 459), is amended as follows:

(1) By amending paragraph (1) of subsection (g) to read as follows:

"(1) Any person who, after entering the employment to which he claims restoration, enlists in the Armed Forces of the United States (other than in a reserve component) and who serves for not more than four years, or who on and after August 1, 1961, serves any additional period not exceeding the maximum period for which he might be called into or retained in service involuntarily (plus in each case any period of additional service imposed pursuant to law) shall be entitled upon release from service under honorable conditions to all the reemployment rights and other benefits provided for by this section in the case of persons inducted under the provisions of this title."

(2) By amending paragraph (2) of subsection (g) to read as follows:

"(2) Any person who, after entering the employment to which he claims restoration, enters upon active duty (other than for the purpose of determining his physical fitness and other than for training), whether or not voluntarily, in the Armed Forces of the United States or the Public Health Service in response to an order or call to active duty shall, upon his relief from active duty under honorable conditions, be entitled to all of the reemployment rights and benefits provided by this section in the case of persons inducted under the provisions of this title, if the total of such active duty performed did not exceed four years, and the total of any such additional active duty performed after August 1, 1961, does not exceed the maximum period for which he might be called into or retained in service involuntarily (plus in each case any additional period in which he was unable to obtain orders relieving him from active duty)."

(3) By amending paragraph (4) of subsection (g) to read as follows:

"(4) Any employee not covered by paragraph (3) of this subsection who holds a position described in paragraph (A) or (B) of subsection (b) of this section shall upon request be granted a leave of absence by his employer for the period required to perform active duty for training or inactive duty training in the Armed Forces of the United States. Upon his release from a period of such active duty for training or inactive duty training, or upon his discharge from hospitalization incident to that training, such employee shall be permitted to return to his position with such seniority, status, pay, and vacation as he would have had if he had not been absent for such purposes. He shall report for work at the beginning of his next regularly scheduled working period after expiration of the last calendar day necessary to travel from the place of training to the place of employment following his release, or within a reasonable time thereafter if delayed return is due to factors beyond the employee's control. Failure to report for work at such next regularly scheduled working period shall make the employee subject to the conduct rules of the employer pertaining to explanations and discipline with respect to absence from scheduled work. If that employee is hospitalized incident to active duty for training or inactive duty training, he shall be required to report for work at the beginning of his next regularly scheduled work period after expiration of the time necessary to travel from the place of discharge from hospitalization to the place of employment, or within a reasonable time thereafter if delayed return is due to factors beyond the employee's control, or within one year after his release from active duty for training or in-

active duty training, whichever is earlier. If an employee covered by this paragraph is not qualified to perform the duties of his position by reason of disability sustained during active duty for training or inactive duty training, but is qualified to perform the duties of any other position in the employ of the employer or his successor in interest, he shall be restored by that employer or his successor in interest to such other position the duties of which he is qualified to perform as will provide him like seniority, status, and pay, or the nearest approximation thereof consistent with the circumstances in his case."

(4) By renumbering paragraph (5) of subsection (g) as paragraph (6), and by inserting a new paragraph (5) as follows:

"(5) Any employee not covered by paragraph (3) of this subsection who holds a position described in paragraph (A) or (B) of subsection (b) of this section shall be considered as having been on leave of absence during the period required to report for the purpose of being inducted into, entering or determining by a preinduction or other examination his physical fitness to enter the Armed Forces of the United States. Upon his rejection, upon completion of his preinduction or other examination, or upon his discharge from hospitalization incident to that rejection or examination, such employee shall be permitted to return to his position in accordance with the provisions of paragraph (4) of this subsection."

Passed the House of Representatives September 13, 1961.

Attest:

RALPH R. ROBERTS, *Clerk*.

Chairman RUSSELL. We all realize that it is vital that we do pass some legislation to protect the reemployment rights of these thousands of reservists being called up at the present time.

The first witness at this time is Mr. Hugh W. Bradley, Director of the Bureau of Veterans' Reemployment Rights. Have a seat, Mr. Bradley.

We do not see you before this committee except when we get into this area of legislation but you are usually a well-informed witness, and we will be glad to have you explain and tell us what this bill is, as briefly as possible, consistent with a sufficient explanation.

STATEMENT OF HUGH W. BRADLEY, DIRECTOR, BUREAU OF VETERANS' REEMPLOYMENT RIGHTS, DEPARTMENT OF LABOR

Mr. BRADLEY. Thank you, Mr. Chairman and members of the committee.

I appreciate this opportunity to present the views of the Department of Labor on proposed amendments to the reemployment rights provisions of the Universal Military Training and Service Act.

As you know, a bill identified as S. 2457 has been submitted to the Congress by the Department of Labor. It has been approved by the Department of Defense, the Civil Service Commission, the Selective Service System, and the Bureau of the Budget.

And I might add, Mr. Chairman, that this bill has been endorsed in recent days by all of the four major veterans' organizations in national convention within the last 2 weeks.

Because of the possible technical construction, difficulties arising from the variance in language between sections 9(g)(1) and 9(g)(2), it is possible that some reservists and others called up or enlisting under Senate Joint Resolution 120 will not be protected with regard to their reemployment rights under existing law.

The purpose of S. 2457, therefore, is to amend the existing reemployment provisions of the act to insure that reemployment protection will be accorded all persons who leave their jobs to enter the Armed Forces in the interest of national defense, and to clarify certain exist-

ing rights where experience has shown that inconsistencies and inequities based on legal technicalities should be eliminated.

The bill would amend section 9(g) (1) and 9(g) (2) of the act to permit an additional 4-year period of service for reemployment rights purposes for persons entering or reentering on active duty after August 1, 1961, the effective date of Public Law 87-117.

At the present time, section 9(g) (1) of the act could be interpreted to deny reemployment rights to an enlistee whose total service entered into after June 24, 1948, exceeds 4 years, unless his service in excess of 4 years is imposed pursuant to law. Likewise, section 9(g) (2) of the act might be held to give no reemployment protection for a reservist or guardsmen recalled to active duty if the aggregate of his service entered into after June 24, 1948, exceeds 4 years, unless he is unable to obtain orders releasing him after 4 years of service. It is the intent and purpose of the statute that persons performing such voluntary service after August 1, 1961, should have the same reemployment rights as those performing involuntary service and the amendments are desirable to dispel any doubt on this score.

Senator CASE. Mr. Chairman, could I ask one question at that point?

Chairman RUSSELL. Do you have objection to a question at this juncture?

Mr. BRADLEY. Yes, sir.

Chairman RUSSELL. Did you understand my question?

Mr. BRADLEY. I thought you said would I accept a question at this point.

Chairman RUSSELL. I asked you if you objected to any questions at this juncture.

Mr. BRADLEY. No, sir.

Chairman RUSSELL. All right. [Laughter.]

Senator CASE. I was just wondering when you used the date August 1, 1961, obviously the effective date of this act is going to be subsequent to August 1, 1961, because this is already the middle of September. If this language in the bill refers to August 1, 1961, will it not be retroactive, so to speak, between the effective date of the act and August 1, 1961?

Mr. BRADLEY. Yes; it would go for the entire 1-year period that is in Senate Joint Resolution 120, the period within which people can be called up or extended in the Armed Forces.

In other words, it would be effective after that date.

Senator CASE. While I find it difficult to conceive that an employer would take advantage of that fact, he might argue, at least, that it was ex post facto or that it established a situation or sought to establish a situation by law which was not the condition of the employment or the law at the time the command went into active service.

Mr. BRADLEY. Well, the point here is that you have this 4-year limitation in the present law and anyone who has served all of the 4 years or 3 years and 10 months of it in previous years since June 24, 1948, if he is called up again under this Senate Joint Resolution since June 24, 1948, if he is called up again under this Senate Joint Resolution 120 for an extension of 1 year, that would give him more than the 4-year limitation that is in the present law, and as now written

he could lose his remaining employment rights by being in the service for more than 4 years.

Senator CASE. I understand the problem. But I do point out the law would be retroactive because the effective date must be somewhat subsequent to August 1, 1961.

Chairman RUSSELL. To protect all of those called up, I suppose it would have to be retroactive.

Senator CASE. I have no objection to protecting them if we can do it.

I think, in fact, you may recall at the time the Secretary was up and asked for the special legislation I raised the question about reemployment rights, and I think the chairman at that time supported my observation that I thought we ought to insure that there ought to be reemployment rights.

Chairman RUSSELL. I was of the opinion at that time that they were covered if they were called into active service.

Mr. BRADLEY. I might say, Mr. Chairman, most of them are. There are some few that would not be. It is only a few that have already served approximately 4 years in the past.

Chairman RUSSELL. All of them are covered who have not served 4 years since 1948, so about 95 percent of them are covered by existing law.

Mr. BRADLEY. I do not know that it is that large a percentage, but the majority of them certainly are covered.

A number of persons who will reenter on active duty in the expanded defense program have already, during the Korean conflict or later, served all or a major part of the 4 years permitted under present law. If the additional service they now perform results in an aggregate of more than 4 years, their reemployment rights under the present wording of the statutes might be held to have been waived, despite the desirability of voluntary enlistments and reenlistments to both the serviceman and the Armed Forces. The changes in S. 2457 would assure the protection Congress intended of the rights of those who were in the service on August 1 but had not served an aggregate of 4 years as of that date and those who enlist or are recalled after August 1, irrespective of the years of service they may have performed in prior years. It would retain the 4-year limit for persons in the service as of August 1 who had already forfeited their rights due to service in excess of 4 years.

The bill would remove the requirement that rejectees request leave of absence from their employer for the purpose of determining their physical fitness in order to assure their rights to reemployment. To do this, rejectees would be removed from section 9(g)(4) and his rights spelled out in a new section 9(g)(5). This would require a renumbering of the present 9(g)(5) as 9(g)(6).

The purpose of this change is to relieve the rejectee from the "request for leave" requirement in section 9(g)(4) but to retain the requirement for reservists and guardsmen who leave their jobs for short periods of training duty only.

A person who leaves his job for military service and is accepted for service is not subject to the "request for leave" requirement. The purpose of the change is to relieve the rejectee of this obligation also, since his employer is usually in a better position than the rejectee to

be informed of legal requirements under the statute. It is somewhat anomalous to impose this requirement on the person who is rejected for service, particularly when he has no knowledge that he will be rejected at the time he leaves his position and, in many instances, will have no knowledge of the requirement itself until after he has been rejected and learns that he failed to meet a condition of eligibility. His situation is different from that of reservists and guardsmen who leave their jobs repeatedly for short tours of training. The repetitive nature of their absence makes it desirable that the employer be informed concerning the schedule of absences, and the requirement of a request for leave would continue to apply in such cases. The rejectee's absence is not of a repetitive character which might require a continuing adjustment by the employer.

Clarifying language has also been added in new section 9(g)(5) to insure that those who are called for preinduction examination and are subsequently accepted or rejected are entitled to remain in their employment pending their induction or rejection. The period between this examination and a final decision as to induction or rejection is sometimes several months, during which the employee should be protected against the loss of his job.

Chairman RUSSELL. Are you familiar with the bill in the other body that has been reported by the House Armed Services Committee?

Mr. BRADLEY. Yes, sir.

Chairman RUSSELL. What is the principal difference between that bill and the bill that you suggest here?

Mr. BRADLEY. Well, the principal difference is that this bill would give an additional 4 years of service to persons called in or enlisting after August 1 during this emergency and, as we thought, would more nearly meet the needs of the military for planning in the future; whereas in the House bill it gives a person additional service equal to the period for which he could have been involuntarily retained or recalled. At the moment, under Public Law 87-117 it is 1 year, unless that 1-year limitation is changed at some later date.

Chairman RUSSELL. It would be 1 year for the man who was held for 1 year, but if that should be extended or in the category of these cases who have served practically all of their 4 years, the House bill would protect them.

Mr. BRADLEY. It would protect them but, at the moment, for only 1 year, unless that 1-year limitation is extended in the Senate Joint Resolution 120.

Chairman RUSSELL. The House bill extends it only 1 year. I thought it extended it for the period the man served involuntarily.

Mr. BRADLEY. No. The period for which he could be called up involuntarily and, at the moment, that period is 1 year. Actually under the House bill the man now has a maximum—a simple way to express it with maybe one or two exceptions—he has a maximum of 5 years of absence. Under 2457 it could be a maximum of 8 years of absence, not necessarily continuous, if the military needs required the man to be absent for that period of time.

Under the House bill it is at the moment limited to 5 years unless the 1-year limitation in Senate Joint Resolution 120 is extended beyond the present 1 year.

Chairman RUSSELL. In other words, the House bill is tied directly into Senate Joint Resolution 120.

Mr. BRADLEY. That is right, now Public Law 87-117.

Chairman RUSSELL. Yes.

Mr. BRADLEY. This does not tie into it. This plays it safe, we think, to meet the needs of the military who may want to call some men in for 2 years, 3 years, or even 4 years, men who are specialists, recognizing most of them will not be, but if they should need certain men for longer than this 1-year period then this would protect them up to 4 years in addition to the service they may have already had.

Chairman RUSSELL. Senator Saltonstall?

Senator SALTONSTALL. What it amounts to, Mr. Bradley, is that if in the need of getting legislation at this session of the Congress, which we hope will close very shortly, we take the House bill and the House amendments into the Senate bill, then we might have to amend the law again next year to carry it on. But it would be better to get it through this year in that form, and that would take care of anybody for at least a year, and then you might have to come back to us again next year.

Mr. BRADLEY. We may. But there is one other thing, Senator Saltonstall, with respect to the needs of the military, at least as I understand it, and there are gentlemen here from the Department of Defense who are probably better equipped to discuss this than I am. But, as I understand it, right now if they want a man to come in, say, for 3 years in the Marine Corps, for instance, if they tell the man they want him, to recall him, and offer him a 3-year recall, the first thing he wants to know is: "Am I going to be protected on my reemployment rights?" At the moment we have to tell him: "No, unless the Congress changes the law you only have 1 year," and he has to gamble on changing Senate Joint Resolution 120 at some later date. If you do not extend that law he probably would have no rights. It is a matter of inducement to him.

Senator SALTONSTALL. What I was trying to bring out was, following the chairman's suggestion, if we passed the House bill or passed the Senate bill in the House form in order to make sure it goes through, you may have to come back to us next year, but everybody who goes into the Army, Navy, Air Force, or Marines is protected for at least this year.

Mr. BRADLEY. Yes, sir.

Senator SALTONSTALL. Thank you.

Chairman RUSSELL. Senator Thurmond?

Senator THURMOND. Mr. Bradley, I want to ask you this question. I might say I am in favor of the bill. I just want to ask you this point, if the position should be abolished, just where does that leave the man?

Mr. BRADLEY. If a position is abolished, upon the return of the serviceman, under the law as it exists today, he may be entitled to be transferred to some other position.

In many instances if this position is abolished, had he been there he would have probably been transferred to some other position, and if he would have been transferred to some other position, then he is entitled to be reemployed in that position to which he would have been transferred.

However, if the position was abolished, and if he had been present he would have lost his job entirely, if he would not have had any other job to transfer to, and he comes back, he has no reemployment rights because he would not have had the job even though he had not gone into the Army. In other words, he only gets what he would have had had he not gone into the military services. He does not gain any rights.

Senator THURMOND. The position would have to be retained for him, but he would have gotten a new position as the outgrowth of the old position.

Mr. BRADLEY. If he would not have been in the military service he moves in where he would have been.

Chairman RUSSELL. In all cases where his security is protected or regulated by contract with a union, I suppose a large number of cases would result that that would determine just what his rights were if his job had been abolished.

Mr. BRADLEY. Well, largely, yes. You would have to determine what part his seniority and other factors of the contract played on his employment, and frequently there we sit down with both union and management and see what would have happened under this particular contract to this particular individual had he not been in military service in order to determine where he moves in on the employment ladder upon his return.

Chairman RUSSELL. Senator Smith?

Senator THURMOND. Mr. Chairman, I would just like to say for the record I think Mr. Bradley has done a fine job as Director of the Bureau of Veterans' Reemployment Rights.

He comes from my State, and I have known him and his family for some time. He comes from the famous Bradley family in South Carolina that has contributed so much to the history of our State, and especially Clemson College with which his father was associated, and which the chairman knows about, and the great service it is rendering.

I believe your father was chairman of the board of Clemson College for a long number of years, and I am very proud of the splendid work that Mr. Hugh Bradley has done here for the Federal Government.

Chairman RUSSELL. Senator Smith?

Senator SMITH. I have no questions.

Chairman RUSSELL. Senator Cannon?

Senator CANNON. Thank you, Mr. Chairman.

Mr. Bradley, I am not entirely clear on the point that Senator Saltonstall raised. Under the present law can some of these people be called for longer than a 1-year period now?

Mr. BRADLEY. They can be called, but unless the 1 year is extended, they will not have reemployment rights if they remain in service.

Senator CANNON. I understand it, but they can, under the present law, be called for longer than a 1-year period, so if we adopt the House version here at this time, a man who was called for longer than a 1-year period would not be covered insofar as his guarantee of reemployment rights is concerned.

Mr. BRADLEY. That is correct. But such a recall would be only on a voluntary basis. He can be recalled on a voluntary basis for more than a 1-year period.

Senator CANNON. I see. He cannot be called longer than for 1 year involuntarily?

Mr. BRADLEY. That is right.

Senator CANNON. He would not be protected if he were called voluntarily for a 2-year period.

Mr. BRADLEY. If he had used up more than his 4-year period of time.

Senator CANNON. And he was called for a 2-year term involuntarily he would not be protected in his rights if we adopted the House version at this time?

Mr. BRADLEY. No, sir; unless Public Law 87-117 is later amended.

Senator CANNON. Thank you, Mr. Chairman.

Chairman RUSSELL. There is a rollcall vote in the Senate at the present time on the Kefauver amendment to the shipping bill, and the committee will, therefore, be compelled to recess briefly until the membership can go to the floor of the Senate and vote. We will return as speedily as possible.

(Short recess.)

Chairman RUSSELL. The committee will come to order.

Are there any more questions of Mr. Bradley?

(No response.)

Chairman RUSSELL. Mr. Bradley, we thank you for your appearance, and if you will be kind enough not to leave the room for a few minutes, we will go ahead with General Fairbourn. Some member may come in later who will want to talk to you.

Senator CASE. Mr. Chairman, could I ask two or three questions of Mr. Bradley?

Chairman RUSSELL. Senator Case has indicated he had one or two questions to propound to Mr. Bradley.

Senator CASE. I was delayed in returning from the rollcall vote.

Mr. Bradley, do the reemployment rights extend to members of the National Guard?

Mr. BRADLEY. Yes, sir.

Senator CASE. Do they extend to officers of the National Guard?

Mr. BRADLEY. Yes, sir.

Senator CASE. Do they extend to teachers whose employment rests with a public body like a school district?

Mr. BRADLEY. No, sir. The law does not give mandatory rights to employees of State governments or political subdivisions, of which a teacher would be an employee.

There is a sense of Congress clause in the law which says that States should have legislation protecting their employees.

Insofar as our program is concerned, all that we can do is to bring the sense of the Congress clause to the attention of State authorities, and frequently that does affect their reemployment rights, but we cannot take the school district, for instance, into court to enforce the rights as we could with employees of private industry.

Senator CASE. I want to bring to your attention the specific problem I discussed with the chairman as we were going over on the rollcall vote, that is, of teachers in National Guard units being called to duty or alerted for duty on the first of October.

The school year in most States starts with the first week in September or approximately that.

These teachers, after 1 month of teaching service, will be expected to report on or about the first of October, being called up for an extension of duty for 1 year, will make that year expire the first of October next year.

Consequently, it just happens that the way this call comes up its presents a problem for 2 school years for the school districts.

In the first place, at this particular time they are losing these teachers who frequently are in the mathematics or science teachers category who will be hard to replace at this particular time of year when most good teachers are already under contract.

It will make the termination of their employment come 1 month after school has started next year, and to say to the school districts that they should take cognizance of the reemployment rights, and preserve a position which they will have to fill for the last 8 months of this year and for the first month of next year, creates a very difficult situation.

This morning I received a letter from the head of one of our State teacher colleges which is in the business of teaching teachers or teaching prospective teachers, that they will lose five teachers because of the call of a certain company.

I have other letters from school superintendents where a similar problem is presented, and they point out to me this fact, that a student can go to his draft board and ask for deferment on the prospect that he is going to school and he is taking a scientific course or a mathematics course or something like that, and his draft board can defer him.

There is no similar deferment for the teacher who will, perhaps, be teaching 150 of the students; that if the national interest is such that a specific provision for deferment of the draftee or the individual who would be going to school, that national policy should dictate a specific policy or national interest should dictate a specific policy with respect to teachers.

This is a concrete situation where we have an individual who can be deferred, but the teacher who will teach that individual and, perhaps, 150 others, can only be deferred if he will plead hardships and ask to be transferred from the Ready Reserve into the Standby Reserve or a similar treatment if he is in the National Guard.

I have presented this problem to the Secretary of Defense earlier yesterday with the letters of half a dozen school superintendents who are part of this problem.

I recognize that the national policy part of it does not come within this bailiwick, but this reemployment feature does, and I would like to have your comment on the problem of a school district which will come under the application of this same principle, will be expected to hold this job open on the first of October next year for the man who reports the first of October this year or be confronted with a double contract, so to speak.

Mr. BRADLEY. Well, under this particular amendment that we are discussing, of course, that does not touch on that phase at all.

Under the law, as it is at the present time, the Universal Military Training and Service Act, it does not require the school district to reemploy a schoolteacher. The law, the Federal law, does not apply to teachers in the State, county, or municipal governments.

Some States, however, have laws—there are some 26 States, I believe, which have State laws—that provide reemployment rights for their employees.

Now, that would be strictly a State matter and would not have anything to do with this particular amendment.

Senator CASE. Yes; I recognize that a constitutional question would be raised as to whether or not the Federal Government could require a State to pass a law that would affect State employees, through the State teachers colleges or a subsidiary unit in the school districts. I doubt if we could pass such a law which would be constitutional.

Mr. BRADLEY. It is not in the law now.

Senator CASE. I recognize that. That is the reason it is in there because we cannot do it. But that does not change the fact of the situation when you say that we ask, we would like to have, the school districts or States take cognizance of the principle we follow here, nor does it change the problem for them if they respect the national need and tell the teachers to go.

In fact, they do not have to do it, because, as I understand it, the applications for transfer from the Ready Reserve into the Standby Reserve or the corresponding category of the National Guard has to be made by the individual himself, and the individual himself will not plead an individual hardship.

Mr. BRADLEY. What, of course, would be required there, Senator, would be some form of deferment with respect to the Military Establishment that you now have in the Selective Service System. We are speaking of deferments which I do not believe refer to the reemployment aspects.

Senator CASE. It seems to me the reemployment aspect, so far as the teachers were concerned, would be improved if, as a matter of policy, you, in your discussion and consultation with the Defense Department, were to suggest that for the teachers who do report for duty on the first of October this year that the extension for them be an 11-month extension rather than 12 months in order to avoid placing the second year in jeopardy as far as the school districts are concerned.

Mr. BRADLEY. I would certainly be glad to make that recommendation, because it makes sense, that you are leaving them open to 2 years, is what you are speaking of; actually when you come to October you are interfering with 2 years for them.

Senator CASE. For actually it presents a 2-year problem to the school districts or the board of regents.

Mr. BRADLEY. It is unfortunate that the call was for the first of October rather than September because then you would have only 1 year. Of course, most of the teachers are on contract.

Senator CASE. If the man did serve for 11 months it would give some opportunity for replacement there in the military service.

Mr. BRADLEY. Of course, there is a hardship, too, on the individual teachers and on the school system.

Senator CASE. I think the average male teacher, at least, would hesitate to plead the hardship.

Mr. BRADLEY. That is correct.

Senator CASE. Because of the psychological position it would put him in the community and with respect to the individuals. I think if the deferment is to be made it should be made at the request of the employer rather than of the individual.

Mr. BRADLEY. Well, you say you have brought this to the attention of the Secretary of Defense, and I will certainly bring it to the attention of the Secretary of Labor, and we will see what can be done.

Senator CASE. I appreciate it very much, and I hope you will particularly keep in mind the possibility of proposing the 11-month call for the schoolteacher in order to save the districts from their difficult problem of getting a teacher for 1 month and preserving the reemployment rights as of the first of October next year.

Mr. BRADLEY. Yes.

Senator CASE. I thank the chairman.

Chairman RUSSELL. Thank you, Mr. Bradley.

The next witness is Brig. Gen. William T. Fairbourn, U.S. Marine Corps. Be seated and proceed with your statement.

STATEMENT OF BRIG. GEN. WILLIAM T. FAIRBOURN, DIRECTOR, MARINE CORPS RESERVE

General FAIRBOURN. Mr. Chairman, Mr. Bradley's testimony has so ably answered many of the questions which I intended to address myself to, that there may be little reason for me to appear. However, I shall go ahead.

The Marine Corps has been designated to represent the Department of Defense on this legislation and it is a pleasure for me to appear in support of S. 2457.

The House Armed Services Committee during hearings on H.R. 8765, which is identical to S. 2457, did not approve of obligating an employer to rehire a person who had been absent for as long as 8 consecutive years after leaving the employment to which he sought restoration. The committee was of the opinion that reemployment rights based on a period of 4 years service plus any additional period equal to the amount of time that an individual may be involuntarily held on active duty would provide adequate protection.

In evaluating the amendments of the House committee on H.R. 8765, the Department of Defense recognizes that there are two major interests involved: that of the employer, on the one hand, and that of the employee on the other. Injected into these two interests is that of the military.

Other services have not, I am told, called members back for periods in excess of 1 year. The Marine Corps, on the other hand has not called anyone involuntarily and is taking in the neighborhood of 2,500 volunteers for periods of 2, 3 or 4 years. This we are doing in support of the President and Department of Defense policies to give first priority to volunteers. For those who, in response to this call for volunteers, come back on active duty for periods of more than 1 year, we feel that they should and we recommend that they be fully protected with regard to their reemployment rights.

For this reason, we support enactment of S. 2457. I will be happy to answer any questions.

Chairman RUSSELL. You seem to have covered the bill quite well.

I have one question which is aside from the issue covered in this bill, and yet it is related to it, too. Does the Marine Corps think it can meet its requirements in the present emergency without calling up any Reserve units?

General FAIRBOURN. Yes, sir. As of the first of this month, actually as of the 5th of September, our active duty strength was 182,000.

With the present recruiting climate, plus the response on a voluntary basis that we are getting from our reservists, we estimate that our strength as of the end of this month will be 186,000. This is just 4,000 short of the 190,000 that we seek by the end of this calendar year under the accelerated buildup.

Chairman RUSSELL. What is your minimum enlistment period now?

General FAIRBOURN. We are not accepting anyone for less than a 4-year enlistment. This is a regular enlistment.

Chairman RUSSELL. Four years?

General FAIRBOURN. Yes, sir. Nor are we finding it necessary to lower our recruiting standards.

Chairman RUSSELL. Do you have any idea as to what your enlistment rate has been over the last several months?

General FAIRBOURN. The reenlistment rate?

Chairman RUSSELL. Yes, sir; and original enlistment, too. How many people are enlisting for 4 years voluntarily?

General FAIRBOURN. I do not have the exact figures with me.

Chairman RUSSELL. You could not be expected to.

General FAIRBOURN. Quota for August, I believe, was in the neighborhood of 6,500, and I would like to correct this if this is wrong, but I do know that we oversubscribed that by 803. The figure 803 is correct.

Chairman RUSSELL. You oversubscribed your enlistment quota?

General FAIRBOURN. Yes, sir.

Chairman RUSSELL. For 4 years?

General FAIRBOURN. Yes, sir. The quota which we were trying to achieve; yes, sir.

Chairman RUSSELL. That is heartening.

If there are no further questions of General Fairbourn, we thank you, General, for your appearance here.

General FAIRBOURN. Thank you, very much.

(On September 14 the House companion bill, H.R. 8765 [H. Rept. 1082], was referred to the committee and was subsequently reported on September 15, with amendments, as covered by S. Rept. 1070.)

H.R. 7726

Chairman RUSSELL. The committee will now consider the next bill which is H.R. 7726, a Department of Defense legislative proposal that would authorize extension of the loan of two destroyer escorts to the Government of Portugal, and two destroyers to the Government of Spain. The bill also would authorize now loans of 14 vessels to designated foreign countries, and the loan of 2 vessels to undesignated countries in the event of an emergency determined by the President.

(The bill, H.R. 7726, follows:)

[H.R. 7726, 87th Cong., 1st sess.]

AN ACT To authorize the loan of naval vessels to friendly foreign countries and the extension of certain naval vessel loans now in existence

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding section 7307 of title 10, United States Code, or any other law, the President may extend the loans

of two destroyer escorts to the Government of Portugal and two destroyers to the Government of Spain on such terms and under such conditions as he deems are appropriate.

SEC. 2. The extensions of the existing loans authorized under this Act are extensions of the loans made under the authority granted by the Act of August 5, 1953 (67 Stat. 363), as amended by the Act of August 3, 1956 (70 Stat. 967).

SEC. 3. Extensions of existing loans shall be for a period of not to exceed five years and shall be made on the condition that they may be terminated at an earlier date if necessitated by the defense requirements of the United States.

SEC. 4. Notwithstanding section 7307 of title 10, United States Code, or any other law, the President may, under conditions which he prescribes, lend or otherwise make available to friendly foreign nations from the Reserve Fleet, on such terms and under such conditions as he deems appropriate, destroyers, destroyer escorts, and submarines as follows: (1) North Atlantic Treaty Organization and European area, not to exceed six ships; (2) southern Asia, not to exceed two ships; (3) Far Eastern area, not to exceed six ships; and (4) a pool of not to exceed two such ships to be loaned to friendly nations in an emergency.

SEC. 5. New loans executed under this Act shall for periods not exceeding five years. All loans shall be made on the condition that they may be terminated at an earlier date if necessitated by the defense requirements of the United States.

SEC. 6. All expenses involved in the activation, rehabilitation, and outfitting, including repairs, alterations, and logistic support of vessels transferred under this Act, shall be charged to funds programed for the recipient government under the Mutual Security Act of 1954, as amended, or successor legislation, or to funds provided by the recipient government under the reimbursable provisions of that Act or successor legislation. In the event that a loan is terminated by the United States prior to the expiration of the loan period, the Secretary of Defense may reimburse the recipient government on a pro rata basis for funds provided by it under the reimbursable provisions of the Mutual Security Act of 1954, as amended, or successor legislation, in connection with the loan.

SEC. 7. No loan may be made or extended under this Act unless the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such loan or extension is in the best interest of the United States. The Secretary of Defense shall keep the Congress currently advised of all loans or extensions made under authority of this Act.

SEC. 8. The President may promulgate such rules and regulations as he deems necessary to carry out the provisions of this Act.

SEC. 9. The authority of the President to transfer naval vessels under this Act terminates on December 31, 1963.

Passed the House of Representatives August 8, 1961.

Attest:

RALPH R. ROBERTS, *Clerk.*

Chairman RUSSELL. The departmental witness is Capt. J. V. Smith, Director of Foreign Military Assistance in the Office of the Chief of Naval Operations. Be seated, Captain Smith.

STATEMENT OF CAPT. J. V. SMITH, DIRECTOR, FOREIGN MILITARY ASSISTANCE, OFFICE, CHIEF OF NAVAL OPERATIONS

Captain SMITH. I have a statement, if it pleases the committee.

Chairman RUSSELL. Go ahead, Captain.

Captain SMITH. I am Capt. J. V. Smith, U.S. Navy, Director of the Foreign Military Assistance Division, Office of the Chief of Naval Operations. I appreciate this opportunity to appear before the committee as a witness of the Department of Defense in connection with the proposed naval ship loan bill.

May I introduce my supporting witness, Capt. O. F. Salvia, U.S. Navy, of the Foreign Military Assistance Division, Office of the Chief of Naval Operations.

The proposed legislation would authorize the President to lend from the reserve fleet up to 16 ships of the destroyer, destroyer escort, and submarine types to friendly foreign nations, on such terms and under such conditions as he deems appropriate. The proposed distribution of these 16 ships would be as follows: NATO and European area—not to exceed 6 ships; Middle East and southern Asia—not to exceed 2 ships; Far East area—not to exceed 6 ships; and a worldwide pool of 2 ships to be loaned under emergency conditions.

The U.S. Navy has the vital wartime mission of controlling the seas. Our worldwide policy of collective security is dependent upon effective insurance of freedom of the seas. The United States must be in a position in the event of hostilities to maintain control of the sea lines of communications in order to project our strength over the seas to our allies. This must be done right up to the territorial waters of our allies.

The U.S. Navy must conduct a vigorous offensive to meet all threats against our ability in wartime to control the seas.

We must render direct military as well as logistic support to our own and allied forces deployed around the world.

This is a great responsibility. Our carrier task forces and anti-submarine forces represent the principal offensive naval power of the free world at sea. But to insure that the vital sealanes are kept open all the way to the shores of our allies we need all the assistance the latter can provide.

Provision must be made for the protection of harbors, mine warfare, submarine warfare, and antisubmarine escort in many important areas. It is in these tasks that our allies can render the greatest assistance. It is imperative that they have suitable naval forces to assist us in defense of their home waters.

We have studied this problem thoroughly over the past several years. These local naval tasks are important. Forces should be ready to perform these tasks immediately in an emergency. Many of our allies cannot build navies, yet their whole existence depends upon keeping the sealanes open right into their harbors. Of the ships we have in the reserve fleet, the ASW types in particular would be very useful to us in war but they would serve our purposes better by being deployed in an operational status where needed in the first few days of war rather than in our reserve fleet in mothballs.

Therefore, we are proposing to lend a number of these ships to selected foreign nations to assist them in the performance of these important naval tasks.

These are good ships. They will provide our allies with effective naval units immediately ready and deployed. They will not be idle in our reserve fleet at a time when they might be most needed.

The nuclear age emphasizes the necessity for dispersal. These ships in the hands of our allies give us a great degree of dispersal along with improved readiness in an emergency.

The plan is economical. The ships are manned and maintained by our allies. The cost to us is small.

A personnel training program is conducted before and after the transfer of ships. Its cost is small yet in many respects the program has far-reaching and lasting effects. The training program connected with this bill will include approximately 175 officers and 3,000 en-

listed men of friendly foreign navies. During their training they have the opportunity to observe various U.S. Navy organizations in action, to study and work side by side with their U.S. Navy counterparts and are able to observe our American way of life during their stay in this country. Experience has shown that they return to their homelands convinced of the superiority of our methods, equipment, and organization. They have proven themselves to be staunch friends of the United States. These are the officers and men who will provide leadership for their respective navies in the years to come.

The loan of these ships is in keeping with our national policy toward each recipient country. These countries have the capability and the manpower available to operate the ships. In each case, substitutions or compensations have been made in our plans that will provide qualitative improvements with little or no increases in manpower ceilings or funding programs.

When loaned, ships are placed under the flag of the recipient government; however, the title remains with the United States and the possession of the ship cannot be relinquished to a third party without the consent of the United States. The loans will be for a period of 5 years. However, the United States may repossess the ship at any time necessitated by its own defense requirements.

This ship loan program was developed by the Department of Defense under the office of Military Assistance. It reflects the recommendations of our country teams, composed of the U.S. Ambassador, Chief of the Military Assistance Advisory Group and the U.S. operations mission in each country involved. The program has been approved by Commander in Chief, Pacific, and Commander in Chief, Europe, by the Joint Chiefs of Staff, the Secretary of Defense, and the Secretary of State. The Bureau of the Budget has advised that this proposal as a part of our military assistance program is in accord with the program of the President.

This bill provides the numbers and types of ships that we recommend should be transferred to our allies in order for them to perform their wartime tasks. It has taken into consideration past requests for ships, and the present size, composition, and potential of the respective navies. Further, it has considered the U.S. mobilization requirements. Military assistance funds are available for only two of the ships at this time, however, only the authorization for the loans is being requested. The Department of the Navy fully supports this legislation and recommends the enactment of this bill. This proposal is part of the Department of Defense legislative program for 1961.

In summary, the transfer of these ships will make an important contribution toward preservation of the security of the free world. It provides the means for several of our allies to assist us effectively in maintaining freedom of the seas. It will provide dispersion of part of our reserve fleet by reducing the concentration of ships in our reserve fleet berthing areas in back channels of the United States. It will bring a substantial number of foreign naval trainees to the United States for training and indoctrination.

In addition to the new loans proposed, this bill contains a request for authority to renew for additional terms of 5 years certain ship loans now outstanding and due to expire within the next 10 months.

Specifically, loan extensions are requested for two destroyers now on loan to Spain and two destroyer escorts now on loan to Portugal. During the past few years, both of these countries have demonstrated an excellent ability to operate these ships effectively. The reasons for extending these loans are those that you have just heard mentioned for the new loans proposed. These ships are not now required by the United States.

It is considered in our security interests that the existing loans of U.S.S. *D. W. Taylor* (DD 551) and U.S.S. *Capp* (DD 550) to Spain and U.S.S. *McCoy Reynolds* (DE 440) and U.S.S. *Formoe* (DE 509) to Portugal be extended.

This concludes my general statement, which is unclassified.

My supporting statement, which deals with each recipient country in detail, is classified secret. If such details will be required, I respectfully recommend that the committee go into executive session. I will try to answer any questions, however, in this open session.

Chairman RUSSELL. Why is this testimony as to some of these recipients classified, yet when you extend the loans that are already made, you not only name the countries but you name the ship, and you give all the details of it?

Do you think you can keep it a secret, the countries that are going to receive the vessels, Captain?

Captain SMITH. No, sir; that is not the purpose.

The testimony which I would not want to give here would be the Joint Chiefs of Staff objectives, what they think these countries should have.

Initially, at the request of State, we undertook not to spell out which country would get each ship because they would read the record, and their appetities would be whetted, and if they did not get them, they would be unhappy or jealously might be aroused. I can certainly tell you which country is to get each ship.

Chairman RUSSELL. I do not want you to give anything classified, but it is curious to me why, when everybody is going to know as soon as we get these crews over here for training and, incidentally, you arouse my enthusiasm so that it would seem to me to be a pretty good idea to bring the whole Navy of these countries over here for awhile if it is going to work such wonders with the few that are going to man the ships—

Captain SMITH. Yes, sir.

Chairman RUSSELL. You would probably get more value out of it than we would get out of the ships.

I have not been too enthusiastic about this program. I think that it is a disguised form of foreign aid. All of these countries would maintain some sort of a navy if we did not give them these ships. Most of them have had navies, some of them had navies for 2,000 years before this country was ever discovered, and they would have them in the future without these ships. But they would have to take it out of their own economy, and we are supporting their economy by a direct foreign aid program. So this is a form of assistance to the economy of these countries where they won't have to build these ships that they would build or contract for them. Some of them contract for them.

Incidentally, I am advised that the printed House proceedings carried the names of these countries that would receive these ships.

Captain SMITH. Yes, sir. It has appeared in the Congressional Record, so that the countries which are to get these ships did find out. But since this is only enabling legislation, and we can make no agreement until after the passage, it is more polite, diplomatic, not to whet their appetites or create envy on the part of those who did not get tagged for those ships.

Chairman RUSSELL. If they will just wait and bide their time, the Navy will get around to them. I have been dealing with this for several years. We have some poor countries that have these ships that are nearly an insuperable burden to them, to operate, yet the Chief of Naval Operations will tell us in all solemnity that it is vital to the defense of the free world that they have a destroyer or destroyer escort.

These do go to states that are of some consequence, but some of the earlier programs involved giving ships to countries that wanted to point with pride to their navy as the ship teams past, and they had gotten it through this program. But it is a great economic burden for them to support it, and now we are having to extend the foreign aid program in that area in order to support their economy.

I do not think that these reports are going to whet the appetites of the other countries for these ships as much as to activate some of our own people in going around to get these countries to ask for these ships.

These ships would have some value in case the United States were attacked and had to act alone, wouldn't they, Captain?

Captain SMITH. Yes, we would profit if we simply recalled them because they are ready, because it takes quite a few months and a lot of money to activate a ship. If you recalled a ship, that would require a trained crew, and that could not be done immediately, because it would have to come from the Navy resources.

But the basic thought is, Mr. Chairman, these are operated by our allies in support of our naval missions, specifically antisubmarine warfare, and they have shown their ability to operate effectively.

We do not approve a loan or recommend a loan of any ship that does not have the basic know-how or is not willing to use it in cooperation with allied tactics.

Chairman RUSSELL. You can train most anybody if you give them enough time, to operate a ship, can't you?

Some of our greatest admirals have been from States that do not adjoin the ocean. I have noticed in the history of this country that some of those who come from very high and dry land made pretty effective fighting men of ships at sea, and practically all of these countries have some kind of shipping or some kind of sailors, fishermen, people who go to sea.

Captain SMITH. Yes, sir.

I think it should be pointed out though that not many years ago any country could afford a navy. They could afford to build new ships when they wanted them. But the price of ships, along with any weapons systems, has gone up so that only the major powers can really afford to build modern ships, and that is why some of our less wealthy allies have to be supported in order that they can contribute.

Chairman RUSSELL. If Mr. Khrushchev continues to rattle his rockets and make his threats, do you think we could depend on all

these countries rushing to our assistance in the use of these ships in time of war?

Captain SMITH. Sir, each of these countries has in the past repeatedly stood up to be counted.

Chairman RUSSELL. Well, I just happened to notice—I do not want to be invidious—but one of them has not stood very tall, responded very loudly to the call on several occasions.

Captain SMITH. Well, again, this is permissive legislation, and the Joint Chiefs of Staff and the Secretary of Defense have to approve it after this bill is passed if it is, sir; and there is a delay of 18 to 24 months during which time we could reconsider, if necessary. As you probably know, at one time we had a DE earmarked for Cuba.

Chairman RUSSELL. Yes. Thank God that is one in which we were saved from our own folly.

Captain SMITH. Our mechanism did catch that, of course, and we would hope to do that with any similar situations.

Chairman RUSSELL. This time the bill has two ships that you are not telling the Congress the proposed recipients. What type of emergency do you envision that would cause the Congress to make this blind grant of power?

Captain SMITH. Well, sir, these are in the emergency pool for replacement of whatever ship of this type; namely, destroyer, DE, or submarine may be lost due to enemy action or an act of God not under conditions of negligence.

Chairman RUSSELL. It does not say that in the bill.

The inference I got here from my discussions with the Chief of Naval Operations was that this was probably to be bait to other countries to give them these ships in some way. Will you propose some language that will confine these to replacement of ships destroyed by act of God or other unforeseen contingencies, ships already loaned? Of course, that is a rather euphonious term, that loan business, because we extend them all the time when they expire.

Captain SMITH. Sir, there is some legislative history on that matter, but I would rather propose that we give our assurance that is what is intended, and that is the only thing that will be done.

Not only that, but until after clearance with this committee and that of the House.

Chairman RUSSELL. I do not insist on that clearance with the committee if it is spelled out in the bill that these two ships will be used for replacement purposes, for destroyers that are of a similar type that are—

Captain SMITH. Yes, sir; that is the intention. We can try to do that in future bills.

Chairman RUSSELL. I think we can spell it out in this one while we have it here, because otherwise I was going to oppose including those two ships in here.

Captain SMITH. Yes, sir.

Chairman RUSSELL. Senator Saltonstall.

Senator SALTONSTALL. Yes, Mr. Chairman. I have just two questions.

Captain, do I understand that these are new ships or these are all extensions of ships that are now under loan?

Captain SMITH. There are two ships whose 5-year loan to Portugal and two more to Spain are to expire. They have asked that the loan be extended.

The loan of the two ships to Portugal expires February 7, 1962, and we propose that this bill be passed to give us permission to extend it, otherwise we will have to recapture those four ships really before we can get another bill, and that would be most unfortunate.

Senator SALTONSTALL. Do I understand then, if this bill is passed, that the leases will be extended on 6 of these 16 ships, and that 10 of them will be new loans?

Captain SMITH. I misinformed you, sir. The bill calls for the loan of 14 ships from the reserve fleet.

Senator SALTONSTALL. Yes.

Captain SMITH. With two held in reserve as replacements.

Senator SALTONSTALL. All right.

Captain SMITH. And extension of four.

Senator SALTONSTALL. Then of these 14, do I understand 6 are extensions, that these countries now already have the ships?

Captain SMITH. No, sir.

Chairman RUSSELL. In addition.

Senator SALTONSTALL. They are in addition.

Captain SMITH. They are—

Senator SALTONSTALL. So these whole 14 are new ships?

Captain SMITH. Not new ships, but they are new loans.

Senator SALTONSTALL. Yes, that is what I mean.

Now, on page three of the act as proposed by the House, lines 8 through 14, they contemplate that in the event a loan is contemplated by the United States prior to the expiration of the loan period, the Secretary of Defense may reimburse the recipients government on a pro rata basis for funds provided by it, and so forth.

If the President thinks they should be brought back to us prior to the termination of the loan, we put up the money for fixing up the ships and sending them over, why should we reimburse the country if we pull them out quicker than 5 years? Why shouldn't they stand—I have advocated most of these foreign assistance acts and supported them over the years. That just grates on my Yankee New England commonsense a little bit.

Captain SMITH. I see your point, sir. That is not intended to apply to ships whose overhaul and training we have financed. But there are other ships, such as the submarine to Canada, in which Canada pays for the entire overhaul and training.

Chairman RUSSELL. That is not in this one, is it?

Captain SMITH. That is reimbursement for military aid. They expended money to use that ship for which they expected to have 5 years use. If they took it after half that time had expired, it would only be fair to reimburse them for half of the costs that they spent.

Senator CASE. Mr. Chairman, would the Senator yield on that?

Senator SALTONSTALL. I do not quite agree with you on that. I won't go into it. If I loan you money, and then try to get it back or if I loan you a suit of clothes and you soil it a bit or something like that, and I want to get it back sooner, have I got to pay for fixing up the suit of clothes? Shouldn't you give me back the suit of clothes in the same condition that it came to you?

Captain SMITH. I should not have gotten into this. [Laughter.] But, as I pointed out, in some cases the recipient country finances all expenses other than the capital expense of the ship.

Senator SALTONSTALL. I will not say anything more. I have not got the same ability, Captain, to express myself in somewhat cynical language in such a nice way as the chairman has.

Chairman RUSSELL. That is a very doubtful compliment with a decided Harvard flavor. [Laughter.]

Senator SALTONSTALL. That simply makes me bridle a little bit.

Captain SMITH. Again it is "may" and not "shall," and I hope we would be economical about it.

Senator SALTONSTALL. Thank you, Mr. Chairman.

Chairman RUSSELL. Senator Thurmond?

Senator THURMOND. Thank you, Mr. Chairman.

As I understand, the bill simply provides, it gives the President the authority to lend not more than 16 ships, and it is proposed that these 16 ships be allocated in this way, Denmark and Greece six of those ships.

Captain SMITH. Yes.

Senator THURMOND. Pakistan two of those ships.

Captain SMITH. Yes.

Senator THURMOND. The Republic of China and the Republic of Korea six ships, and then two of them are to be retained, and it will be decided later as to whom they will be loaned to.

Captain SMITH. The last bill which had that provision was a 1958 act which provided this emergency pool, and that was not used. We do not expect that that will be used.

But in the past ships belonging to our allies have, one of them has, been sunk in action, and another was the victim of a collision. We had no provisions for replacing those.

Actually, they were not on a loan. They were provided under another law, but there was an example of what might have been done.

The advantage of our asking or if we get this emergency pool, is to decrease the lead time from 18 to 24 months or some 18 months in replacing a ship already on loan which runs into legitimate difficulty.

We have 65 ships now on loan, and it is at that body of ships that these replacements are aimed since during the period of this proposed act it is most doubtful that any of the 14 would need to be replaced.

Senator THURMOND. I am not asking the explanation but simply trying to get your construction of the bill as I read it, and I was repeating the countries that would get the ships.

Captain SMITH. Yes, sir.

Senator THURMOND. And the last category was a pool not to exceed two ships to be loaned to a friendly foreign nation in an emergency, and those countries are not named.

Therefore, I imagine it would be at the discretion of the President to determine if he loaned the ships and to which country he does loan them.

Captain SMITH. I did not express it, perhaps, properly. In no loan—

Senator THURMOND. It is not expressed in the report either because here is what the report says.

Captain SMITH. Yes, sir.

Senator THURMOND (reading) :

A pool of not to exceed two ships to be loaned to friendly foreign nations in an emergency.

It does not say which countries will get the two ships, does it?

Captain SMITH. No, sir.

Senator THURMOND. That would be up to the President, won't it?

Captain SMITH. Yes, sir, but only as replacement is the way we visualize it, although the words do not say so.

But I can assure you that is the intention of the use of this emergency pool.

Senator THURMOND. Well, the act itself says, on page 2, line 17— a pool of not to exceed two such ships to be loaned to friendly nations in an emergency.

That is plain English. Are you going to amplify that or construe it in a different way?

Captain SMITH. I can see that we should.

Senator THURMOND. Maybe you ought to ask—that is the fact I am trying to bring out, just what you mean.

Captain SMITH. Well, we would lose nothing by so doing, sir, except for the lateness of the calendar, and I fear we might not get this important bill through at this time.

Senator THURMOND. I have no objection to it like it is, but I was simply trying to get you to interpret the law as I was interpreting it.

Captain SMITH. Well, the emergency would consist of the need for a replacement of a similar type ship under existing loan.

Senator THURMOND. Are we to understand that of the 16 ships, 2 of them would be loaned to friendly nations in an emergency, and those nations are not named in the bill? Therefore, who would make that determination or which countries, as to which country, would get those ships?

Captain SMITH. No country will get a ship unless one of its loaned ships is lost. That is what will determine the country we would consider giving a loan to to replace the ship.

Senator THURMOND. In other words, this last category then of two ships are two in reserve, so to speak, and would be loaned to the same countries that lost a ship which received ships under the category listed above, the 14 ships.

Captain SMITH. The 14 or those who have already received ships, and there are 65 such ships already on loan now.

Senator THURMOND. Well, suppose the President wanted to loan these ships to some country that does not have any loaned ships now, and some country that is not listed to get a loan of ships. Is there anything in this last thing on line 17 and line 18 on page 2 here that would prohibit him from doing it?

Captain SMITH. No, sir; but I can assure you that is not the case.

Senator THURMOND. No matter what you can assure me, I am asking you what the law says. I say is there anything to prohibit the President from doing that, because this is what it says—

a pool of not to exceed two ships loaned to friendly nations in an emergency.

Therefore, it is in his discretion to lend those two ships to any countries that he considers friendly if there is an emergency, if it is in an emergency; isn't that so?

Captain SMITH. Senator, you are absolutely right. I have no desire to argue that point.

Senator THURMOND. I am not trying to argue; I am just trying to interpret the words.

Captain SMITH. Yes, sir.

Senator THURMOND. I have no objection to that if that is the way you want it, that is what you meant.

Captain SMITH. No, sir.

Senator THURMOND. As I understood from your explanation, that is not exactly what you meant.

Captain SMITH. That is not exactly what we meant.

Senator THURMOND. What do you mean?

Captain SMITH. I have said it once, and I hope it comes out the same, that the replacement of a ship on loan which is lost by the recipient country would constitute an emergency which we would analyze to determine whether a replacement would be justified under the then existing circumstances.

Senator THURMOND. And the President would restrict it to that, although the law would give him authority to lend them to other countries; is that correct?

Captain SMITH. Yes, sir.

Senator THURMOND. I see.

Now, with regard to a return of the ships, if they were returned in less than 5 years, then if they made improvements on the ships we would allow credit for that on what their country owes us?

Captain SMITH. No, sir. That is not contemplated either. It is most unlikely that we would have to make any such payment, but it is—

Senator THURMOND. We would have to pay in cash, in dollars?

Captain SMITH. The Secretary of Defense may reimburse—

Senator THURMOND. Suppose that country owes us a lot of money now, and we have credits with them, do we still have to pay in cash to that country for any repairs they make to the ships?

Captain SMITH. I think not, sir.

Senator THURMOND. You think not?

Captain SMITH. Because it is that the Secretary of Defense may; it is not required.

Senator THURMOND. Then that is in the discretion of the Secretary of Defense, is it?

Captain SMITH. Provided this country has spent the money; yes, sir; to that extent it is.

Senator THURMOND. Who would put the ships in shape, this country or some other country, in this activation and rehabilitation and outfitting and repairs, alterations, and all those things?

Captain SMITH. The country is so poor that we have to support their military establishment, as in the case of Korea, I am reluctant to get all this on the record, but I list this as an example, we would have to pay a country such as Canada—

Senator THURMOND. We would have to pay what? Do we do this work and do we do it here or is it done over there, and we pay for it or what?

Captain SMITH. We do it here.

Senator THURMOND. We do it here. In other words, we activate them and put them in shape and get them ready to go, so to speak.

Captain SMITH. And train their crews.

Senator THURMOND. And train their crews, and then turn them over to them?

Captain SMITH. Yes, sir.

Senator THURMOND. And the cost of that would be borne by us?

Captain SMITH. Yes, sir.

Senator THURMOND. Then do we get credit with that country for those expenditures in amounts—in similar amounts?

Captain SMITH. The financing incident to this bill is borne by the annual military assistance appropriation. This bill does not ask for any money, and if, indeed, there is not enough money in that fiscal year under the military assistance program, we probably cannot go ahead with some of these transfers. But that is where the money comes from.

Senator THURMOND. I understand the money comes from there to do the work.

Captain SMITH. Yes, sir.

Senator THURMOND. But we are putting this money out to accommodate these other nations. Therefore, are those other nations going to owe us that money, whether they ever pay it or not, are they going to give us credits in their country?

Captain SMITH. Again, that depends on the agreement. If we are doing it under the Mutual Securities Act and expending the money, why, it is just one more form of military assistance. If there are some reciprocal agreements or cost sharing, then, of course, that is handled in that manner.

Senator THURMOND. That is all, Mr. Chairman.

Chairman RUSSELL. Senator Smith?

Senator SMITH. I have no questions.

Chairman RUSSELL. We have had several similar bills before us on other occasions. We have been over all of this several times in the past, Captain. But I just wondered if the cost of preparing these ships for delivery has greatly changed? What is the present cost of taking one of these destroyers out of mothballs and turning it over to a friendly country?

Captain SMITH. It varies, Mr. Chairman, with the situation. The highest cost which would be taking it out of the reserve fleet, overhauling and modernizing it, would be \$5.7 million.

Chairman RUSSELL. \$5.7 million. How about the DE's, the destroyer escorts?

Captain SMITH. The DE would be \$2.4 million, a submarine \$2.5 million.

Chairman RUSSELL. I am sorry, I did not hear that.

Captain SMITH. A submarine would be \$2.5 million.

Chairman RUSSELL. Yes; and the DE is the one I did not hear.

Captain SMITH. \$2.4 million.

Chairman RUSSELL. \$2.4 million.

Captain SMITH. But the average destroyer is \$3.86 million. If, on the other hand, we are able to avail ourselves of an opportunity where a ship in activation has just gone into the reserve fleet, we can earmark that ship and just overhaul it. We do not have to inactivate

it and reactivate it, what we refer to as mothballing, and that would cost about \$1 million.

Chairman RUSSELL. Are you equipping any of these ships with missiles?

Captain SMITH. No, sir.

Chairman RUSSELL. It has been proposed that this bill be amended to require at least 50 percent of this work to be done in private shipyards. Up to now have you done any of this work in private shipyards?

Captain SMITH. Mr. Chairman, I believe present here is Admiral James, who is the Chief of the Bureau of Ships. I think he is a competent witness in an area where I am not.

Chairman RUSSELL. All right, sir. Will one of you gentlemen get a chair for Admiral James? I do not want to lose the captain in the process.

How about it, Admiral James, have we been doing any of this work in private yards?

STATEMENT OF REAR ADM. RALPH K. JAMES, CHIEF, BUREAU OF SHIPS, U.S. NAVY

Admiral JAMES. Now, sir.

Chairman RUSSELL. It has all been done in the Navy yards?

Admiral JAMES. That is correct.

Chairman RUSSELL. What is the view of the Department with respect to an amendment that would require 50 percent or some other percentum of this work to be done in private yards?

Admiral JAMES. I do not believe the Department would look at all favorably on such a suggestion, sir, because in the program, as has been pointed out by Captain Smith, these are warships or combatant ships exclusively.

The capabilities of the Navy yards have been built around this particular kind of a ship to support the operating forces of our own fleet and, consequently, have a greatly superior capability to do this for our own types of ships, no matter what the ultimate purpose is.

There is also another major factor in this problem of training that has also been mentioned.

The need to train these foreign crews in the equipments, in the operating techniques of our ships, exists in our naval shipyards, naval base complex, and does not exist in the private area.

In the case of recreation, housing, and the other amenities that attend the visit of large numbers of foreigners to our country, these again are available only in the naval shipyard, naval base complex areas; and for the several reasons—and there could be few more—the Department of Defense believes that the logical, in fact, the only place to do this properly is the naval shipyards.

Now, with respect to the matter of the compensations work in addition to that which the Navy in its own programs in support of its Navy shipyards carries forward, as you will recall in the 1958 act there was an agreement to provide a compensation for this kind of volume of work that was represented in that bill. As I recall it, it was slightly in excess of \$60 million, and the commitment was made and faithfully executed; in fact, slightly overexecuted, to provide a compensation in other ship types that would have normally gone into naval

shipyards, but which were then made available for allocation to private shipyards.

In this particular program, the bill does not provide this. It was not provided for in the previous bill. But it would be the intention of the Navy Department to execute a similar commitment to this committee and to the Congress in the event this program was carried out, of finding other ship types more suitable for repair in private yards that would go there which otherwise would not have gone.

Chairman RUSSELL. Am I to infer from that that you think it is more economical that this particular type of work be done in the Navy shipyards?

Admiral JAMES. No, sir; I do not hold that the economies would stem from this action in the strictest sense.

Today we witness a shipbuilding industry that is suffering from malnutrition, and we are getting fantastically low prices when this situation is competitive, and we might conceivably add up a total bill less than that which would accrue from Navy Yard work on the 16 ships if they were all finally transferred than if we had gone to the private yards. But it is not just economy. It is these other features of the training of the crews which could not be provided in the private yards; the amenities I spoke of, and the many other considerations that are also without dollar value in specific fact, but are vital to the effectiveness of this program.

Chairman RUSSELL. We have had considerable experience with these fantastically low bids that are made to the Navy. They haven't always turned out exactly right and have not always proved to be the most economical.

It is true that oftentimes private shipyards bid very low, with a firm conviction that there are going to be some alterations that they can charge up to the Navy that will more than offset their losses, isn't there, Admiral? Have you ever heard of any such thing as that?

Admiral JAMES. Oh, yes. I hear about that day in and day out.

Chairman RUSSELL. I have been living around here and observing it for many years.

Admiral JAMES. Yes, sir.

Chairman RUSSELL. That has been one element that is involved in some of these low bids, has it not?

Admiral JAMES. I am convinced that this is a fact, sir. But I am also convinced that some of the dilemma that attends certain of our shipyards today stem from the fact that there has been a sharp change, of course, away from this pattern.

Chairman RUSSELL. The fact that the building of ships has greatly decreased has brought about the troubles of our private shipyards, has it not?

Admiral JAMES. If, in building ships you are including the total of commercial, private, and naval ships; yes, sir.

Chairman RUSSELL. I mean the total.

Admiral JAMES. Yes, sir.

Chairman RUSSELL. Well, as a matter of fact, we did some reduction in building ships until here recently.

Admiral JAMES. We have had an austerity program of some significance that is leaving us in somewhat of a dilemma as to the replacement of ships in the fleet, and I am hopeful that this may change.

Chairman RUSSELL. Senator Smith.

Senator SMITH. No questions.

Chairman RUSSELL. Senator Case.

Senator CASE. Thank you, Mr. Chairman.

First, with respect to this problem of a reserve pool for replacement, at page 2, lines 17 and 18 where it reads, "a pool of not to exceed two such ships to be loaned friendly nations in an emergency," I would suggest that might be changed to read "a pool of not to exceed two such ships for loan replacements in an emergency."

Would there be any objection to that? Take the text of the bill there.

Captain SMITH. No, sir, not in itself. Not a bit. I merely suggest—

Senator CASE. I recognize the time factor as far as legislation is concerned, but I think it is perfectly obvious that this bill will be amended before it is reported out, and if it is amended in one particular, it might as well be cleaned up and made firm in all respects.

That would take care of this fear that these ships might be loaned to some unnamed nation if it were spelled out "a pool of not to exceed two such ships for loan replacements in an emergency," and then it would be clear to those that they would not be new loans, but replacements.

Then, with respect to the language to which Senator Saltonstall addressed an inquiry on page 3, I had marked that also, that last sentence of section 6, starting at line 8 which, as he read, says:

In the event that a loan is terminated by the United States prior to the expiration of the loan period, the Secretary of Defense may reimburse the recipient Government on a pro rata basis funds provided by it under the reimbursable provisions of the Mutual Security Act of 1954, as amended or successor legislation in connection with this loan—

it seems to me that has to be read in connection with the last of the foregoing sentence where, in lines 6, 7, and 8 it says, "all expenses" and so forth, or to funds provided by the recipient government under the reimbursable provisions of that act or successor legislation.

Suppose we put a period in line 7 right after the word "government", so that then it would read:

all expenses involved in the activation, rehabilitation, and outfitting, including repairs, alterations, and logistics support of vessels transferred under this act shall be charged to funds programed for the recipient government under the Mutual Security Act of 1954, as amended, or to funds provided by the recipient government.

That would eliminate the reimbursable provision to which Senator Saltonstall referred.

Captain SMITH. I would give the opinion that it would make no substantial change if this would be done.

Senator CASE. But it would eliminate the possibility that if the recipient government did some work to the ship during the time that they had it, we would not have to reimburse them for it.

Captain SMITH. We do not have to.

Senator CASE. I recognize that you have the word "may." You do not say "shall."

Captain SMITH. I really think this is getting into an area which won't occur.

Senator CASE. Why do you have the language in there?

Captain SMITH. This was prepared by lawyers who know these things. [Laughter.]

Senator CASE. If you think it is something that won't occur and the language is in there only in the contingency if it does occur, and you do not defend the practice, why not take the language out?

Captain SMITH. Well, you are asking me, sir. I would think that the "may" is sufficient protection of the interests of the United States, which is my interest.

Senator CASE. Well, Mr. Chairman, at the appropriate time I will make the suggestions.

Chairman RUSSELL. Yes.

Senator Cannon.

Senator CANNON. No questions.

Chairman RUSSELL. Senator Bush.

Senator BUSH. No questions.

Chairman RUSSELL. Thank you very much, gentlemen, for your advice to the committee on the bill.

Captain SMITH. Thank you, Mr. Chairman.

(Subsequently, in executive session, the committee voted to report H.R. 7726, with amendments, as covered by S. Rept. 1037.)

H.R. 7723 (S. 2554)

Chairman RUSSELL. The next bill is H.R. 7723, a Department of Defense proposal that would raise the per diem rate for members of the uniformed services from \$12 to \$16 and authorize reimbursement for actual expenses in unusual cases in an amount not to exceed \$30 a day.

(The bill referred to, H.R. 7723, follows:)

[H.R. 7723, 87th Cong., 1st sess.]

A BILL To amend section 303(a) of the Career Compensation Act of 1949 by increasing per diem rates and to provide reimbursement under certain circumstances for actual expenses incident to travel

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 303(a) of the Career Compensation Act of 1949 (63 Stat. 802), as amended (37 U.S.C. 253(a)), is further amended by striking from the last sentence thereof the figure "\$12" in clause (2) and inserting in lieu thereof the figure "\$16".

SEC. 2. Section 303(a) is further amended by adding the following new sentence at the end thereof: "Where due to unusual circumstances of a travel assignment the maximum per diem allowance would be less than the amount required to meet the actual and necessary expenses of the trip, reimbursement for such expenses may be authorized, under regulations to be prescribed by the Secretaries concerned, on an actual expense basis, but not to exceed the amount specified in the travel authorization, and in any event not to exceed \$30 for each day in a travel status."

[S. 2554, 87th Cong., 1st sess.]

A BILL To amend section 303(a) of the Career Compensation Act of 1949 by increasing per diem rates and to provide reimbursement under certain circumstances for actual expenses incident to travel

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 303(a) of the Career Compensation Act of 1949 (63 Stat. 802), as amended (37 U.S.C. 253(a)), is further amended by striking from the last sentence thereof the figure "\$12" in clause (2) and inserting in lieu thereof the figure "\$16".

Sec. 2. Section 303(a) is further amended by adding the following new sentence at the end thereof: "Where due to unusual circumstances of travel assignment the maximum per diem allowance would be less than the amount required to meet the actual and necessary expenses of the trip, reimbursement for such expenses may be authorized, under regulations to be prescribed by the Secretaries concerned, on an actual expense basis, but not to exceed the amount specified in the travel authorization, and in any event not to exceed \$30 for each day in a travel status."

Chairman RUSSELL. The witness on this bill is Brig. Gen. Bruce E. Kendall from the Office of the Quartermaster General, Department of the Army. General Kendall, you may proceed.

STATEMENT OF BRIG. GEN. BRUCE E. KENDALL, OFFICE OF THE QUARTERMASTER GENERAL, DEPARTMENT OF THE ARMY

General KENDALL. Mr. Chairman and members of the committee, I am Brig. Gen. Bruce E. Kendall, Office of the Quartermaster General, Department of the Army. The Department of the Army has been designated as the representative of the Department of Defense for this legislation. I represent the Army for that purpose. I have with me today Mr. John Codd, of the Office of the Army Comptroller, also representatives of the other military departments and the Office of the Secretary of Defense for the purpose of answering any questions that you may have with particular reference to their service. These witnesses are Lt. Col. J. W. Scanlan, Department of the Air Force, Capt. L. W. Chick, Department of the Navy, Col. J. R. Maney, Office of the Secretary of Defense, and Mr. Roland P. Ceolla, Per Diem Travel and Transportation Allowance Committee.

I have a prepared statement which I would like to present to the committee.

The purpose of this proposed legislation is to increase the maximum per diem allowance in lieu of subsistence for members of the uniformed services to \$16 per day and to provide under certain unusual circumstances for reimbursement of actual expenses incident to travel.

The \$16 is a maximum figure and will be payable only when there are no Government quarters or subsistence available. Rates in varying amounts have been established for use when the Government furnishes either quarters or subsistence or both and are published in the Joint Travel Regulations.

At the present time the Career Compensation Act of 1949, as amended, authorizes the members of the uniformed services to receive per diem in lieu of subsistence at not to exceed \$12 a day. Recently, the Bureau of the Budget conducted a study of the actual cost of travel based on data taken from actual expense accounts of Government employees and data from outside sources. The Bureau of the Budget found that the total average cost of the subsistence items included in the per diem was \$15.13 per day. In this regard, the Bureau of the Budget has reported that, while the Consumer Price Index increased only 11 percent from 1954 to 1960, during the same period the average cost for a single hotel room has increased 28.9 percent and restaurant and hotel meals have increased 37.6 percent. These latter items are of paramount importance in considering travel expenses.

Section 2 of the bill would authorize reimbursement for actual expenses not in excess of \$30 a day, where military personnel are required to travel on assignments involving personal expenditures

well in excess of the allowable reimbursement rate. Situations sometimes arise where the military traveler is required to use more expensive accommodations than is usually the case. For example, where rooms are hard to obtain because of a large gathering in the city, or the locality has but one hotel, military personnel may be required to use the only accommodations available and in these situations the Government representative sometimes finds that the cost of the least expensive rooms exceeds the entire per diem. The 84th Congress amended the Travel and Expense Act of 1949 (63 Stat. 166), as amended (5 U.S.C. 836), to provide authority similar to this proposal, for civilian employees of the Federal Government. Military personnel in similar circumstances are now required to bear this cost of official travel from personal funds.

As set forth in section 2 of the bill, reimbursement for actual travel expenses would be governed by regulations of the Secretaries concerned and a maximum allowable amount of reimbursement would be determined in advance of the trip and would be set forth in the order directing the travel to be performed. The traveler would be reimbursed for his actual and necessary expenses not in excess of the maximum stated in his travel orders. An absolute maximum under any circumstances is prescribed by the bill.

These normally would be determined in advance, I might mention here, but there might be cases where we would not know in advance where there would be travel performed under the regular per diem, and we found there was a gross hardship as a result. This could be, the order could then be, if it were properly documented, changed after the travel was performed. Normally the determination would be made in this case prior to travel. During the 86th Congress, a similar bill, H.R. 11810, was introduced and referred to the Committee on Armed Services, House of Representatives. It was introduced very late in the 2d session of the 86th Congress, and no action was taken on the bill.

H.R. 3279 pertaining to per diem for civilian employees has been passed by the Congress and is now Public Law 87-139. This legislation increased the civilian per diem allowance from \$12 to \$16 per day and the maximum allowance for unusual travel assignments from \$25 to \$30 per day. The Bureau of the Budget has advised that from the standpoint of the administration's program, it has no objection to favorable consideration of these increased rates.

It is estimated that the maximum annual cost to the Department of Defense resulting from the enactment of section 1 of this bill would be \$36 million.

The costs for section 2 of the bill which would authorize a maximum of \$30 for travel assignments under unusual circumstances will be negligible and can be absorbed.

Mr. Chairman, that completes my prepared statement.

Chairman RUSSELL. General, this is one of these cases where the military has to follow the civilian, at least where the Congress has to. I understand the Bureau of the Budget originally recommended a \$15 limitation, and Congress, out of the wonders of generosity that inspire our every act in the last several years, raised it to \$16 for the civilians. I certainly do not see any reason for discriminating against the military, even though it may in some instances be wasteful.

I am a little worried about this \$30 business. Is anybody going to ride herd on that to see that that is justified?

General KENDALL. Sir, we will certainly do that, because even today in the civilian area where travel is performed, scientific conferences, and that sort of thing, and major commanders in most cases have a rule, and we certainly will in this case, where most of the travel is decided on in advance, major headquarters will make the decision; they have to come in for approval prior to going to those places where this type of expense is incurred, so there will be definite control.

Chairman RUSSELL. Do you think that the services at the present time strictly enforce a rule that none of these per diem payments are payable when the recipient is in an area where they have got officers or enlisted men's mess and BOQ and other quarters?

General KENDALL. Sir, in a case like that if he is near a post where quarters are available, he is obligated to stay there, and he will not be paid even if he stays outside on his own.

Chairman RUSSELL. That is a rule. Does anybody ever check that?

General KENDALL. That is checked.

Chairman RUSSELL. Has anybody ever been criticized for not doing it?

General KENDALL. This is one of the items that is checked. The Inspector General looks into things like this.

Chairman RUSSELL. If we enact this bill will you have to have a supplemental to take care of the increase for the remainder of this fiscal year?

General KENDALL. Well, on section 2 of the bill, of course, it is not required. We have nothing in the budget, of course, for this because it is something not in being, section 1.

Chairman RUSSELL. Do you think there will be adequate appropriations in the travel allowance appropriation made to care for this or will there have to be a supplemental request?

General KENDALL. A decision, of course, will have to be made within the Department of Defense in that case, sir.

Chairman RUSSELL. You do not know yet whether that is under consideration?

General KENDALL. I am not sure.

Chairman RUSSELL. Senator Cannon.

Senator CANNON. Mr. Chairman, I agree with you that we cannot do much other than bring the military in line with the civilians there. I think that the bill that went through on present allowances may be a little higher than it should have been because I think in many instances that the expense does not reach anywhere near the amount that we authorized under this bill, although in some instances it would, of course. But I have no questions, Mr. Chairman.

Chairman RUSSELL. Thank you very much, General.

General KENDALL. Thank you, sir.

(Subsequently, in executive session, the committee voted to report an original bill (S. 2554) identical to H.R. 7723, as covered by S. Rept. 1038. Prior to passage by the Senate, H.R. 7723 passed the House and was placed on the Senate Calendar.)

H.R. 2732

Chairman RUSSELL. The next bill on the agenda is H.R. 2732, a bill which would increase the monetary allowance to members of the uniformed services for the transportation of house trailers.

(The bill referred to, H.R. 2732, follows:)

[H.R. 2732, 87th Cong., 1st sess.]

AN ACT To amend section 303 of the Career Compensation Act of 1949 to provide that the Secretaries of the uniformed services shall prescribe a reasonable monetary allowance for transportation of house trailers or mobile dwellings upon permanent change of station of members of the uniformed services

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the twelfth sentence of section 303(c) of the Career Compensation Act of 1949 (37 U.S.C. 253(c)), is amended to read as follows:

"Under regulations prescribed by the Secretaries concerned and in lieu of transportation of baggage and household effects or payment of a dislocation allowance, a member of the uniformed services, or in the case of his death his dependents, may transport a house trailer or mobile dwelling within the continental United States for use as a residence by one of the following means—

"(1) transport the trailer or dwelling and receive a monetary allowance in lieu of transportation at a rate to be prescribed by the Secretaries concerned (but not to exceed 20 cents per mile);

"(2) turn the trailer or dwelling over to the Government for transportation by commercial means; or

"(3) transport the trailer or dwelling by commercial means and be reimbursed by the Government subject to such rates as may be prescribed by the Secretaries concerned:

Provided, however, That a member or his dependents, is, or are, not entitled to an allowance, transportation, or reimbursement under this sentence unless he is, or they are, otherwise entitled to transportation of baggage and household goods under this section: *And provided further,* That any payment authorized by this section may be made in advance of the transportation concerned."

SEC. 2. Section 303(f) of the Career Compensation Act of 1949 (37 U.S.C. 253(f)) is amended by striking out the word "and" at the end of clause (2) and by inserting the following before the period at the end thereof: "; and (4) monetary allowance for transportation of house trailer or mobile dwelling—current average costs for commercial transportation, or current average costs for transportation by the member".

Passed the House of Representatives August 10, 1961.

Attest:

RALPH R. ROBERTS, *Clerk.*

Chairman RUSSELL. The departmental witness is Mr. Stephen S. Jackson, Deputy Assistant Secretary of Defense for Manpower. Mr. Jackson, will you have a seat, please, and give a brief outline of this bill.

STATEMENT OF STEPHEN S. JACKSON, DEPUTY ASSISTANT
SECRETARY OF DEFENSE (MANPOWER)

Mr. JACKSON. I have a short statement, if I may read it, sir.

Chairman RUSSELL. Yes, indeed.

Mr. JACKSON. Mr. Chairman and members of the committee, I appreciate the opportunity of appearing before this committee as the Department of Defense witness on H.R. 2732, 87th Congress, which would authorize the service Secretaries to prescribe a reasonable monetary allowance for the transportation of house trailers or mobile dwellings upon a permanent change of station.

We are indebted to this committee for action during the hearing on the Career Incentive Act of 1955 which resulted in the present authorization for a reasonable monetary allowance not to exceed 20 cents a mile.

The law does not distinguish between the rates payable to members who transport their own mobile homes and those who hire a commercial firm to move them. However, the service Secretaries, in keeping with the intent of the law, have administratively limited to 11 cents a mile the amount payable for self-haul, and have authorized 20 cents for commercial transportation of mobile homes.

Even though the number of service members who would benefit by enactment of this bill is small, few matters considered by this Department have resulted in so much correspondence. These letters indicate that this bill is primarily in the interest of enlisted men, who, through choice or inability to find suitable offbase housing within their means, live in mobile homes.

H.R. 2732 in technical form limits the allowance for self-haul to 20 cents a mile. It places no specific dollar limit on the mileage rate, but makes reference to current average costs, payable for commercial transportation. The Department of Defense supported this measure before the House Committee on Armed Services. As a result of 20 percent sampling of service members owning house trailers, it was determined that the current average costs for commercial haul of mobile homes was about 35 cents a mile today. I might add that this determination was as of the time of the study in 1960.

The House committee in addition to referencing the current average costs for commercial transportation requested that the Defense Department give assurance of an additional restriction to assure that in no instance would the amount payable exceed the cost of transportation of household effects plus dislocation allowance.

The Defense Department agrees to this restriction and is submitting herewith a proposed revision in line with the request of the committee staff which will clarify the matter of ceilings in the bill. The Defense Department is anxious to obtain this authorization and will administer it in a fair and reasonable manner if passed by the Congress. The fact that a 20-cents-a-mile ceiling was authorized by the Congress and the service Secretaries have limited self-haul to 11 cents a mile we believe is indicative of this policy.

The Defense Department strongly recommends the passage of this bill as revised.

Chairman RUSSELL. Until a few years ago there was no authorization whatever to repay for the transportation of mobile home or trailer, was there, Mr. Jackson? I remember the incident, but I do not remember the year.

Mr. JACKSON. The hearing I referred to was in 1955, sir, where the 20 cents—

Chairman RUSSELL. Under that bill it was contemplated that the serviceman would handle it all himself. Under the newly proposed legislation he can turn it over to the Government.

Mr. JACKSON. There was, as I recall it, no restriction under the previous law and the present law of his providing for transportation by commercial means, and being allowed the amount of up to 20 cents for it, which was the ceiling.

The service Secretaries said if he hauled it himself he would get only 11 cents per mile.

Chairman RUSSELL. You allow more than that for travel in self-owned vehicles, don't you?

Mr. JACKSON. The fixed amount for self-haul of the trailer is still 11 cents per mile, sir.

Chairman RUSSELL. I think that is too low.

Under this bill now the military personnel could turn their trailer or movable home over to the Government for hauling?

Mr. JACKSON. They could, and we recommend that they do arrange for commercial haul through the Government contracting personnel so as to guarantee that the best arrangements are made, and that the commercial haulers are approved by the ICC.

Chairman RUSSELL. Under the present law, as I understand it, the bill is limited to the continental United States, and this bill continues that language.

The Comptroller General has ruled that the existing authority would not authorize the allowance for moving a trailer to Alaska.

What interpretation would the Department put on this bill if enacted as to authorizing a trailer allowance moved to Alaska?

Mr. JACKSON. As written, this bill would have the same interpretation with respect to Alaska.

Chairman RUSSELL. I have in mind offering an amendment to your suggested limitations to add in addition to those that are spelled out in the bill, 36 cents a mile. Do you think that would be unreasonable at the present time?

Mr. JACKSON. As to 36 cents a mile at the present time?

Chairman RUSSELL. Yes.

Mr. JACKSON. The Defense Department would not find that unreasonable as an indication of the current average costs.

We urge, however, that a specific finite figure not be put in the bill because of the variability of the costs.

In a matter of 4 years the current average costs for 1956 to 1960 changed 20 percent, and increased in that amount, and it would require our coming here, if the same thing happened, to ask for an amendment of that specific figure.

Chairman RUSSELL. Well, we hope both the Department of Defense and the Congress will be here 4 years from now, and we will have something to consider and work with.

Mr. JACKSON. Well, I can only say that 36 cents as of now in accordance with the testimony I have given, and I now give, is a fair amount for the current average costs. We would not like to be precluded from asking for an amendment in the event of an increase or a change in that amount.

Chairman RUSSELL. I can understand your position on that. But as of now that is not an unreasonable limitation.

Mr. JACKSON. As of now that is not an unreasonable amount as indicative of the current average costs; yes, sir.

Chairman RUSSELL. Yes, sir.

Senator Saltonstall.

Senator SALTONSTALL. I have no questions.

Chairman RUSSELL. Senator Thurmond.

Senator THURMOND. No questions.

Chairman RUSSELL. Senator Cannon.

Senator CANNON. Thank you, Mr. Chairman.

Under the law now does the serviceman draw a quarters allowance within a certain grade, draw a quarters allowance when using a mobile trailer?

Mr. JACKSON. A person living in a mobile trailer, does he get a quarters allowance?

Senator CANNON. Yes.

Mr. JACKSON. If he is otherwise entitled to it, if he is of sufficient grade, yes, sir.

Senator CANNON. Then on a move under this authorization he would be permitted to ship his trailer at commercial rates and draw it up to the cost of 36 cents per mile, whatever it was, and also would draw mileage for driving his own car at whatever the allowance is. What is it, 10 cents a mile?

Mr. JACKSON. The present I do not think is 10 cents a mile; I think they are asking for higher—6 cents a mile.

Senator CANNON. In all cases for all military personnel?

Mr. JACKSON. I think that is the present maximum, if I am not mistaken. It is 6 or 7 cents.

Senator CANNON. In any event, whatever the figure is, he is authorized on a change of station to travel by private conveyance. He would be paid the authorized amount, plus the 36 cents a mile here for the shipment of his trailer, plus getting a housing allowance at both places.

Mr. JACKSON. In transit he would be entitled to a mileage allowance and after he arrived and was located in his trailer he would be entitled to a housing allowance.

I do not want to confuse the record here on this. Is it 10 cents the ceiling and 6 or 7 cents—the statutory allowance is 10.

Senator CANNON. The ceiling on the statutory allowance is 10 cents; yes.

Mr. JACKSON. Yes, sir.

Senator CANNON. But the man who has no trailer gets only his moving, and if he uses Government quarters, of course, there is no problem.

Mr. JACKSON. It is the same way; the man who does not have a trailer and is otherwise entitled, gets paid for transportation of his household effects, plus a dislocation allowance, which is not given to the trailer.

Senator CANNON. The trailer owner does not get a transportation of personal effects, household effects allowance in addition.

Mr. JACKSON. He does not have household effects except those intimately affected, crockery that might be in the trailer.

Senator CANNON. What is the dislocation allowance, what does it amount to?

Mr. JACKSON. The dislocation allowance for persons who are entitled otherwise to it is 1 month's basic quarters allowance, basic quarters allowance for dislocation for moving in addition to the cost of transporting his household effects.

Senator CANNON. Thank you.

Thank you, Mr. Chairman.

Senator THURMOND. Mr. Chairman, I have a question that is pertinent, although it is not right exactly on this bill, if there is no objection.

Chairman RUSSELL. All right, sir. We do not have any rule of germaneness.

Senator THURMOND. I have a complaint from a civilian, I believe, who worked for the Defense Department, and he made this point that when he was moved he only got travel allowance for himself; that when the military moved they got so much a mile for themselves, so much a mile for each member of their family, and he said in this particular instance the military person put his whole family in one automobile and drew mileage on each member of his family, and he also drew per diem.

Could you tell us just what the situation is with regard to the transfer of the civilians and military, and what allowances are made? I just wanted to clarify it for the record in view of this complaint made to me.

Mr. JACKSON. I am sorry, Senator, as far as the civilian at the present time I do not have that data at my fingertips. I could supply it for the record.

Senator THURMOND. Could you supply it for the record? I would like to have it. I want to know just how they compare one with the other.

Mr. JACKSON. It is somewhat detailed, and we will submit it.

Senator THURMOND. You can submit a copy to my office, to me; I would like to have it for my personal attention.

Mr. JACKSON. I would be happy to.

Senator THURMOND. Can you tell us what it is for the military?

Mr. JACKSON. Well, as we have just indicated—

Senator THURMOND. Does each member of his family draw mileage, for instance, and is it based on bus, train, air, or is it the allowance of so much per mile?

Mr. JACKSON. The allowance authorized in the Career Compensation Act is 10 cents per mile.

Senator THURMOND. For each?

Mr. JACKSON. He gets a mileage allowance; is that correct, for traveling, Colonel?

Senator THURMOND. Colonel Scanlan, are you familiar with this matter?

STATEMENT OF LT. COL. JOSEPH W. SCANLAN, OFFICE OF PERSONNEL PLANNING, DEPARTMENT OF THE AIR FORCE

Colonel SCANLAN. Yes, sir.

Senator THURMOND. Can you answer these questions?

Colonel SCANLAN. The allowance for the member is 6 cents a mile.

Senator THURMOND. Is that for an officer or an enlisted man?

Colonel SCANLAN. Yes, sir; either one.

Senator THURMOND. 6 cents a mile for the members of the Armed Forces?

Colonel SCANLAN. That is correct.

Senator THURMOND. What about his children and wife or any of his dependents?

Colonel SCANLAN. Children from 5 to 21, I think it is, 6 cents, not to exceed two of those .

Senator THURMOND. What is that?

Colonel SCANLAN. 6 cents apiece.

Senator THURMOND. Come around closer so that we can hear you.

Chairman RUSSELL. Give the reporter your name and rank, will you, please?

Colonel SCANLAN. Lt. Col. J. W. Scanlan.

It is a maximum of 18 cents a mile for dependents' travel.

Senator THURMOND. Each dependent can draw 6 cents a mile if they are between the ages of 5 and 21?

Colonel SCANLAN. Yes, sir.

Senator THURMOND. The same as a member of the Armed Forces?

Colonel SCANLAN. That is correct.

Senator THURMOND. And then in addition?

Solonel SCANLAN. But the limit is 18 cents.

Senator THURMOND. How is that?

Colonel SCANLAN. The limit is 18 cents per family.

Senator THURMOND. That does not include the member of the Armed Forces?

Colonel SCANLAN. No, that makes it 24 cents.

Senator THURMOND. So he could draw 24 cents?

Colonel SCANLAN. Yes, sir.

Senator THURMOND. I see.

Do they get per diem also?

Colonel SCANLAN. No, sir; not on a PCS. On TDY, there is a per diem; on PCS there is no per diem when a mileage is paid.

Senator THURMOND. What about a civilian?

Colonel SCANLAN. The civilian is entitled to transportation for his dependents under most circumstances on a PCS. It is not in the form of an allowance, and I am not familiar—

Senator THURMOND. This man said he could not get paid for transporting his family. Men in uniform could, and he was complaining about that, and that is the reason I want to ask these questions.

Colonel SCANLAN. Well, I would have to check a few regulations on the civilian side I am not familiar with it.

Senator THURMOND. You do not know that, you are not familiar with that?

Colonel SCANLAN. In general, however—

Senator THURMOND. I would rather get it right. I do not want it in general; I want it specifically. I want to know what it is.

Mr. JACKSON. We will submit it.

Chairman RUSSELL. You can get that information from the Civil Service Commission and submit it for the record.

Mr. JACKSON. We will be very happy to submit it.

(The information requested is as follows:)

ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., September 20, 1961.

HON. RICHARD B. RUSSELL,
Chairman, Senate Armed Services Committee.

DEAR MR. CHAIRMAN: During the hearing of the Committee on Armed Services, U.S. Senate, on H.R. 2732, 87th Congress, a bill relating to the provision of a reasonable monetary allowance for the transportation of house trailers or mobile dwellings of members of the uniformed services, a question was asked concerning the entitlements of members of the uniformed services, on the one hand,

and the civilian employees of the Department of Defense on the other hand, with respect to transportation when those members or employees, and their dependents, are making a permanent change of station and traveling by privately owned vehicle. I agreed to furnish this information for the record.

So far as members of the uniformed services are concerned, the matter is governed by section 303 of the Career Compensation Act of 1949, as amended (37 U.S.C. 253), and chapters 4 (pt. D) and 7 (pt. A) of the Joint Travel Regulations, which implement section 303. As so implemented a member who is authorized to travel by privately owned vehicle upon a permanent change of station is entitled to mileage for himself at the rate of 6 cents a mile. Mileage is an allowance to cover the average cost of first-class transportation including sleeping accommodations, cost of subsistence, lodging, and other incidental expenses directly related to travel. In addition, the member generally is entitled to a monetary allowance for his dependents who travel with him. This allowance is at the rate of 6 cents a mile for not more than two dependents 12 years or more of age, 3 cents a mile for each additional dependent 12 years or more of age, and 3 cents a mile for each dependent 5 years of age or older but under 12 years of age. However, the maximum amount payable for all dependents may not exceed 18 cents a mile. (If a member and his dependents are furnished transportation in kind, the member is entitled to a per diem allowance at the rate of \$9. No per diem allowance is payable on account of the member's dependents.) The member is also entitled to a dislocation allowance equal to his monthly basic allowance for quarters for not more than one permanent change of station during any fiscal year. Finally, he is entitled to transportation of his baggage and household effects or to reimbursement therefor.

The above entitlements are not applicable to dependents of service members in pay grades E-4 with 4 or less years of service and pay grades E-3, E-2, and E-1. Members in these pay grades are regarded as members without dependents with respect to transportation of their dependents and household effects.

With respect to civilian employees, the matter is governed by section 1 of the Administrative Expenses Act of 1946, as amended (5 U.S.C. 73b-1), and sections 3 and 4 of the Travel Expense Act of 1949, as amended (5 U.S.C. 836, 837). A civilian employee who is authorized to travel by privately owned automobile or airplane upon permanent change of station is entitled to mileage at the rate of 12 cents per mile and a per diem allowance at the rate of \$16. However, the total amount which he is allowed cannot exceed the limitation of expense to the Government for himself and any dependents, including per diem for travel by the usual mode of transportation. (If the employee and his dependents are furnished transportation in kind, the member is entitled to a per diem allowance at a rate not more than \$16. No per diem allowance is payable on account of the employee's dependents.) Finally, he is entitled to the expenses of transportation of his household goods and personal effects.

The opportunity of providing this information is appreciated.

Sincerely yours,

STEPHEN S. JACKSON,
Deputy Assistant Secretary.

Chairman RUSSELL. There will be inserted in the record the statement of Sergeant Davis.

STATEMENT OF SFC. PRENTISS M. DAVIS, JR., U.S. ARMY, RETIRED

Sergeant DAVIS. Mr. Chairman and members of the committee, my name is Prentiss M. Davis, Jr., Sergeant, first class, U.S. Army, temporary disability retired list, relieved from active duty on April 15, 1961, after 18 years' military service. For the past year I have acted as the spokesman for those members of the Army, Navy, Marine Corps, Air Force, and Coast Guard living in mobile homes and trailers, in an effort to bring their problems to the attention of the proper officials, not only for their benefit but for the betterment of the military services and advantages to the Government as well.

It is difficult to find anything to add to the testimony in behalf of this legislation, H.R. 2732, to that previously given in the House of Representatives. Had there been a lack of sufficient merit I am assured

that this committee would not have H.R. 2732 before it at this time. In the House of Representatives on August 10, 1961, the gentleman from Texas, Mr. Kilday, presented the need for this legislation and discussed the provisions of the bill. The gentleman from Illinois, Mr. Price, then addressed his remarks to equity provided by the bill and the manner in which the Department of Defense plans to implement it, if enacted. Those eloquent words spoken by such distinguished statesmen and Members of Congress should serve as sufficient recommendation to insure passage by the Senate as well as the House.

The service associations, Fleet Reserve, AFSA, ARAS, to mention a few, have gone on record giving their full support and backing to H.R. 2732.

Members of the military services stationed in all parts of the world have expressed themselves in correspondence to their elected Representatives and Senators, in letters to their associations and the editors of the service publications, particularly Army Times, Navy Times, and Air Force Times. The individual pieces of mail received would number well into several thousands. One of the best examples that could be used to illustrate the importance of this bill to the serviceman is the fact that more mail was received on the trailer allowance bill than that received on the dependent cutback issue last January when President Eisenhower placed the ban on dependent travel overseas. A large percentage of the correspondence received specifically states that this bill is more important to the men in the service than any other piece of personnel legislation. The majority would rather have this bill whereby the Government would move their mobile home for them, than to have legislation giving them a raise in pay or additional dependent allowance.

It is easy to understand why there has been opposition to personnel living in trailer housing in the past. Just as many of us here can remember when kerosene lamps were used in place of electricity and the toilet facilities were a privy outside, comparing the mobile home of today with trailer housing of past years is like comparing the modern home with the old log cabin. Today the mobile home is not considered standard without thermostat controlled heating, hot and cold running water, tub bath and shower, and other conveniences the average house does not have. For the family of the man in military service the mobile home is the only practical answer to satisfy the need for housing that many have been able to find.

On August 14, 1961, in a report submitted from the Senate Committee on Appropriations on the military construction appropriation bill, 1962, it was stated:

The committee approved of trailer courts as a means of providing housing for service personnel, particularly personnel in the lower enlisted grades.

Any questions the committee may wish to ask I will answer to the best of my ability. My only request is that this legislation, H.R. 2732, be given your serious consideration and approval. Thank you.

Chairman RUSSELL. If there is nothing further, we thank you for your testimony.

Mr. JACKSON. Thank you.

(Subsequently, in executive session, the committee voted to report H.R. 2732 with amendments, as covered by S. Rept. 1069.

S. 2476

Chairman RUSSELL. The last bill on the agenda for today is S. 2476. This bill would amend an existing provision of law that authorizes the exchange of lands constituting the entire Boardman Bombing Range in the State of Oregon for lands owned by that State. An exchange under current law apparently has proved to be impractical. This bill would modify existing law to permit a partial exchange of the lands involved in accordance with a plan worked out by the Navy and the State of Oregon.

(The bill referred to is as follows:)

[S. 2476, 87th Cong., 1st sess.]

A BILL To amend section 207 of the Military Construction Act of 1960 in order to clarify the authority granted under such section to the Secretary of the Navy to exchange certain lands owned by the United States for lands owned by the State of Oregon

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 207 of the Military Construction Act of 1960 (74 Stat. 166, 175) is amended to read as follows:

"SEC. 207. (a) Notwithstanding any other provisions of law, the Secretary of the Navy is authorized, upon such terms and conditions as he may determine to be in the public interest, to convey to the State of Oregon all or part of or interests in the lands, including acquired and public domain lands, comprising the Boardman Bombing Range in the State of Oregon, as delineated on a map designated as 'War Department, Office of the Division Engineer, North Pacific Division, Real Estate, Boardman Precision Bombing Range,' approved February 17, 1947, drawing numbered O-31-52. The conveyance of such lands to the State of Oregon shall be made in exchange for a conveyance, without restriction as to use of lands, to the United States of such lands, or interests therein, of the State of Oregon as the Secretary of the Navy shall find suitable for use, with any lands or interests retained by the Navy, as a bombing range, and upon payment by the State of Oregon to the United States of such amount as the Secretary of the Navy determines to represent the total of (1) the difference, if any, between the fair market value of the property so conveyed by the Secretary of the Navy and the fair market value of the land and interests in lands accepted in exchange therefor, and (2) the cost to the Department of the Navy of providing a complete substitute facility on the retained lands, if any, and the State lands so acquired.

"(b) The State of Oregon shall agree to be primarily liable and hold the United States harmless from any claims for personal injury or property damage resulting from the condition of the lands conveyed by the United States.

"(c) Of the lands retained by the Navy, if any, together with any lands conveyed to the United States by the State of Oregon, 37,320.31 acres thereof, inclusive if any retained public domain lands, as agreed upon by the Secretary of the Interior and the Secretary of the Navy, shall become public domain lands of the United States subject to all the laws and regulations applicable thereto, but shall remain withdrawn from all forms of appropriation under the public land laws, including the mining and mineral leasing laws, and shall be reserved for use as a bombing range under the administration of the Department of the Navy until such withdrawal and reservation is revoked by order of the Secretary of the Interior with the concurrence of the Secretary of the Navy. The remaining acreage of the lands conveyed to the United States shall become a part of the lands comprising the substitute bombing range and shall be administered by the Department of the Navy.

"(d) The money received by the Secretary of the Navy in connection with the exchange authorized by this Act shall be disbursed as follows: (1) The difference in the fair market value between the public domain lands conveyed by the United States and the lands designated as public domain lands under subsection (c), exclusive of any retained public domain lands, shall be distributed as a receipt from the sale of public domain lands; (2) the difference in the fair market value between the remaining lands and interests exchanged shall be covered into the Treasury as a miscellaneous receipt; and (3) the amount received to defray the cost of providing a complete substitute facility shall be

available to the Department of the Navy for the construction and acquisition of such complete substitute facility.

"(e) The Department of the Navy shall not be required to relinquish use of any lands of the Boardman Bombing Range to be conveyed to the State of Oregon until the complete substitute facility is available for use."

Chairman RUSSELL. The departmental witness on this bill is Mr. John J. Reed. All right, Mr. Reed, please be seated and tell us something about this bill. I may say we have already, I am sure, heard something about it, but give us the Department's views on it.

STATEMENT OF JOHN J. REED, EXECUTIVE ASSISTANT (FACILITIES) TO THE ASSISTANT SECRETARY OF THE NAVY (INSTALLATIONS AND LOGISTICS)

Mr. REED. All right, sir. Mr. Chairman and members of the committee, I am John J. Reed, Executive Assistant (Facilities) to the Assistant Secretary of the Navy (Installations and Logistics), Kenneth BeLieu. It is my pleasure to present the views of the Department of the Navy, acting for the Department of Defense, on S. 2476. We favor enactment of this bill which amends section 207 of the Military Construction Act of 1960. The bill makes technical changes in the wording of the present law, essentially for the purpose of authorizing a partial, as well as a complete, exchange of lands at the Boardman Bombing Range between the Navy and the State of Oregon.

At the time the present law was enacted, it was contemplated that the Navy would transfer the entire Boardman Bombing Range and would relocate its bombing range at another site on lands to be provided by the State of Oregon. Accordingly, section 207 was written so as to authorize a complete exchange of lands and to require the State to pay any difference in the value of the lands exchanged as well as the cost of reconstructing the bombing range at the new location. Also, to take the place of the 37,320.31 acres of public domain lands in the Boardman Bombing Range which were to be transferred to Oregon, it was provided that 37,320.31 acres of the lands acquired from Oregon were to be designated as public domain lands.

Subsequent additional detailed investigations disclosed that complete relocation of the bombing range was not feasible because of the topography of the available alternative sites. It was also established that the interests and needs of the Navy and the State of Oregon could be accommodated by a partial exchange, under which the State would acquire the western half of the Boardman Bombing Range subject to certain avigation easements and other reservations, and the Navy would retain the eastern half of the range and acquire about 10,000 acres of additional land from the State on the eastern border of the range. The Navy and the State of Oregon are now in complete agreement on all aspects of the modified proposal for partial exchange, and the Navy is satisfied that it will, as a final result, have adequate lands and interests to meet its requirements for a multipurpose bombing range. In addition, the proposed partial exchange will require only minor relocation of facilities and, in that respect, will be much less costly to the State.

Accordingly, the present bill would authorize such partial exchange and, incident thereto, would permit any public domain lands conveyed to the State in the western half of the range to be replaced in like

amount out of lands retained by the Navy of acquired from the State, with the net result that there would be 37,320.31 acres of public domain land in the new bombing range. Other minor clarifying changes are made in the law, but Oregon would still be required to pay for any difference in the value of the lands exchanged and for all costs of relocating range facilities.

Chairman RUSSELL. In other words, the proposed agreement is completely in consonance with the Morse formula?

Mr. REED. On public domain lands?

Chairman RUSSELL. Yes, sir. This exchange here, where Oregon is paying the costs. Are you familiar with the Morse formula?

Mr. REED. No, sir; I am not.

Chairman RUSSELL. All right.

Mr. REED. In our judgment, the bill fully protects the interests of the United States and carries out the objectives of Congress in enacting the original law. For these reasons, therefore, we recommend its approval.

Senator SALTONSTALL. Mr. Chairman, may I ask one question? The Morse formula, I most respectfully would say to the witness, requires, if I understand it correctly, over the years that the Government would receive at least half of the value of the land that the Government was giving up.

Now, Senator Morse filed this bill himself, and he assure me yesterday that the Morse formula was fully covered.

Is the Federal Government getting sufficient recompense from the State of Oregon so that you feel, as a representative of the Federal Government that our Federal lands are not being sacrificed in any way?

Mr. REED. Yes, sir. I feel that Federal lands are not being sacrificed because one quantum of public domain lands, as it currently exists and as it would after this legislation, remains the same.

On the question of value, the law provides that any differences in valuation between the lands, if it is favorable to the Government, would accrue to the Navy.

Senator SALTONSTALL. Thank you, Mr. Chairman.

Chairman RUSSELL. Mr. Reed, Senator Morse, one of the sponsors of this bill, has asked that it be amended to meet an objection of the House Appropriations Committee, namely, that any funds received from the State of Oregon representing the cost to the Navy of providing a substitute facility on the new property should be covered into the Treasury rather than being used by the Navy to construct any required new facilities. Does the Navy have any objection to that amendment?

Mr. REED. We would not raise any objection to that amendment sir. We were made aware of the House action in this regard.

This will change the letter which we sent to you, as chairman of this committee, on September 1, whereby we made the statement that the enactment of this legislation will not result in increased costs to the Department of Defense. There will be increased cost to the Department of Defense to some extent. We are not certain. However, there will be no increased costs to the Federal Government in total.

Chairman RUSSELL. In other words, you would have to get the money out of the Treasury instead of taking it directly.

Mr. REED. In this regard we would have to go through the normal procedures in making the money available.

Chairman RUSSELL. Yes.

Are there any other questions of Mr. Reed?

Senator THURMOND. I would like to ask one question, Mr. Chairman.

Chairman RUSSELL. Yes, sir.

Senator THURMOND. How many acres is it contemplated that the Government will convey to the State of Oregon?

Mr. REED. We will convey under this legislation approximately the net amount of about 40,000 acres, sir. I have a revised figure on that which would be 48,000, of which we would convey to them out of this total property.

Senator THURMOND. And how many acres of the State of Oregon would it convey to the U.S. Government?

Mr. REED. Approximately 10,000 to 12,000. They are still making surveys.

Senator THURMOND. 10,000 to 12,000?

Mr. REED. Yes, sir. So this would reduce the total lands credited.

Senator THURMOND. Is it going to be an appraisal which is going to be made of the lands conveyed to the State of Oregon?

Mr. REED. Yes, sir.

Senator THURMOND. And the lands conveyed to the U.S. Government by the State of Oregon, and who is going to make that appraisal?

Mr. REED. These will be commercial appraisers, and what is envisioned, Senator, is we will take the appraisal on the existing Government-owned property which would be conveyed to the State.

Senator THURMOND. Who made that appraisal?

Mr. REED. These will be made, sir. Appraisals, being expensive, they have been held in abeyance until it was known that this would go through.

Senator THURMOND. Well, are the people in Oregon going to make that appraisal?

Mr. REED. No, sir. They will be the regular governmental appraisals under our district government—

Senator THURMOND. Army engineers?

Mr. REED. Commercial appraisers are used, but it will be under the Government supervision.

Senator THURMOND. When you say commercial appraisers, do you mean citizens of Oregon or outside of Oregon?

Mr. REED. They would probably be local people. This is our standard procedure which would be used all over the country. Our Bureau of Yards and Docks is responsible for this, and each of their field offices acquires local appraisers generally to make these appraisals. We do this in every State of the Union practically.

Senator THURMOND. We will get back only about 10,000 or 12,000 acres, where we would convey to Oregon 48,000; is that right?

Mr. REED. That is correct, for which they will have to render to the Treasury the value of these lands.

Senator THURMOND. And they will pay the difference in cash to the U.S. Treasury?

Mr. REED. That is correct, sir.

Senator THURMOND. The Government has no need for these 48,000 acres now or in the foreseeable future?

Mr. REED. No, sir. We do not see any foreseeable need.

Senator THURMOND. For what purpose was it acquired originally?

Mr. REED. This land was acquired initially by the Department of the Air Force as a bombing range. Subsequent to that it was transferred to the Department of the Navy to be used as a bombing range. We currently use it to train the aircraft operating out of the Naval Air Station, Whidbey Island, Wash.

Senator THURMOND. Does it have timber on it?

Mr. REED. I am not certain; I do not believe it does.

Senator THURMOND. Thank you, Mr. Chairman.

Chairman RUSSELL. I had not understood that the Government would come out of this with 30,000 acres less than it originally owned. I thought we got the same amount of acreage.

Mr. REED. No, sir. We will end up with less land. The initial bill which we are seeking to amend here would have been a quantum exchange on acres, but in this regard the net amount of Government land will be diminished.

Senator CASE. By how much?

Mr. REED. It will be approximately 38,000 acres less land.

Senator THURMOND. Less.

Chairman RUSSELL. What is that land estimated to be worth?

Mr. REED. It is, with all due respect to the Oregonians, it is in the desert portion of eastern Oregon. I think it is not very valuable land. It is an arid area.

Chairman RUSSELL. Why is there such a tremendous drive on to get this bill through if the land is of no value to the Government? Both Senators and everybody else connected with the State of Oregon have been very much interested in getting this bill through at this session. If the land has no value, why are they concerned about it?

Mr. REED. Well, we are told, sir that the value of the land is \$10 to \$15 per acre, and I believe the answer to your question more directly, however, would be that despite the type of land, that there is envisioned that there will be economic development in this area which would benefit the State and the country. This is along the Columbia River, and it does have potential, and I understand the State is anxious to attempt to develop that potential.

Chairman RUSSELL. So that the Federal Government is surrendering all of its water frontage on the Columbia River?

Mr. REED. We do not actually front on the water now, sir. We are removed from the water. It is not a great distance, but we do not come right up to the water.

Senator THURMOND. How far from the frontage?

Mr. REED. It is approximately a mile or two, at least.

Chairman RUSSELL. I am sorry I did not understand the last statement.

Mr. REED. The property is about a mile or two from the edge of the river, sir.

Chairman RUSSELL. Who owns the intervening land?

Mr. REED. These are a mixture, I believe, of both State and private lands in small parcels.

Senator SALTONSTALL. Mr. Chairman, am I not correct in stating the Governor of Oregon called me up yesterday afternoon, and the reason for the speed in enacting this legislation is that one of the great

big aircraft companies, I think the Boeing Aircraft Co., wants to work out an agreement with the State of Oregon for some of this land that would result in this swap so they are anxious to have the thing completed so that they can go forward with their plans for the development of that land for this aircraft plant; am I correct in that?

Mr. REED. We understood, sir, that something of that nature was going along. We have limited our dealings completely to the State.

Senator SALTONSTALL. That is the necessity for speed.

Mr. REED. Yes.

Chairman RUSSELL. It is most unusual for an aircraft factory to be demanding to get a desert area to get a plan.

Senator CASE. Probably for testing.

Mr. REED. The impression we had, sir, was that it was a remote type testing of big new development engines, this type of thing which is somewhat of an obnoxious type of enterprise.

Chairman RUSSELL. Any further questions? If not, Mr. Reed, we thank you.

Mr. REED. Thank you, Mr. Chairman.

Chairman RUSSELL. We will insert in the record at this point the statement of Senator Moore.

STATEMENT OF SENATOR WAYNE MORSE, OF OREGON

Senator MORSE. Mr. Chairman and members of the committee, on behalf of the Governor of Oregon and myself, I am submitting this statement in support of the bill S. 2476, which I introduced on August 28, 1961, with my colleague, Senator Neuberger as cosponsor.

Through the fine assistance and complete cooperation of the chairman and members of this committee, we obtained late in the 86th Congress the enactment of legislation authorizing the State of Oregon to acquire the Boardman Bombing Range, Morrow County, Oreg., in exchange for certain lands to be conveyed by the State of Oregon. The lands to be exchanged were contemplated as a complete and adequate substitute site for the Boardman Bombing Range, and it was anticipated that the lands to be acquired by the Navy were to be completely suitable as a new bombing range. The Boardman site, in turn, was to be devoted to highly important industrial uses by the State of Oregon and its lessee in the interest of national defense and economic development of the State of Oregon.

In the interim following the passage of section 207 of Public Law 86-500, the Wagontire, Oreg., site, which was contemplated in the original exchange negotiations, was found to be of limited usefulness to the Department of the Navy. Negotiations between officials of the Navy and the State were undertaken immediately thereafter, and these efforts resulted in the submission of an alternate proposal whereby the Navy would retain part of the Boardman Bombing Range and would transfer the balance of the Boardman site to the State of Oregon in exchange for lands to be transferred to the Navy by the State.

This alternate proposal is satisfactory to the Navy and to Oregon, and S. 2476 has, as its purpose, the implementation of this new arrangement.

One slight amendment to S. 2476, which has been sought on the House side, is agreeable to the sponsors of the bill and to the State of Oregon. This amendment was described in detail in my letter of September 7, addressed to the chairman of this committee. The minor amendment to the bill would require the Navy to obtain approval of the Appropriations Committees of the Congress before using Federal funds to construct the substitute facility which will be required upon completion of the proposed new exchange.

On behalf of the Governor of Oregon and the cosponsors of S. 2476, I wish to express deep appreciation for the splendid assistance you are rendering in this instance and for the excellent assistance you have provided in the past in connection with this extremely important exchange proposal.

(Subsequently, in executive session, the committee voted to report S. 2476 with an amendment, as covered by S. Rept. 1036.)

Chairman RUSSELL. We will now go into executive session, and we will ask our visitors to retire as expeditiously as possible.

(Whereupon, at 1:20 p.m. the committee proceeded in executive session.)

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