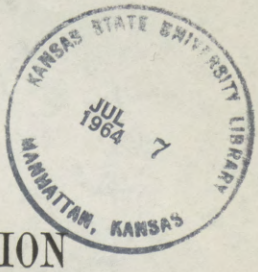
# FINANCIAL OR BUSINESS INTERESTS OF OFFICERS OR EMPLOYEES OF THE SENATE






## HEARINGS

BEFORE THE

## COMMITTEE ON RULES AND ADMINISTRATION UNITED STATES SENATE

EIGHTY-EIGHTH CONGRESS

FIRST AND SECOND SESSIONS

PURSUANT TO

**S. Res. 212 and S. Res. 291**

RESOLUTIONS AUTHORIZING AN INVESTIGATION INTO THE FINANCIAL OR BUSINESS INTERESTS OF ANY OFFICER OR EMPLOYEE OR FORMER OFFICER OR EMPLOYEE OF THE SENATE

ON

**S. 148**

A BILL TO REQUIRE MEMBERS OF CONGRESS, CERTAIN OTHER OFFICERS AND EMPLOYEES OF THE UNITED STATES, AND CERTAIN OFFICIALS OF POLITICAL PARTIES TO FILE STATEMENTS DISCLOSING THE AMOUNT AND SOURCES OF THEIR INCOMES, THE VALUE OF THEIR ASSETS, AND THEIR DEALINGS IN SECURITIES AND COMMODITIES

MAY 27, 1964

**PART 23**

**Testimony of Representative Charles E. Bennett, Senator Wayne Morse, and Representative John V. Lindsay**

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# FINANCIAL OR BUSINESS INTERESTS OF OFFICERS OR EMPLOYEES OF THE SENATE

WEDNESDAY, MAY 27, 1964

U.S. SENATE,
COMMITTEE ON RULES AND ADMINISTRATION,
*Washington, D.C.*

The committee met, pursuant to recess, at 9:10 a.m., in room 318, Old Senate Office Building, Senator Howard W. Cannon presiding.

Present: Senators Cannon, Pell, Clark, and Cooper.

Also present: Hugh Q. Alexander, chief counsel; Lennox P. McLendon, general counsel; Burkett Van Kirk, associate counsel; James H. Duffy, associate counsel; W. Ellis Meehan, investigator; and Samuel Scott, investigator.

Senator CANNON. A quorum being present for the purpose of taking testimony, the committee will please come to order.

The committee will proceed to hear the testimony of Representative Charles E. Bennett this morning.

You may proceed as you so desire, Mr. Bennett.

## STATEMENT OF HON. CHARLES E. BENNETT, A U.S. REPRESENTATIVE FROM THE SECOND DISTRICT OF THE STATE OF FLORIDA

Mr. BENNETT. Thank you very much, Mr. Chairman. I appreciate this opportunity to appear this morning on a matter of great importance to our country. From the beginning of time, where man has devised a system of government, human failure of character has been a limiting factor on the achievement of the good that was planned. The pages of history are littered with the ugly scars of those who forgot that public confidence feeds on the honesty of the men who administer the government, whatever its form.

This Nation has made substantial progress in rooting out corruption from Government, but the days when everyone accepted the motto "To the victors go the spoils" are not far behind. The matter of ethics in Government has always been of deep concern to me, and since my election to Congress in 1948 I have consistently worked with others to raise existing standards, introducing remedial legislation in every Congress since the 82d.

In 1958 I was successful in securing adoption of the Code of Ethics for Government Service. This code, as you know, applied not only to employees of the executive and judicial branches of the Government, but to the legislative as well. Since passage of the Code of Ethics I have continued to push for the creation of a Commission on Ethics in the Federal Service, House Joint Resolution 76. This Commission would interpret the application of the Code of Ethics and

would recommend modifications and improvements to the code, as well as criminal, and other, statutes in the field. The most important function of the Commission would be to investigate complaints of unethical conduct by employees of the Federal service, and recommend action to superiors for appropriate punishment, as provided in existing statutes.

Another proposal I have introduced is one calling for the creation of a Grievance Committee for the House, House Resolution 322, made up on a bipartisan basis of seven Members of the House, to hear complaints and report its findings and recommendations to the House. Choices of recommendations include censure, expulsion, impeachment, and criminal prosecution. The committee would also be authorized to require any Member of the House to make a full and complete disclosure to the committee of his personal income and investments. On this point I note that a number of distinguished Senators have made a list of their assets available to the Secretary of the Senate. Similarly, a number of Members of the House, myself included, have listed a complete disclosure of assets with the Clerk of the House.

The two measures I have introduced are not in conflict but complement each other. Each has the advantage of allowing a growth and improvement in ethical standards. I feel the proposals are realistic and I hope that you Senators will agree to take prompt action in this field. I wish to congratulate you on having this hearing and giving the country an opportunity to look into this matter and to take forward steps.

Before I conclude my formal type of presentation, I would like to say that this has been an interesting study for me through a period of years, and as I look back in history, as many of you have looked back in it, I feel encouraged. I think things are better today than they were 10 years ago, they are better today than 50 years ago, better than they were a hundred years ago, 500 years, and how far back in history you want to go you will find a steady upward improvement in the moral and ethical character of most of the people who administer government. There are exceptions. But the exceptions are, in my opinion, becoming rarer.

Furthermore, the level of activity which we are looking at today, when you compare it with the level of activity centuries gone past, as a whole you will find that people today are complaining about things that most people would not even consider to be ethical matters a hundred years ago; they wouldn't have given them any consideration. Even in the founding days of our country, as often has been pointed out, the earliest Congress of our country was involved with Members of Congress who knew that the script of the men who fought at Valley Forge was going to be made good; they profiteered off of this at the very expense of people who fought to protect and preserve and create our country. And through the history of our country things like this have occurred. But they have become less frequent, and they have become of less inflammatory and culpable nature as time has gone on and standards risen. So I think we should get the matter in perspective from that standpoint.

Another thing I think needs perspective in this field is it is not just Members of Congress or Members of the Senate or House involved in this at all. This situation runs all the way through Government.

I am on the House Armed Services Committee. I fully know, as many of you know, that there are men in the military and other branches of the Government that handle billions of dollars for our Government, and they are subject to pressure, just as we in Congress are subject to pressures. And this situation is a thing which should be kept in perspective with regard to its overall complete reach throughout all Government, not just in the legislative branch. Although I will admit, since there has been so much controversy and criticism of the legislative branch, it is very important that we do something in this particular field.

Finally, I would like to say that I feel very sincerely and very deeply and very enthusiastically that some steps should be taken—I think we should not just say we cannot accomplish everything we would like to do, and, therefore, we will take no step. Many people sort of laugh at the Code of Ethics which was enacted in 1958 by the House and the Senate, which I had the honor to be the original author of. It took me about 8 years to pass it through Congress. And it certainly is not a very staggering accomplishment. But I don't laugh at it, because I think it does have some value. People for ethical errors are fired and are considered for reprimand, and other censure in the Federal Government today, and were also before they passed this Code of Ethics. And this Code of Ethics does, to a certain extent, define what are proper standards and therefore has some value and some teeth.

But I do believe that the time has come for us to take another forward step. The least of the steps we could take is a very simple step, and it is a step that doesn't even require the joint action of the House and Senate. This is simply to follow the analogy we have in the law—most of us are lawyers, and we realize there are grievance committees in the bar which are very effective. And such could be established in both the House and the Senate. I see no reason for a joint committee.

This is a very minimum sort of thing. It could be used as a tremendous and sharp tool or it could be used as a rather blunted tool, and we could grow with it.

(At this point, Senator Cooper entered the hearing room.)

Mr. BENNETT. If we establish such a committee in the House and Senate, separately the committees could at some times be very firm and vigorous, and step forward with very great fervor. At other times, they might decide that in the national interest it was better to have a more muted attack. I do believe this is a way in which we could make gradual steps toward elevating the ethical standards of our country. That is the least that could be done.

I have two bills before the Congress at the present time. And the other one is my ultimate goal; that is to create what might be called a court of conscience, a group of men, familiar with this sort of problem, who would render decisions, sort of like the old common law in England, and make leading decisions of importance in this field which could be an instruction to people—I think it is a little better than just a tight criminal statute procedure or even a code of ethics by itself.

That is the end of my remarks.

Senator CANNON. Do I understand from what you have said that you would start by requiring a disclosure provision?

Mr. BENNETT. I favor disclosure provisions; yes, sir.

Senator CANNON. Then how would you actually police from that point? In other words, you say that you would have disclosure. Would you propose to change the definition of the present conflict-of-interest statute?

Mr. BENNETT. Well, that isn't my proposal. I would certainly be willing to vote for that. If that became my opportunity—to vote for such a measure—I would vote for such a measure. But my measure is milder than that. My measure merely establishes a grievance committee in each of the House and the Senate, as the case may be, and allows this grievance committee to require disclosure. It doesn't require everybody to have disclosure. It only requires disclosure in cases where there would be some particular thing that would indicate the disclosure would be necessary. This is a very, very mild procedure.

And the reason why I have adopted this matter of procedure is because I was impressed in the 8 years that I worked for the Code of Ethics that it takes a long time to accomplish anything. And I would rather accomplish something, even though it were small, than to meet with failure on a much bigger project. So mine does not even require—the thing I have introduced does not really require disclosure of all Senators or all Congressmen. It merely establishes a grievance committee which would have the power to require disclosure in specific instances if it desired to do so.

Senator CANNON. But where do you set the standards for the Grievance Committee to go by? That is the point I am trying to get at. Do you do that through the present conflict-of-interest law or do you adopt an additional code that would be administered by the Grievance Committee, or what?

Mr. BENNETT. I think if the question of conflict of interest came before the Grievance Committee, and I were on the committee, as a member of the Grievance Committee it would be my feeling that as to a man whose integrity had been challenged in the field of his conflict of interest, I would require complete disclosure of all income.

Now, I personally have standards which I live by, which I feel should apply to all Members of the House and Senate. But I am not about to try to force all the Members to live by them. For instance, I don't believe any Senator or Congressman should have outside earned income from any source. I think before we pass any income increase for ourselves, we should require that no Congressman or Senator draw income for earned money. I think it would be all right for them to retain their investments, if the investments were known to the public. But to go out and practice law in addition to being a Congressman or a Senator in 1964 is just to be very unrealistic, because the job of Congressman or Senator is so tremendous that a man just doesn't have time to do it. And he shouldn't do it.

Senator CANNON. Perhaps I did not make my question clear. You indicated that you have standards of conduct which would govern you. But I am trying to find out what you propose that the standards of conduct would be that would govern the Grievance Committee? In other words, would they be bound only by the present existing conflict-of-law statute, or would they be—would they have some other code that they would interpret as a Grievance Committee? Somebody would have to define guidelines for them.

Mr. BENNETT. I would favor, Senator, them operating somewhat as the English common law court did. I would think they certainly should comply with the existing statutes on conflict of interest. But I think if I were sitting on a grievance committee, the kind of grievance committee I would like to see established, and the kind of grievance committee that exists in most bars throughout the United States, the thing does not resolve itself about a technical matter of a specific rule which has been laid down. If a man has been in conflict, he is censured by the committee; it may be a private censure, or if it is bad enough he is publicly censured, or if it is bad enough he is put up for impeachment.

But I think the vast majority of complaints would take the form of the committee sitting down, looking to see if there is a conflict with existing statutes, going further and saying, "This doesn't conflict with any existing statute, but in the high level on which we hold the legislative function of the Federal Government, in our opinion we don't think you should do this, and don't do it again."

Senator CLARK. Would the Senator yield?

Senator CANNON. I would be happy to yield.

Senator CLARK. Congressman, I agree with everything you say. I wonder if the procedure which we have in the Philadelphia Bar Association might be pretty much what you had in mind. I was the secretary for several years, 25 years ago, of what we called the committee of censors, which I guess would be the equivalent of the grievance committee which you have in mind. And we adopted a ruling, which we had approved by the bar association, by ballot, that the canons of ethics of the American Bar Association should be rules of conduct for members of the Philadelphia bar, and then the committee of censors would summon before it any lawyer who had been charged by another lawyer or by a client or even by an adversary, although we were a little careful about that, to answer a charge that he had violated a canon of ethics approved by the American Bar Association. If we transformed that thinking to a code of ethics for the Congress of the United States, would that be the kind of procedure you had in mind?

Mr. BENNETT. Yes, sir; it is. And, of course, we do have a code of ethics of a very general nature, which was passed in 1958, which could also be referred to.

Senator CLARK. Which I think you would agree ought to be somewhat strengthened.

Mr. BENNETT. Yes, sir; I do, very much. That is one of my main purposes in being here.

Senator CLARK. Thank you.

Senator CANNON. Senator Cooper?

Senator COOPER. I congratulate you on your statement. I think it is very fine.

Mr. BENNETT. Thank you, Senator.

Senator COOPER. As I understand, you are not pressing your House Joint Resolution 76.

Mr. BENNETT. Well, I prefer it. If you are willing to pass it, I would certainly be an enthusiastic supporter for it in the House. I have not been able to have a hearing on it in the House. I have tried real hard. It has been introduced in several sessions. I have not had anything brought to my attention where I think it needs correction or

improvement. But if there is, I would be glad to go along with the improvement. But I am very much for it. And my purpose today really primarily is to say let's do something even though it is slight, and the slightest thing you can do is create a grievance committee in the House and Senate, separate committees.

Senator COOPER. Reading your resolution, I take it your grievance committee would perform some of the functions that you had intended the Commission to perform.

Mr. BENNETT. No, Senator; I have two separate proposals. They are not in conflict. They complement each other. One of them is my ultimate goal, which is House Joint Resolution 76. This is the best thing, in my opinion, that the Federal Government can do with regard to ethics in Government. This relates not only to the legislative branch, but to the judicial and executive as well. This is what I drew up as what I thought was the best thing; if you had all the power in the world, and you could get it made into law, this is what I would like to see enacted.

I realize, though, there are many people who can find objections to many things you raise, and they can say it is impractical and all this. And, therefore, I have another proposal which can operate at the same time. But it is a much more modest proposal. In fact, it is an extremely modest proposal, because, after all, in the House the Speaker would be appointing this committee, and he could pretty well direct the ultimate reaction of this Grievance Committee by the appointments he would make on the committee.

Senator COOPER. But your Grievance Committee would accept complaints of unethical conduct?

Mr. BENNETT. Yes, sir.

Senator COOPER. Would it also have the power to investigate, to determine whether or not there had been breaches of the Code of Ethics?

Mr. BENNETT. Yes, sir; they would.

Senator COOPER. The value of such a committee, in my judgment, would lie not only in the work that it could undertake upon complaint, but also in the fact that the existence of the committee would serve as a deterrent against unethical conduct.

Mr. BENNETT. That would actually be its greatest value, I think. I think the existence of it would be of great value. Just as it is in the bar. In the bar—I would say the two motivating things in their mind as far as conduct are concerned are, No. 1, their church; and, No. 2, the grievance committee. This has great impact upon most lawyers, as you know.

Senator COOPER. Your testimony has been very helpful.

Mr. BENNETT. Thank you, sir.

Senator CANNON. Senator Pell?

Senator PELL. Congressman, I, too, congratulate you on your statement. I have one question, however. That is, in the way of disclosure, would there be a complete disclosure to the Committee on Ethics, or would it be public disclosure on file for the public?

Mr. BENNETT. Well, if the Grievance Committee required—and the only reference I have in any of my legislation on disclosure is in the Grievance Committee—if the Grievance Committee required a disclosure of the financial status of the Member, it could make it public

or not. The Grievance Committee could also make public or not anything that it did. It doesn't have to make anything public, unless it desires to do so. Now, you may say this is almost nothing. But I assure you it is not almost nothing. And I think eventually the Grievance Committee might desire to make everybody's finances public.

But I am interested in doing something. Having been through this path before, and fought for at least half a decade with a very bloody head in the field to get this very small Code of Ethics out, I am anxious to take a step forward, even if it is a small step. And the Grievance Committee which I suggested is not one which would immediately make a lot of Congressmen and Senators have bloody heads. It is a deterring influence, as Senator Cooper has referred to. And it would probably act in different cases in different manners. If there was a flagrant abuse, something that they felt that ought to be brought to the attention of the country, I believe they would probably require made public the disclosure of the assets. It could easily be an inadvertent thing. A man may have invested before he came to the House or Senate in something. I only have one investment. I made it some 30 years ago. And I searched my soul as to whether it was a conflict or not, and I concluded it was not. But it is on record. People can read it. Nobody has criticized it. If they start criticizing it, maybe I will sell that stock. But I bought it during the depression. It is the only stock I own.

Senator PELL. Then public disclosure is not foreseen. This would be a next step, perhaps.

Mr. BENNETT. Public disclosure is only mentioned in this to make it clear that the Grievance Committee can require it if it feels in a particular instance it should be done.

Senator PELL. I understand. Congressman, I was very struck, also, by another thought you expressed in your testimony, and that is conditions are much better now than they were a hundred years ago, and a lot better than they were 150 years ago. In that connection, I had a study made, which I had introduced into the record yesterday, a comparison of codes of ethics of other nations and disclosure provisions of other nations. I notice there that with few exceptions other nations have not done much in this field—very few exceptions indeed. I think Venezuela, El Salvador, and that is about it. Maybe one or two others. How do you account for the fact that we apparently do feel we need this Code of Ethics, when the level of honesty in the United States is probably among the highest in the world?

Mr. BENNETT. I think we have arrived at a position in our country today where we can take a still further step forward. I think this is a continuous thing. I don't think you are going to end it at any one particular spot. I think we are making higher and higher steps. I think this is true in most things in mankind. We are struggling about many things today on a moral basis which never concerned people particularly when I was a youth.

I have been touched, myself, in many fields. I have been impressed with the need for a change in my own thinking in many things which I never even thought about 20 years ago, that never even occurred to me that I was doing anything wrong at all. And so I think that we should not measure ourselves by what other people do, but we should measure ourselves by our highest attainment in the challenge

that comes to us as we look into our own thinking and our own characters. We should go forward and lead the way, and not be held back because somebody else does something.

It is no excuse for you or me as a Senator or Congressman to say that there have been Senators or Congressmen in our day who have done things we don't approve of, and therefore we are to be forgiven. So I think this is a positive thing that you are doing here. I don't thing it is a negative thing. I don't think we should be apologetic about it. Maybe it has been stimulated because of some negative inadvertences or maybe wrongdoing. I don't know whether you will conclude wrongdoing has occurred or not. It may have been stimulated in a negative way, but you are taking affirmative steps that are good. You should not feel apologetic about it. You should be vigorous and enthusiastic that you are doing something that maybe other people don't think is important.

Senator PELL. Thank you.

Senator CLARK. Mr. Chairman——

Senator CANNON. Congressman, I think you sat through our session yesterday when a number of Senators testified, did you not?

Mr. BENNETT. I sat through part of it, but I was also in the Armed Services Committee during part of this time.

Senator CLARK. Well, I don't know whether you were here when I questioned Senator Javits about his views.

Mr. BENNETT. I wasn't, but by administrative assistant was here, and he told me you had some concern about whether there would be any House enthusiasm.

Senator CLARK. Yes. I have been perhaps justly criticized since for making comments in derogation of the House, which I certainly did not intend to make. If my words were inartistic I would like to now qualify them. What I did think was that it seemed to me—and I would like your judgment as a House Member of a good many years' standing—it seemed to me there was a little likelihood of the House being willing at this session of Congress to pass a bill which would be strong enough to meet the needs, as I see it, of the Senate, resulting from the disclosures in the Baker case. And, therefore, my position was that while it would be fine for the Senate—for this committee to recommend and perhaps even for the Senate to pass a bill, that pragmatically if we wanted to get anything really accomplished reasonably promptly we had better pass a Senate resolution and let the House deal with its own ethical problems next year. This is based on my view that there would be a very little chance of getting the House to act this session. I wonder what your views on that are.

Mr. BENNETT. I think there would be very little chance this session in obtaining House action on a bill which required House action. I am not sure that the House might not consider the very mild approach of a grievance committee. I have asked for such a hearing before the Rules Committee of the House, and I have been told tentatively that the hearing will be granted. And since it is such a mild approach, I don't see why I would not have a reasonably fighting chance of putting it through.

But your chances aren't good in 1964 if you put through a bill in the Senate which goes into great detail, in a very controversial field, involving people who have come here to the House and the Senate with other standards. They are not necessarily immoral standards, you

understand, because many people were elected to the House and the Senate with tremendous holdings of one kind or another, and their constituents knew this, and there wasn't really anything immoral about this. But if you start making laws which embarrass people, obviously you are going to have a little bit of delay in passing such a bill, because it is going to give a man considerable concern. He probably would think—"Well, now, I didn't know there was anything immoral about me holding A.T. & T. or something like that, and now we are having to go into this; this is embarrassing to me and I don't see why I should be subjected to this."

So in this short period of time, between now and the end of the year, I would think it would be highly improbable that any very complicated type of legislation that required House action could become law. Therefore, I would think that the practical thing to do, at least in this session of Congress, would be to try to get something that would pass in the House, and try to get something that would pass in the Senate, not necessarily identical, but which would have some force in each body. As a matter of fact, I would like to see a little race on between the House and the Senate to see which could first enact something worth while in this field.

Senator CLARK. Now, over on your side, to what committee have your bills been referred?

Mr. BENNETT. They have been referred—Post Office and Civil Service Committee, my main bill, the one I would like to ultimately see into law. And the other has gone before the Rules Committee.

Senator CLARK. You have a separate committee over there on administration; do you not?

Mr. BENNETT. Yes.

It has never been my feeling that there was any particular amount of sin involved in either the House or the Senate. I think this is pretty well percentagewise through all Government. And, therefore, my main bill, House Joint Resolution 76, is not limited to the House or the Senate at all. As a matter of fact, its largest impact would probably be in the executive branch because there are more people in the executive than the legislative. And it also applies to the judicial branch. That is the Commission on Ethics.

Of course the Grievance Committee is entirely restricted to the House of Representatives. It is a very mild proposal, and it is, of course, a House proposal, just a housekeeping matter in the House.

Senator CLARK. Are you generally familiar with the bills introduced on this side by Senator Case, with the cosponsorship of Senators Neuberger, Hart, and myself, and by Senator Morse?

Mr. BENNETT. I have read each one of them as they have been introduced, but, of course, I am not a man that remembers the details of a bill a long time. And some time has elapsed since some of these bills were introduced.

Senator CLARK. Well, I didn't mean to question you about the details. But, generally speaking, those are fairly tough disclosure bills, and they apply to the executive branch as well as to the legislative.

Mr. BENNETT. I personally favor these bills. I doubt that they will be enacted in the near future.

Senator CLARK. What I wanted was your opinion as to whether there was much chance of any legislation of that type being passed by the House at this session.

Mr. BENNETT. I would say there is no better chance of it being passed in the House than the Senate. Does that show I have been in Congress a while?

Senator CLARK. You see—that is a wise comment.

Mr. BENNETT. I intended it to be.

Senator CLARK. What I wanted to call to your attention is that we have a particular hot potato over here that you don't have, and, therefore, hopefully, some of us who have been sponsoring those bills are of the view that we can do something on this side, and do it this session. But my view has been, and I think you have confirmed my judgment, that if we are going to do anything significant, we had better confine it to the Senate this year.

Mr. BENNETT. Sir, I would even go further than that. I hate to say this, but if you want to do anything significant, I would hope you would not try to do something so significant it doesn't even pass the Senate. I think there is a value in doing something. I think the country is hungry to see the Senate and the House do something in this field. And I think the country has a right to ask that something be done. And, I, myself, would much prefer some small step to be taken than to wait for us to do something that you might say—"Well, let's wait until we can do something that really amounts to something."

Well, I think if you wait to do something that really amounts to something, you are not going to take any steps at all, because I think you are going to find lots of resistance to a lot of the things you think are truly significant. I just want to encourage you, Senator Clark. I have read your fine book, and I have read many things you have said. And I feel that it is fine to have great standards, and great objectives, and the world has been very interested in reading about the things that have happened in the Senate.

Whether all the interest in the world was justified by what occurred or not, I don't know. That is something you can find out. But I do feel that we should not allow ourselves, because we have this tremendous challenge, to take no step at all. That is what I really fear. In other words, what I really fear is that good men like yourself, all the committee, and all those interested in this field, might be tempted to say, "We just couldn't come out with something we thought was really important to do."

I would hope that you would, although you set high standards and high goals, you would not overlook the necessity of doing something real, even if it was much milder. And I think the mildest thing you can do is a grievance committee in the Senate.

Senator CLARK. I certainly appreciate your wise counsel. My own view as a lawyer—and most of us who are here today have been lawyers—is that it is best to start your negotiations with the toughest position, and then see how much you have to give away to get anything done at all. Now, with that in mind, I wanted to ask you to comment on this proposal which I have not yet formally made, although I outlined it reasonably fully yesterday.

I would like your comment on a resolution which would require annual public disclosure by Senators and officers and employees of the Senate of all of their assets—let's say if they exceeded $5,000 or perhaps if we want to be more moderate, if the income from them exceeded the annual compensation of a Senator. Disclosure of all fees, hono-

raria, or other payments or compensation. Disclosure of the names and addresses of any partnership or business or entity engaged in. Disclosure of any gifts of a significant amount made by anybody except a member of the immediate family. And establishing what seems to be in the shadow ground now, with some precedents one way and some precedents another, that Senators must respond to a subpena issued to them by any of their own committees.

We had an interesting case developed by Senator Case yesterday where 78 Senators, I think, were questioned, appeared before a committee investigating a charge of bribery in 1894. Thereafter, Senator McCarthy refused to respond to a subpena issued by a committee, and he was subsequently censured. But there are many who think there is no such power in the Senate to subpena other Senators.

Then with those principles which I have outlined written into the Senate rules as part of those rules, I would propose that this committee have its jurisdiction extended so that it would have the power to investigate and make appropriate findings, after due notice and hearing, with respect to every violation of the Senate rules, which would include this new rule, and it would be the duty of such committee to recommend to the Senate in each case investigated by it, appropriate disciplinary action, including reprimand, censure, suspension from office, or permanent expulsion.

This would put the teeth in the Code of Ethics. The Code of Ethics would be strengthened to the extent I have indicated. And there would be an additional procedure whereby any Senator who failed to file the statement of assets and income required would not receive any compensation until he did so, the due date being sometime in January of each year. Now, that is tough, as you can see. I wonder what your comment would be.

Mr. BENNETT. It is tough. But it doesn't seem to me to take any position that is not needed. I listened pretty attentively to what you have said. Of course, I never have read it before. But I did not have any adverse reaction to anything you said. And I may say there was one thing that you said—not in so many words, but there is a field that I think needs looking into—something should be done about it, in addition to what this hearing originally started about, and that is the question of taking gifts, as some Senators and Congressmen do, I think, with regard to their newsletters and publicity, and even travel and things of this type.

It seems to me that since this has grown in recent years larger than it used to be—in fact, I don't think it even existed a few decades back—and since it is not subject to the public scrutiny by a law that you have in the campaign expenses, that we have a real body of activity here which needs something done about it. And what it obviously needs done about it is publicity. In other words, it needs exposure.

I don't have a fund like this, and never have had. But if I had a fund like this, I think my chief embarrassment about it would be that I would never feel like the public really had a chance to see this, and could act on it. In other words, this is not necessarily an immoral activity at all. It may be quite proper. It may be in the public interest to have it. But to have it a secret is a rather dangerous thing to do, because it opens up all kinds of channels which are not good. And I think your proposal might well get into this thing which I think is a growing field of gray activity which should be handled.

Senator CLARK. I agree with you. And Senator Philip Hart, of Michigan, testified yesterday in that regard, and spoke of a fund which he had established and made public, in which individuals who would want to help him could contribute and their names made public. We all remember the Nixon situation in the campaign in 1952. And I quite agree with you that this is an area which we ought to explore. And Senator Hart's testimony yesterday was very interesting to me in that regard.

Thank you, Mr. Chairman.

Senator PELL. I have two further questions, Mr. Chairman.

Senator CANNON. Go ahead, Senator Pell.

Senator PELL. Congressman, am I correct in my recollection that there is already a committee in the House that examines the question of ethics and behavior? Isn't there such a committee of elders?

Mr. BENNETT. No; there is not.

Senator PELL. I thought one had been established several years back.

Mr. BENNETT. Well, they did pass a code of ethics for Government employees, which the Senate passed as well. It is just a statement of principle. There is no committee in Congress which passes on the ethical behavior of Members of Congress.

Senator PELL. I also agree very much with you—the public wants some reassurance of this sort. I think there is a genuine interest. Although I think the record should show at this early hour in the morning there are more members of the press than of the public here.

Mr. BENNETT. I think we should thank the press.

Senator CLARK. I would like the record to show, also, that I am getting more and more mail on this, and I am becoming more and more embarrassed as we do less and less.

Senator CANNON. Congressman Bennett, you indicated that you favored Senator Clark's proposal which he just presented to you a moment ago. Yet earlier you said—pointed out correctly, I think, that the real problem is in the executive branch, where all of the area of contracting, the defense contracts, and so on, exist. Would you recommend that, as a result of that, such legislation if adopted also include the executive branch in this area of disclosure?

Mr. BENNETT. Well, that would require it to pass the House. And I am anxious to see something passed in this session. As an ultimate objective, I think that you are right. And I think that there are grave problems. In other words, I think there is much more problem outside the legislative branch—much more in the executive branch, many more problems, and more acute, and the illustrations of them are worse than in the legislative branch.

However, I want to say there is a tremendous value, you know, in doing what you think is right. In other words, we are here in the legislative branch; we are a relatively small group of people. We can do some things ourselves; we can pass laws ourselves. The executive branch cannot pass laws themselves. We can set standards which would be so high that we could inspire people in the executive branch to do better, even if we never got around to pass a law for the executive branch.

Senator CANNON. We can actually pass the laws here governing the executive branch. We have that authority. And some people have

pointed out erroneously that full disclosure is required; that is not the case in the executive branch. As you and I know, members of the executive branch are required to come in before their appointment and disclose to the chairman and members of the committee on a completely classified basis, but not open to the public, their holdings to enable the committee that exercises jurisdiction to determine whether or not they should be approved. And in some instances we do—I know in the Armed Services Committee—require them to dispose of some of their assets. But we never disclose this information to the public. This is completely confidential information. It is not released to the public.

Therefore, I was trying to get at the point of if we are going to have disclosure, shouldn't it apply actually to the legislative branch, to the executive branch, and perhaps to the judicial? It has been pointed out that the judiciary have to disqualify themselves if they have a conflict, but they are the sole persons to determine it.

Mr. BENNETT. I couldn't agree with you more, Mr. Chairman. The only cautionary remark I would want to make is I would not want to hold up doing something in the legislative branch because we couldn't get something passed in the executive branch. I think the same standards should apply throughout. But I sort of question at this late date in this session of Congress that we could pass as good a bill as you have in mind. But I don't see any reason why you can't do modest steps and broad steps at the same time. Maybe you could pass them both in the Senate, and you would be in a position to reintroduce the broader bill early in January.

Senator CLARK. Would the Senator yield?

Senator CANNON. I would be very happy to.

Senator CLARK. I listened with interest to the Senator's comment about disclosure in the executive branch. It occurs to me that there have been at least two recent cases where a disclosure procedure with respect to appointees to be confirmed by the Senate was something less than adequate, and yet was very notorious.

The first was when Charles Wilson was required to divest himself of all of his General Motors stock before he was confirmed as Secretary of Defense. I am not at all sure that was a wise decision. But we forced it on him. And the second was where Senator Symington's committee strongly criticized the failure of George Humphrey, Secretary of the Treasury, to disclose his connection with companies which were engaged in stockpiling for the Government. And Senator Symington's majority report indicated that as a result of that failure to disclose, Mr. Humphrey had made another huge fortune, because of his unknown connection with these particular companies.

Senator COOPER. Mr. Chairman, would the Senator yield?

Senator CLARK. I am all through.

Senator COOPER. I would like very much, if we can, to hear our witnesses. I see Senator Morse sitting over there. We would like to hear him. I am sure we can discuss all these matters in executive or in open session. We are here to hear the witnesses. I would like to hear Senator Morse, and I hope we will have an opportunity to do that.

Senator CLARK. Mr. Chairman, I am happy to yield to Senator Cooper's gag rule. I was through anyway.

Senator COOPER. It is not a gag rule. I have been sitting here listening. I am here to listen and be informed.

Senator CANNON. Any further questions?

Mr. BENNETT. I want to thank you again for letting me have this opportunity to be here, and congratulate you on taking your time. I know you are awfully busy. But I don't think there is anything more important than what you are doing right here.

Senator CANNON. Senator Morse?

Senator Morse, we are very happy to have you here. I have to go to testify before another committee. I will ask Senator Pell to take the chair.

## STATEMENT OF HON. WAYNE MORSE, A U.S. SENATOR FROM THE STATE OF OREGON

Senator MORSE. Mr. Chairman, gentlemen, Mr. Counsel, members of the staff, I first want to thank the committee for postponing my testimony from yesterday to today.

(At this point, Senator Cannon withdrew from the hearing room.)

Senator MORSE. Yesterday morning I was out to Bethesda. My jaw was scraped for some half hour or more. If my enunciation is bad this morning, I want you to know I am still a teetotaler, and that the enunciation is due only to some stitches that they won't take out until next week.

Also, I am glad to appear before you and testify in support of the granddaddy disclosure bill. I first introduced a disclosure bill in 1946. I have introduced it in every Congress since. That was long before some of the Johnny-come-latelies discovered the sound principle of my bill. But I am a great believer in evangelism, and I welcome converts at any stage—although I would be less than honest if I didn't say I am sorry that there wasn't some recognition given that I have been fighting for this since 1946 in some of the public presentations by others. But I suppose I could call myself on this subject a bellwether, even though that refers to a goat.

Senator CLARK. John the Baptist, perhaps.

Senator MORSE. But I have played the part of a goat so long here in the Senate, that I don't mind using the term "bellwether" in connection with my work on a public disclosure bill. I have fought long and hard for it. And I intend to continue to do so, so long as it is my trust to sit in the Senate. My statement is very brief, at least for me, and I shall read it.

It is not my intention in speaking to the committee today to offer any new delectations, rumors, or hints of scandal to excite partisan passions. I am far more interested in the privileged sanctuary of the Congress which made possible this investigation. What is most remarkable about the Bobby Baker investigation is that influence peddling from within the Congress did not break into public notice long before this, and that many more people have not, as yet, been involved.

Of the three national branches of the National Government, the Congress stands alone in exempting itself from the conditions of public morality it requires of the other two branches. Divestiture of assets that could give rise to conflict of interest is commonly required of executive officials; at least, nominees are closely questioned by Congress with a view to whether such assets have been put into trust, if not disposed of entirely. Federal judges are expected to disqualify themselves from cases in which they stand to be affected personally.

I digress just a moment to point out that discussion of the assets of nominees doesn't remain as confidential as the rules would seem to provide. We find that when someone is challenged because of a conflict of interest, because of investments, very, very frequently all those investments find their way into the public print. They become known as a result of the work of enterprising newspapermen, and leakers in the Senate. I have always believed in moving on top of the table. We afford a better protection to and consideration of the rights of nominees if we make them public. After all, if a person is nominated, he ought to know that the people have an interest in the nomination, as well as the Senate. We might just as well get it out on top of the table to begin with. So I would have a blanket rule covering the elected officials, too.

But going back to the manuscript—despite the recurrent scandals that have emanated from the Congress itself, no divestiture has been self-imposed. It can be said that service in Congress is often temporary, and that a man should not have to dispose of a business or career that was a lifetime in the making only to serve a term or two in Congress. Yet most of the high-ranking executive jobs are also short term. One could easily make a case that what ethical standards should apply to administration officials should also apply to Members of Congress.

In the judicial branch, a judge with a direct financial interest in a case disqualifies himself. But rare, indeed, is the Member of Congress who avails himself of the privilege of voting "present," a vote that is intended to be used only when he has a direct financial interest in the outcome. In practice, it is not used at all for that purpose. In fact, I remember some years ago the joshing I took in the Senate when I asked to vote present on part of the farm support program, when my farm manager unknown to me had accepted $76 worth of lime under the soil conservation program. Under those circumstances I felt that ethically I couldn't vote on the agricultural program that involved the lime payments, and the record will show I ask to be excused—I asked to be allowed to vote present and the Senate granted me that permission.

Senator CLARK. Actually, the only time since I have come to the Senate—I think the Senator's incident was before 1957; was it not?

Senator MORSE. I forget the exact date.

Senator CLARK. Since I have come to the Senate, I remember very well being struck with the request of Senator Harry Byrd, of Virginia, to be permitted to vote present on a bill which involved newspapers. And he stated to the Senate that he owned six newspapers in Virginia, and, therefore, felt he should be disqualified from voting on this bill which might affect them one way or the other. I was very much struck with it at the time. It is the only incident I remember.

Senator MORSE. I want to say, parenthetically, I kept my farm manager, but he got clear instructions not to accept any of the benefits later. In practice, the rule which permits a Senator to vote "present" is seldom used in the Senate. This is why I think it is astonishing that Congress has not been more involved in "5 percent" and similar scandals. Perhaps it is partly due to the privileged sanctuary from common ethics which we have maintained for ourselves, and to the public reaction which often takes it as a matter of course that there is

"hanky panky" going on in Congress that would be considered scandalous in the executive branch.

If the public does not consider us all crooks, at least the resistance of Congress to all suggestions that conflict of interest among Members of the Legislature be guarded against creates a presumption that there is something going on among Members that we do not want the public to know about.

Senator CLARK. Would the Senator yield at this point? Or do you want to complete your statement?

Senator MORSE. I would be glad to yield.

Senator CLARK. It is true, is it not, Senator, that the criminal statutes dealing with conflict of interest do apply to Members of Congress?

Senator MORSE. Yes.

Senator CLARK. So to that extent we treat ourselves no differently from members of the executive and judicial branches?

Senator MORSE. Don't you agree with me it would be a remarkable district attorney that would ask for indictments?

Senator CLARK. I do.

Senator MORSE. Secrecy, and resistance to reform, always create the impression of wrongdoing; in this case, profitable wrongdoing. In my opinion, this is a general impression of the American people about their Congress, and it will continue until the Congress itself does something about it. The effort of some to offer up Mr. Bobby Baker as a sacrifice to public opinion in the hopes of avoiding an inquiry into the activities of Senators themselves is a hopeless effort. The public is not fooled. They know that Bobby Baker is small potatoes, and that if this inquiry ends with him it will be because the Senate was anxious to protect its Members even at the expense of one of its favorite hirelings.

Yet neither this committee nor the Senate need to go into a detailed inquiry into the financial dealings of every Member. We do not need to know the current details to know that over the decades a financial corruption will result where the possibility of conflict of interest is ever present and also shielded from public view.

Senator CLARK. May I interrupt again, Senator Morse, to ask you what your recommendation would be with respect to whether this committee should or should not call any Members of the Senate before it, and, if so, which ones?

Senator MORSE. Oh, I think it should call any Member of the Senate before it against whom a charge is made.

Senator CLARK. Have you seen in the public press anywhere charges made against any Members of the Senate?

Senator MORSE. No; but if the committee took the position that it would call Senators before it you probably would get some charges.

Senator CLARK. Well, may I state that Senator Mansfield, in his presentation to the Senate the other day, when we were about to vote on the second Williams resolution, called upon the sponsors of that resolution and indeed the whole Republican side of the aisle to name the Senators they thought should be called. Nothing has been forthcoming. I, as a member of this committee, would be only too happy to join in a request for a subpena to a Senator who I thought could give us some information. Frankly, I don't know of any.

Senator MORSE. I am glad the Senator raised that point, because I do think that the responsibility is upon those that think some Senators ought to be called. Let's get it out in the open. I don't know what is going to be in your final report. I will judge it and comment on it when I read it. But I think the committee knows the concern that exists within the Senate as to your final report, as to whether or not we are going to get a final report that by implication involves us all because of possible—and note my language—wrongdoing of a few.

For example, I hope the report isn't going to be one that will be subject to the interpretation that this committee found certain conflict of interest going on in the Senate which remains undisclosed by the committee. Now, I think that is unfair to the Senate as a whole, because let me say—and I have been here; this is my 20th year—and I couldn't have served those 20 years with a group of men and women in my judgment that maintained such—a higher standard of ethics and personal honesty than the people that have been in the Senate with me for 20 years. The people of this country have the right to have complete confidence in the ethics and the honesty of the overwhelming majority of the Members of the Congress.

But we have some bad actors now and then. And all I want, and the Senator knows on this maybe I have almost a phobia—but I want procedure that makes it possible for us to check the bad actors and get rid of them. As you have heard me say so many times, unless you have the procedure to do the job, the substantive rights cannot be protected. Now, we have all got substantive rights in the Senate, you and I and everyone else. But I don't think that we have got the procedure at the present time that protects our substantive rights against the bad actors. Past history and the current lack of proper procedures are sufficient grounds for making disclosure mandatory, whether or not the activities of specific Senators are investigated.

Senator CLARK. I agree absolutely with the Senator. And that is why I am doing what I can to get those procedures established. But one of the things which, quite frankly, disconcerts me is that our Republican friends on this committee have been loud in their demand that tens of witnesses should be called who the majority of the committee didn't think needed to be called. But they have never suggested calling a single Senator. And yet they go back on the floor and say to call all the Senators.

Senator MORSE. Well, I know that controversy. I don't want to involve myself in it at this time.

Senator COOPER. Would the Senator yield?

Senator MORSE. Yes; I yield.

Senator COOPER. As I said a few minutes ago, I have come here this morning to hear witnesses testify about proposals which would help this committee in writing its report—particularly proposals for disclosure or other methods to insure public confidence in the Senate and its membership.

Senator Clark keeps making this a Democrat-Republican thing. He has referred again and again to what the Republicans are doing.

Let me say this: I have been a member of this committee since it started. I have attended most of its meetings. I have never gone on the Senate floor and charged Senators but I believe Senators are within the scope of this resolution. But I did ask that one Senator

be called to seek his advice. We know he is one of the best—Senator John Williams. He was the one who really instituted this inquiry. He has done more to keep it going than anyone else.

Senator CLARK. He has been called. He appeared twice.

Senator COOPER. Just a minute. I asked that Senator Williams be called, and for the committee to do so, so we could hear him testify again about any possible wrongdoing; and just before we took the last vote, on whether or not we would call additional witnesses, in which the majority closed us off from calling witnesses, I again asked that Senator Williams be called.

Senator CLARK. And he was called.

Senator COOPER. The Senator from Pennsylvania was one who opposed his being called. I just want these things clear.

Senator CLARK. The Senator is making some things clear on the record which are just not true.

Senator COOPER. It is absolutely correct.

Senator CLARK. Senator Williams was called twice before this committee. He testified fully twice. The last time he was here, he was told that if he had anything more to give to the committee, he should come back and we would hear him. I asked him on the floor, and I think I communicated this to the Senator from Kentucky, whether he had anything more to tell the committee, and he said no. And I don't like to see the public record showing that we gagged Senator Williams, and refused to call him. We did not.

Senator COOPER. I asked that he be called and he was not called, and you were the chief one who objected to his being called.

Senator CLARK. The Senator's recollection of the record is not in accord with mine.

Senator PELL. My recollection coincides with that of Senator Clark. We did call him twice. We are willing to hear a Senator any time he wants to appear before this committee.

Senator CLARK. I think while there are only two members of the majority here I can say on behalf of every one of them that if you want to call a Senator of the United States before this committee, we will hear him.

Senator COOPER. I will make a proposal before we finish this inquiry.

Senator PELL. I hope the Senator from Oregon will continue.

Senator MORSE. Please do not consider my remarks as being involved in this controversy. I was asked a question, and my answer to the question is I think any Senator should be called that anyone wants called for testimony, and I think now I ought to say this—there has been some suggestion that the campaign financing of Democratic Senators ought to be investigated. I am all for that. And Republicans, too. I would be glad to testify before the committee any time as to what connection Bobby Baker had with my campaign. He sure had some, as secretary of the Democratic senatorial elections committee.

In 1956 I was a candidate. Many people didn't think I had much chance of being reelected, including myself, for I have always considered myself a political accident. I don't know whether it is still the policy of the committee or not, but in those days the Democratic senatorial elections committee believed in investing its money where it would pay off, which I thought was a very unsound policy. I happened to think anybody running for the Senate on our party ought to get

equal treatment, even though they think he is a loser, because the stronger you make him as your party's candidate, the stronger you keep your ticket. I have never joined in the point of view that we ought to parcel out this money on the basis of putting most of it on what you think are the sure winners.

I thought we were trying to win additional seats, which are usually the marginal ones. So I would make it equal. But if I could make any difference, I would give more money to the fellow we thought was a sure loser in the hope of building him up to strengthen the party. But I remember when they thought I was ready for the ashcan in 1956. The President had sent out the Secretary of the Interior to beat me—the greatest favor Eisenhower did me, and the only one he ever did me, in fact. But it was the greatest favor.

I was on a television broadcast. I came out of the studio to the front of the studio, and here was Bobby Baker and a couple of assistants. I welcomed them to my State. I said, "What are you doing here?" He said, "We have come out to give you some money. We think you are going to win." That was all I needed to know. The climate had changed. I now at least had gotten into the column of the possibles. I said, "Where is the money coming from?" He said, "From the national committee." "Fine. Send me a check." And I insisted the money go through my campaign committee. That was my connection with him in that campaign. I would be very glad to testify any time you want to take testimony on campaign contributions.

But, of course, he helped many a Democratic Senator. We haven't anything to hide. He was secretary of the senatorial election committee. That was his job. Likewise, the Republicans had a secretary of their senatorial elections committee who carried out his duty, too, I am sure. But you see it is not a question of whether he had something to do with campaign funds. The question is what did he do? And on what basis did he serve? And whether there is any evidence that anything he did as secretary of the Democratic senatorial committee was improper. And, if it was improper, I want to know it, as a Democrat. I am for a full investigation of it, always have been.

Well, I will get back to the manuscript.

The American people know that Daniel Webster was "on the take" from the national bank whose interests he so zealously advanced from his seat in the Senate. They know that U.S. Senators bought whole State legislatures during the days before enactment of the 17th amendment. That knowledge was one of the factors that led to the passage of the 17th amendment. In 1946, Congress was embarrassed by revelations of speculation in the commodity markets by high-ranking members of the Committees on Agriculture. There was the usual flurry of concern; but as soon as the particular scandal subsided, Congress got over being concerned.

These periodic scandals, and periodic Bobby Baker cases, will continue until Congress goes to the roots of the matter and provides some ethical standards for itself. This is why I say that neither this committee nor the Congress need to go into the details of all the financial holdings and dealings of every Member. It is enough to know that the atmosphere, the climate, which afford both opportunity and protection from public view make conflict of interest likely. We do not need to know that scandalous conduct has occurred before we take steps to prevent it.

That is what I am pleading with the committee to do. Take steps to give Congress its own ethical protection against conflict of interest. Whether you investigate Senators as individuals or not, you know the absence of safeguards makes conflict of interest an ever-present threat to good government. That is all you need to know.

My own remedy was offered in 1946, and in every Congress since. It requires public disclosure of all kinds and sources of income by Members of Congress, by all judicial and executive officers receiving $10,000 or more per year in salary, and by the national committee chairmen of the Republican and Democratic Parties. The terms of my bill specifically include civilian employees of grade GS–15 or above, and all military officers of the rank of colonel and above.

The information these people would be required to report annually to the Comptroller General includes the amount and source of all income and gifts of $100 or more received by him or any person on his behalf, the value of each asset held by or entrusted to him, and the amount of each liability owed by him or by him together with any other person, and the amount and source of all contributions during the preceding calendar year to any person who received anything of value on his behalf or subject to his direction or control or who, with his acquiescence, makes payments for any liability or expense incurred by him. This latter category means political campaign funds, not only those collected for an election campaign, but also funds that may be used during a term of office for expenses of any kind.

It will be noted that my bill also requires the reporting of liabilities, and to whom they are owed. Section 2 of the bill requires the reporting, semiannually, of a full statement of all dealings in securities or commodities by the official or by any person acting in his behalf or pursuant to his directions. My bill gives considerable discretion to the Comptroller General as to the form these reports shall take. It calls for the reports to be made "in such form and detail as the Comptroller General may prescribe." The bill further provides a criminal penalty for failure to make the prescribed reports or for falsifying them.

Mr. Chairman, I am not at all moved by the cries that public disclosure of income would make second-class citizens out of Members of Congress. No Member of Congress suggests that we make second-class citizens out of Cabinet nominees when we require them to divest themselves of business holdings that they could enhance by their public office. I do not know of any Member of Congress who thinks the statutes to protect the public from conflicts of interest in the executive branch should be repealed, least of all on the ground that they make second-class citizens out of those people. President Harry Truman disposed of this contention in a message to Congress on this very subject in 1951. He rightfully pointed out, and I quote:

> As a general rule, I do not like to see public officials, or any other particular group, subjected to rules and requirements which do not apply to the rest of the population. But at the same time, public office is a privilege, not a right. And people who accept the privilege of holding office in the Government must of necessity expect that their entire conduct should be open to inspection by the people they are serving.

It was President Truman's recommendation, and I quote again from his 1951 message:

> That the Congress promptly enact a statute which will require all full-time civilian Presidential appointees, including members of the Federal bench; all elected officers of the Federal Government, including Members of the Congress; and all other top officials and employees of the three branches of the Government—say those receiving salaries of $10,000 or more, plus flag and general officers of the armed services—to file annually a statement of their total income, including amounts over and above their Government salaries, and the sources of this outside income. Consideration should also be given to requiring other Government employees to file such statements if their outside income exceeds specified amount, perhaps $1,000 a year. Some items which are not ordinarily counted as income, such as gifts and loans, should be included in the statements filed under this statute. Penalties for willful violation of this statute should be equivalent to those for violation of the laws relating to the filing of income tax returns.
>
> These statements when filed should be made accessible to the public.

I want to say with some pride that the President honored me by discussing my disclosure bill before he sent this message to the Congress. I do not claim that I had any influence on the message, but I am proud to report that the President in one of those conferences told me that he completely agreed with the objective I had in mind in my public disclosure bill. It will be noted that the position taken by President Truman outlines, for the most part, the provisions of the bills that I have introduced year after year since 1946.

My proposal is not one for divestiture; it is simply one of letting the voters know the facts and letting the voters decide. Let the voters determine whether a man's sources of income and contributions have affected his work in the Congress. Who watches the watchdog? The public. Who polices the policeman? No one but the American voter. But he must have the facts. Public disclosure will not eliminate or even make criminal conflict of interest in Congress. It only reveals the possibility of such a conflict, leaving it to the voter to decide whether the conflict has influenced the official acts of the Congressman or Senator.

It is 18 years since a conflict of interest within Congress prompted me to propose a public disclosure measure. It is 13 years since a President of the United States called for such a measure to be applied to all branches of the Federal Government. How much longer will it be, and how many more scandals shall we have to suffer, before there will be action by Congress? For how much longer will it be entirely up to the American press to ferret out financial conflict and wrongdoing among Members of Congress and our top-ranking employees, while the object of the questions ducks and hides, and sometimes weeps that he never meant any wrong?

These spectacles will continue, off and on, until Congress acts. Only the names will be different, and the sources of the ill-got gain. Many things have served to bring Congress to a rather low estate in public opinion. The rejection of a mandatory disclosure policy is one of the most important of these factors. Now is the time to correct it.

And I close by asking consent that my bill be printed at this point in my remarks.

Senator PELL. Without objection.

(The bill, S. 148, referred to follows:)

[S. 148, 88th Cong., 1st sess.]

A BILL To require Members of Congress, certain other officers and employees of the United States, and certain officials of political parties to file statements disclosing the amount and sources of their incomes, the value of their assets, and their dealings in securities and commodities

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That each Member of the Senate and House of Representatives (including each Delegate and Resident Commissioner); each officer and employee of the United States who (1) receives a salary at a rate of $10,000 or more per annum or (2) holds a position of grade GS–15 or above, and each officer in the Armed Forces of the rank of colonel, or its equivalent, and above; and each member, chairman, or other officer of the national committee of a political party shall file annually with the Comptroller General a report containing a full and complete statement of—

(1) the amount and resources of all income and gifts (of $100 or more in money or value, or in the case of multiple gifts from one person, aggregating $100 or more in money or value) received by him or any person on his behalf during the preceding calendar year;

(2) the value of each asset held by or entrusted to him or by or to him and any other person and the amount of each liability owed by him, or by him together with any other person as of the close of the preceding year; and

(3) the amount and source of all contributions during the preceding calendar year to any person who received anything of value on his behalf or subject to his direction or control or who, with his acquiescence, makes payments for any liability or expense incurred by him.

SEC. 2. Each person required by the first section to file reports shall, in addition, file semiannually with the Comptroller General a report containing a full and complete statement of all dealings in securities or commodities by him, or by any person acting on his behalf or pursuant to his direction, during the preceding six-month period.

SEC. 3. (a) Except as provided in subsection (b), the reports required by the first section of this Act shall be filed not later than March 31 of each year; and the reports required by section 2 shall be filed not later than July 31 of each year for the six-month period ending June 30 of such year, and not later than January 31 of each year for the six-month period ending December 31 of the preceding year.

(b) In the case of any person required to file reports under this Act whose service terminates prior to the date prescribed by subsection (a) as the date for filing any report, such report shall be filed on the last day of such person's service, or on such later date, not more than three months after the termination of such service, as the Comptroller General may prescribe.

SEC. 4. The reports required by this Act shall be in such form and detail as the Comptroller General may prescribe. The Comptroller General may provide for the grouping of items of income, sources of income, assets, liabilities, and dealings in securities or commodities, when separate itemization is not feasible or not necessary for an accurate disclosure of a person's income, net worth, or dealings in securities, and commodities.

SEC. 5. Any person who willfully fails to file a report required by this Act or who willfully and knowingly files a false report shall be fined $2,000 or imprisoned for not more than five years, or both.

SEC. 6. (a) As used in this Act—

(1) The term "income" means gross income as defined in section 22(a) of the Internal Revenue Code.

(2) The term "security" means security as defined in section 2 of the Securities Act of 1933, as amended (U.S.C., title 15, sec. 77b).

(3) The term "commodity" means commodity as defined in section 2 of the Commodity Exchange Act, as amended (U.S.C., title 7, sec. 2).

(4) The term "dealings in securities or commodities" means any acquisition, holding, withholding, use, transfer, disposition, or other transaction involving any security or commodity.

(5) The term "person" includes an individual, partnership, trust, estate, association, corporation, or society.

(b) For the purposes of any report required by this Act, a person shall be considered to be a Member of the Senate or House of Representatives, an officer or employee of the United States and of the armed services as described in the first section of this Act, or a member, chairman, or other officer of the national committee of a political party, if he served (with or without compensation) in any such position during the period to be covered by such report, notwithstanding that his service may have terminated prior to December 31 of such calendar year.

SEC. 7. The Comptroller General shall have authority to issue, reissue, and amend rules and regulations governing the publication of reports, or any part of them. He shall prescribe fees to cover the cost of reproduction. In formulating such rules and regulations, he shall seek to maximize the availability of reports for purposes of informing the public and agencies and officials of the Federal and local governments, and to minimize use of such records for private purposes.

Senator MORSE. And, also, that my statement of December 20, 1963, in the Senate, including the disclosure of my income, down to the last sheet, be included in the record. I think it is the fullest public disclosure that any Member of Congress has made to date.

(The statement referred to follows:)

[From the Congressional Record, Dec. 20, 1963]

STATEMENT BY HON. WAYNE MORSE ON DISCLOSURE OF ASSETS BY MEMBERS OF CONGRESS (INCLUDING HIS PERSONAL STATEMENT OF INCOME AND ASSETS)

Mr. MORSE. Mr. President, on July 23, 1946, I submitted in the Senate a resolution to require all Members of the Senate to file with the Secretary of this body a statement of the amount and sources of all income and all dealings in securities during the preceding year.

Today, 17 years later, Congress has made no progress whatever in coming to grips with what has periodically embarrassed its membership; namely, the criticism by the American people of a Congress that demands standards of ethics in the executive and judicial branches that it is unwilling to apply to itself.

In 1946, Congress was embarrassed by revelations of speculation in the commodity markets by high-ranking members of the Committees on Agriculture. There was a flurry of concern and anxiety; there was a great deal of criticism that a Member of Congress who had inside information on what was likely to happen to commodity prices could speculate in those markets. I took the view then that is was perfectly proper for a Member of Congress to have income outside his congressional salary; but that its source should be public, so the public could judge whether that Member was improperly influenced in exercising his judgment on the legislative issues.

Since that time, there have been frequent political storms over proved and alleged conflict of interest in the executive branch. Each time a nomination for high Federal office is submitted to the Senate, we go into the financial background of the nominee. More often than not he is obliged to dispose of private financial holdings before he is confirmed; at least those holdings are usually transferred to some kind of trusteeship such as that utilized in recent days by President and Mrs. Johnson.

But Congress has steadfastly refused to set any standard for itself. Congress has steadfastly maintained that safeguards against conflict of interest are applicable only to executive and judicial officials, despite the obvious truth that Members of Congress, because of their costs of running for election, are more susceptible to being influenced by money or the promise of money than either executive or judicial officials.

The double standard which Congress insists on for itself is one of the major reasons for the ill repute among the public we have apparently engendered. All the tearful television performances, all the tearful speeches on the floors of these Chambers swearing good faith, do not wash away the blot on the name of Congress that this double standard creates. Until the entire Congress, as an institution, cleans its own house and applies public disclosure rules to its own membership, the American people will be right to suspect that we have something to hide.

I am not moved by the cries that public disclosure of income will make second-class citizens of Members of Congress. No Member of Congress suggests that we are making second-class citizens out of persons nominated to the Cabinet when we require them to divest themselves of business holdings that they could enhance by their official acts. I do not know of any Member of Congress who thinks that the statutes to protect the public from conflicts of interest in the executive and judicial branches should be repealed, least of all on the ground that they make second-class citizens of any of those people.

Over the years I have expanded my own resolution to apply not only to Members of Congress, but to all persons receiving salaries from the Federal Government in excess of $10,000 and to each member, chairman, and officer of the Republican and Democratic National Committees. In one form or another, I have introduced this bill into every Congress since 1946. In the 88th Congress, it is S. 148.

Mr. President, I ask unanimous consent to have printed at this point in the Record the list of public disclosure bills I have sponsored since 1946 and also the text of Senate bill 148.

(There being no objection, the list and bill were ordered to be printed in the Record, as follows:)

"INCOME DISCLOSURE BILLS SPONSORED BY SENATOR WAYNE MORSE

"Seventy-ninth Congress, second session (1946), Senate Resolution 306: Requiring Senators to file annual statements of income and financial transactions. Referred to Committee on Banking and Currency.

"Eightieth Congress, first session (1947), Senate Resolution 31: Amending rules so as to require Senators to file annual statements of income and dealings in securities. Referred to Rules Committee.

"Eightieth Congress, first session (1947), Senate Resolution 33: Requiring Senators to file annual statements of income and dealings in securities. Referred to Rules Committee.

"Eightieth Congress, second session (1948), S. 2086: To require certain members of legislative, judicial, and executive branches of Government to file statements relating to amount and sources of income and dealings in securities and commodities. Referred to Rules Committee.

"Eighty-first Congress, first session (1949), S. 109: To require certain members of legislative, judicial, and executive branches of the Government to file statements relating to amount and sources of income and dealings in securities and commodities. Referred to Rules Committee.

"Eighty-second Congress, first session (1951), S. 561: To require certain members of the legislative, judicial, and executive branches of the Government to file statements relating to amount and sources of income and dealings in securities and commodities. Referred to Rules Committee.

"Eighty-third Congress, first session (1953), S. 334: To require Members of Congress, certain other officers and employees of the United States, and certain officials of political parties to file statements disclosing the amount and sources of their incomes, the value of their assets, and their dealings in securities and commodities. Referred to Rules Committee.

"Eighty-fourth Congress, first session (1955), S. 2747: To require Members of Congress, certain other officers and employees of the United States, and certain officials of political parties to file statements disclosing the amount and sources of their incomes, the value of their assets, and their dealings in securities and commodities. Referred to Rules Committee.

"Eighty-fifth Congress, second session (1958), S. 3346: To require Members of Congress, certain other officers and employees of the United States, and certain officials of political parties to file statements disclosing the amount and sources of their incomes, the value of their assets, and their dealings in securities and commodities.

"Eighty-sixth Congress, first session (1959), S. 1603: To require Members of Congress, certain other officers and employees of the United States, and certain officials of political parties to file statements disclosing the amount and sources of their incomes, the value of their assets, and their dealings in securities and commodities. Referred to Rules Committee.

"Eighty-seventh Congress, first session (1961), S. 165: To require Members of Congress, certain other officers and employees of the United States, and certain officials of political parties to file statements disclosing the amount and sources of their incomes, the value of their assets, and their dealings in securities and commodities.

"Eighty-eighth Congress, first session (1963), S. 148: To require Members of Congress, certain other officers and employees of the United States, and certain officials of political parties to file statements disclosing the amount and sources of their incomes, the value of their assets, and their dealings in securities and commodities. Referred to Rules Committee."

* * * * * * *

Mr. MORSE. Mr. President, in 1951, this proposal was endorsed in a message to Congress from President Harry Truman. He rightfully pointed out:

"As a general rule, I do not like to see public officials, or any other particular group, subjected to rules and requirements which do not apply to the rest of the population. But at the same time, public office is a privilege, not a right, and people who accept the privilege of holding office in the Government must, of necessity, expect that their entire conduct should be open to inspection by the people they are serving."

President Truman recommended, and I quote again from his message:

"That the Congress promptly enact a statute which will require all full-time civilian Presidential appointees, including members of the Federal bench; all elected officers of the Federal Government, including Members of the Congress; and all other top officials and employees of the three branches of the Government—say those receiving salaries of $10,000 or more, plus flag and general officers of the armed services—to file annually a statement of their total income, including amounts over and above their Government salaries, and the sources of this outside income. Consideration should also be given to requiring other Government employees to file such statements if their outside income exceeds a specified amount, perhaps $1,000 a year. Some items which are not ordinarily counted as income, such as gifts and loans, should be included in the statements filed under this statute. Penalties for willful violation of this statute should be equivalent to those for violation of the laws relating to the filing of income tax returns.

"These statements when filed should be made accessible to the public."

It will be noted that the position taken by President Truman outlines, for the most part, the provisions of the bills that I have introduced year after year since 1946.

I heartily endorse the sentiments expressed in that message. My bill carries out President Truman's recommendation that public disclosure apply to people in all three branches of Government. My bill further requires that not only income but assets and dealings in securities and commodities be included in the disclosure, and, as I have already noted, my bill includes the top officials of the political parties, too, because their impact on public policy also carries the possibility of conflict of interest.

Moreover, my bill would require officeholders to report for publication all donations to campaign funds or to funds of any kind maintained to defray expenses of office. Sources and amounts of campaign funds must be reported under existing law, but the terms of my bill would also require the reporting of contributions to political expense funds that often are maintained in nonelection years and hence go unreported under existing law.

Many Members of Congress have already published some degree of information about their outside incomes and assets. I have no objection to that, but I think it is a rather meaningless gesture for the few of us who believe in public disclosure to take the step voluntarily, leaving secret all the incomes and assets of Members who for one reason or another do not favor public disclosure of their income and assets. Nevertheless, I shall, before I finish this speech, make a general statement and summary of my own assets and outside income.

As for me, once my bill or a similar bill becomes law, I shall file each year for public disclosure my Federal income tax return. I am not filing it as of now because I think the requirement should be a universal one, applicable to every public official whose position falls under the terms of my bill.

If only some officials disclose their Federal tax returns voluntarily, politics being what they are, their enemies in political opposition will endeavor to distort and misrepresent this or that item in the tax returns so disclosed.

However, if a public disclosure bill is passed requiring a full and uniform disclosure on the part of every public official covered by the bill, no unfair political advantage could be taken on any discriminatory basis as would be the case at the present time in respect to those who voluntarily disclose and those who do not disclose at all—although, Mr. President, today I am making a more complete disclosure than I believe any other Member of Congress has made to date with respect to his income and his assets.

Therefore, I stand ready and willing to make a public disclosure of all the details of my Federal income tax report, which is always prepared by a certified public accountant, whenever my public disclosure bill or any similar bill becomes the law of the land.

Until detailed disclosure is mandatory for all Members of Congress, the American public will have grounds to wonder why conflict-of-interest laws are not applied to Congress, when it is Congress that has applied them to the executive and judicial branches.

I hope the agitation in the press for this kind of law will continue. I hope the skepticism heaped upon Congress by the public will continue. Who watches the watchdog? The public. Who polices the policeman? No one but the American voter. Congress can and does watch and police the other branches for conflict of interest and unethical conduct. But Congress will never watch or police itself. Only the almighty voter can do that, and I include with him the American press.

Only the American public can raise the ethical standards of Congress. Public disclosure of the kind I am seeking does not even eliminate conflict of interest. It only reveals the possibility of such a conflict, leaving it to the voter to decide whether the conflict has influenced the official acts of the Congressman or Senator.

It is 17 years since conflict of interest within the Congress prompted me to propose a public disclosure measure. It is 12 years since a President of the United States called for such a measure to be applied to all branches of the Federal Government. How much longer will it be, and how many more scandals shall we have to suffer, before there will be action by the Congress? For how much longer will it be entirely up to the American press to ferret out financial conflict and wrongdoing among Members of Congress and our top-ranking employees, while the object of the questions ducks and hides, and finally weeps that he never meant any wrong?

There are many things wrong with Congress. Many things have brought Congress to a rather low estate in public opinion. The rejection of a mandatory public disclosure policy is one of the most important of these factors.

Since 1946, many Senators have offered modifications of this legislation. In 1957, Senator Langer, of North Dakota, introduced one such bill. In 1958, Senators Richard Neuberger and Joseph Clark introduced one that included income disclosure among several provisions to raise congressional ethics. Also in 1958, Senator Case, of New Jersey, introduced a bill that called for income disclosure, among other things.

Currently, there is pending in the Senate Rules Committee, in addition to my own S. 148, S. 1261, sponsored by Senators Case, Neuberger, and Clark. In addition to a requirement of disclosure of assets and income by all Federal personnel receiving salaries of $15,000 or more, it requires that communications from Members of Congress to regulatory agencies be made part of the written public record of the case involved. Their bill, S. 1261, also establishes an eight-member Commission on Legislative Standards, to conduct a thorough study of congressional conflict-of-interest problems and of the relations of Members of Congress with executive agencies.

Many versions of these bills have also been introduced in the other body in recent years.

I welcome these signs of added interest within the Congress for our reputation and well-being, though far more interest will have to develop if we are to enact any legislation. I am especially proud that the Morse public disclosure bill, which I have introduced repeatedly since 1946, has been the bellwether measure on this subject. I have spoken repeatedly in support of it, in and out of the Senate, but the Senate Rules Committee has shown little interest. It has dragged its heels even in respect to holding thorough hearings on the proposal. I have urged hearings on it time and time again.

Perhaps now that in late years more Senators are interesting themselves in this issue and introducing their own bills, we will eventually pass some much-needed legislation. I sincerely hope so.

In the meantime, I shall continue to cooperate with authors of various versions of bills on public disclosure in the hope that a bill in some adequate form will win majority support.

The point is, however, that this is an old problem; the solution proposed for it is an old solution. I have presented the problem and proposed the solution to every Congress since 1946. I am sorry to read newspaper and magazine stories that leave the reader with the impression that this problem of conflict

of interest within the Congress is just coming under study and that proposals that Members reveal their outside assets and income are some new "twist."

We have really been discouragingly slow to come to grips with the issue. Even now the public and the press would not have any interest in the subject were it not for the headline-making activities of one former Senate employee. I am not interested in making a scapegoat of one man, of seeing him pilloried with the idea that all the conflicts of interest within the Congress will be forgotten when his case is finished. The Rules Committee investigation into outside activities by Senate employees should be carried to its ultimate conclusion, and that includes everyone—Senators and Representatives—and anyone found guilty of wrongdoing should be punished, and their activities fully disclosed to the public.

But that must not be the end of the matter. If we let it be the end, then it will only be the end until some new scandal is uncovered. The issue itself will not be closed with this case unless Congress closes it by enacting legislation requiring disclosure of assets and income by all Federal employees, including Congressmen and Senators, who receive substantial Federal salaries. The people want it; the people are entitled to it. The Congress should respond to the people's wishes by passing the legislation.

Several Members of Congress in both Houses have in recent months disclosed their financial holdings in stocks and bonds and other property assets, although they have not given, to my knowledge, any detailed breakdown in connection with their income. Although in no case has there been presented a detailed accounting breakdown of assets, liabilities, and income, nevertheless, I think that the disclosures that these few Members of Congress have made have been salutary and helpful to the cause of seeking the passage of the full public disclosure bill.

In my own case, my property assets of this date are as follows:

First. Real estate: (*a*) Eugene, Oreg., farm, approximately 29 acres, estimated market value $200,000 to $250,000.

When Mrs. Morse and I bought this piece of property, in 1932, it was unimproved land and it was a considerable distance from the Eugene city limits. However, since that time the metropolitan area of Eugene has so expanded that one boundary line of our Eugene farm property is now the city limits.

This total piece of property, when I bought it as vacant land, cost less than $3,000 for 20 acres. Later I added other acres, so that the total investment in the real estate at the time of original purchase was less than $10,000. The city has grown around three sides of the farm. Although during the 40-year period that we have owned this property we have spent a considerable amount of money improving it by building on it our home and barns in 1936, connecting it with city water mains, fencing it, and making many other farm improvements on it, there is no doubt about the fact that its proximity to the Eugene city limits has resulted in a substantial increase in its value over the years. I believe we have an investment including cost of improvements, of between $60,000 and $70,000 in the property, not including property taxes during the years of our ownership.

(*b*) Poolesville, Md., farm. At Poolesville, Md., Mrs. Morse and I own a farm of 74 acres. We purchased it in January 1957, for $24,500. Its assessed value is $15,060. Since purchasing it, we have improved it by making substantial investments in the main house remodeling, plus tenant house repairs, land clearance, construction of two cattle barns, new fencing, and numerous other farm improvements. Our total investment in the farm is approximately $50,000, not including real property taxes paid during the period of our ownership. The estimated market value of the property on today's market is probably about $75,000.

Second. Mortgages: Another of our assets is mortgages held on farm property amounting to $17,500.

Third. Stocks and bonds: As to stocks, bonds, and securities, all we own are five shares at $10 each, totaling $50 of stock interest in the Portland Reporter newspaper of Portland, Oreg.

Fourth. Bank savings: As to savings bank accounts, we have on deposit in the savings department of the Riggs National Bank, Dupont Circle branch, Washington, D.C., $10,000.

Fifth. Accounts receivable: Payments receivable on credit sales of livestock and personnel loans amount to $5,700.

Sixth. Accounts payable: None except the usual monthly bills for rent, food, and living incidentals which are due and paid monthly.

Seventh. Livestock: It is very difficult to estimate with absolute exactness the value of the group of assets we own which are in the form of livestock. Over the many years that I have raised horses and cattle, which have been my major livestock interests, I have built up a herd of Devon beef cattle which is recognized as one of the prize herds of the breed. I also always keep a few high-quality saddle horses. In addition to cattle and horses, I usually have other farm animals, consisting of a few hogs, sheep, and poultry. Listing my livestock assets at the present time, I have on my Eugene, Oreg., and my Poolesville, Md., farms a total of 200 head of Devon cattle, including yearlings and calves.

I should point out that during this past year in the Poolesville area I operated 675 acres, but outside of the 74 acres the land was rented, not owned. If it became necessary to place this herd of cattle on the market for quick sale, it is my estimate that it would probably sell at an average of $200 a head, or $40,000. I would hope to do even better than that amount. Some of the animals, particularly the top show animals, are worth much more than that but, on the other hand, the calves and yearlings would sell for much less and the producing females, which consist of the bulk of the herd, would probably average $200.

At the present time I own only four saddle horses and only two of them are young top horses. The old stallion is now 20 years old and our old brood mare is now 19. Of course, these two horses are of practically no market value but they are priceless from the standpoint of their sentimental value. I would estimate that the four horses would bring a total market price of $800.

In addition, we have three ponies, only two of which could be sold for any price at all, and that maximum price would be $100 each. The third pony is really a member of the family, being 32 years old. We have owned her for 30 years. It was on this pony that each of our three daughters learned to ride, and now we have the emotional thrill of teaching our grandchildren to ride on the same pony their mothers learned to ride on.

At the Poolesville, Md., farm we have a small flock of eight registered Oxford sheep, which we might be able to sell if we had to for $25 each, or a total of $200. We also keep a few hogs each year for butchering, and with the hog market being what it is at the present time, I would guess that the four feeder hogs we now have might be worth $25 apiece for a total of $100. Our poultry flock of about 100 birds would probably market for about $150.

Eighth. Farm equipment: Another block of substantial assets we have is the farm machinery and equipment which we have on our two farms, consisting of such farm items as three tractors, farm truck, hay baler, rake, plows, wagons, small grain combine, grass seeder, grain drill, fertilizer spreaders, and mowers. In addition, there should be included saddles, bridles, horse carts and buggies, and the many other farm equipment items that are usually on auctioneers' sales announcements listed as tools, appliances, barn equipment, and items too numerous to mention. This grouping of personal farm equipment items would probably bring at a farm auction between $15,000 and $20,000.

Ninth. Household items: Our household personal property located in our Eugene, Oreg., home and our rented apartment in Washington, D.C., probably would bring on the market $10,000 maximum.

Tenth. Motor vehicles: We also own two automobiles, a 1963 Nash Rambler station wagon and a 1961 Ford Fairlane sedan. Their trade-in value on a new car I guess, would be in the neighborhood of $1,000 for the Rambler and $500 for the Ford.

Eleventh. Insurance policies: The only other material assets that I personally possess are my life insurance policies. However, they are straight life insurance policies which, of course, will be left to Mrs. Morse and members of my family as beneficiaries. These policies carry a small cash value in case some emergency might make it necessary to turn them in, but I do not contemplate such an eventuality. I think their cash turn-in value would be in the neighborhood of $7,500.

In addition, I hold a Federal term insurance life insurance policy available to Members of the Senate and Federal employees in the amount of $20,000. I am advised by the Senate financial clerk that its minimum cash value is $5,000.

In addition, I have kept up-to-date payments on the Federal civil service retirement pension program.

My public disclosure bill calls for a listing by a public official covered by the bill to not only assets but also income. My income for 1962 was as follows:

| | |
|---|---|
| 1. Senate salary | $22,500.00 |
| 2. Honorariums from lectures | 10,364.01 |
| 3. Service as impartial chairman of national electrical benefit fund of the National Employees Benefit Board | 5,000.00 |
| 4. Interest | 432.00 |
| 5. Gross farm income | 27,512.61 |
| 6. Other (official travel allowance, Portland, Oreg., Senate office allowance, U.S. Senate communications allowance) | 3,439.28 |
| Total | 69,247.90 |
| Less farm operation expense, depreciation allowance, Senate cost-of-living allowance, official travel, additional Senate office expense personally paid (newsletter expense, communications expense), Federal income tax withheld | 59,662.28 |
| Net | 9,585.62 |

With reference to the additional Senate office expense personally paid, I plow a great deal of money into operating my Senate office, because the Senate appropriation does not begin to pay for the expenses of my office. People would be surprised at how much I pay out a month for telephone messages and telegrams over and above the amount the Federal Government makes available to a Senator.

I think the foregoing covers all my material assets, but I have some incorporeal assets which I am proud to list and which are much more valuable to me than material things.

For example, I possess the treasure of an understanding and wonderfully helpful wife who has put up with me for 39 years. We, in turn, have a precious family of three lovely daughters, three grand sons-in-law, and four grandparent-spoiling grandchildren. God's endowment upon us of such a family makes us rich in human values, which in turn make material values of little account.

In addition, I enjoy the priceless wealth in the form of the trust placed in me by the wonderful people of my State. Four times they have sent me to the Senate. Their repeated confidence in and trustful reliance upon my service to their interests in the Senate is the most valuable compensation I could possibly receive. The many true friends and warm personal supporters I have made during my many years in academic and political life fill to bulging a storehouse of incorporeal human values which in comparison makes corporeal possessions insignificant.

I am privileged to file this accounting of my worldly goods in keeping with the spirit and intent of my public disclosure bill, S. 148.

Senator MORSE. I said then and repeat now in closing—if, as, and when the Senate passes a full disclosure bill, I shall then file my full Federal income tax returns, which I think is the fullest disclosure one can make. I would be glad to take your questions.

Senator PELL. Senator Cooper?

Senator COOPER. I would just like to say that I can testify to the Senator's consistent position since 1947 and 1948, when I first served 2 years in the Senate. I remember his proposing then what he proposes today. He has consistently lived up to this standard. I just want to congratulate you, and say that I think what you propose is correct.

Senator MORSE. I want to thank the Senator from Kentucky very much. I think he knows how much I appreciate his views and friendship.

Senator PELL. Senator Clark?

Senator CLARK. I just want to congratulate the Senator on a splendid statement with which I am in complete accord.

Senator MORSE. I wanted you to know that as a co-non-member of the establishment, I completely support your objectives to improve the rules.

Senator PELL. I have one question. Do you think the disclosure should apply to candidates for public office as well as to incumbents?

Senator MORSE. I would not include it in my bill. I would prefer to make that a campaign issue.

Senator PELL. Thank you very much indeed, Senator Morse. I congratulate you on your presentation. You have done a fine service.

Congressman Lindsay, I think, is our next witness.

## STATEMENT OF HON. JOHN V. LINDSAY, A U.S. REPRESENTATIVE FROM THE 17TH CONGRESSIONAL DISTRICT OF THE STATE OF NEW YORK

Mr. LINDSAY. Mr. Chairman, members of the committee, I shall be very brief. Two years ago Congress passed a law that established a modern conflict-of-interest code for the executive branch of our Government. It was a notable achievement and represented the first major overhaul of our conflict-of-interest laws in the 20th century. I was pleased to play a key role in that historic undertaking which represented the culmination of many years' effort on the part of Congress and the Executive with a superlative assist from the Bar Association of the City of New York.

The background of the legislation passed in the 87th Congress was the 3-year study undertaken by the Association of the Bar of the City of New York, funded by the Ford Foundation. A committee of 10 persons—I was one of them—all of whom at one point had served in the executive branch of the Federal Government, assisted by a highly professional staff, produced a study that was later published in hard cover called "Conflict of Interest in Federal Service." The new congressional act adopted most of the recommendations made in this study.

I mention this because I wish to underscore the importance of doing a careful study of this highly complicated problem. I believe Congress should take the initiative in this regard. But Congress should be assisted by a highly competent and professional staff and consultants from outside Congress. The bar association study group I have mentioned found that the more deeply it got into the subject, the more complicated it was. We were determined to keep in sight three principles: One, write the law to put curbs on both actual conflict and the appearance of conflict; two, be sensible in writing legislation lest good men refuse Government service in greater numbers than already was the case; three, provide machinery which would enable Government employees, full time and part time, to know exactly where they stand.

(At this point, Senator Pell withdrew from the hearing room.)

Mr. LINDSAY. The legislation that was enacted by the Congress failed to touch upon, except in the most tangential way, the problem of Members of Congress and congressional employees. At the time there was some good reason for this. We had a large enough problem on our hands in creating and enacting a body of law relating to the

executive branch. In addition the two problems— executive and legislative—are quite different. The time has passed, however, for legislation pertaining to the legislative branch, and indeed the country will not understand a further postponement of the matter. I feel that parliamentary institutions the world over are in a kind of depressed state and unless all of them, our Congress not excepted, look to their own health, they will continue to be depressed.

In the House of Representatives I have been supporting my own bill, House Concurrent Resolution 50, introduced January 24, 1963, a concurrent resolution to establish a Joint Committee on Ethics to recommend a comprehensive, permanent code of ethics for Members of Congress and all legislative employees. Pending such a review and recommendation the bill sets up an "interim" code of ethics consisting of seven points. This interim code would require a Member of Congress to file with the Comptroller General a record of any financial interest—valued at $10,000 or more—in an activity which is subject to the jurisdiction of a Federal regulatory agency. It would place limitations on outside employment and would ban the disclosure or use of confidential information for other than official purposes. It would also ban the use of official influence to gain unwarranted privileges and exemptions. The reason I call this "interim" is because this may not provide all the answers.

Similar legislation was later introduced by 10 other Members of the House. My distinguished colleagues, Senators Javits and Keating, have introduced the same resolution in the Senate.

I also support another Lindsay bill, H.R. 2521, introduced January 24, 1963, which would amend the Administrative Procedure Act to provide any written or oral communication between a Member of Congress or his staff and a Government agency concerning matters under adjudication before the agency be made a part of the public record of the proceeding in question. Enactment of this measure will make it more difficult for congressional influence to manifest itself in an improper fashion.

It is sad to say that the prestige of Congress is not exactly at an alltime high. Enactment of these resolutions would be an important step toward restoring the U.S. Congress to the position of respect to which it should be entitled as the greatest legislative body in the world. I think it extremely important that Congress put its house in order and act favorably on reform legislation on this subject. Thank you.

Senator CLARK. Thank you very much, Congressman.

Senator Cooper?

Senator COOPER. I want to thank you, also. I think your actual achievements in the House, in the form of legislation enacted and also legislation introduced, are very fine and to your credit. I think, also, it is a good idea to have the recommendations of the Members of the House.

Senator CLARK. Congressman, I would like to get your opinion. Were you here when Congressman Bennett testified a little while ago?

Mr. LINDSAY. No; I was not, Senator Clark.

Senator CLARK. I raised with him a question with respect to the climate in the House at the moment, and it arises this way. We have a particular hot potato over here, because of the Baker case. And in my opinion, the Senate should take some pretty firm action along the

general lines of your bill, and Senator Javits' bill, to create an interim code of ethics, and impose requirements of disclosure, and the like.

What has concerned me is that the public pressure on this committee and on the Senate would be such that we might get something done, but that in this session of Congress, at least, there would not be much hope, because of the climate in your body, that anything could be enacted. Now, I think some people misinterpreted what I said yesterday as indicating a criticism of the House on my part. Nothing was further from my mind. I was just thinking about the pragmatic situation. And I would like your own judgment on it.

Mr. LINDSAY. Well, Senator, I don't know how Congressman Bennett handled the question.

Senator CLARK. Well, let me tell you. He said that he was not very hopeful that anything other than a very mild bill which would set up a committee of grievances would have any chance in the House this session. He encouraged us to continue the action next year.

Mr. LINDSAY. Yes. Well, with all due respect to my distinguished colleague in the House, I would disagree. I think that the mood in the other body would be acceptable to a sensible resolution.

Senator CLARK. Including disclosure?

Mr. LINDSAY. The one I have been talking about here, I would regard as a measure that would be acceptable in the House of Representatives. Now, the one area that I have been able to detect in the House where there is very sharp disagreement is on the business of total disclosure of total income. And here is where the problem divides out.

Some would argue that the proper way to handle this is to have a one-shot disclosure of personal assets and income in the Congressional Record. Others would say no; a filing with the Comptroller General is the only proper way to handle it, which would be on a permanent basis. Some others would say the proper way to do it is a filing with the Attorney General. There has been one proposal to that extent.

There are some who say that a mere disclosure of equity and interest assets is misleading; that the only proper disclosure is to lay out in the Record or someplace for public information the entire tax return; that anything short of that would be misleading. It is argued that full disclosure of equity holdings is insufficient because the greatest area of potential conflict is law firm or other outside earned income, and this would mean, therefore, the tax return would have to be broken down further to disclose the clients from which law firm income came, which is not required under form 1040 at the moment.

(At this point, Senators Cannon and Pell entered the hearing room.)

Mr. LINDSAY. In other words, a mere listing of equity assets would give the appearance, perhaps, of full disclosure whereas in some cases the greatest potential area of conflict is through earned income on the outside. Then there is this question: Should wives be required to do this? Is not this potential of conflict almost as great?

Senator CLARK. We went into all of this yesterday. And I am interested to get your views.

Mr. LINDSAY. The bar association group found the more it went into this, when we were discussing this problem with the executive branch, the more complicated it got. And that is why I have suggested that an interim code of ethics, with certain disclosure

requirements, certain disqualification requirements, and other written standards, be enacted immediately. Simultaneously let's create a proper joint committee, hire some first-class consultants from the inside and the outside and come up with recommendations for permanent laws.

Senator CLARK. Well, I don't necessarily disagree with you, but I am anxious to find out whether you have been able as yet—and now we are approaching the end of the 88th Congress—to get a hearing on House Concurrent Resolution 50.

Mr. LINDSAY. Congressman Bennett has requested the House Rules Committee to bring out conflict-of-interest legislation in general.

Senator CLARK. Yes; but you haven't had a hearing yet.

Mr. LINDSAY. We have not had a hearing; no.

Senator CLARK. Is it your opinion that you will be able to hold a hearing, bring out a bill, and pass House Concurrent Resolution 50 at this session?

Mr. LINDSAY. I think it would be—I think that I would be overly optimistic if I said the House would do this in this session in the absence of any Senate action. However, I do think that if Senate Concurrent Resolution 5 were passed by the Senate, that it would have not too much difficulty in the House. I would predict it could go through the House.

Senator CLARK. At this session?

Mr. LINDSAY. At this session. Now, I am only one Member. And I could well be wrong.

Senator CLARK. Well, we value your judgment. How about H.R. 2521? Has that any chance of passage this session?

Mr. LINDSAY. Same answer.

Senator CLARK. Thank you, sir.

Senator CANNON. Senator Pell?

Senator PELL. Thank you for a very good statement indeed. Do you feel the only bill that would be passed would be the kind you cite, an interim bill, or do you think we could pass something of a more definitive nature, like a complete disclosure bill?

Mr. LINDSAY. A complete and total disclosure bill, whether it was in the Congressional Record or filed somewhere else for public examination, I think would run into head storms in the House of Representatives. It would depend in part on how it was drafted. For example, it would be possible to draft a bill of this kind which would require Members to file their income tax returns with the Comptroller General and set up machinery by which his Office, with the Speaker of the House, for example, and the majority and minority leader could screen questions of possible conflict. That would be one step short of saying that John Q Public in general can file by and examine the income tax returns to see whether or not the Senator or House Member has contributed enough to the local lodge.

Senator CLARK. But your bill does require in subsection 7, and the end, a substantial disclosure.

Mr. LINDSAY. Yes; it does—of any financial interest over $10,000 that is subject to regulatory action by the Government. And I think that it should be amended to include anything that is the subject of legislation.

Senator CLARK. Well, I raised the question with Senator Javits yesterday. Why is it desirable to require disclosure of the fact that you own enough stock in Standard Oil Co. of New Jersey to require

disclosure, and yet a similar holding in United States Steel or in General Motors, which have vast contracts with the Defense Department, should not need to be disclosed. He said he thought that should be disclosed, too.

Mr. LINDSAY. A fair question. And I think a proper answer. I would agree with Senator Javits on that. If disclosure of equity holdings is to be required, it should not be partial.

I think, also, that such a statute, if it purports to be for full disclosure, should include all earned income from the outside. One of the biggest problems is the practice of law by Members of Congress. It would almost be more misleading to require only equity asset public disclosure, without the income from outside sources, than to require no disclosure, as the public might think that all had been disclosed. It seems to me that outside occupation for compensation has a greater potential for conflict than does a portfolio. There are some who disagree with that.

Senator CLARK. I think I agree with you—if I may proceed for a moment, Mr. Chairman—I think I agree with you. And I wonder if you would not have the same view with respect to that type of income which so many of us have, including me, when we are asked to go out and make a speech before a particular group, and get paid $200, $300, $500.

Mr. LINDSAY. Honoraria.

Senator CLARK. It does seem to me this can represent a potential conflict of interest, also.

Mr. LINDSAY. Yes; it can. And this all has such a familiar ring, because in examining this problem, when the Bar Association of New York and its consultants were examining this question, we found that it was an endless problem. We finally decided that we should create a law that would cover the problem and yet be sensible enough so that it would not discourage good men from going into Government.

Senator CANNON. What are your views on the executive branch in relation to this disclosure provision?

Mr. LINDSAY. Well, in the executive branch there is no public disclosure required under the omnibus conflict-of-interest law. There is disclosure required within the machinery of Government. And an officer or employee of the Government is charged with the responsibility of seeking counsel and advice from this established machinery, as to whether he is in an area of conflict of interest. We thought this was essential in order to give him some idea of where he stands.

Senator CANNON. I am talking about a complete and public disclosure.

Mr. LINDSAY. No; this is not required.

Senator CANNON. I understand it is not. But I am asking you what your views are. If Congress enacts a disclosure provision relating to the legislative branch, and as has already been indicated the executive branch is the branch that handles the billions of dollars of contracts and dealings that involve our national budget—what is your feeling then insofar as the executive branch?

Mr. LINDSAY. No—I would stand by the legislation that we passed and the recommendations of this bar association. We went into that very deeply. And we concluded unanimously that full public disclosure in the New York Times, or in the Congressional Record, of the income tax returns of Joe Smith, who has just been invited to come down and be Assistant Secretary of Commerce, was not necessary.

We did provide for disqualification, for isolation, for disclosure within the machinery of Government—and, of course, Congress always has that right. But we did not go further. Because the evidence indicated that one of the problems of recruitment in the executive branch was making life too difficult for potential public servants.

I will recall that one of my jobs on this committee here was to write the British Government to find out how it handles this problem among ministers and other Government employees. I wrote a letter and requested all rules, regulations, and laws on the whole subject. I expected a truck to come up to my front door. Instead, I got a letter saying, "Dear Mr. Lindsay, we expect our public servants to behave like gentlemen."

Senator CANNON. Did you inquire, also, whether they had any such regulations governing their legislative branch?

Mr. LINDSAY. They do not, but they are getting to it. They have had some troubles in Great Britain on this subject.

Senator CLARK. Will the Senator yield?

Senator CANNON. I would like to pursue that just a little further, if I might. Now, you have indicated strong support, of course, for the disclosure provision here now. What about candidates for office?

This is a rather tricky problem. Suppose you have made a full disclosure and Joe Doaks is opposing you for the particular race this year. Should there be any disclosure provision once a man files for one of the top legislative offices?

Mr. LINDSAY. I wouldn't go so far as to say that at the moment, no. It may be politically it would have to be done. But to write that into law is another question.

Senator CANNON. Don't you in fact put one man in a preferred position, then, if he wants to point the finger at the officeholder and say, "Look, this man owns stock in A. T. & T." or General Motors, or whatever it happens to be?

Mr. LINDSAY. No; because I am not sure that an officeholder should be required to make public his income tax returns.

Senator CANNON. I am not talking about tax returns.

Mr. LINDSAY. Well, again, I don't think that a public disclosure confined to equity holdings solves the problem, because the problem is broader than that. If you are going to do that, you probably should require that the income tax return be laid out, the wife's holdings and the children's holdings, partnership income broken down into clients, in the case of the practicing lawyer, and honoraria and travel reimbursement spelled out. That is why I think that probably the soundest rule would be to have a complete disclosure of this kind, income tax returns included, filed with the Comptroller General, available to established committees of the House, but not for complete public disclosure, to avoid the business of unnecessary harassment. I think this might be the soundest approach. But an expert study of this problem might come up with a different suggestion, and that is why I think in this session of the Congress it would be desirable to get that committee going.

Senator CLARK. Would the Senator yield?

Senator CANNON. Yes.

Senator CLARK. While the Senator from Nevada was out of the room, the same question, about requiring candidates running against

incumbents to make disclosure, was raised by Senator Pell with Senator Morse. Senator Morse said he would be opposed to having candidates running against incumbents required to disclose—he would rather have it as a campaign issue. I must say my own experience is that, also. When I ran for reelection in 1962, I made a pretty complete disclosure. My opponent did not at any time. And I thought this was rather a point in my favor, and made something of it during the campaign.

Mr. LINDSAY. I would hesitate to write this into Federal law. I do think it can be a political issue.

Senator CANNON. Senator Cooper?

Senator COOPER. No questions.

Senator CANNON. Any further questions?

Thank you very much, Congressman, for appearing here and giving us your views.

Senator CLARK. Mr. Chairman, Senator Paul H. Douglas has advised me that he wanted to testify before the committee. He didn't show up yesterday. And I have been attempting to discover whether he would be available today or not, without success.

I wonder if we could keep the record open so that if he desires to file a statement as part of the record that could be done.

Senator CANNON. We will keep the record open so that Senator Douglas may file a statement, if he so desires.

The committee will stand in recess.

(The statement subsequently submitted by Senator Douglas, together with pertinent enclosures, is as follows:)

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
*May 28, 1964.*

Hon. EVERETT B. JORDAN,
*Chairman, Committee on Rules and Administration,*
*U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: I regret that other commitments prevented my testifying before the Rules Committee on May 27 concerning recommendations to be made following your investigation of the financial and business activities of present and former Senate employees. I would like to offer some comments for the record, however.

In the 82d Congress (1951) I was the chairman of a special subcommittee of the Committee on Labor and Public Welfare established to consider proposals for improvement of ethical standards in the Federal Government. While the subcommittee, composed of Senators Neely, Humphrey, Aiken, Morse, and myself, recommended establishment of a Commission on Ethics in Government to give more detailed study to certain proposals it felt that the situation then was sufficiently clear to warrant immediate congressional enactment of disclosure legislation similar to the bill then sponsored by Senator Morse.

If you think it appropriate, I request that the text of section 5 of the report of the special subcommittee be printed in the hearing record. This section of the report recommended, with a dissent by Senator Aiken, enactment of legislation providing for mandatory disclosure by Members of Congress and higher level administrators and suggested the establishment of rules to guide public officials in conflict-of-interest situations. This statement from the report may be useful in calling attention to the special subcommittee's belief that disclosure legislation, while needed and useful, would not be a complete answer to the general problem now before the Rules Committee.

In a public statement dated March 13, of this year, I have tried to make clear my present views in favor of disclosure of ownership, as well as of income, while at the same time providing such a declaration for Mrs. Douglas and myself. If it is appropriate, would you also include the text of this statement in the hearing record?

As a worthy first step by the Senate, I strongly recommend passage of S. 1261, the bill sponsored by Senators Case, Neuberger, Clark, and Hart, calling for regu-

lar public disclosure by Members of Congress, top legislative staff and higher executive officials of their financial interests and transactions.

The Congress should enact the disclosure bill because (*a*) this would help to reassure the public and restore confidence in the Congress; (*b*) the requirement of disclosure would serve as a deterrent to unpopular acts; and (*c*) such an act would be consistent with the present practice of requiring higher administrative officials of the Federal Government to disclose their income and assets.

With best wishes.

Faithfully yours,

PAUL H. DOUGLAS.

STATEMENT RELATIVE TO PROPERTY OWNED AND INCOME RECEIVED BY SENATOR AND MRS. PAUL H. DOUGLAS, MARCH 13, 1964

I have long believed that elected public officials should periodically publish the amount and sources of their income. I did this voluntarily when I was an alderman in Chicago, and early in my Senate service I sponsored bills which would have required this for all legislators along with statements of their net worth.

I have felt for a long time that I should go beyond this and make a voluntary declaration of income and ownership. But I have also feared that this might seem to be unduly self-righteous and an implicit reflection upon honest colleagues, who, because of a justifiable desire for privacy, do not choose to follow the same course. This I did not want to do. Recently, however, several Senators have published their incomes and their holdings of property and it is obvious that public opinion is beginning to crystallize in favor of full disclosure. The Case-Clark bill providing for this is properly receiving a large degree of popular support.

Voluntary declarations by individual Senators may therefore at once help to further the adoption of this principle and run less danger of being misinterpreted than might formerly have been the case. I have, therefore, decided to publish Mrs. Douglas' and my joint income along with the amounts which we own, and to do this for both 1962 and 1963.

Our income for 1962 classified by sources was as follows:

I

*Schedule of salary income*

| | | |
|---|---|---|
| U.S. Senate | | $22,500.00 |
| Add: | | |
| Reimbursed travel | $680.84 | |
| Reimbursed home office expense | 600.00 | |
| Reimbursed communications [1] | 150.00 | |
| | | 1,430.84 |
| Gross salary income | | 23,930.84 |
| Less: | | |
| Travel outside Chicago but within Illinois | $2,221.78 | |
| Home office expense | 600.00 | |
| Communications expense | 150.00 | |
| Deduction for living and traveling expenses at 2d residence in Chicago | 3,000.00 | |
| | | 5,971.78 |
| Net salary income | | 17,959.06 |
| Annuities: | | |
| Teachers and insurance | | 1,260.96 |
| University of Chicago | | 2,270.28 |
| Dividends | | 1,718.87 |
| Capital gains | | 1,355.61 |
| Interest | | 82.00 |
| Book royalties, articles, and honorariums for lectures (less travel expense) | | 10,040.00 |
| Total income | | 34,686.78 |

[1] There was also a reimbursed stationery allowance of $494.28. All of this and much more in addition was paid for the cost of radio and television for weekly broadcasts and television reports to constituents in Illinois.

Our income for 1963 by sources was as follows:

*Schedule of salary income*

| | | |
|---|---|---|
| U.S. Senate | | $22,500.00 |
| Add: | | |
| Reimbursed travel | 627.69 | |
| Reimbursed home office expense | 600.00 | |
| Reimbursed communications expense | 150.00 | |
| | | 1,377.69 |
| Gross salary income | | 23,877.69 |
| Less: | | |
| Travel, meals, and lodgings | $2,515.54 | |
| Home office expense | 600.00 | |
| Communications expense | 150.00 | |
| Deduction for living and traveling expenses at 2d residence in Chicago | 3,000.00 | |
| | | 6,265.54 |
| Net salary income | | 17,612.15 |
| Annuities: | | |
| Teachers and insurance | | 1,260.96 |
| University of Chicago | | 2,270.28 |
| Dividends | | 1,586.65 |
| Capital gains | | 1,377.70 |
| Interest | | 230.77 |
| Book royalties, articles, and honorariums for lectures (less travel expenses) | | 6,750.40 |
| Total income | | 31,088.91 |

II

There are two features of this statement which perhaps deserve a fuller explanation; namely, (1) necessary expenses of public official and (2) income from lectures.

I do not think the general public realizes the necessary expenses involved in holding elected office. I have tried to keep fairly accurate account of these items for the last 2 years and estimate them as follows:

| Item | 1962 | 1963 |
|---|---|---|
| 1. Travel to and within home State | $2,221.78 | $2,515.54 |
| 2. Radio and television program | 2,277.40 | 2,254.02 |
| 3. Entertainment of constituents and others | 1,435.64 | 1,560.12 |
| 4. Contributions to political organizations | 936.50 | 1,731.50 |
| 5. Distribution of photographs, political letters, etc | 56.91 | 65.10 |
| 6. Incidentals: | | |
| Western Union | [1] 32.68 | [1] 5.12 |
| Subscriptions | 298.40 | 379.58 |
| Petty cash | 620.00 | 550.40 |
| Advertising | 85.00 | 120.00 |
| Memberships | 213.75 | 157.50 |
| Total | 8,178.06 | 9,338.88 |

[1] This amount was over and above the Government yearly allowance for official telegrams and telephone calls.

Several comments should be made about these items. I receive a mileage allowance at the beginning of each session of Congress of $307. In addition, each year I am allowed actual transportation costs only for two trips to any one point in my home State. I try to make at least two trips a month back to Illinois while the Senate is in session and to spend from 50 to 70 days in the State when the Senate is not in session. All in all I spend from a quarter to a third of the year back home and report to the people at about 200 to 300 meetings a year. I regard this as an essential part of my job. Despite the necessary trips back to Illinois I have been able to answer slightly over 93 percent of the roll-calls during my more than 15 years in the Senate. I hope I may be pardoned if I point out that according to the Congressional Quarterly this is 7 percentage

points higher than the 86-percent average for the Senate as a whole during the last 11 years.

The coming of radio and television has widened the scope and increased the cost of adequate reporting to the people. Some stations have generously shared these costs with me, but the net expense in a normal year is between $2,200 and $2,400 a year.

More and more people are coming to visit our National Capital. This is a very healthy and constructive development. Many naturally expect their Senators to show them attention and offer them modest entertainment. It is not only a duty but also a pleasure to do this. It also costs money. The Internal Revenue Service has approved my charging off one-third of my restaurant expenses at the Capitol for this purpose, and these are the sums listed above. In my judgment, my legitimate entertainment expenses are at least double the amounts listed, but I am only counting these sums.

I regard contributions to my party and to candidates in whom I believe to be as much a civic duty as contributions to church and charity. If more of us would share these burdens, then parties and candidates would be freed from a humiliating and sometimes compromising search for necessary funds to wage the campaigns which are essential to the proper functioning of our democracy.

It will be seen that my total expenses for these purposes in off years are around $9,000. In the year when I am a candidate and in the preceding year as well, my expenses are appreciably heavier. If one lacks wealthy backers, as I do, a large part of the preliminary expenses prior to the summer of election year must be borne by the candidate himself. I therefore estimate that my average yearly outlay for the necessary expenses of a public official is at least $10,000 a year. The year preceding the election is indeed the crucial time for personal campaigning and yet this is the very time when it is almost impossible to raise campaign contributions.

If we add the average political expenses, the income tax of $3,830 on the base salary, and the $1,687 for the 7½-percent contribution to the annuity fund, I have left a take-home pay for the year of approximately $7,000.

It is obvious, therefore, that it would be very difficult to stay in public life were it not for the lectures which I give and which net me between $6,500 and $10,000 a year. I should therefore add a few words about these. I have made it a general rule never knowingly to accept a lecture or other fee from any organization which to my knowledge seeks national legislation or a given foreign policy. I have therefore confined my paid addresses to educational institutions, forums, and social clubs. I have therefore tried to guard against being influenced by lecture fees. I try to arrange these lectures during periods in which the Senate is not in session and on weekends.

The statement of my financial problems is not intended as a buildup for the proposed increase of $10,000 in congressional salaries. On the contrary, I do not believe elected officials should live on a standard too far removed from that of the people they represent. Otherwise they are likely to get out of touch emotionally with the problems of daily life which their constituents must face. We should never forget the fact that one-fifth of the families of this country have incomes under $3,000 a year and that nine-tenths are under $10,000. I am in favor of an increase in pay for administrative officials who do not have the same opportunity for legitimate outside earnings as we, and who, moreover, along with their desire for service tend to think more in money terms because status in the managerial class is largely determined by comparative salaries. But legislators should (and in my opinion largely do) live on a less material plane.

III

And now for our holdings. Mrs. Douglas and I own jointly our house and adjoining lots in Washington subject to a mortgage of approximately $9,000. I do not know what the precise net worth of these properties is, but I believe it is not far from $50,000. In addition, of course, we own the usual amount of furniture and a fairly extensive collection of books and reproductions of works of art along with a limited number of originals. I am unable to fix a value on these items. Some years ago we sold all our holdings of stocks in order to remove any possibility of a conflict of interests and put the proceeds into investment trusts which have such broadly distributed assets that we cannot identify any sources

or be influenced by them. The market value of these stocks in January amounted to $59,415. A listing of these is as follows:

| | *Number of shares* |
|---|---|
| Stein, Roe & Farnham Fund, Inc | 361 |
| Growth Industries | 666 |
| Lehman Corp | 466 |
| Adams Express | 118 |
| Niagara Share | 450 |
| National Industries | 353 |

The major portion of these shares is owned by my wife, purchased from inheritances which she has received. In addition, we own $10,500 of U.S. Government bonds and about $500 of miscellaneous bonds and stock in public, cooperative, and quasi-cooperative institutions.

Last year I inherited $11,316 from the estate of my brother. I gave $875 of this to political candidates in whom I believed and now have $10,000 deposited in a special account. My personal bank account as of March 5, 1964, was $978 and that of my wife $1,900. However, I owe $3,500 for radio and television tapes, but I hope to recoup about $2,500 of this from certain radio and television stations which have generously offered to pay for part or all of the costs of the tapes furnished them. I therefore estimate my net outstanding indebtedness at about $1,000.

As a result of wounds suffered on Peleliu and Okinawa, I was awarded a service-connected disability pension on retiring from the Marine Corps in 1946. Since being sworn in as a Senator in 1949 I have refused to receive a dollar of this on the ground that it was obvious that the wounds did not interfere with my ability to serve. The paymasters told me, however, that I cannot turn these checks back to the Treasury and they have therefore credited these sums to my account. These at present amount to $31,796.40 which will be their approximate maximum as long as I am in the Senate. But I shall not draw upon them as long as I serve as an elected official. Upon retirement, it is my intention to accept such sums only if needed and upon my death the principal is to be invested in Government bonds and put in a trust fund, the income of which is to be used for the benefit of my wife and my daughter, Jean. Upon their deaths the principal is, in turn, to revert to the United States of America with some emphasis upon the acquisition of added recreational land for the people of Illinois.

Taken all together the net value of our holdings of property amount to approximately $131,000 plus the $31,797 credited to my account, but which after meeting retirement needs and the care of my wife and daughter, I intend to have revert to the United States for beneficial use of the people. Our total assets therefore amount to approximately $163,000.[1]

These holdings have been accumulated through lifelong savings and small inheritances.

These are the salient facts about our income and holdings as I have been able to compile them. I have had thermofaxed copies made of our income tax statements for 1962 and 1963, respectively, and these are open for inspection at my office.

I realize that this statement may seem to be unduly long and excessively minute. But I have tried to go into detail in order to answer any and all questions which might be raised.

I hope this statement may help to strengthen the movement for a full disclosure of income and ownership by public officials. Since we already require disclosure on the part of those high-ranking officials whom we confirm, I submit that we should in good conscience apply these same standards to ourselves.

I believe we owe this to the public and that we should not be ashamed of either poverty or riches. But in any event, I do not want my action to reflect even indirectly on those of my colleagues who are just as honest as those who disclose their resources, but who for perfectly good reasons do not wish to do likewise.

There is always a question as to how far a community can properly go in intruding upon the privacy of citizens. I believe we have already gone too far in many ways and I view with horror such intrusions as the widespread practice of wiretapping and postal surveillance. But disclosure I think is a justiable provision for elected officials.

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[1] Plus the value of furniture, books, and works of art.

I personally believe that the standard of ethics of public officials is much higher than some critics believe and indeed higher than that of a very large proportion of these very critics. But I also believe that such disclosures would increase the confidence of the citizens in the integrity of their representatives. The requirement of disclosure would, moreover, furnish a bulwark against temptation. Sunlight is a powerful disinfectant and so, too, is disclosure. That was the principle of the Welfare and Pension Fund Disclosure Act which I drafted and finally got passed.

Public office is a great honor. We should not exploit it for personal gain and we should try to legislate with an eye single to the public interest, avoiding, so far as is possible in a complex world, personal interests which conflict with the public interest. Where there is such a conflict of interests we should at least disclose what it is, so that the voters may judge whether or not our actions are proper.

To serve worthily in the Congress of the United States is a distinction which we cherish not only for ourselves but also for our families. We should, I believe, be willing to sacrifice some degree of privacy in order to reassure the citizens who elect us, and to make the honor of our democratic institutions shine even more brightly. It is in that spirit and not, I hope, in any spirit of self-righteousness, that I am making this statement.

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[Excerpts from "Ethical Standards in Government," report of a subcommittee of the Committee on Labor and Public Welfare, U.S. Senate, 82d Cong., 1st sess.]

5. GENERAL REMEDIES PROPOSED

The subcommittee received more than 100 proposals for improving ethical standards and for securing more consistent adherence to them in the field of public affairs. A number of these on which there was considerable agreement or which are particularly significant are reviewed briefly below. Where the subcommittee feels that the situation is sufficiently clear to warrant action now, without waiting for the report of the Commission on Ethics in Government, its recommendations are also presented.

*Disclosure*

Disclosure is like an antibiotic which can deal with ethical sicknesses in the field of public affairs. There was perhaps more general agreement upon this principle of disclosing full information to the public and upon its general effectiveness than upon any other proposal. It is hardly a sanction and certainly not a penalty. It avoids difficult decisions as to what may be right or wrong. In that sense it is not even diagnostic; yet there is confidence that it will be helpful in dealing with many questionable or improper practices. It would sharpen men's own judgments of right and wrong since they would be less likely to do wrong things if they knew these acts would be challenged.

The disclosure of income, assets, and transactions in the securities and commodity markets was proposed for all Members of the Congress and for higher administrative officials of the Government. Several methods of disclosure were suggested, such as filing reports with the Secretary of the Senate and the Clerk of the House (S. 561, introduced by Senator Morse), making public income tax returns, registration of security holdings with the SEC, and filing reports with the Comptroller General. It was proposed that all Senators and Representatives in Congress, all administrative officials receiving a salary of $9,000 or $10,000 a year, and all Federal judges should make such disclosures. To cover officials serving in important positions without compensation or with nominal compensation, the requirement of reporting might well extend to all officials in positions classified at GS–15 or equivalent ranks regardless of salary actually received.

More recently it has been proposed by the President that disclosure also be required of high political party officials. In view of the close contact of the parties with the Government and their influence upon its operations, this recognition of the public responsibility of such party officials seems wise, and the subcommittee had previously come to the same conclusion about the desirability of such a requirement.

Disclosure of this type would be helpful in dealing with conflict-of-interest problems. A Member of the Congress, for example, would not have to divest himself of any of his assets, but if they were of such a character as to influence his attitude toward particular industries or particular companies, the absence of con-

cealment would free him from any charge of trying to put something over on the public, and would permit congressional colleagues and the public to judge better the weight of his arguments. Similarly, a legislator could continue to receive any type of income he was willing to justify. If he doubted that he could justify it to the public, the requirement of disclosure would deter him.

For public administrators who, at certain levels, are more or less anonymous, the disclosure provision could help materially to guarantee their impartiality. Superior officers would be responsible for seeing that administrators were not economically involved in such a way as to jeopardize their impartiality. It has also been suggested that administrators of junior rank should be required to make similar disclosure to their superiors, so that conflicts of interest can be avoided. Disclosure is proposed also in some form for committee staff members and for witnesses testifying before committees.

Disclosure is the remedy most generally prescribed for the field of campaign financing. There is some doubt that expenditures should be limited, and there is uncertainty about restricting the size of contributions, but it is generally agreed that both contributions and expenditures should be fully and currently reported. It can do no harm to the public, and the long-run effects may be helpful. This subcommittee believes that the proposals to amend and extend the corrupt practices as well as the lobbying laws to require more complete disclosure deserve the most serious study.

More complete disclosure is similarly proposed for registered lobbyists, legal representatives, and other persons employed to influence administrative as well as legislative decisions. It is suggested that if the funds backing these activities are traced to their source, and if all payments by and to lobbyists are known, the public, as well as responsible legislators and administrators, will be able to make decisions with a better understanding of the situation. This plan would require administrative departments to maintain a register of lobbyists and of lobby finances for all lobbyists appearing before them.

There is some feeling that contingent fees for influencing legislation, particularly public bills, ought to be prohibited. But those who oppose the prohibition argue that contingent fee arrangements should be disclosed—and in administrative matters as well.

It is also proposed to apply the disclosure principle to the problem of influence and pressure exerted upon administrative agencies for possible decisions. It is suggested that administrators be required to keep a docket for each case showing all contacts with all persons who sought to influence the decision, whether the contact occurred in regular channels or at a social gathering.

*Recommendation: Mandatory disclosure of income, assets, and certain transactions* [2]

Although the subcommittee is not prepared to endorse all of these proposed uses of the disclosure principle until they have been studied further, it does heartily endorse action along the lines of the Morse bill, S. 561. It recommends that legislation should be enacted requiring all Members of Congress, all Federal officials receiving a salary of $10,000 or more or who are in positions of grade GS–15 and above, or of equivalent rank, and the principal officials of national political parties to disclose their incomes, assets, and all dealings in securities and commodities.

The disclosures should be made by filing reports with the Comptroller General on forms provided by him to show income by source and amounts and to identify assets and show their value. These reports should be annual. All reports should be made public. The filing of reports with the Comptroller General is appropriate (although this is a deviation from S. 561), for the Comptroller General will perhaps be able to receive and issue the reports more easily and promptly than the administrative offices of the Senate and House. It is moreover quite consistent with the Comptroller General's audit function to call attention to improper or questionable practices.

It is difficult to think of any good reason for not taking this action. It will help to protect the public interest, and will do so without moralizing. It may be an inconvenience, but it can do no real injury to public servants or political leaders, and it will protect from innuendo at the same time that it encourages

[2] Dissent of Senator Aiken: While the proposal for disclosure would no doubt have salutary effect, yet its effective application would be difficult. If an official earning $10,000 a year is required to disclose his income and assets, there is no reason why an official earning less than this amount should not also be required to comply. Furthermore the requirement might make it difficult to secure qualified persons as Government employees. For these reasons I am not prepared to join in these recommendations at this time.

self-examination of the propriety of one's income and assets. In our opinion this is a reasonable and moderate measure on which Congress should not hesitate to act at once. These recommendations are embodied in S. 2284, and the bill is printed in the appendix to this report, section C.

*Disqualification*

A second general remedy widely favored for dealing with conflict-of-interest situations is disqualification of the public servant who is personally involved. That is, if his personal economic interests are involved in the issue in such a way as to give him an interest which is possibly adverse to that of the general public, the public official should excuse himself. He should step aside and let someone else handle the matter.

It is generally thought that administrators, officials with quasi-judicial functions, and judges should follow a more strict rule than legislators. But here, too, there is a question of propriety, and the moral right of voting or even taking part in debate on issues in which a legislator is heavily involved is challenged by some people. Disclosure is, of course, a protection, but is it sufficient protection? So rigid a rule of disqualification for legislators may seem extreme. For example, should all legislators who benefit from farm subsidy payments refrain from voting on subsidy legislation? Should all legislators who are in the insurance business refrain from voting on legislation affecting insurance companies? Should legislators economically involved in particular industries refrain from voting on legislation regarding them? It is easy to oppose so rigid a rule of disqualification, but it should also be remembered that if the practice of direct representation of interests is carried very far it quickly begins to approximate the "corporative state," which we regard as a subversive principle according to American standards. Some restraint is required.

The issue is clearer when the legislator has unusual personal power because of his position on a committee. There can be no doubt that he should disqualify himself from handling bills in which he has a strong personal economic interest. It is also clear that he should not intervene with administrative agencies in particular cases where he stands to gain personally. A legislator can only defend his motives by avoiding such intervention.

The rule of disqualification is widely favored for persons who leave the Government for business or for the private practice of law. The consensus of opinion is that they should not in their new employment handle specific matters (before Government agencies) for which they were responsible, or which they knew about, in their former employment. A less strict rule would merely deny them the privilege of appearing personally before Government agencies in such matters. The subcommittee favors the stronger rule. Only the stronger rule can discourage the pirating of Government employees to exploit their knowledge of immediate cases. Also, the stronger rule will not interfere with bona fide offers to public employees who are wanted because of their general knowledge and ability.

*Delay*

Delay in the form of a waiting period is a general remedy which is proposed for dealing with the problems of propriety which arise when a public official or employee leaves the Government and goes into a business or professional firm that regularly does business with the Government. In its more severe form this rule would bar a public employee from taking employment with such a firm for a period of 2 years. A less restrictive rule would only bar the ex-Government employee from handling any cases which concern his former employer for a 2-year period. In its least restrictive form the rule would merely prohibit direct or personal appearance of the former employee before his old agency. There is no doubt that this waiting period would help to prevent influence peddling and improper pressure upon Government personnel who are making important decisions on individual cases. It is opposed, however, as being too drastic and as having offsetting disadvantages.

Federal officials particularly in the regulatory field appear to be quite reluctant to see any general waiting period established. They favor selective disqualification as to cases, but oppose a general restriction on subsequent employment and upon practices before the agency. They would allow a public servant to resign one day and return the next as representative of a private business provided that he was not handling a matter in which he was previously involved. Their argument is that public employees tend to become specialists in their field and have no other area to which they can go for employment except to the industry or type of business with which they have been concerned in the Govern-

ment. A general restriction on subsequent employment, they argue, would be unfair to the employee, in some cases a hardship; and in the long run it would lower the caliber of Federal personnel.

These arguments may have some weight in connection with regulatory agencies, but their validity is doubtful when applied to lending officers and procurement officers. Public officials who have it in their power to benefit individual concerns greatly by their decisions on loans, contracts, subsidies, or similar monetary grants should not take employment with their beneficiaries. Even in regulatory bodies, there is danger that the offer of private employment may have previously colored decisions and that the new representative may use past connections unduly to influence decisions.

Should the principle of a cooling-off period also apply to Members of Congress, or does the fact that they usually do not retire voluntarily but are dismissed by the voters leave them free to take any kind of employment that they can find? If a retiring legislator has been the protagonist of a special interest with which he immediately takes employment, the subsequent employment tends to cast doubt upon his earlier motives. No public servant who respects his own good name should place himself in that position.

*Recommendation: Amendments to the Administrative Procedure Act*

The Government should leave no doubt in the mind of anyone that certain practices are improper. These practices tend frequently to be contrary to the public interest; they tend to make public officials consciously or unconsciously partial in handling issues which come before them; they create a suspicion of bias even where it may not exist; they tempt public officials to put personal interests ahead of or in conflict with the public interest; or they are damaging or unfair to members of the public. These improper practices should be prohibited by clear amendments to the Administrative Procedure Act, and should be rigorously enforced by responsible administrators throughout the Government. Officials or employees who violate these prohibitions should be dismissed. Written notice from the appropriate appointing officer indicating the nature of the violation should terminate their employment with the Government immediately.

The Administrative Procedure Act should, in our judgment, be amended to prohibit the following practices for all Federal officials and employees:

(*a*) Engaging in any personal business transaction or private arrangement for personal profit which accrues from or is based upon the official position, authority, or confidential information of the official or employee.

(*b*) Accepting any valuable gift, favor, or service directly or indirectly from any person or organization with which the official or employee transacts business for the Government.

(*c*) Discussing future employment outside the Government with a person or organization with which there is pending official business.

(*d*) Divulging valuable commercial or economic information of a confidential character to unauthorized persons or knowingly releasing such information in advance of its authorized release date.

(*e*) Becoming unduly involved, for example, through frequent luncheons, dinners, parties, or other expensive social engagements with persons outside the Government with whom they do official business.

The Administrative Procedure Act should also be amended to prohibit Federal officials who participate in the making of loans, granting of subsidies, negotiation of contracts, fixing of rates, or the issuance of valuable permits or certificates from acting in any official transaction or decision which chiefly concerns a person or organization by which they have been employed previously in the preceding 2 years or with which they have a valuable economic interest. Any violation of this prohibition should be grounds for summary dismissal.

The Administrative Procedure Act should be further amended:

(*a*) To provide that former Federal officials and employees shall not appear before agencies in which they were formerly employed in cases which they previously handled or of which they had some direct knowledge as Federal officials or employees; and that they shall not participate in the preparation of such cases. A Federal agency should be empowered to require the new employer to so certify under oath in presenting cases to the Federal agency.

(*b*) To provide that for a period of 2 years following their termination, Federal officials and employees of the ranks GS–15 and above or equivalent rank who leave the Government shall not appear before the Federal agencies in which they were formerly employed as the representative of a person or organization doing business with the Government.

Some of these prohibitions duplicate prohibitions of the criminal law. That is intended. Administrative sanctions should be easily available to responsible officials to permit prompt action, to make it possible to deal with less serious offenses, and to provide a remedy where criminal prosecution would be difficult or unduly expensive to the Government. There is no present evidence of any tendency within the national administration to act hastily or with undue severity in disciplining officers and employees for a failure to maintain satisfactory ethical standards; and it may safely be assumed that superior officers will try to be just and reasonable in their disciplinary decisions. The tradition of justice, the adverse effect of unjust action upon the morale of other employees, and the power of protest are adequate restraints. No ordinary hearing or appeals procedures should be required in any case when the appropriate officer finds (in a written statement) that an official or employee has violated one of the above recommended prohibitions of the Administrative Procedure Act.

In order to discourage those outside of Government who would solicit or induce improper practices by public employees, the penalties of disbarment from practice before a Federal agency and of cancellation of contract in appropriate cases should also be authorized. The publication of findings of improper practices would further serve to deter the corrupter as well as the corrupted. The recommended bill to effectuate these proposals, S. 2293, is printed in the appendix to this report, section B.

(Whereupon, at 10:40 a.m., the committee recessed, subject to the call of the Chair.)

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