

There are more than 27 million shareholders or depositors in the mutual savings and loan associations of the country. There are over 12 million depositors or shareholders in mutual credit unions. This makes a total of well over 76 million accounts that will be affected by what you do here.

Certainly you should not do anything until you hear from the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation as to what they think are required as proper reserves and at what rate those reserves must increase to keep our thrift system sound.

Bear in mind that FDIC today has total assets to insure its accounts of only \$1.84 for every \$100 of insured accounts and the FSLIC has only 67 cents for every \$100 of insured accounts.

The one sure test of the sufficiency of the reserves of both the savings banks and the savings and loan associations is this:

Whenever the Congress can safely repeal the FDIC uncontrolled borrowing power from the Treasury of \$3 billion and that of FSLIC of three-fourths of a billion dollars, the two systems will have built up sufficient reserves of their own to assure safety, soundness, and liquidity. Until then, we must not tamper with their reserves or the rate of growth thereof.

For those who might be inclined to feel sorry for the poor commercial banks, may I suggest they read the item in the American Banker of August 7, 1961, headlined "Bank Stocks Reach New High Level," which includes the prediction that an even better year is ahead for them, better than their best year thus far.

I urge you as strongly as I can, not to change the tax structure of these mutual thrift institutions at this time.

A Typical Instance of Public Service by American Industry

EXTENSION OF REMARKS

HON. SEYMOUR HALPERN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 15, 1961

MR. HALPERN. Mr. Speaker, never before in the history of our country has there been a greater need to reenunciate and rearticulate the indispensable problems of family unity and family solidarity. Certainly, no one can question the wisdom of spreading the gospel of bringing the family closer together in these turbulent days of a crescendo of juvenile delinquency and a very dismaying divorce rate.

Because my constituents and I are tremendously interested in family living as an integral part of the fabric of America, I want at this time to pay tribute to a project of public service being carried out by the Modess Division of Personal Products Corp., a subsidiary of Johnson & Johnson.

Five years ago, come November, the president of Personal Products, George Murphy; the vice president, J. Jay Hodupp, and, indeed, the entire management team of Modess, in answer to a crying need gave life to a nonprofit public service foundation known today as the Modess Family Life Institute.

This foundation over the past 5 years has made a major contribution to bringing the entire family closer together by explaining the problems that are daily rending it apart. It has further encouraged family homogeneity by dramatically calling attention to the attributes that spell out love, devotion, and dedication of one family member to another. The foundation has accomplished this by its magnificent public service national radio program over NBC called Family Living, 1961, which has won, in addition to eight other awards, the coveted Peabody Award. Each week great names from all walks of life join an expert to give Mr. and Mrs. America and their children a better insight into their own problems.

The results of surveys taken by the institute have found their way into national publications where they are seen by millions year after year. Educators who do the very important job of teaching our young have been furnished with much information and valuable material thanks to material furnished by MFLI. Religious leaders and sociologists alike have seen fit to applaud and to draw upon the work of this public spirited group.

Mr. Speaker, may I now add my voice and that of the people whom I represent in congratulations to Modess; Personal Products; their offspring, the foundation, and particularly to Gen. Robert Johnson, whose farsighted leadership and humanitarian interest in the good and welfare of America have made all this possible.

SENATE

WEDNESDAY, AUGUST 16, 1961

The Senate met at 10 o'clock a.m., and was called to order by the Vice President.

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

O God, before whom the long travail of the passing centuries is wrought out on the anvil of contending ideas, make strong the arms of our faith that we may wield the hammer of Thy truth as workers together with Thee.

May those here called to administer the affairs of this land of our love and hope, remembering whose servants they are, make daily choice of spiritual integrity amid the corruption that is in the world through the lust of selfish power that, being unafraid, they may contend steadfastly for the right as Thou dost give them to see the right.

In our private lives and in our public service, help us this and every day to live more nearly as we pray.

We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, August 15, 1961, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE— ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (H.R. 5954) making appropriations for the Treasury and Post Office Departments, and the Tax Court of the United States for the fiscal year ending June 30, 1962, and for other purposes, and it was signed by the President pro tempore.

LIMITATION OF DEBATE DURING MORNING HOUR

MR. MANSFIELD. Mr. President, under the rule, there will be the usual morning hour for the transaction of routine business. I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

THE VICE PRESIDENT. Without objection, it is so ordered.

EXECUTIVE SESSION

MR. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to con-

sider the nomination of George W. Mitchell.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

THE VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, and withdrawing the nomination of Charles R. Fenwick, of Virginia, to be a member of the Advisory Board of the National Capital Transportation Agency, which nominating messages were referred to the Committee on the Judiciary.

(For nominations this day received, see the end of Senate proceedings.)

THE VICE PRESIDENT. If there be no reports of committees, the nomination to the Board of Governors of the Federal Reserve System will be stated.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

The Chief Clerk read the nomination of George W. Mitchell, of Illinois, to be a member of the Board of Governors of the Federal Reserve System.

THE VICE PRESIDENT. The question is, Will the Senate advise and consent to this nomination?

MR. PROXIMIRE. Mr. President, will the Senator from Montana yield?

MR. MANSFIELD. I yield.

Mr. PROXMIRE. Yesterday Mr. Mitchell came before our committee. He is a very well qualified nominee. He was born in Wisconsin, at Richland Center, and has had an excellent education. He served for many years with the Federal Reserve Board in Chicago. He has had vast experience in taxation and finance.

However, in the course of his appearance before our committee there was an oversight, in that no action was taken by the members of the committee to request Mr. Mitchell to state his financial holdings. On the other hand, it is my understanding that he has been requested to file a statement of his financial holdings with the committee, so it will be available to Members of the Senate and to others who may wish to inquire as to whether his financial holdings may conceivably constitute a conflict of interest.

It is my understanding, and I am sure it is that of other Members of the Senate, that no financial holdings whatever of Mr. Mitchell could conceivably interfere with his service on the Federal Reserve Board.

Mr. MANSFIELD. I would be glad to have action on the nomination withheld for the time being, if the Senator from Wisconsin so desires.

Mr. PROXMIRE. I believe that would be wise. I was one of the members of the committee who was guilty of the oversight; we did not elicit from the nominee, when he appeared before us yesterday, a statement of his financial holdings.

Mr. MANSFIELD. Mr. President, I ask that action on the nomination be deferred for the time being.

LEGISLATIVE SESSION

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

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

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. KUCHEL, and by unanimous consent, the following committees and subcommittees were authorized to meet during the session of the Senate today:

The Patents, Trademarks, and Copyrights Subcommittee of the Judiciary Committee.

The Committee on Agriculture and Forestry.

The Business and Commerce Subcommittee of the Committee on the District of Columbia.

The Judiciary Subcommittee of the Committee on the District of Columbia.

The Committee on Interior and Insular Affairs and the Committee on Public Works, to sit jointly.

The Constitutional Rights Subcommittee of the Judiciary Committee.

The Committee on Rules and Administration.

APPOINTMENT BY THE VICE PRESIDENT OF DELEGATE TO INTER-PARLIAMENTARY UNION MEETING

The VICE PRESIDENT. The Chair appoints the Senator from California [Mr. KUCHEL], the deputy minority leader, to serve as a delegate to the Interparliamentary Union Meeting to be held in Brussels, Belgium, September 14, through September 22, 1961, in place of the Senator from Indiana [Mr. CAPEHART], who will be unable to attend.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

CLARIFICATION OF REEMPLOYMENT PROVISIONS OF UNIVERSAL MILITARY TRAINING AND SERVICE ACT

A letter from the Secretary of Labor, transmitting a draft of proposed legislation to amend and clarify the reemployment provisions of the Universal Military Training and Service Act, and for other purposes (with accompanying papers); to the Committee on Armed Services.

AMENDMENT OF REEMPLOYMENT PROVISIONS OF UNIVERSAL MILITARY TRAINING AND SERVICE ACT

A letter from the Secretary of Labor, transmitting a draft of proposed legislation to amend and clarify the reemployment provisions of the Universal Military Training and Service Act, and for other purposes (with accompanying papers); to the Committee on Armed Services.

RESOLUTIONS OF AMERICAN BAPTIST CONVENTION

Mr. MORSE. Mr. President, on June 17 of this year, the American Baptist Convention, meeting in Portland, Oreg., passed a series of resolutions which I now ask to be printed at this point in the CONGRESSIONAL RECORD.

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

RESOLUTIONS ADOPTED BY THE AMERICAN BAPTIST CONVENTION, PORTLAND, OREG., JUNE 17, 1961

I. EXPRESSION OF GRATITUDE

We express our grateful appreciation to President C. Stanton Gallup, and all officers and leaders of the convention for their responsible leadership during the past year.

We gratefully acknowledge the outstanding leadership of the Reverend Edwin H. Tuller, our general secretary, and the dedicated services of his staff.

To the committees on local arrangements, the members of the churches of the Portland area and the Oregon Baptist Convention, and all who have had a part, directly or indirectly, in making our stay in Portland a pleasant one, we express our thanks.

We express our gratitude to the Governor of the State of Oregon, the mayor and civic leaders of Portland, to members of the press, radio, television, and the auditorium staff who have helped to make this convention a memorable occasion.

II. DENOMINATIONAL AFFAIRS

We confirm our oneness in faith through Jesus Christ our Lord, and renew our allegiance to the Saviour as Lord of all and head of the church. We are cognizant that this allegiance takes precedence over any

other allegiance, and we as American Baptists renew our dedication to our historic Baptist principles. Therefore, we affirm:

1. Stewardship

Our primary function is to be true stewards of Jesus Christ through:

(a) Active participation by our churches in the Baptist jubilee advance, third year program, "vocation of the church: witness to the world," by encouraging the renewal of evangelistic programs recognizing that each American Baptist is a witness for Jesus Christ. We encourage our people to give serious consideration to their vocations as a means of effective witnessing;

(b) Continued emphasis upon the Christian higher education challenge;

(c) Continued support and initiation of church extension projects;

(d) The total stewardship of our lives and moneys, the choice expression being evidenced in the tithing of our means.

2. Family life

We reaffirm our concern for the unity, nurture, and Christian growth of American Baptist families, and

(a) We call upon pastors, parents and other Christian workers to give renewed attention to the Christian nurture of youth through meaningful experiences of study, worship and fellowship.

(b) We urge American Baptists to encourage their representatives in Congress and their Senators to consider carefully the problems of the cost of medical and hospital care for the aged, and to seek appropriate legislation to make it possible for them to meet such costs.

(c) We urge American Baptists to support legislation removing statutory barriers to the dissemination of birth control information to married persons by physicians, hospitals, governmental agencies and other responsible community and family service agencies.

3. Ministry and education

The church in the 20th century must minister to people in a complex society. Because men are earnestly seeking for truth, meaning, and the chief purpose of life, young men and women of high caliber are desperately needed to meet this challenge. Therefore, we recommend:

(a) That we recruit more Baptist students for our Baptist colleges;

(b) That we challenge our Baptist families, churches, and colleges to inform and interest our young people in church-related vocations; and

(c) That the American Baptist Convention support and encourage our responsible agencies in their endeavor to adhere to the standard of ordination as recommended by the general council, including graduation from a recognized college and seminary, for candidates for the Christian ministry.

4. Reaffirmations

We reaffirm our prior resolutions on:

(a) Observance of the Lord's Day as holy; devoted to worship and the extension of Christ's Kingdom in the local area and beyond. (American Baptist Year Book, 1960, p. 66, sec. II, 2d.)

(b) Strengthening and proper functioning of local associations. (American Baptist Year Book, 1960, p. 66, sec. II, 3a.)

(c) Privileged communications (American Baptist Year Book, 1960, p. 66, sec. II, 3b) declaring that American Baptist ministers are in no way obligated to disclose confidential information without the consent of the other party.

(d) American Baptists being unalterably opposed to gambling in any form (American Baptist Year Book, 1960, p. 71, sec. IV, 9) and further urge our people to abstain from all forms of gambling, legalized or not.

(e) American Baptist opposition to the use and sale of alcoholic beverages and narcotics

(American Baptist Year Book, 1960, p. 71, sec. IV, 10) and recommend total abstinence inasmuch as these constitute one of the greatest dangers to the sanctity of the human body and family life. We further recommend that our churches include in their educational programs all aspects of the effect of alcohol and narcotics and the moral and ethical implications of social drinking.

III. OUR WIDER FELLOWSHIP

1. Recognizing that, as Baptists, we helped create the Baptist world alliance, the World Council of Churches, and the National Council of Churches, in the interest of more effective witness and service; and

Recognizing that no organization can be the voice of all Protestant Christians on all issues, nor of all the members of its cooperating churches, we nevertheless urge our local churches and associations, city societies and the State and National conventions to increase their participation in these organizations in order to accomplish the aims and purposes which can better be realized through cooperation with other Christians than in isolation.

We strongly reaffirm the statement adopted by the Rochester Convention in 1960, to wit:

"Recognizing the historical fact that Baptist churches have emphasized soul-competency before God, have trusted in the present inspiration of God's Holy Spirit, and have been, generally speaking, noncreedal, we acknowledge that there is room for a wide latitude of opinion regarding our declaration of belief, organization and program, including official participation in ecumenical service. The privilege of designation gives the local churches full freedom to support those phases of the American Baptist world mission which represent its special interests. We would remind our churches, however, that American Baptists have deep roots in the ecumenical movement. We were part of cooperative Christianity before we were a convention, and we continue to share in patterns of cooperative service which Baptists helped to institute generations ago."

Furthermore, we urge individual Baptists, local churches, associations, city societies, and the State and National conventions to search for the truth by carefully evaluating the sources and contents of all attacks upon organizations with which we cooperate.

2. Recognizing the importance of study of things that we have in common with other Christians and the things that tend to separate us, we commend to our churches the study of the papers prepared for the forthcoming meeting of the World Council of Churches on the theme "Jesus Christ, the Light of the World."

3. We as American Baptists declare our willingness to cooperate with our fellow Baptist bodies in the United States and Canada in an endeavor to realize a closer unity through our common bonds of faith in Jesus Christ. We further suggest that areas of cooperation between ourselves and other Baptists be explored by the responsible agencies in conversation and communication with the hope that a mutual understanding will enable us to present a greater Baptist witness and service in the world in which we live.

IV. NATIONAL AFFAIRS

1. Race relations

For many years American Baptists have spoken out against the evils of racial discrimination and injustice in our society and in support of efforts to overcome them. We have admitted our own involvement in the injustices of discrimination and segregation. Consistently we have urged Baptists to work to improve race relations and to build understanding in our churches, our communities, and our Nation. We reaffirm

this stand and bring the following special concerns to our people:

(a) We agree that members of our churches should base their fellowship and associations on individual merit and that membership in every Baptist church should be open to all people regardless of their race or national origin.

(b) We remind our churches of the precept of Christ that calls us to seek to win all people to Him, and we urge our churches to desegregate their evangelistic efforts, striving to win people to Christ and the fellowship of His church in our communities, regardless of race.

(c) We urge our churches to make sure that all offices and positions of lay leadership in each church are available to all persons on the basis of qualification and not on the basis of race.

(d) We request our churches to evaluate their own employment policies that persons may be called as staff members or employees on the basis of their qualifications and not on the basis of race.

(e) We urge all Baptist institutions, such as schools, homes, and hospitals to follow the policy of complete integration.

(f) We urge our churches, church members, and ministers to participate actively in organizations whose purpose it is to foster better race relations and to eliminate segregation in harmony with the National Constitution.

(g) We urge all Baptists to welcome into their neighborhoods persons of various racial and cultural backgrounds, judging them on their own merits and rejoicing that their children will have the opportunity to know children of different races than themselves. We urge our people to stand firmly against the innuendos, half-truths, and falsehoods, that are so often spread when a family of a different background moves into a neighborhood. We urge Baptists not to panic but to seek truth and help from responsible community organizations such as human relations councils and fair housing practices committees.

(h) We urge our churches to express their opposition to the practice of segregation in country clubs, sororities, fraternities, service clubs, organizations of property owners, cemeteries, and all exclusive groups that deny membership on the basis of race or national origin.

(i) We commend those who in conscience believe so strongly in democracy and equal rights for all people that at great personal risk and with patience and prayer, they have used nonviolent methods to break the patterns and injustices of segregation and discrimination in public places and in public transportation. We commend them for their stand, their courage and their patience under provocation. We urge American Baptists and other Americans to support them with prayer and understanding and to supplement their efforts and sacrifices by working to eliminate injustice and discrimination in all our communities.

(j) We urge Congress to extend the life of the Civil Rights Commission.

2. Separation of church and state

We proclaim that separation of church and state is central to our American heritage; that it has made possible a measure of freedom not previously achieved under any other system; that it is indispensable to our national policy of equal rights for all religions and special privileges for no religion.

They are separate in their function as well as in their support. Government being under public control is properly financed by taxation. Membership in religious institutions and organizations is voluntary, and therefore should be supported by voluntary contributions. We believe that the use of

tax money for support of religious groups is in opposition to the spirit and letter of the Constitution.

We declare that this principle does not mean that the state is indifferent to the church, nor that the church is unconcerned for the state. It means rather that church and state are separate in their institutional life and that neither controls the other.

We affirm that public education is the birthright of every American child, and that support of such public education is the responsibility of every American. We observe that such support is as indispensable to responsible citizenship as support of public roads, public welfare, police protection, and other obligations of society as a whole.

We recognize the right of churches and other organizations and groups to establish private schools in the interest of spiritual, moral or other objectives which they believe cannot be accomplished satisfactorily within the framework of the public school system. We insist, however, that the support of such private schools is solely the responsibility of their respective constituencies and is in no way a public obligation. We object strenuously, therefore, to any proposal that the public be taxed to pay for the special sectarian or other purposes for which particular groups establish private schools.

We call upon our churches, educational agencies, colleges and universities, and parochial schools to study thoroughly their own present involvement in matters relating them to the State and tax funds. We urge disciplined thought, study and action to maintain clearly the principle of separation of church and state and to withstand the dangers that first tend to blur and then compromise this historic American and Baptist position.

We object strenuously, therefore, to any proposal that taxes or borrowing power be used to make grants or loans to sectarian or church-related schools. We emphasize that the use of Government finances in support of any sectarian purpose is a violation of basic religious liberties for it coerces citizens to support religious objectives of which many of them cannot conscientiously approve.

3. The churches and migratory agricultural labor

In our relatively affluent society it is a tragic fact that half a million migratory American workers earn a meager living in seasonal agricultural work. Recognizing legitimate manpower needs, it remains that exploitation of migrant workers is in no sense reasonably meeting these needs. Use of migrant workers for business profit which results in substandard education, wages, transportation and housing is unchristian.

To rectify these situations we urge:

(a) In the area of education:

1. That the Federal Government formulate and implement plans by which the special educational needs of the children of migrants may be met.

2. That American Baptists support Federal legislation to provide financial aid to local public school districts in meeting their responsibility to educate the children of migrants.

(b) In the area of housing we urge American Baptists to support both Federal and State legislation to provide adequate standards of housing for migrants.

(c) In the area of wages we urge compliance with existing laws designed to protect such agricultural workers.

(d) In the area of recruitment we urge the provision of national crew leader registration supervision to protect migrants from the unscrupulous practices of some crew leaders and labor contractors.

(e) American Baptists have for many years worked cooperatively through the migrant ministry to bring to migrant workers and

their families opportunities for fellowship, worship, pastoral care, health and welfare services. Increasingly these efforts have enlisted volunteers from local congregations to serve as members of migrant committees, as teachers, and as supervisors of child-care centers. In order to extend these services more effectively and to meet continuing needs we recommend:

1. That members of local churches become aware of the presence of migratory workers in their vicinity and assist in providing these services through a ministry to migrants.

2. That members of local churches make sure that the health and welfare services of the community and State are made available to the migrants.

If legislation is needed to make these services available we urge that church members work for the passage of such legislation.

4. The Peace Corps

We appreciate the humanitarian aims of the Peace Corps and recognize the urgency of intensified efforts in meeting human needs especially in the less-developed areas of the world and the effectiveness of utilizing the interest and enthusiasm of youth toward these objectives. We commend the administration for the initiation of a pilot project Peace Corps. It is our earnest recommendation that Congress will enact enabling legislation.

We approve the stipulation that no project sponsored by the Peace Corps shall further any "religious, sectarian, commercial or propaganda cause or release funds for such purposes," as being in keeping with the separation of church and state.

We recognize the Peace Corps as an avenue through which Christians may contribute to helping human needs and express their Christian faith through service, and encourage qualified youth of the American Baptist Convention to participate. At the same time we urge the administration to institute careful planning, recruiting, screening, and training procedures with full realization of the many pitfalls as well as of the potential usefulness of such a corps. We urge that full consideration be given by the Peace Corps to the opportunities and values of cooperation with and support of the United Nations technical assistance programs.

Finally, we urge our churches to recognize anew the importance of sharing our Christian faith as well as our economic abundance and scientific knowledge with all peoples, and so providing adequate support for our missionary enterprise. Let Christians urge their finest sons and daughters to enlist for service.

5. Mass media

As a witness to our Christian faith, we urge American Baptists to practice a disciplined and discriminating selection in their reading, viewing and listening. We commend those people of radio, television, motion pictures and the publication business who have displayed earnest efforts to present entertainment, education and information consistent with our Christian faith. We deplore the negative and evil influences still prevalent in many places and forms. We commend our churches who have taken a firm stand against all such influences.

We value the freedom of the press protected by the law of the land. Such privilege carries with it the critical responsibility to see to it that a free people have access to full information of public affairs, fairly presented.

6. Military service

We reaffirm our traditional Baptist position relative to freedom of individual conscience with regard to military service. This leads us to support in every possible way our young men who by reason of conscience are willing to bear arms in support of our coun-

try and those who, also by reason of conscience, feel they must go on record as conscientious objectors.

V. INTERNATIONAL AFFAIRS

As Christians we are called to witness to the reconciling Gospel in a world torn by suspicion, confusion, hatred and conflict. Recognizing that our witness is relevant as it expresses itself in support of those movements and institutions which work for peaceful and orderly living under justice we make the following recommendations:

1. United Nations

We commend our Government for the support which it has given the United Nations and its Secretary General in their efforts to bring order and peace to the Congo and other parts of the world. Furthermore, we urge Congress to give full support to the administration in its efforts to strengthen the United Nations as it seeks to protect the autonomy of the new nations.

Since the United Nations is under attack from those forces which would attempt through reorganization to make it impotent and thus to destroy its power to work for peace and freedom, we urge our people to become informed concerning the purpose and work of the United Nations and its agencies in the interest of more intelligent efforts to preserve its fundamental strengths as an international organization to which we can continue to give our full support.

2. World order

Realizing the need to create an attitude of mutual trust and sincerity, we express our appreciation of the efforts of our Government to demonstrate by the votes of its representatives in the United Nations a concern for the freedom and autonomy of all nations.

Aware that good to become effective in overcoming distrust must express itself in agreements and treaties which eradicate those conditions which contribute to unrest and strife and we urge our Government to:

Continue its efforts to reach an agreement for the cessation of nuclear testing based on an adequate system of enforcement control;

Renew its efforts to find a basis for agreement with all nations for the control and reduction of all types of armaments.

3. Underdeveloped countries

Recognizing that we are in a period of rapid social change and that there is a rising tide of hope and expectations among the less-developed peoples of the world we urge:

That our people look with understanding upon the efforts of the peoples as they struggle toward autonomy and the achievement of better social and political conditions, remembering that we, too, are the inheritors of a freedom bought through struggle;

That our Government continue to give the fullest possible support to technical assistance and development programs, both national and international, with particular emphasis upon channeling a larger portion of our funds through international agencies;

That Congress support the administration in its attempt to: (a) provide long-range financing of funds for economic development of countries; (b) separate the administration of economic funds from that of military aid funds; (c) place emphasis in the Latin American aid program on social and economic features which will raise the standards of living of the peoples.

In the hope that starvation and poverty will be eventually eradicated from the face of the earth we urge our government to give full participation in the freedom from hunger 5-year program of the United Nations, not merely as a means of disposing of our surplus foods, but as a responsible action demonstrating that we care enough to share our abundance in recognition of our belief that "the earth is the Lord's and the fullness thereof."

4. Immigration

Christians maintain that persons are created in the image of God with full rights as members of the human family. We cannot avoid the consequences of this belief in the area of immigration and naturalization in the United States.

The history of our Nation is a record of the breaking down of the barriers which keep men from enriching one another's lives. In this tradition and in harmony with our best understanding of the Christian faith, American Baptists call for the revision of our immigration and naturalization laws.

The world continues to produce refugees. Natural disasters, totalitarian and interfering governments drive men to desperation or defiance and escape. We are thankful that during the past 13 years (1948-60) American Baptists have secured sponsorship for 7,970 persons, but the need of the homeless people of the world is a continuing one.

In our judgment, it is wasteful for the United States to pass and extend short-term refugee legislation. Therefore, we recommend that Congress enact a permanent refugee law designed to grant sanctuary annually to a fair proportion of the world's people made homeless by persecution on account of religion, race, or political opinion or by upheavals of nature.

We further recommend that there be provision in every instance for the right to appeal decisions of immigration authorities. We also call upon Congress to pass a permanent orphan law allocating each year without limit nonquota visas to orphans under 14 years of age intended for adoption by married couples approved by a State-licensed child placement agency.

As churchmen and citizens, we remind Congress that we believe that enlightened immigration, naturalization, and refugee policies and humane administration of them, are important aspects of our foreign policy. Our national welfare suffers because of the present immigration and naturalization law. The present law projects an image of the United States marred by our selection of immigrants on the basis of their color or national origin. We decry such discrimination.

5. New African nations

As American Baptists we view with joy and satisfaction the emergence of the new nations in Africa which during the past year have achieved full independence and have assumed their rightful, equal place within the United Nations.

In common with all who cherish both freedom for the individual and liberty for all peoples, we express full sympathy with the hopes and aspirations of those now emerging from colonialism into full nationhood. As they move toward the realization of this freedom, we pray that they may follow the ways of peace rather than violence in their efforts to establish the institutions of freedom.

As citizens of the United States we are mindful of our Christian responsibility to seek an informed understanding of the revolutionary and reactionary forces at work in the world so that our judgments will be based on fact rather than on emotion or prejudice.

We pledge our support to the United Nations, its Secretariat and its staff, in its earnest endeavors to arbitrate differences; to maintain an impartial attitude in situations of extreme explosiveness; to preserve civil order in areas of political and tribal conflict; and to minimize the possibility of the new nations becoming centers of hostility and intrigue in the cold war.

As a result of more than 80 years of missionary service and fellowship, we as American Baptists are especially conscious of the ties which bind us to the church of Christ in Congo. We are grateful to God that in the midst of the violence and political chaos

of the past year, the churches related to the American Baptist foreign mission societies have witnessed their greatest numerical growth. Even in the face of the depletion of missionary staff, we are encouraged by the way in which the churches have continued their spiritual ministry under Congolese leadership. We rejoice that the Christian schools have continued to train the youth of Congo and that Christian hospitals have been able to carry on their ministry to those who suffer.

In our attitude toward Africa and in our missionary endeavors, we recognize that our responsibility is not the imposition or imparting of Western culture. The danger of identifying Christianity with Western culture often leads to confusion and misunderstanding of the essential nature of the Gospel. The new nations of Africa have a rich social and artistic heritage which should be incorporated in their developing societies. We should trust them to select those social, economic and cultural values derived from the past which will foster their own deepest self-realization as people, believing that they will preserve in the life of the church in Africa the unique revelation of God in Jesus Christ and the basic elements of the Gospel.

We recognize our obligation as Christians to support:

Programs of economic, technical and cultural aid carried out under the sponsorship of the U.S. Government and the United Nations;

Training of future African leadership by providing scholarships through government, private and American Baptist agencies for men and women students to pursue special studies;

Cooperative Christian endeavors, such as the Congo Polytechnic Institute which seeks on an interdenominational basis to provide training in the fields of agriculture, medicine and public health, engineering, teacher training, commerce, public administration and industrial arts.

We recognize our special obligation to support the Congo Protestant Relief Agency, Church World Service, and the World Relief Committee of the American Baptist Convention, as they seek to aid in the relief of famine and to minister to the many people made homeless by intertribal warfare.

While recognizing these basic areas of technical and material need, we acknowledge that our responsibility is to the whole life of the people of Africa; and above all to help them interpret their new opportunities and responsibilities in the light of God's redemptive purpose.

Inasmuch as American Baptists have a good record of proclaiming the gospel in the Congo, we must put into practice in our Nation that which we affirm throughout the world. Therefore:

We request our State Department to do all in its power to eliminate and eradicate the indignities and acts of segregation the diplomatic corps of the emerging nations now face in our country.

We urge American Baptist Christians to help implement the resolutions on race presented to this convention.

6. Communism

As a way of life rooted in beliefs about the world, man, society, and movements in history, communism provides an ideology that contradicts and attacks at crucial points the Christian faith and other religions in the world.

Our position as Christians in opposition to communism or any dictatorial system which denies to a person his individual right or personal freedom, is based on our Christian belief in human rights and man's freedom in Christ to seek and live out the truth of the will of God. We seek freedom, brotherhood and justice for all men everywhere through our faith in Christ and in His ultimate purpose and plan for the world.

Our first and primary response is to become more aware of the substance of our faith. We who believe in a personal commitment to Christ and in the priesthood of all believers are called upon by the challenge of communism, and other contrary systems of thought and life, to provide a multitude of witnesses who know what it is to believe in the God and Father of our Lord Jesus Christ.

Our second response is a call for the renewal of the church. A church that presents in its organizational structure, membership and life, a living witness to the reality of Christ, will in itself be a bulwark against all the enemies of God. A church that truly honors Christ because it has no respect of persons or special privileges always makes a positive witness to the world.

Our third response is to work together to understand the way in which Christ becomes a reality in the midst of our total lives in shop and in school, in home and in play, in the legislative hall, and in all councils of men. We resolve to work for the common life in which brotherhood, justice, freedom, and equality are more than empty words, more than slogans either protecting privilege or justifying revolution or reaction. Such resolve involves a study of the implications of the Christian faith for our common life, and understanding of the forces that work in opposite directions, especially of communism and other totalitarian ideologies and movements, and an assessment of the conditions at home and abroad that encourage totalitarianism, especially communism.

In furtherance of this resolution, we urge that each of our American Baptist churches undertake a program of education, paying particular attention to the material prepared by our denomination, regarding: (a) the cultural and social origins of communism and other totalitarian systems; (b) the principles and methods of communism and other totalitarian systems. We urge the convention to support all efforts to increase systematic study of the Christian faith and to help in the renewal of the church. Let every American Baptist live out his witness for his Lord by every word and deed.

7. Cuba

In the light of recent developments and the deterioration of relations between the United States and Cuba, we express our love and concern for our Baptist brethren in Cuba.

We further urge our Government to seek, through the Organization of American States and other channels, greater mutual understanding, and a reconciliation between the people of the United States and the people of Cuba.

VI. IMPLEMENTATION OF RESOLUTIONS

Recognizing that resolutions are no more than verbal expressions of delegates at a convention, unless given wider consideration and expressed in action, we urge further study of them in the churches. All individuals and groups are urged to participate in constructive local programs and action groups, and to inform State and National legislators of their Christian convictions.

Moreover, we request the division of Christian social concern to continue to make available to the churches copies of these resolutions along with study guides, and to call these materials to the attention of the churches. Furthermore, we authorize the staff of the division of Christian social concern, and any other authorized spokesmen of the American Baptist Convention, to represent before appropriate agencies and committees of Congress and the United Nations the convictions of American Baptists on public issues, as these convictions are recorded in their convention resolutions.

We recognize that neither final nor absolute implementation of social justice is

possible without a widespread individual repentance and personal commitment to the crucified and risen Lord, Jesus Christ, and the resulting power of the Holy Spirit in transformed lives. A new world is finally dependent upon new persons in Christ Jesus. However, these resolutions are offered because of our conviction that while proclaiming the redemptive Gospel we need not only to speak, but to act, against evil wherever we see it, to the glory of God and toward creating and maintaining a world climate within which our Gospel can be proclaimed more effectively.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PASTORE, from the Joint Committee on Atomic Energy, with an amendment:

S. 2391. A bill to amend various sections of the Atomic Energy Act of 1954, as amended, and the Euratom Cooperation Act of 1958, and for other purposes (Rept. No. 746).

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

S. 1037. A bill to amend the provisions of the Perishable Agricultural Commodities Act, 1930, relating to practices in the marketing of perishable agricultural commodities (Rept. No. 750); and

S. 1927. A bill to amend further the Federal Farm Loan Act and the Farm Credit Act of 1933, as amended, and for other purposes (Rept. No. 747).

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

H.R. 1021. An act to extend for two years the definition of "peanuts" which is now in effect under the Agricultural Adjustment Act of 1938 (Rept. No. 749).

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

S. 1908. A bill to provide for a national hog cholera eradication program (Rept. No. 748).

BILLS INTRODUCED

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

By Mr. BARTLETT:

S. 2425. A bill for the relief of Lum Chong; to the Committee on the Judiciary.

By Mr. CANNON (for himself, Mr. HICKEY, Mr. PELL, Mr. CURTIS, and Mr. KEATING):

S. 2426. A bill to revise the Federal election laws, to prevent corrupt practices in Federal elections, and for other purposes; to the Committee on Rules and Administration.

By Mr. KEFAUVER:

S. 2427. A bill to amend the antitrust laws to authorize needs of professional football, baseball, basketball and hockey teams to enter into certain television contracts, and for other purposes; to the Committee on the Judiciary.

By Mr. DOUGLAS:

S. 2428. A bill for the relief of Michelina Paolucci; to the Committee on the Judiciary.

PRICE AT WHICH GEODETIC SURVEY SELLS AERONAUTICAL RADIO NAVIGATION CHARTS TO THE PUBLIC—CHANGE OF REFERENCE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Rules and Administration be

discharged from further consideration of S. 2318, a bill relating to the prices at which certain aeronautical radio navigation charts shall be sold to the public by the Coast and Geodetic Survey and that the bill be re-referred to the Committee on Commerce.

I make this request as the chairman of the Committee on Rules and Administration and with the approval of Senator MAGNUSON, chairman of the Committee on Commerce, because although S. 2318 does fall within the jurisdiction of the Rules Committee relating to governmental printing in general, the subject of this particular bill is one with which the Committee on Commerce is more directly concerned.

The VICE PRESIDENT. Without objection, it is so ordered.

ACT FOR INTERNATIONAL DEVELOPMENT OF 1961—AMENDMENTS

Mr. BRIDGES submitted an amendment to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. HARTKE submitted an amendment, intended to be proposed by him, to Senate bill 1983, supra, which was ordered to lie on the table and to be printed.

Mr. GRUENING. Mr. President, I submit an amendment to Senate bill 1983, which I ask to have printed and also to have printed in the CONGRESSIONAL RECORD.

The VICE PRESIDENT. The amendment will be received, printed, and will lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment submitted by Mr. GRUENING is as follows:

On page 5, line 24, delete the period and insert the following: "and on condition that, if any portion of the funds loaned are used for the purpose of making loans within the recipient country, the interest charged by the borrower shall not exceed the interest charged by the United States by more than five per centum per annum."

Mr. HUMPHREY. Mr. President, I submit for printing an amendment to S. 1983, the Act for International Development of 1961.

The amendment is intended to appear on page 57, line 3 of the act under "Administrative provisions." Its purpose is merely to provide that in the administration of technical assistance under the foreign aid program, the Administrator shall "utilize to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibilities for domestic programs in such field."

The amendment is, I believe, indispensable for economy, for efficiency and for coordination.

The amendment would help assure fulfillment of the goals which President Kennedy set forth in his message to the Congress of March 20, 1961.

It will help assure attainment of the goals which are well described by the Senate Committee on Foreign Relations in its report No. 612, pages 12-14. There, the concept of advancing human resources is set forth.

DEEP CONCERN OVER STATUS QUO

The amendment is, however, vitally needed. There is a very real concern—well grounded, in view of a long background on this problem—as to what may happen in the absence of this amendment. It is feared in that circumstance that the Agency for International Development may not and, many believe, probably will not utilize the technical competence of the domestically oriented agencies.

TECHNICAL SERVICES FOR PEACE

This is not a new subject, so far as I am concerned. For years, I have been striving toward the objective of this amendment. My concept has been "Technical services for peace." This includes: Health for peace, education for peace, housing for peace, and similar endeavors to help others to help themselves in filling man's basic needs—food, dignity, hope.

My goal has been to make available abroad the skills and know-how which so-called old-line Federal agencies have long since demonstrated in our own land in serving our people.

At the time I call this amendment up, I will set forth the case for it in detail from the standpoint of two particular areas: Health for peace and education for peace.

MESSAGES EXPRESS ALARM

Suffice it for the moment to state that from all corners of this Nation, I have received anxious messages from experts in health, in education and in other fields. They express alarm over one particular phase of the proposed recognition of the foreign aid agency. They fear it will involve not more, but far less than even the minimal use heretofore of the technical competence of those Federal agencies, divisions, and bureaus which are responsible for these technical fields in the United States.

NEED FOR UNIFIED COUNTRY PLAN

Now, let it be noted that President Kennedy has wisely stressed the need to avoid a mere patchwork of collections of isolated projects in developing countries. He has emphasized the importance of sound country planning, tailoring projects to match conditions and felt needs in each land. I strongly endorse this concept.

I believe that the administrator of foreign aid must indeed, through the regional bureaus, have a clear line of authority and responsibility.

At the same time, I believe that it would be wasteful, inefficient, and wholly unsatisfactory if the older line Federal agencies, such as the U.S. Public Health Service and the U.S. Office of Education, are not utilized to a far greater extent than they have been.

As a matter of fact, there is a very strong danger, under the proposed AID organization that the four regional bu-

reas may, in the absence of Washington support, be impelled to try to become four separate health and education agencies, for example.

Under the reorganization, the Washington operation of each technical assistance effort is slated to shrink to virtually nothing—to perhaps a single senior expert in health, a single expert in education, and so forth. Thus, there would be a relative technical vacuum created at Washington headquarters of AID.

If there were no backstopping elsewhere, this would create an acute and chaotic problem. Coordination would suffer with other Federal agencies and with nongovernmental organizations—universities, foundations, professional organizations, voluntary aid groups, and so forth.

Yet, all the while, old-line agencies such as those I have mentioned, may—and probably will—in the absence of this amendment fail to receive responsibility and mandate to do the very jobs which they are ideally qualified to perform both at home and abroad.

The remedy is clear. The logical means of coordination is through (a) AID headquarters itself, with strong technical guidance at a reasonably high policy level; and (b) fullest professional mandate and backstopping, by the technically competent, domestic Federal agencies, such as those I have mentioned.

ICA has had many dedicated public servants in health, education, and other technical areas in both Washington and the field. But the greatest source of competence is in the Cabinet departments.

The distinguished chairman of the Committee on Foreign Relations, the Senator from Arkansas [Mr. FULBRIGHT], who has made so vast a contribution to the cause of international education will, I am sure, be among the first to point out the great competence of the U.S. Office of Education to assist abroad in cooperation with the Department of State and AID.

We do not need and want four separate education agencies in four regional bureaus. We want one career service consisting of the best talent which this Nation can mobilize for service at home and abroad.

The VICE PRESIDENT. The amendment will be received, printed, and will lie on the table.

IMPACTED AREAS FEDERAL ASSISTANCE PROGRAM—AMENDMENT

Mr. McNAMARA. Mr. President, I submit an amendment to S. 2393, a bill to extend the impacted areas Federal assistance program. The amendment I offer provides a 2-year construction program.

Under the amendment the Federal Government would provide \$325 million for each of the next 2 years, a total of \$650 million of Federal money to assist the States in building their needed classrooms. This is obviously not the optimum Federal education program.

My voting record and the records of a majority of Senators demonstrate a

belief that both adequate school buildings and decent teachers' salaries are the key factors in America's educational future.

We are, however, almost at the end of this session of Congress. It should be apparent that a bill containing both salaries and construction grants cannot pass both Houses of Congress. I share the view that such a situation is deplorable, but I do not believe that we should simply give up.

First of all, I do not believe that the next session of the 87th Congress holds any more promise for an adequate bill. The peculiar problems, involving some basic social and religious issues which have blocked a bill this year, will be as much, if not more, in evidence at the next session of Congress, which we all know will take place in an election year.

Second, I believe that a sizable construction program will do much to relieve the money pressures which afflict many of our States and local communities. I cannot believe there is a State in the Union which will not spend in the coming 2 years State funds in an amount equal to their Federal grant for construction. Therefore, these Federal grants will enable them to divert some of their hard-to-come-by State funds to increased teachers' salaries.

The impacted areas bill provides relief for approximately one-third of the districts. I do not believe that we can in good conscience help these deserving districts and not ease the problems in the other two-thirds of our districts.

It is time we recognized the educational problem as a national one and that the impact of our defense program is just one aspect of that national problem.

I realize that many Members of this Senate disagree with my views. Their belief is that by a simple extension of the impacted areas bill pressure will continue to build during the recess and the momentum for an adequate bill will be realized by next January.

I myself think this is the last chance we will have in the 87th Congress to pass school legislation. This Senate has twice in the past 2 years passed legislation which would provide funds for school construction. All indications are that the House is of a similar mind.

I hope every Senator will give this amendment his full consideration and his support when it is brought to a vote.

THE VICE PRESIDENT. The amendment will be received and printed, and will lie on the desk.

MR. McNAMARA. Mr. President, the Senator from Maine [Mr. MUSKIE] joins me in the presentation of this amendment.

Mr. President, I ask unanimous consent that a news article from the Washington Evening Star, August 11, be printed in the RECORD at this point. It is entitled "Catholic Gives Up School-Aid Hope."

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

CATHOLIC GIVES UP SCHOOL-AID HOPE
BOSTON, August 11.—Concentration on high school and college and gradual with-

drawal from elementary education has been suggested by a Roman Catholic clergyman.

"It is quite clear by now," wrote the Right Reverend Monsignor George W. Casey yesterday in his weekly column in the Pilot, official publication of the Boston Archdiocese, "that Catholic schools are not going to get any financial aid from the Federal Government."

"The best and simplest reason why we should shift our money and personnel over into secondary and higher education," he said, "is that they should be put where the need and the return is greater. The chief reason for the Catholic school system is the preservation of the faith."

FEDERAL CONTRIBUTION TO NATIONAL GUARD RETIREMENT—AMENDMENT

MR. KEATING. Mr. President, H.R. 4785 is a constructive measure, but I am unhappy about one provision in the amendment approved by the Senate Committee on Armed Services. The amendment would limit Federal contributions to retirement benefits of National Guard technicians to 6½ percent.

In New York, the employer contribution by the State for retirement benefits amounts to 13 percent, including the social security contribution. As a result, the 6½-percent limit would shortchange New York technicians in the National Guard by approximately 6½ percent. The overall shortage of funds in New York State for this purpose would amount to about \$900,000.

Mr. President, on the whole this legislation is badly needed. As of now, the House of Representatives has maintained that there is no legislative authority for any Federal contribution to the retirement pay of civilian National Guard technicians. The Department of Defense maintains that the authority does exist. The proposed legislation in any case settles that problem, but it does raise an additional question by establishing a 6½-percent limitation. Mr. President, it is essential at this point to provide fair and equitable treatment for individuals who, often at great sacrifice, serve their country as Army or Air National Guard technicians. The Armed Services Committee, acting, I must confess, upon the recommendation of the Bureau of the Budget, has set a limit of 6½ percent for the percentage which the Federal Government will be allowed to contribute as the employer's share of retirement benefits. The reasoning given, as stated on page 551 of the President's budget, is as follows:

Since the pay rates of such employees are equated to those of comparable Federal employees, the total employee's contribution to Federal funds is limited to the rate authorized for Federal employees participating in the civil service retirement system.

But, Mr. President, where the injustice arises in this situation is that every State provides a different percentage contribution from employers, ranging from about 3 percent to 13 percent, as in New York. This fixed 6½-percent limitation of the Federal Government means, in fact, that these Army and Air National Guard technicians would receive a different and in many cases smaller retirement contri-

bution than that received by the other State employees with whom they work and cooperate closely.

Finally, Mr. President, the real injustice lies in the fact that despite the present 6½-percent ceiling on the Federal contributions, in fact, it is well known that the civil service retirement fund, to which this 6½-percent is contributed, will in all probability not be adequate in the future to provide all the benefits which have been authorized by law. Therefore, it will undoubtedly be necessary for Congress at some point to provide additional appropriations for civil service benefits. Thus, the 6½-percent limitation, although in effect at the moment, will not be a controlling factor in the long run.

Mr. President, the Department of Defense has urged correction of this basic injustice, and has requested that the ceiling of 6½ percent be lifted.

This matter deserves careful attention, for the Department of Defense is well aware of the problems in personnel and morale which can arise when such patent injustice is not corrected. At present, there is in many cases no retirement provision for these employees, except social security. It has been agreed that the Federal Government should make a contribution for these employees, to go into State retirement funds. The contribution, in all equity, should be based on the percentage which each State contributes for other State employees.

Therefore, Mr. President, I send to the desk and submit on behalf of myself, my colleague from New York [Mr. JAVITS], the Senator from New Jersey [Mr. CASE], and the Senator from Hawaii [Mr. FONG], representing three of the five States most adversely affected by the situation, an amendment to provide for the necessary flexibility in determining the Federal contribution to these retirement funds. The amendment will simply strike out the sentence:

Such contributions shall not exceed 6½ per centum of the compensation on which such contributions are based.

Mr. President, the amendment I have submitted, which refers to the bill as amended by the Senate Committee on Armed Services, and therefore different from the original bill passed by the House, provides for necessary flexibility in determining the Federal contribution to these retirement funds. I request unanimous consent that my amendment, which is very short, be printed following my remarks in the RECORD. I also ask to have printed in the RECORD several pages from the hearings on the Department of Defense appropriations, which indicated that as many as 23 States might ultimately be shortchanged if a 6½-percent ceiling is written into the law. Because this is a very complex subject and because one must take into account social security as well as State retirement systems, I consider it advisable not to include any mandatory language in this amendment, but simply to eliminate the arbitrary and unrealistic ceiling of 6½ percent, which, as the material I have mentioned indicates, is

actuarially unsound, and has been vigorously opposed by the Department of Defense.

I ask unanimous consent that the other sponsors of the amendment may have the privilege, if they so desire, of having their remarks printed at this point in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment will be received, printed, and will lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 3, line 8, beginning with "Such" strike out all down through the period in line 9.

The excerpts from the hearing submitted by Mr. KEATING are as follows:

FEDERAL CONTRIBUTION TO STATE RETIREMENT SYSTEMS FOR TECHNICIANS

Senator CHAVEZ. There have been several inquiries relative to the Federal contribution to the State retirement system for National Guard technicians. I wish you would describe to the committee what this is all about.

General McGOWAN. I would like to testify briefly and put a statement in the record, if I might.

The retirement of the National Guard technicians authorized, has been approved by Defense and the Army and the Air Force and is included for the first time in the budget this year. These technicians are the full-time National Guardsmen, Army and Air, who are employed by the States to perform key maintenance administrative training and supply functions.

Presently, a few States have included them in their own retirement system which is financially unfair to those particular States, but it is a very happy solution for those technicians who are so included.

The funds in this budget request are based on a 6.5-percent annual contribution which is a flat figure determined by the Bureau of the Budget and to meet the retirement costs based on the retirement of civil service employees of the Federal Government. This is already considerably below the actual State retirement system costs in 5 States and if we include the social security in the deductions it would be below the cost of 12 more and as FICA increases in 1963, 1966, and 1969 in accordance with present law, 6 more States would find that this 6.5-percent contribution to their retirement system would not meet the actual costs.

Senator CHAVEZ. You have mentioned 5 States, 12 States, and 6 more. Would you make available for the record the names of those States?

General McGOWAN. I would be happy to. (The information referred to follows:)

The 6.5 percent of salaries limitation on the amount the Federal Government will contribute toward State retirement system employer costs on behalf of National Guard technicians will be inadequate:

(a) In the five States in which they are now participating, or will be eligible to participate without amendment to State laws if the Federal Government pays the full employer costs. They are:

State rate percent
California (not now participating) -- 9.16
Hawaii (now participating) ----- 7.29
New Jersey (now participating) ----- 7
New York (not now participating) ----- 9.619
Ohio (now participating) ----- 7.41

(b) If the 3 percent on the first \$4,800 of compensation now being paid under FICA

is included in the total Federal contribution, the following additional 12 States will be underfinanced:

	State rate percent
Delaware (not now participating)	5
Florida (now participating)	6
Kentucky (now participating)	4
Minnesota (now participating)	4
Missouri (now participating)	4
Nevada (not now participating)	5
New Mexico (now participating)	5
Tennessee (not now participating)	4.12
Texas (not now participating)	4.75
Vermont (not now participating)	6.08
Virginia (not now participating)	4
Washington (now participating)	6

(c) If the employer's tax is increased as provided by section 401(c), Public Law 85-840 (72 Stat. 1042, 26 U.S.C. 3111) the following States will be underfinanced in the years indicated:

	State rate percent
Arizona (not now participating) — 1963	3.5
Arkansas (not now participating) — 1963	3-4
Iowa (now participating) (on \$4,000) — 1963	3.5
Mississippi (not now participating) — 1963	2.5
Montana (not now participating) — 1963	3.3
North Carolina (not now participating) — 1963	3-5

(d) The only States that will have their retirement system costs satisfied under the 6.5 percent formula will be Connecticut (now participating, portion of employees not under FICA); and Massachusetts (now participating, no FICA coverage).

(e) The fiscal year 1962 budget request includes \$2,800,000 Federal contribution to State retirement systems which have legislation for Army National Guard technician participation. An additional \$3,700,000 is required to support State retirement rates and those States that need legislation to permit technician participation in States' retirement program.

ADEQUACY OF FEDERAL CONTRIBUTION

General McGOWAN. We are happy that the item is being included in the budget this year. We find that this is a group of employees whose retirement hitherto has not been provided for.

Senator CHAVEZ. Is there any difference in the amounts requested by the National Guard and the budget approval?

General McGOWAN. I will include that in the statement.

I think that should be as much as I should put in the record at this moment and I will follow with a prepared statement we can give the chairman by tomorrow.

There is some question—even in Bureau of the Budget circles—with respect to the adequacy of this 6.5 percent for Federal employees and I quote from a letter from the Director of the Bureau of the Budget to the Secretary of Defense dated January 19, 1961, in which Mr. Stans said in this pertinent part of the letter:

"Although the civil service retirement system is estimated to have a computed normal cost based on various assumptions as to interest, income mortality, and so forth, which is slightly more than 6.5 percent, that percentage is the fixed amount required under the Civil Service Retirement Act to be contributed to the system by Federal agencies. Fluctuations in the computed normal cost arise from two changes in salary since that time."

Senator CHAVEZ. Is the civil service annual contribution the same as yours?

General McGOWAN. Civil service annual contribution is 6.5 percent; yes, sir.

Mr. Stans continues: "Fluctuations in the computed normal cost arising from changes in salary levels"—there have been two—"and the like, are not reflected in the statutory requirement. Whether the appropriation of additional funds in future years will naturally depend on further experience and the validity of the assumptions now being used such as the average rate of interest earned on assets of the system."

It is pertinent to point out that in States such as New Jersey, with which I am very familiar, and which has included these technicians in its own retirement system without cost to the Federal Government so far, they have their actual costs annually checked from an actuarial standpoint and their costs are 7 percent without including social security deductions. That is one of the examples of the States where the proposed contribution is already inadequate in relation to the actual experience costs.

Senator CHAVEZ. At this point in the record we shall insert a memorandum pertaining to this subject, prepared by the Office of the General Counsel, Department of Defense. (The statement referred to follows:)

**DEPARTMENT OF DEFENSE,
OFFICE OF GENERAL COUNCIL,
Washington, D.C., April 12, 1961.**

Memorandum for General Moore:

On February 29, 1960, the Assistant Secretary of Defense (Comptroller) received a request from the Assistant Secretary of Defense (Manpower) to include funds in the fiscal year 1962 Department of Defense budget to cover payment of the employer's share of the costs of State retirement programs for civilian employees of the Army and Air Force National Guard. The Assistant Secretary of Defense (Manpower) had decided to follow the policy of providing such payments after reviewing the retirement programs of the affected States and concluding that the employer's share of the costs was a valid Federal obligation since the Federal Government had accepted the responsibility for the payment of the compensation of the employees. The compensation of civilian employees of the National Guard is fixed and paid pursuant to Federal statute; namely, 32 U.S.C. 709, which provides, in pertinent part, as follows:

"(a) Under such regulations as the Secretary of the Army may prescribe, funds allotted by him for the Army National Guard may be spent for the compensation of competent persons to care for material, armament, and equipment of the Army National Guard.

* * * * *

"(f) The Secretary concerned shall fix the salaries of clerks and caretakers authorized to be employed under this section, and shall designate the person to employ them."

The Comptroller General of the United States held (B-138072, dated March 2, 1959, attached) that contributions to a State retirement system may be regarded as part of the compensation which the Secretaries of the Army and Air Force are authorized to fix under 32 U.S.C. 709.

On March 22, 1960, the Deputy Comptroller for Budget advised the Assistant Secretary of Defense (Manpower) that he concurred in the desirability of including funds in the 1962 budget as requested. He further requested that instructions directing the initiation of the program for fiscal year 1962 be issued by Assistant Secretary of Defense (Manpower).

On April 6, 1960, the Assistant Secretary of Defense (Manpower) advised the Departments of the Army and the Air Force to take such action as was necessary to include a request for funds for this purpose in their fiscal year 1962 budget estimates. At the same time, he requested that the Army and Air National Guard enter into negotiations with the several States and Puerto Rico to

establish agreements whereby guard employees would be incorporated in State retirement systems.

On December 7, 1960, the Director of the Bureau of the Budget by letter to the Secretary of Defense explained that it was his understanding that the 1962 budget estimates would include funds as indicated above. He advised that since the amounts payable to both the State systems and social security would substantially exceed the current rate of contribution to the civil service retirement system for Federal employees, it would appear that an unsound relationship would be established between compensation rates of National Guard employees and of comparable Federal employees. He, therefore, requested that appropriate language be proposed to establish a limitation on the use of Department of Defense funds to that now provided for Federal employees. Appropriate adjustments were also to be made in the budget estimates.

By letter to the Bureau of the Budget dated December 14, 1960, the Assistant Secretary of Defense (Comptroller) requested that no provision to limit employer's contribution to State retirement systems be included in the President's budget, since the proposed limitation of 6½ percent was totally unrealistic. More specifically, information received from the chief actuary, civil service retirement system, is to the effect that 6½ percent does not cover the Federal Government's total cost of civil service retirement system, and that provision will have to be made for the appropriation of additional funds in later years to cover full cost. In addition, the Comptroller indicated that the administration of the program would be greatly complicated, since it was anticipated that many States would show reluctance to bring guard employees into the retirement systems, since they would unwilling to revise their systems to provide for special funding arrangements for these employees.

By letter dated January 19, 1961, the Director of the Bureau of the Budget again insisted that the language in question be retained since it would not be considered reasonable if compensation of guard employees, including indirect compensation in the form of employer's contributions to State retirement systems and to the social security old-age and survivor's insurance fund, could be established at rates higher than those applicable to comparable Federal employees. The retention of proposed section 531 contained in the Eisenhower budget resulted in the deletion of \$1 million and \$0.6 million from the budget estimate of the Departments of the Army and the Air Force, respectively.

As you know, since January 20, 1961, the military departments and other offices in the Office of the Secretary of Defense recommended changes they deemed appropriate in budgeted dollar estimates or language. No recommendations were received with respect to this section. However, it is now understood that the Assistant Secretary of Defense (Manpower), Mr. Runge, is about to request the Comptroller to take all possible actions to have section 531 deleted in its entirety. If the language is deleted, it will be necessary to increase the estimates by \$1 million in the case of the Army and \$0.6 million in the case of the Air Force.

L. T. SMITH
(For Maurice H. Lanman, Jr.)

Mr. JAVITS. Mr. President, I am pleased to join with my colleague Senator KEATING in proposing an amendment to H.R. 4785, a bill to permit inclusion of Army National Guard and Air National Guard technicians in State retirement systems. Senator KEATING's and my amendment removes the 6½-

percent limitation on Federal contributions to these retirement funds, as provided in H.R. 4785.

Efforts to secure retirement benefits for these technicians have been carried on for many years. Failure to obtain such benefits to date has made it difficult to secure and even more difficult to retain valuable technical support. If this trend is not reversed, the efficiency of the National Guard is bound to suffer.

To use this 6½-percent Federal contribution to the Federal retirement system as the ceiling for contributions to the State retirement systems is not an equitable or accurate yardstick. Most States compute their rates for contributions to the State retirement system on an annual basis, based on current experience. On the other hand, the Federal rate of 6½ percent was established by the act of July 31, 1956. Although the compensation of Federal employees has since been increased, no revision of cost factors and rates of contributions to the Federal retirement system has been made.

I am hopeful that this amendment will be recognized as a sound and equitable measure which is particularly appropriate and significant today as we reevaluate our military preparedness.

NOTICE OF PUBLIC HEARINGS OF SUBCOMMITTEE ON EDUCATION OF THE COMMITTEE ON LABOR AND PUBLIC WELFARE

Mr. MORSE. Mr. President, as chairman of the Subcommittee on Education of the Committee on Labor and Public Welfare, I announce that the subcommittee will begin its public hearings on the Hill higher education bill at 9 o'clock tomorrow morning. The subcommittee will hold hearings on the bill at every opportunity in the days immediately ahead, whenever the Senate is not in session, and will begin the hearings each day at 9 o'clock a.m.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. MORSE:
Eulogy delivered by Senator DOUGLAS, relating to Fiorello La Guardia.

U.S. INTERNATIONAL RELATIONS

Mr. TOWER. Mr. President, the junior Senator from Arizona [Mr. GOLDWATER] on August 6 delivered before the Virginia State Bar Association a speech in which he replied to certain questions on foreign policy raised and directed to him by the distinguished junior Senator from Arkansas [Mr. FULBRIGHT]. The importance of this address and the importance of the debate of which it is part have not been underestimated by the press and the public. The outcome of this debate might profoundly influence the future of the United States and

the course of human history. I ask unanimous consent to have Senator GOLDWATER's speech printed in the RECORD at this point.

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

A CASE FOR VICTORY

(Text of a speech by Senator BARRY GOLDWATER, Republican, of Arizona, before the Virginia State Bar Association's 71st annual meeting, White Sulphur Springs, W. Va., Saturday, August 5, 1961)

With your kind indulgence, I should like to talk with you tonight about our international relations, about our progress in the cold war, and about the need to win this worldwide struggle between the forces of freedom and the forces of slavery. Strangely enough, I find myself in the position of one who has been challenged to make a case for victory in a conflict with an enemy of enormous power whose undisguised aim is to conquer the United States and enslave the world. I have been challenged to explain what victory in the cold war means, how we could achieve it, and what we would do with it after we won it. This challenge, astounding as it is, comes from none other than the chairman of the Senate Foreign Relations Committee—Senator J. WILLIAM FULBRIGHT, of Arkansas—who reflects in his statements a policy line now being promoted within the top ranks of the Kennedy administration. Senator FULBRIGHT, and I am sorry to say some others in positions of influence today, believe that victory in the cold war is impossible, that we must coexist with an alien ideological power which is using every device at its command to overwhelm us, and that one of the means toward coexistence is aggressive compromise.

Ladies and gentlemen, I doubt if any U.S. Senator or Government official—ever before in the history of our Republic—has been called upon to make a case for victory in a conflict where everything that the United States stands for today—or ever stood for in the past—is at stake. I doubt if this Nation ever before has found itself in a battle for her very existence where any public official or group of public officials automatically foreclosed the possibility of victory and questioned what we would do with it if it ever were achieved.

When I study the words of Senator FULBRIGHT and realize that he speaks for a sizable bloc of influence in our State Department, I begin to wonder what forces are at work among us in this hour of crisis. I wonder whether the entire scope of this protracted conflict and the dire consequences which it holds for our Nation and the world's freedom have been correctly understood. I wonder whether the American people actually realize that the failure to proclaim victory as our aim in the cold war is not just an oversight but a calculated policy of influential men. Let me state this in Senator FULBRIGHT's own words. He said on the Senate floor on July 24—and I quote—"Apparently we have not yet fully accepted in the fact that * * * we can hope to do little more than mitigate our problems as best we can and learn to live with them." Since that time, Senator FULBRIGHT has made it plain that his method of mitigation would be through negotiation and compromise. This is what he proposes in the Berlin crisis, which might well serve as a terminal point in our diplomatic negotiations with Russia. The Senator apparently believes that negotiation and compromise are what we must do to live with communism. He boldly assumes that the American people and the rest of the free world want to live with communism rather than risk a test of strength. He also tells us, in effect, that the price of this living is compromise—which is another

way of saying that we will yield further and further to Khrushchev's demands.

But I'm getting a little ahead of myself. I believe it is important for you people to understand how the exchange between Senator FULBRIGHT and myself evolved. Let me briefly explain to you the genesis of this argument which the newspapers are beginning to refer to as a "meaningful" debate between the two fundamental positions.

It began on June 29 when the Foreign Relations Committee chairman delivered a speech to the Senate entitled "Some Reflections Upon Recent Events and Continuing Problems." These remarks were given wide publicity throughout the Nation and were hailed in a certain segment of the press as a major foreign policy declaration. Now since these reflections contained so many arguments for doing nothing in the cold war but waste more and more money in the name of social reform for other nations, I felt impelled to reply. I did this in a Senate speech on July 14. I challenged the Foreign Relations chairman to explain why his approach to the cold war, which boils down to more and more foreign aid, has not yielded results after the expenditure of nearly \$100 billion. I challenged his assertion that American action in Cuba would result in alienating Latin America, Asia, and Africa. I challenged his assertion that communism 90 miles off our southern coast was not intolerable to the American people. I challenged his declaration that the erection of missile bases in Cuba would not increase the danger to our national existence. And I also said that this Nation needs an official declaration stating that our aim in the cold war is victory.

Now in his response to this, Senator FULBRIGHT ignored my question concerning the wisdom of pursuing a costly and ineffective foreign policy. He ignored quite a few other things in commenting briefly on the Senate floor on July 24 on what he referred to as certain themes contained in my remarks. But the things he had to say are so illustrative of bankrupt thinking with regards to the cold war, so fraught with peril for this Nation and the cause of freedom, and so vitally important to all Americans that I feel compelled to give them the kind of comprehensive treatment that he failed to accord my remarks of July 14.

And, let me say, there is no particular significance to the fact that I am setting forth my latest views in this running debate in a public speech rather than on the floor of the U.S. Senate. The reason is quite simple. I believe that this issue of whether we are to strive for victory in the cold war or continue a policy of drift has become so important that it deserves attention in all forums of public discussion. And I assure you that the contents of my remarks here today shall be placed in the CONGRESSIONAL RECORD for the perusal of Senator FULBRIGHT and all other Members of Congress and that I shall have more to say on this subject on the floor of the Senate at a later date. The nature of our debate is one that lends itself to this kind of treatment. Our exchanges have not been hasty toe-to-toe affairs. Rather, they have been—as views on a subject this important should certainly be—deliberative and long range.

Now this brings me to Senator FULBRIGHT's comments of July 24. In them, he is excessively bemused with one of my phrases—"total victory." He seems to think there is something funny about it. He refers to total victory as a "stirring term with a romantic ring." He ridicules it as something that "quicken[s] the blood like a clarion call to arms." I suggest that ridicule is a curious attitude for an American to take when discussing victory in a struggle that means survival. It is even more curious when that American holds the influential office of chairman of the Senate Foreign Relations Committee—and I say this whether he is

referring to "total victory" or just plain "victory." I suggest that there are many details of our conduct in the cold war which invite scoffing and ridicule. But, I suggest that the subject of our winning in this desperate struggle is definitely not one of them. If Senator FULBRIGHT disagrees with my emphasis on the word "total" in discussing victory, I will gladly sacrifice it if it will mean that we can get the Foreign Relations chairman to discuss seriously, and objectively, the subject of our developing an official determination to win over the tyrannical forces of international communism. Let's just call it "victory," and ask Mr. FULBRIGHT if this, too, has for him only a "romantic ring" unconnected with the ultimate hopes and prayers of a free people.

The Senator from Arkansas says he does not know what victory would mean—as he puts it—"in this age of ideological conflict and nuclear weapons." Perhaps we are meant to believe that victory for the forces of freedom in the world takes on a different meaning because ideology is a factory and weapons are more powerful. Perhaps we are to adopt the heresy that there can be freedom in this world without a victory over the forces which already enslave a large percentage of the population. Or perhaps the Foreign Relations chairman would like to develop the thesis that the people do not know the anatomy of freedom. In all events, I shall endeavor to enlighten him on these points. But before I do, I should like to say that if Senator FULBRIGHT finds difficulty in understanding what victory would mean perhaps he should spend a little thought on the question of what defeat—the only alternative to victory—would mean. This is a frightening thought—what would defeat mean? But, it is one which must be considered—and considered seriously—if our national policy is anything but victory.

This is a conflict where one side or the other must win. And no amount of wishful thinking on the part of the Foreign Relations chairman or officials of the New Frontier can make it otherwise. On this question, the decision is out of our hands. The rules for the conflict have been laid down by the Soviet Union through a massive design aimed at destruction of the United States and domination of the world. Against the Communist strategy as it is being pushed today, there can be no policy but one aimed at victory or one that would permit defeat. There is no cozy twilight zone such as Senator FULBRIGHT envisions where the status quo is maintained. We know this from what has happened to the world since the end of World War II. We have continued to delude ourselves with something called peaceful coexistence while communism has kept right on gobbling up one country after another. Hundreds of millions of the world's people have fallen under the yoke of communism while we have followed a useless policy of spend and drift. Now we are told that this is the only feasible approach; that we can't hope for victory; that we can't risk a war; that we couldn't cope with victory if we won it. I say this is the most dangerous kind of sheer nonsense. On the basis of experience, the Fulbright approach is not only a tremendously costly strategy but it is a losing strategy. If it weren't, I submit, that we wouldn't today be mourning the loss of Cuba and the virtual loss of Laos.

If there is any doubt as to what victory in the cold war means, let me say that it means the opposite of defeat; it means freedom instead of slavery; it means the right of every man to worship God; of nations to determine their own destiny free of force and coercion. Victory in the cold war means the sum total of all the hopes of freemen throughout the world. It means human dignity, freedom of choice, the right to work, and achieve with the skills and capabilities

with which man was endowed by his Creator. And it means peace with honor for men who prize liberty above death.

Now, can victory be achieved without a nuclear war? Senator FULBRIGHT would like us to believe that there can be no cold war victory without the destruction of civilization. This is precisely what the Communists and the Russians also would like us to believe. Their whole line of attack, through propaganda and adroit economic, political and military moves, is directed toward making us think in terms of fear. They want to make sure that we believe the risk is too great to employ any of our strength. Their purpose is intimidation and it's working too well.

Indeed, a cold war victory over the Communists is entirely possible. It won't be easy because we have lost too much valuable time and too many golden opportunities. But it can be done with the proper integrated strategy—a strategy that aims at victory, that retains our economic strength; that incorporates the principles of political, military, economic, and psychological strength in meeting Soviet challenges and in presenting some challenges of our own. Those who argue against any use of strength, against any military risk, against any unilateral action fail to understand that political victory in the cold war is the only way to avoid a strictly military solution of the East-West crisis. It involves some risk, but our experience shows us that this risk is greatly over-exaggerated. Every time we have stood up to the Russians they have backed down. Our trouble is we haven't stood up to them enough. Despite the arguments of Communists and leftwing propagandists who want us to believe that the present ideological struggle will inevitably lead to a shooting war, just the reverse is true. A shooting war can only be avoided by winning the cold war. And unless we win the cold war, we will be an easy pushover for the Khrushchevs, the Castros, and the Mao Tse-tungs when they decide the time is ripe to push their strategy into a shooting phase.

In this, Senator FULBRIGHT has joined the ranks of those who would paralyze the foreign policy of this Nation by advancing the alternatives that, either you accommodate the Soviet Union or you fight a nuclear war. These are the alternatives which are stressed every time the Russians seek to advance their position. And their expansion over the past two decades has given the Communists millions of square miles, hundreds of millions of slaves, and treasure beyond the dreams of avarice. Now what is the essential weakness of this reasoning? It lies in accepting the enemy's terms—that the only alternative to self-destruction is to yield. First, we yield on one issue—unimportant, it appears in context of such a horrible alternative as nuclear war. Then on a second and a third and a fourth and ad infinitum. So what is finally left to us except the same terrible dilemma we were confronted with on that first day when the enemy said, "Yield or die."

If we could finally satisfy the enemy's appetite by giving him one city or one country or one territory who among us, Democrat or Republican, liberal or conservative, would not be tempted to say: Let them, in the name of peace and freedom for the rest of us; let them, once and for all, have their way and be done with it. But this is not possible. We are dealing with an enemy whose appetite is unsatiable, whose creed demands slavery for everyone, Americans included. The more we give in to that enemy, the more he wants; and the more we give in to him, the more he is encouraged to demand.

Senator FULBRIGHT adroitly tries to make it appear that I am in favor of nuclear war, that I would make war the prime instrument

of our policy. I can't imagine what makes him think that he and his fellow Democrats value life more than do I and my family and my fellow critics of a disastrous policy of drift.

Does he believe for 1 minute that I would take satisfaction from exchanging my pleasant life and my pleasant associations, among which I rate my friendship with him, for a nuclear graveyard? Certainly not. He challenges, presumably, my capacity to reason rather than my appreciation of life. And I respond: Whether you reason in the light of experience or by scholastic theory, there is no escaping the conclusion that we cannot assure the enemy that, under no circumstances, will we ever consider war. If we are not prepared, under any circumstances, ever to fight a nuclear war, we might just as well do as the pacifists and the collaborationists propose—dump our entire nuclear arsenal into the ocean.

But Senator FULBRIGHT has proposed no such venture in national suicide. He wants us to save our bombs. Only he apparently wants us to act as though we did not have them, because the mere thought of having them terrifies those who are dedicated to the principle of coexistence. Thus, we are supposed to eliminate our possession of nuclear weapons from our consciousness in discussing the formulation of American foreign policy.

Of course, if victory is not our official aim, then there would appear to be no point in bringing all our arguments—be they military, economic, political, or psychological—to bear on the side of freedom. But can we be sure that if we completely eliminate the possible use of nuclear weapons that the Russians will follow suit? Can we risk our future and the future of mankind on exclusive emphasis on conventional rather than ultimate weapons? Can we make any assumptions that would diminish our strength—in any field—when dealing with the Russians? Merely to ask the questions is to answer them. We can assume nothing where the Russians are concerned. We can trust nothing that the Russians say. We can accept nothing that the Russians sign as a conclusive guarantee.

Theirs is a policy of deliberate, calculated attrition which eats away steadily at the landmass represented by the free world and at the individual and collective liberties of its people. Unless we develop the will to win and the strategy to achieve victory—and do it soon—that attrition will engulf us. It has already been moving in 7 league boots over the surface of the globe and advances to within 90 miles of our own country. It hasn't slowed down because there is a risk of military action involved. It moves right on, inexorably increasing Communist power in strategic areas. And it steps up the tempo every time fear of possible consequences paralyzes the West in a posture of caution and indecision. Is there any wonder that the Communists welcome policy declarations which question whether the United States could win the cold war without a holocaust? Is there any wonder why they promote the mirage of peaceful coexistence which merely means that we stand immobilized while they advance their overall design? Is it any wonder that the Communists feel free to push their plan to build Cuba into an anti-American bastion in the Western Hemisphere?

The whole Communist operation makes the element of time a vital factor. Time is running out on the West while it is working in favor of international communism—at least under our present policy. For, I would remind you the policy we are following today is the same one which we have followed—with a few exceptions—since the end of World War II. It is the policy of spending in the hope of gaining allies. It is the policy

which has permitted the Communists to gain in almost every area of the world while the cause of freedom has been losing.

I want to emphasize this time factor particularly in the light of what the Senate Foreign Relations chairman sees as our objective. He says it is total victory for a process. And he defines that process as one "of civilizing international relations and of bringing them gradually under a worldwide regime of law and order and peaceful procedures for the redress of legitimate grievances."

All I can say is that if this is our objective, what is our hope? This just says that the United States should work for the establishment of some kind of international superstate whose members would behave in a civilized and peaceful way toward each other. At the very least this would take several centuries. And we have no assurance that the time will ever come when all other states will want to behave peacefully toward each other. The lessons of history are all against it, for there have always been states that would not hesitate to use arms to advance their national policies and defend their systems.

Let me assure you that a world without arms, a world living peacefully and adjusting its grievances in a global regime of law and order is more than an objective. It is a dream and its name is "Utopia." Even if it were practical, such an objective has no direct application against the urgent problems which beset the world today. We haven't the time for implementing dreams right now. We must deal with reality, the ever-present threat of Communist tyranny which is not going to submit the kind of civilizing Senator FULBRIGHT envisions.

Suppose there is a big fire in your neighborhood. What do you think about first? You think of saving your house from destruction and your family from death. And if the flames have already enveloped your garden fence, do you lose time planning to build a dream house next year or next decade in a nonexistent city and in a theoretical country? Of course, you don't. You go right to work fighting the flames to save the house you've already got in the city and country where you live now.

This is the way it is today with our country and with the world. There is a fire in the world and its Communist flames are threatening to destroy the American way of life. Not next year, or in the next decade, or in a future century, but right now—today. These ugly red flames are already brushing our shores and they continue to rage unchecked.

And I suggest that this is no time for an American foreign policy objective designed to erect an impractical international dream city of the future. It is long past the time when our objective should be the practical means of dousing the fire and smothering the flames of international communism.

So what can we do? Our job, first and foremost, is to persuade the enemy that we would rather follow the world to kingdom come than consign it to hell under communism. Having made that clear, we must seize opportunities as they arise to protect freedom and demonstrate our strength. Many such opportunities have arisen in the past, some of which we have used to good advantage. For example, we were told by the weak of heart and the peddlers of despair that unless we yielded Quemoy and Matsu to the Communists, a terrible war would result. The Eisenhower administration said, in effect, very well, if the Communist world chooses to go to war to occupy these islands, then that's the way it will have to be. But the Communist world did not so choose, and Quemoy and Matsu are free today. And they will be free tomorrow and just as long as our resolution lasts. The story was repeated in Lebanon. We

sent in marines there against the advice and quaking of those who fear a display of determination and strength. And Lebanon is free today. We acted from strength, too, when Berlin was threatened in 1948, and Berlin remains free. In Korea, our trouble was that Stalin didn't know that we meant business, and the result was a costly, unnecessary war which we would not have had to fight if the Russians had been assured in advance of our determination.

On the other hand, our resolve was not strong enough in Cuba to back our intent with the strength required and which we possessed. The result is that Cuba languishes in chains while a bearded Communist dictator thumbs his nose at the United States and plays the enemy's game to the hilt. And when Senator FULBRIGHT worries lest we alienate the rest of Latin America by taking affirmative action in Cuba, I'm sure Castro guffaws. Much of Latin America has already been alienated by the timidity and ineffectiveness of our American policy. The Latins cannot understand why a world power, such as the United States, allows a two-bit Kremlin stooge to spit in our eye. And they wonder what source of support we could possibly be to them when communism pushes its expansion program throughout the Western Hemisphere. They see us weak and baffled in an area of vital concern, not only to them but to our own existence.

And must we surrender Laos, too? Is that the fixed conviction of Senator FULBRIGHT when he worries lest we commit American soldiers to a jungle war? Are there not Free Chinese, South Vietnamese, South Koreans, Filipinos, and Japanese who would fight if the United States gave them backing? Have we ever asked them?

Another important point which might impel action in Laos if our policy is to be anything but concession and that is contained in the strong statement on this problem made by President Kennedy. It is well to remember that it won't do to "talk strongly and carry a weak stick." Or does Senator FULBRIGHT believe the President was wrong about Laos, just as he thinks the President was remiss in not suggesting what he calls peaceful solutions to the Berlin crisis.

When Senator FULBRIGHT questions what we would do with victory if we won it, he implies that any doubt on this score becomes, *per se*, an argument against winning. He asks whether we would occupy Russia and China and launch a program to reeducate the Russians and the Chinese in the ways of democracy? The answer to this is simply "No." We would not have to occupy China and Russia because the vast majority of the people in both of these countries are not Communists. They will, with proper guidance, take care of their own freedom once they are released from the iron grip of Communist dictatorship.

But even if this weren't true, the mere fact that victory would pose problems is not reason to submit to slavery.

In this same connection, Senator FULBRIGHT says that our victories in World War I and World War II "offer little encouragement." I assume that his reference is to the fact that, having won the wars, we lost the peace—at Versailles, at Yalta, Teheran, and Potsdam. I won't argue with him there. We did lose the peace in both instances. But, again, I suggest that the Foreign Relations chairman glance at the other side of the coin. If our victories in the two World Wars "offer little encouragement," what does he believe defeat at the hands of the Kaiser or at the hands of Adolph Hitler would have offered? Does he suggest that because we lost the peace after World War I and World War II that we should not try to win the struggle in which we are presently engaged? I would like Senator FULBRIGHT to tell me

plainly if he thinks the Russians and the Communists are out to win the cold war?

And while I'm at it, I would refer the Senator to the new Communist manifesto which appeared only this week. I believe the New York Times, with which I do not always agree, summed it up best in an editorial appearing on August 1. Here is what the Times had to say:

"In short, this is a new declaration of war against the free world—military, political, economic, and propagandistic war. It expands in thousands of words what the Soviet chieftain compressed in four words, 'We will bury you.'

The editorial concludes this way:

"Therefore, under the guise of 'peaceful coexistence,' it continues to stir up revolutions and Communist 'wars of liberation' to exploit nationalism where it serves its purpose and to denounce it where it does not, to try and wreck all free world defense organizations, to lure the new and still inexperienced states into its net and, above all, to disarm the free world, keeping its own arms intact."

But let us return to the question of acting from strength. Against the advice of those who counsel inaction because of the risk, let me ask, When has Western resolution backed up by Western disposition to use its total resources ever been defied by the Communist empire? The answer is "Never—not once." The rulers of the Kremlin would sooner reduce their territory to the ancient state of Muscovy than die on the crucible of their ideology. Their doctrine does not call for corporate acts of heroism when they are not under direct attack.

In the final analysis the choice is not yield, or fight a nuclear war. It is: win, or fight a nuclear war. For a nuclear war we shall certainly have to fight, from whatever beleaguered outpost we are reduced to occupying, if we continue to yield, piece by piece, all over the world. And finally, in desperation, we would see the horrible alternatives clearly in view—a violent act of nuclear aggression or surrender. And let me add a further thought. If we should decide to surrender right now in return for a guarantee of peace, we would not escape the danger of nuclear bombardment. Let me point out for the benefit of those among us who whisper, "I'd rather be Red than dead," the brutal fact that surrender might very conceivably subject us to the kind of nuclear attack we would be seeking to avoid.

The reason for this is quite plain. Due to the numbers and varieties of weapons, and to the geographic distances and expanses, and to the number of bases and people, the actual act of surrendering and turning over of our weapons to the Soviets could not be performed. Our officers might obey an order to destroy or surrender American weapons, but the Communists could never be sure that we had not concealed some for use in a later sneak attack.

The Soviets, assured of no massive retaliation by the fact of our surrender, might find it militarily expedient to bomb our bases in order to make sure our weapons are destroyed. And, at the same time, they could easily decide to bomb centers of the guerrilla resistance that inevitably would spring up and to bomb those industries which could turn out arms and ammunition.

No, the dream that surrender will forever eliminate the specter of nuclear war is an illusion because history will not stand still. The Soviets would not be able to control the entire world. Nuclear weapons will not disappear from the arsenals of the major nations, regardless of whether they are ruled by Communist or non-Communist regimes.

Thus, we find that neither yielding nor surrender are ways to avoid the possibility of nuclear war. Our only hope is to proclaim victory as our aim and then to press boldly and unremittingly on all fronts—all

ways prepared to fight and making sure the Communists always know we are prepared to fight.

And, in laying that groundwork, there are a number of immediate steps we should take to reorient our policy for maximum U.S. effectiveness in the cold war. They include the following:

1. We must stop believing that our primary objective must be to humor the public opinion of neutral or uncommitted nations rather than to defend our strategic interests, cooperate closely with our allies, and to advance our positions of strength. This we must do the more readily because much of this so-called opinion which entrances our coexistence proponents is fabricated by the Communists to our detriment; and since we have no proper method by which we can judge what public opinion really believes throughout the world.

2. We must stop lying to ourselves and our friends about disarmament. We must stop advancing the cause of the Soviet Union by playing along with this great Communist-inspired deception. We must abandon the illusion that the Soviets, in their disarmament policies, are interested in furthering peace rather than baiting a trap for us. Their objective is to contrive our unilateral disarmament while they continue to arm themselves secretly as fast as they can.

It is not dialectics but schizophrenia when we increase our military budget by 15 percent and the Soviets theirs by 33 percent while, at the same time, we proclaim that disarmament is our highest goal and a practical method of composing the present conflict. The American people can stand the truth, but they cannot prosper under an official policy of self-deception.

3. We must get rid of the ban on nuclear testing. This is the worst and most transparent trap into which the United States has fallen during the course of the cold war. The ban does nothing but serve the Soviet Union to improve its nuclear weapons by clandestine testing, to stop our own advances in offensive and defensive nuclear technology and, ultimately, lead to a situation where we wake up confronted with superior Soviet weapons.

4. We must stop negotiating about things that are nonnegotiable, such as the rights of our allies, compromises of our security, treaties like the test ban which can be neither controlled nor enforced. We must not deceive ourselves and our friends into believing that nuclear weapons and modern technology can be negotiated out of existence.

5. We must stop helping communism, whether by trade, political concessions, technical disclosures, soft talk in the United Nations, recognition of Outer Mongolia, pilgrimages to Moscow or support for revolutionaries of the Castro type.

6. We must avoid economic collapse by scaling down extravagant and useless domestic programs and halt the squandering of our money on unrealistic worldwide aid programs.

Now, in conclusion I would remind you that in a mortal struggle there is no substitute for victory. The way I propose, the way of strength, is not an easy way. It is a hard course requiring determination and hard decisions involving risk. But it is the way of peace, not war; of freedom, not slavery. It is the way of all Americans, Republicans and Democrats alike; the way of all free people with the will to remain free. Thank you.

COLLECTIVE BARGAINING

Mr. McNAMARA. Mr. President, one of the strongest foundations of our industrial society has been the develop-

ment of free collective bargaining between labor and management.

Such bargaining has immeasurably benefited both employees and employers and has contributed much to the strength and wealth of our Nation.

However, in recent times there has been alarm expressed over a tendency to accept Government intervention as a substitute for collective bargaining.

This concern has been very well stated by Joseph A. Beirne, president of the Communications Workers of America, AFL-CIO, in an article in the CWA News for August.

I ask unanimous consent that the text of Mr. Beirne's article be printed in the RECORD.

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

BIG GOVERNMENT MOVES INTO VACUUM WHEN COLLECTIVE BARGAINING FAILS

(By J. A. Beirne)

I am gravely concerned about the fate of collective bargaining when I see so many spokesmen in the field of labor and management looking to the Government for their answers.

In the few months since the Kennedy administration took over the reins of our Federal Government, we have seen more top-level labor-management representatives yield to Government solutions of negotiating problems than we had seen for a decade.

Furthermore, if predictions made in Washington are accurate, President Kennedy's aids are preparing to move into the field of collective bargaining in a way that will make everything up to now seem mild.

I do not charge the Federal Government with taking over. That is not my view at all.

As a matter of fact, it is perfectly natural for a strong President and a strong Secretary of Labor to provide the answers when asked, even urged, to provide those answers.

So the term "taking over" is wholly inaccurate in this context. It is much more a case of "moving in to occupy a vacuum"—and that is exactly what is happening, in my judgment.

I am certain that you recall the exciting moment when the new President told us to ask ourselves, not what America can do for us, but rather, what we can do for America. I believe that in the field of collective bargaining, it is fatal to look to the Government for all the answers. We are not apprentices in this field.

The history of organized labor dealing with organized management goes back for more than a century and a half. We have been through the dark chapter when it was illegal for workers even to meet together among themselves to discuss their standard of living. This was conspiracy. We have been through the stage when it was legal for employers to sign individual contracts with workers prohibiting union membership. Yellow Dog contracts. And we have witnessed passage of the Wagner Act, the Taft-Hartley Act, and Landrum-Griffin.

Do we want more and more and more laws regulating labor-management relations?

It is a hard question. But I say that if we get soft enough on the answer to that question, there is the danger that we will get soft on all the hard questions, and when that happens *** look out. Here comes big government, with a vengeance.

Do we want to be spoon fed in the field of collective bargaining? If so, then beware the easy slide into a condition where we will want spoon feeding in every other area of our national life.

When the McClellan disclosures rocked the Nation—and the labor movement; when some units of labor were being held up to scorn (which they richly deserved), then there was a great cry to pass new laws, and Congress acted in response to those cries.

I am convinced now, as I was then, that the real solutions must be provided by the people, not by the Government.

I think now, as I thought then, that both management and workers ought to sit down and draw up the guidelines that will permit both to grow and prosper, which in turn would bring about added growth and new prosperity in the entire country.

Constructive ideas about how the community can prosper through a growing labor movement, a growing business world, that is what we need. Be constructive, and stop thinking in terms of destroying each other and rendering each other impotent.

For many years, it has been great sport among managers to slow down, and halt where possible, the growth of the labor movement. If those executives had exercised their responsibilities to their own organization, to their stockholders, by aiding rather than hindering the growth of labor, I believe that our Nation would be in a far stronger position now to combat the threat of Soviet Russia on the economic battlefield.

There would be less confusion in the field of collective bargaining, that's for sure. The point I am making is that business would be better off, if labor were better off. Every time a union is stifled, a chain of events is set in motion, and eventually, here comes government getting more and more and more into the act.

Now, if there is one thing you can name that throws free enterprise off center, it is big government getting into the act.

When Senator McCLELLAN was at the height of his investigation of labor and management—mostly labor—I said to my friends in the business community, "If you know anything good about the labor movement, say it now." Their silence was eloquent.

Then one day—and they never expected it to come so fast—we had the revelations about rigged bids, and top executives of General Electric, Westinghouse, and other great corporations were on the witness stand, in the glare of the flashbulbs and the television lights.

Does it strike you as a mere coincidence that labor-management relations are at a low ebb, in the same generations with new lows in ethics among some of the leaders in both camps? As a corollary, can we expect anything much better from the thousands of juvenile delinquents we read so much about * * * when, as a matter of fact, they obviously pick up their notions of behavior from their elders?

No, I am not off the track, I am very much on it, when I talk about labor-management relations and juvenile delinquency in the same breath.

The American way of life is made up of such things as how workers and management get along with each other, the code of ethics each side subscribes to, the acts of Congress and of individual men and women, our newspapers, television, our home life, religious training, the music we hear, the sights we see, and a million other things.

This way of life is not just an idle event in time and space. It is charged with meaning, for each one of us. For example, we do a good day's work for a good day's pay because that is a part of our concept of the good life; and we look down on the worker who fails to live up to the code.

But there is a drift. There is too much shoddy merchandise, and there are too many people who have forgotten the concept of "quality" as well as "quantity."

This same drift can take us into real catastrophe on the subject of "soft answers to hard questions." The free enterprise system is a going concern because it has faced up to the hard answers so often necessary in the economic arena. Organized labor is a vital part of this system because it has worked out the answers in true collective bargaining style—workers on one side of the table and management on the other—with government sitting in now and then to be sure that one side or the other didn't have too great an advantage.

We have witnessed the fact that government will provide the leadership when labor and management fail; and so I repeat: if we can't do it, somebody up there is going to do it for us.

MR. MANSFIELD. Mr. President, is there further morning business?

THE VICE PRESIDENT. Is there further morning business? If not, morning business is closed.

FOREIGN ASSISTANCE ACT OF 1961

MR. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business, S. 1983, be laid before the Senate for consideration and may become the pending business.

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

THE VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Washington [Mr. MAGNUSON].

BERLIN AND GERMANY

MR. MANSFIELD. Mr. President, I have read partial texts and news accounts of Soviet Premier Khrushchev's recent addresses. These reports are sufficient to make clear that Mr. Khrushchev has a view of the attitudes of this Nation regarding peace, Berlin, and Germany which is not accurate. Further, they indicate that his views on these questions require elaboration if we are to appreciate the peaceful intent which is professed in them. The recent intensification of the danger of a blow-up in the divided city, with incalculable consequences, emphasize the need for a prompt clarification.

Mr. Khrushchev is wrong, if he mistakes the voice of any fraction of the people of this Nation for the voice of the Nation on the issues of peace and war. The right of peaceful dissent is an inherent part of a system of freedom. But in the last analysis, the voices to which Mr. Khrushchev needs to pay attention in this Nation are those of the President and the Secretary of State. For regardless of dissent, belligerency, or whatever in other quarters, it is the President who will determine the critical courses of action of the entire Nation. And under the President, only the Secretary of State is equipped to interpret his decisions in policy.

The President and the Secretary of State speak not for war, but for peace—not merely at Berlin and Germany, but everywhere on the globe. And they speak, too, for the defense of our rights which our national self-respect, no less than the grandeur of Russia of which Mr. Khrushchev spoke, requires us to preserve against threats or the hostile acts of others.

If Mr. Khrushchev means no harm to those rights at Berlin—and he insists in his statements that he does not—then there can be peace at Berlin. Beyond the defense of those rights against unilateral change by others, as I have said many times, I am not wedded to any particular situation at Berlin. I am personally persuaded that other situations can be developed, situations far better than that which has now existed for so many years despite the enormous changes in Germany and Europe and the world since World War II.

Indeed, Mr. Khrushchev has taken the initiative in this matter. He has insisted that the situation in Berlin must be changed. He has also insisted that the changes will not infringe upon our rights in that city, including the rights of access to West Berlin. Unfortunately, until now at least, he has indicated the changes which he desires, but he has not set forth in specifics how Western rights would be protected. What we really need, if there is to be peace as well as change at Berlin, is an elaboration on what the changes which Khrushchev proposes may mean. For example:

First. Mr. Khrushchev has contended that the East Germans can succeed to Soviet occupation rights in East Berlin by unilateral action. Does he recognize equally, then, that West Germans can succeed to Western rights of occupation in and access to West Berlin by unilateral action of the Western Powers?

Second. Since all of Berlin has been a common occupational responsibility of the Allied Powers; that is, the Soviet Union, France, Britain, and the United States, does it not follow that any peaceful change in the status of a part of Berlin to that of a free and neutralized city, must be coupled with a change of the status of all of Berlin, Soviet, and Western occupied enclaves, to that of a free city? I think that Mr. Khrushchev will recognize that unless he is prepared to extend his proposal of a free city to the entire city of Berlin—which he has never suggested—what he proposes is a unilateral change which is at least a political and ideological act of aggression even if it does not involve an act of military aggression.

Third. Mr. Khrushchev insists that the routes of access to Berlin will remain open after he signs a peace treaty with East Germany. He says that there will be any guarantees necessary to achieve this end. But what kind of guarantees? Will East Germany have control of the routes of access after a peace treaty is signed? Will Russian forces remain in control of them? Will they be transferred to the Western Powers whose forces remain in West Berlin, which would be most logical inasmuch as the

Soviet Union is the nation which desires to withdraw from its occupational responsibility? Or, if control is transferred to the East Germans, will the Soviet Union recognize and support the right of the Western nations to use whatever means may be necessary to guarantee access to Berlin if it should subsequently be impeded?

These, Mr. President, are some of the questions which must be faced and answered now, if there is to be a change at Berlin, a change in peace. These are some of the questions which must be answered to give substance to the assertions of peaceful intent which emanate from Moscow.

Mr. Khrushchev has said that we should sit down at a table and negotiate. I should like to think that these are the type of questions, Mr. President, at least as regards Berlin, which would form the substance of negotiations. I see little virtue at this time in trying to deal with these questions in a full-dress conference with all the theatrical trappings of an international melodrama. But I see much virtue in quiet, sober, preliminary discussions of these questions. I would suggest that we have an outstanding Ambassador in Moscow, and the Russian Ambassador in this city is most capable. The task might well begin with an exploration of the questions by these men and the diplomats of other nations involved. Or, if this means of communication is inadequate, others can be devised. It is not so important, Mr. President, who may initiate negotiations or in what circumstances they may be initiated; I should think the people of the world would be grateful to whomever had the courage to take the bull by the horns. But what is far more important is the substance of the negotiations. I would respectfully suggest that at the heart of the problem of peace at Berlin is not who talks with whom, who is bashful and who is bold in approaching negotiations. Rather, it is the sincerity of the desire to find mutually satisfactory answers to the kind of questions which I have enumerated and the skill of the diplomacy by which these answers are sought.

SOVIET GAINS, UNITED STATES LOSES IN TRADE IN TYPICAL COUNTRIES RECEIVING U.S. FOREIGN AID

Mr. PROXMIRE. Mr. President, last month I wrote the State Department to secure information on the progress of Communist influence in a selected group of countries to which we have given a massive amount of foreign aid. I also asked for a report on the course of United States and Soviet trade with each of these countries over the past 3 years and the ability of our Foreign Service officers in these countries to speak the language of the country. Finally, I asked how much we have spent in each foreign nation.

This mutual security bill should aid in overcoming the increased Soviet bloc trade offensive throughout the world. The value of Soviet exports to underdeveloped free world states increased

from \$71.8 million in 1954 to \$183.9 million in 1959. Their imports from such countries increased from \$121.1 million in 1954 to \$384.3 million in 1959. Economic, military, and technical aid granted by the Communist bloc during 1958, 1959, and the first 10 months of 1960 totaled \$3,265 million. The Soviet aid offensive has three principal motives. Good will trade seeks to orient the trading partner's foreign policy. Penetrative trade seeks to gain control of an important sector of the trading partner's economy, rendering the other country dependent upon the Communist bloc trade, with the possibility of bringing pressure to bear by threatening suspension of supply or demand. "Disruptive" trade seeks to undermine the economic structure of the free world. It is widely charged, for example, that Soviet exports of petroleum and grain have this effect.

The Soviet trade challenge looms as a significant factor in the shaping of our foreign policy toward many sensitive areas of the world. In many areas, and particularly in underdeveloped nations, increasing dependence upon Communist bloc grants and supplies will provide growing opportunities for economic and political penetration.

If we are to meet the Soviet economic offensive, our policy must do more than proclaim to the world that trade with the Soviet bloc is immoral, dangerous, and of doubtful benefit. East-West trade is a fact, and its volume is expanding. We must discover a way to protect the general framework of international commerce against the spreading and increasingly disruptive activities of Communist state trading.

SOVIET TRADE SOARS

I requested the Department of State to investigate the success of the Soviet trade offensive in Afghanistan, Brazil, the Congo, Laos, South Korea, Spain, and Yugoslavia between 1957 and 1960. The facts are alarming. There is no significant Communist bloc trade with the Congo, Laos, and South Korea. On the other hand, trade between Afghanistan and the bloc increased by 48½ percent between 1957 and 1960. Trade between Brazil and the bloc increased 100 percent between 1957 and 1960. Trade between Spain and the bloc increased from \$1.7 million to \$29.9 million, an increase of 1,659 percent. Trade between Yugoslavia and the bloc increased by 52.7 percent.

I ask unanimous consent that a memorandum on this subject be printed in the RECORD at this point.

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

Question 1. Has there been Communist activity in Afghanistan, Brazil, Congo, Laos, Republic of Korea, Spain, and Yugoslavia in the last 2 years? To what extent?

Question 2. Has Communist influence increased in these countries during the last year? If so, why?

Answer:

AFGHANISTAN

The Soviet Union has undertaken a very active program of economic aid, military assistance, and cultural exchange in Afghanistan. It is represented by a large diplomatic

group, military assistance mission, civilian technical assistance missions, and agents of Soviet state trading organizations. The Soviet Union is pursuing an exchange-of-persons program and is persistent in its attempts to make further cultural and educational penetration at all levels. Of particular importance is the large-scale training of Afghan military personnel being undertaken by the Soviets both in the U.S.S.R. and in Afghanistan. An Afghan-Soviet Friendship Society was started in Kabul, and an Afghan-Soviet cultural agreement was signed during Khrushchev's most recent visit to Kabul in March 1960.

Total Soviet economic and military assistance commitments to Afghanistan have been estimated to exceed \$300 million, most of which has been on a loan basis. All major Soviet projects are either on or ahead of schedule. The Soviet performance has been characterized by crash operations and a willingness to concentrate their resources without regard to the institutional development and absorptive capacity of the Afghan economy.

Afghan officials continue to assert their intention to remain independent and neutral.

BRAZIL

The Communist Party is illegal in Brazil, but the Communists have been active for several decades both in underground activities and through the use of front parties which serve as a screen. In the last 2 years they have concentrated much of their effort on the restive rural population, particularly in the depressed northeastern areas of the country, as well as on their traditional targets, the university faculty members, students, and other intellectuals. While many of the latter who originally sympathized with the Castro movement in Cuba have since become disillusioned, "Fidelismo" has made some gains among the poverty-stricken plantation hands and unskilled urban workers.

CONGO

Since the abrupt departure of the Soviet and Czech missions from Léopoldville in September 1960, Communist activity in the Congo has been almost exclusively concentrated in Orientale Province. There has been a danger that the Gizenga regime in its redoubt in Stanleyville could become an enclave for Communist activity which could threaten the rest of the Congo.

LAOS

Mounting penetration by Communist elements from North Vietnam in the past 2 years, together with supplies and armaments airlifted in by the Soviet Union since December 13, 1960, have reinforced the pro-Communist Pathet Lao forces to such an extent that they were able to expand the territory under their control to large portions of the nation by the time the cease fire was called 2 months ago.

There is no evidence that the Communists have gained widespread support among the population. They have, however, been exploiting every possible means to gain converts and spread disaffection and confusion among the Lao. The disruption of the country's economy resulting from their aggressive action has, of course, had serious effects on the population.

REPUBLIC OF KOREA

Some Communist agitation has occurred in some student groups in the Republic of Korea, and in the aftermath of the war Communist subversive activities, including espionage, sabotage, and propaganda have continued in South Korea. The Republic of Korea Governments, past and present, have been energetic and resourceful in detecting and counteracting this activity, but the infiltration of agents from North Korea and the presence of a few resident Communists

active in underground operations, under the direction of North Korean authorities, make this an unending if relatively successful preventive exercise. The new administration of Gen. Pak Chung-Hui has adopted a vigorously anti-Communist stand.

SPAIN

In Spain the Communist Party and its activities are illegal, and Spain does not have diplomatic relations with any of the Iron Curtain countries. The Communist Party does function to a limited extent clandestinely and attempts to infiltrate and promote labor disturbances and student unrest. These efforts are generally unsuccessful, partly because of the active countermeasures taken by the internal security forces of the Spanish Government. The Communist attempt to promote widespread anti-Government demonstrations on June 18, 1959, the Spanish national holiday, was a complete failure as other opposition groups refused to participate. There are extensive broadcasts in the Spanish language to Spain from transmitters behind the Iron Curtain, but it is impossible to determine how many Spaniards listen to them and to what degree they are effective.

Information on this subject is, of course, difficult to obtain, but there has been no discernible increase in Communist activities in Spain in the last 2 years.

YUGOSLAVIA

The Government of Yugoslavia remains firmly Communist, but is no longer under Soviet domination. Many of the harsher aspects of Communist rule have disappeared, and a political and economic ideology has developed which differs markedly from that of the Soviet Union, and has frequently been termed by Soviet bloc authorities a serious danger to international Communist solidarity.

Question 3. (a) Has Communist trade with these countries increased in the last 3 years? If so, why?

Answer:

Total trade with the Sino-Soviet bloc

[In millions of U.S. dollars]

	1957	1960
Afghanistan	135.7	53.0
Brazil	76.5	153.0
Congo	(2)	(3)
Laos	.3	(2)
Republic of Korea	(2)	(2)
Spain	1.7	29.9
Yugoslavia	259.3	396.0

¹ Estimated 1958 figure, no data available for 1957.

² Negligible.

³ No data available, probably negligible.

AFGHANISTAN

Trade with the bloc has increased under the stimulus of a large Soviet aid program. Much of the increased trade represents deliveries of assistances and the side effects of such deliveries. As a result of problems between Afghanistan and Pakistan, an easier transit situation, and the offer of attractive rates, Afghanistan's trade with the Sino-Soviet bloc has increased substantially.

BRAZIL

Trade with the bloc has been stimulated by substantial purchases of European satellite machines, equipment, and consumer goods. Imports from the U.S.S.R. have increased slightly and those from China negligibly. European satellite purchases of coffee and other crude materials have increased greatly. Brazil has many complementary attributes to the European satellite economies and traditionally exchanged large quantities of goods with these geographical areas. Bloc aid shipments to Brazil have been negligible.

and there are no outstanding commitments for assistance. Brazil-bloc trade will be stimulated in the future by recent agreements that nominally call for trade by 1965 of about \$400 million.

CONGO

Belgium permitted no Communist bloc interference while it controlled the Congo, and most of the trade during that period was in fact with Belgium. Given the establishment of an independent government in the Congo, the bloc has not made much effort, except during the chaotic days of Lumumba, to establish economic relations in the area.

LAOS

Trade with the Communist bloc has been negligible because of the existence of regimes not overly receptive to bloc trade offers. Moreover, the United States and Western European countries have largely preempted whatever trade might have been carried on with developed countries. Some border trade with North Vietnam and Communist China probably has occurred, but it is impossible to estimate the volume of such exchanges.

REPUBLIC OF KOREA

South Korean trade has been largely preempted by Western (including Japanese) tradesmen. The anti-Communist stand of the past South Korean regimes has been a stolid obstacle against exchanges with Communist bloc countries. Some illegal or unnoticed border trade with North Korea probably has occurred.

SPAIN

Trade with the Communist bloc has increased primarily because of bloc purchases of such Spanish products as cork and has taken place under a number of bilateral agreements with Communist bloc countries. However, Spain's trade with the bloc is very small compared with its total world trade. No bloc aid has been given to Spain. The major portion of the bloc Spanish trade is with the European satellites. Spain has been seeking new markets in recent years and has become somewhat less fearful of the bloc as a trading partner.

YUGOSLAVIA

Trade with the Sino-Soviet bloc has been increasing because of the natural proximity of certain satellite countries. Much of the Yugoslav trade with the bloc is with Danube riparian countries. Bloc aid to Yugoslavia has been nonexistent for the past 3 years. Tito's concept of neutralism requires him to maintain a "balance" in economic relations between the bloc and the West. Despite the rebuffs of 1957, Tito is confident of his ability to retain a solid unaligned position while carrying on large trade exchanges with bloc countries.

Question 3 (b). Has U.S. trade (with these countries) increased or decreased?

Answer:

AFGHANISTAN

U.S. trade with Afghanistan has remained fairly constant, except for minor annual fluctuations caused by market conditions.

Afghanistan's trade with the United States

[In millions of U.S. dollars]

Exports to the United States:

1958	14.0
1959	16.4
1960	19.8

Imports from the United States:

1958	10.4
1959	6.9
1960	9.2

BRAZIL

U.S. trade with Brazil has decreased for a number of reasons. The problem of balance of payments has caused Brazil to reduce

many imports from the United States and seek alternative sources. This is due partly to the fact that nearly one-third of Brazil's exports are mortgaged against debt repayments, largely in dollars and other convertible currencies. On the other hand, the United States is a static market for Brazil's exports, while the prices of these exports have been declining, thus reducing their dollar earnings and ability to purchase from the United States.

Brazil's trade with the United States

[In millions of U.S. dollars]

Exports to the United States:

1958	566.9
1959	628.5
1960	570.2

Imports from the United States:

1958	534.1
1959	412.5
1960	426.2

CONGO

Because of the chaotic conditions in the Congo during the past year, all oversea trade with that country has decreased.

LAOS

U.S. trade with Laos appears to have remained relatively constant although the high incidents of smuggling makes available figures unreliable.

REPUBLIC OF KOREA

Exports to the United States have increased while imports (more than 90 percent financed by U.S. aid) have declined somewhat with reductions in our aid to the Republic of Korea.

SPAIN

Spanish world trade as a whole has increased in the last 2 years as Spain has sought additional markets for her products. Spain's trade with the United States has increased during the last 2 years as a result of the liberalization of its import regulations.

Spain's trade with the United States

[In millions of U.S. dollars]

Exports to the United States:

1958	48.8
1959	61.3
1960	72.4

Imports from the United States:

1958	188.3
1959	186.2
1960	140.6

YUGOSLAVIA

The fluctuation in the level of U.S. exports to Yugoslavia reflects the varying level of our assistance to that country.

Question 4. How many Americans are officially stationed in each of these countries? Please include all members of Embassy, ICA, USIS, and other diplomatic or aid groups, as well as military forces. How many dependents are residing there?

Answer: The following tables comprise Department of State, ICA, and USIS employees and their dependents. Figures on military personnel are within the jurisdiction of the Department of Defense.

U.S. citizen employees of the Department of State and their dependents Mar. 31, 1960

Country	Em- ployees	Depend- ents	Total
Afghanistan	37	43	80
Brazil	114	188	302
Congo	16	32	48
Korea, Republic of	63	71	134
Laos	49	24	73
Spain	91	145	236
Yugoslavia	56	72	128

U.S. citizen employees and contract employees of the International Cooperation Administration and the dependents of each group, Mar. 31, 1960

Country	U.S. citizen employees	Employees' dependents	Contract employees	Contract dependents	Total
Afghanistan	87	109	130	178	504
Brazil	109	223	36	80	448
Congo	0	0	0	0	0
Korea, Republic of	324	429	248	276	1,277
Laos	145	108	21	10	284
Spain	31	55	9	16	112
Yugoslavia	31	35	6	2	74

U.S. citizen employees and binational center grantees of the U.S. Information Agency and their dependents, Mar. 31, 1960

Country	Employees	Grantees	Employees' dependents	Grantees' dependents	Total
Afghanistan	7	1	12	2	22
Brazil	28	18	62	46	154
Congo	0	0	0	0	0
Korea, Republic of	24	0	30	0	54
Spain	15	1	41	5	62
Yugoslavia	18	0	28	0	46
Laos	16	0	18	0	34

Question 5. How many Americans at Foreign Service posts read, write, and speak the language of the country?

Answer:

	Total officers assigned May 31, 1961 ¹	Number of officers with speaking proficiency in primary or secondary foreign language
Afghanistan	131	11
Brazil	217	109
Congo	24	20
Laos	154	60
Korea	280	10
Spain	80	62
Yugoslavia	66	38

¹ Total officers assigned includes State Department's Foreign Service officers, USIA and ICA officers in the Foreign Service Reserve Corps, classes 1 through 8, and Foreign Service Staff Corps, classes 1 through 10.

Question 6: How many of these personnel (Americans officially stationed in the country concerned) are attending school while living in these countries, and for how many hours a week? What are they studying?

Answer: The following tabulation shows the number of personnel participating in language instruction programs at the rate of at least 5 hours a week during the quarter ending March 31, 1961, in the countries indicated:

Country and language	Number of students				
	Employees	Group instruction	Individual instruction	Wives of employees	
Afghanistan: 1					
Persian	42	6	11	59	
French	4	0	1	5	
Brazil: Portuguese	108	23	22	153	
Congo: French	21	1	8	30	
Korea, Republic of: Korean	30	11	7	48	
Spain: Spanish	23	14	9	46	
Yugoslavia: Serbo-Croat	26	8	11	45	
German	3	1	0	4	
French	14	0	1	15	

¹ Persian is the most commonly spoken language in government, in the capital city of Kabul, and in most of the larger cities and towns.

Among the personnel included in the above totals the following numbers of employees were scheduled for at least 10 hours of instruction per week during some part of the quarter:

Country and language	Number of students			
	Employees		Wives of employees	Total
Group instruction	Individual instruction			
Brazil: Portuguese	29	10	9	48
Korea: Korean	15	—	1	16

Language instruction in Laos has been interrupted during the recent period of crisis. Records for the period immediately preceding the battle of Vientiane in December 1960 were destroyed. The following is the record of participation during the quarter ending September 30, 1960:

Country and language	Number of students			
	Employees		Wives of employees	Total
Group instruction	Individual instruction			
Laos:				
French	37	0	7	44
Mandarin (Chinese)	0	0	1	1
Lao	10	0	2	12

Question 7. How many foreign nationals are employed by the United States in each of these countries? Please give me a breakdown of their positions.

Answer:

Foreign nationals employed abroad by the Department of State, USIA, and ICA¹, May 31, 1961

Country	State	USIA	ICA paid from U.S. Government funds	ICA paid from foreign trust funds	Total
Afghanistan	32	15	324	—	371
Brazil	145	132	189	—	466
Congo	31	8	—	—	39
Korea, Republic of	112	162	180	879	1,333
Laos	34	72	316	203	625
Spain	166	96	33	—	295
Yugoslavia	91	93	47	—	231

¹ A breakdown on the positions held by these employees is to follow.

Question 8: How much does it cost to support one American in each of these countries? This should include all the funds required to maintain him, including: transportation to and from the overseas post, the cost of maintaining the PX and commissary, the cost of transporting the supplies to the commissary and PX from America, pay, hardship allowances, housing allowances, local transportation, entertainment, rest camps, medical facilities, etc.

Answer: It cost an average of \$17,300 to maintain and give program support to each American State Department employee overseas in fiscal year 1960 regardless of the number of his dependents. This figure contains all costs including salary, differentials, allowances, retirement contributions, official travel and transportation to and from the country and official travel within the country, rent, utilities, communications, printing, equipment, building repair, maintenance, training, medical costs, hospitalization, representation expenses, and all other costs including transportation of remains.

The figure does not include overhead costs incurred here in the Department such as the salaries of the staffs in Washington, nor does it contain a factored charge for the amortization of capital costs of owned buildings abroad.

An average figure for all countries and posts abroad is used because of variation in costs between posts and countries. Local price levels and wage scales vary from country to country. There is a variation in grade and salary rate among officers in different countries and the size of staffs varies with the impact of events. Furthermore the size of families varies, changing costs in housing and educational allowances between countries.

The State Department does not have post exchanges (PX's) and the commissaries are cooperative organizations operated at no cost to the Government. The State Department does not furnish motion pictures for its employees nor recreation camp expenses.

Mr. PROXIMIRE. Mr. President, the trade between Afghanistan and the Soviet bloc has increased because of new roads into that country from the northwest and as a result of a large Soviet aid program.

The trade between Brazil and the bloc has increased as a result of substantial earnings of foreign exchange on Brazil's part by selling to Eastern European countries, rather than Russia. This increase in trade is a perfect example of the need such countries have for foreign exchange before they can buy the machinery and consumer goods they so desperately want to have.

The trade between Spain and the bloc has increased as a result of credits extended to Spain by Eastern European countries purchasing cork and other Spanish products, although the volume of such trade is still small, compared to Spain's total trade.

The trade between Yugoslavia and the bloc reflects the traditional interchange of goods in Eastern Europe. The Communist bloc has not granted aid to Yugoslavia for 3 years.

Our own capacity to counteract the effects of Soviet trade must be increased in light of this increasing effort on the part of the Soviets. But the fact is that our exports to Afghanistan, Brazil, Spain, and Yugoslavia have fallen during the same 3-year period. Afghanistan imported \$9.2 million worth of goods from the United States in 1960, 11½ percent less than in 1958. Brazil imported \$426.2 million worth of goods from the United States in 1960, 20 percent less than in 1958. Spain imported \$140.6 million worth of goods from the United States in 1960, 25½ percent less than in 1958.

As I have pointed out, the ability of such countries to import from us is directly related to the amounts we permit them to earn through exports to this country, and the soundness of their own economic structures. We encourage the latter through this bill. As we pass it, we pledge ourselves to increasing the ability of other nations to sell in this country.

Our record in meeting the Soviet trade offensive has been deplorable.

COMMUNIST TRADE UNDERMINES UNDERDEVELOPED NATIONS

We can be sure that no country need export valuable commodities to Communist bloc countries for less than their

fair value. If the Communists seek to obtain these goods, we can see to it that they pay a fair price for them, so that the underdeveloped nations are strengthened as a result. At the moment, it is too often true that the Soviets are able to pick up desirable raw materials for less than their true worth, because they can pressure other nations into selling cheap. It may be said that inexperienced traders do not write enough safeguards into their trade agreements with Communist bloc countries. It often seems to leaders of such countries that they strike a blow for peace by signing a trade agreement. They strike a blow against peace and against the future of their own people if they do not secure advantageous conditions. Underdeveloped nations, so-called, had 75 trade or payments agreements with Communist bloc nations in 1954. In 1960 they had 206 such agreements. These nations have a right to profitable conditions in their trade with the Communist bloc. We must insure, by wise trading and economic know-how, that such trade works, if not in our favor, at least in favor of the nations we seek to aid.

We cannot put ourselves in the position of buying all of the surplus rubber, cocoa, coffee, and other products which the underdeveloped nations desire to sell. But we can direct our own efforts to insure the maintenance of a stable international market for such products. It is to our own profit to do so. If, by so doing, we can deprive the Communist bloc of the political advantages of their trade with underdeveloped nations, we shall strike a blow for the objective set forth in the bill's preamble. The experience of trading partners with Communist bloc trade has not been uniformly heartening. We can make plain that they often pay more than they should for the dubious privilege of allowing Soviet technicians to enter their countries to supervise trade.

President Kennedy has challenged the Soviets to an era of competition in trade. We can and should increase our trade to the underdeveloped nations and offer terms which will beat the Soviets and force them to give up the political tolls they presently exact.

AMERICAN OFFICIALS INABILITY TO SPEAK NATIVE LANGUAGE

If we are to win the cold war, if we are to have expanded trade with the underdeveloped nations and enlist them as members of a stable international economic order, we must improve our ability to communicate with the people of these lands. One area of serious weakness also disclosed by the State Department's letter to me continues to be the lack of language qualifications among our oversea personnel.

It has been too often argued that diplomats do not need to speak the language of the country to which they are assigned, as French and English serve as standard diplomatic languages. It has also been argued that aid technicians do not depend for their success upon a knowledge of the language. What is overlooked is the fact that diplomats who do not speak the languages

spoken in the country meet an unrepresentative section of the population of these lands. Technicians who do not speak the language have little impact upon the country in which they serve and learn too little about the problems of the people themselves. Accordingly, I requested the Department of State to furnish me with a study of the language skills of our representatives abroad. I ask unanimous consent that a report entitled "Language Capabilities and Training of U.S. Nonmilitary Personnel at Foreign Service Posts," be printed in the RECORD at the conclusion of my remarks.

The VICE PRESIDENT. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and it is so ordered.

(See exhibit 1.)

MR. PROXMIRE. Mr. President, I am discouraged to read that the Department of State is apparently satisfied if personnel speak French or English as a lingua franca as a substitute for local dialects. In India 845 languages and dialects are spoken, but this is no excuse for learning English alone. Two hundred million people speak Hindustani, which in the written form called Hindi is the official language of India. Seventy-nine million people speak Bengali. I should like to think that we had at least one person in India who could speak the Gujarati tongue spoken by 20 million people, the Kannada tongue spoken by 19 million, the Marathi tongue spoken by 32 million, the Malayalam tongue spoken by 15 million, the Oriya tongue spoken by 14 million, the Rajasthani tongue spoken by 17 million, the Punjabi tongue spoken by 24 million, and the Telugu tongue spoken by 39 million. All of these are official languages under the Constitution of India. This is an extreme case. There are countries whose languages might be considered difficult, such as demotic modern Greek, Hausa in West Africa, or Arabic, which are spoken by substantial percentages of the people. Where this is the case, regardless of the prevailing diplomatic language, we must have skilled linguists among our representatives. It is encouraging to know that 283 employees of USIA, CIA, and the Department of State show up before office hours at the Foreign Service Institute to study languages.

I think the 177 students presently enrolled for more than 6 months in the study of so-called hard or esoteric languages deserve commendation and support. They also ought to have more company. At the moment the number of languages in the world well outnumbers the 679 officers trained to speak non-Romance languages. That number must be increased if we are to have broad and effective representation. If official contacts are to be turned into fruitful exchanges of opinion, and if trade opportunities are to be taken advantage of, we can no longer content ourselves with contacts in official languages. Of 2,540 Foreign Service officers given checkups in language by the Foreign Service Institute since August 1958, only 60 percent met the minimum proficiency requirements in one language.

There are 145 languages each spoken by more than 1 million people. In my belief, it is not asking too much of the Department of State and of our aid programs to have representatives proficient in each of these languages attached to the aid mission and embassy or consulate in each area.

SHOCKING LANGUAGE RECORD IN KEY COUNTRIES

In Laos, where French is the second language, 10 employees are presently receiving instruction in Lao out of a total of 154 officers assigned—includes State Department's Foreign Service officers, USIA and ICA officers in the Foreign Service Reserve Corps, classes 1 through 8, and Foreign Service Staff Corps, classes 1 through 10. Of that 154, only 60 could speak either French or Lao and I do not wonder that the State Department was reluctant to give figures in each case.

In South Korea, where no romance language is spoken as a second tongue, only 10 out of 280 such officers had minimum proficiency in Korean, and 41 more as well as 7 wives were studying the language.

In Afghanistan, only 11 out of 131 had attained minimum proficiency in either Persian or French, and I am not informed as to the percentage of that 11 who spoke Persian; 48 officers and 11 wives were studying Persian on March 31, 1961. This would bring the total, along with 4 studying French, who had minimum proficiency in 1 of the 2 languages to 63 out of 131. This is not enough. Furthermore, 11 million people in the world speak Pushtu, and most are in Afghanistan, which has a population of only 12 million. I would like to think that someone in Afghanistan could speak this dominant tongue, but I see no evidence of the fact.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter I wrote to the Secretary of State; the reply which I received from Assistant Secretary of State Brooks Hays; an additional reply which I received subsequently; a table supplied to me by the Department of State indicating the amounts spent in each country of the world by our Government in international educational exchange activities; and the full series of tables labeled "U.S. Foreign Assistance and Assistance From International Organizations," be printed in the RECORD at this point.

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

JULY 11, 1961.

HON. DEAN RUSK,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: I would very much like to have your replies to a series of questions pertaining to American oversea aid programs, with reference to the following countries: Afghanistan, Brazil, Congo, Laos, Republic of Korea, Spain, and Yugoslavia. The replies should deal with each country separately, as fully as possible.

The list of questions follows:

1. Has there been Communist activity in these countries in the last 2 years? To what extent?
2. Has Communist influence increased in these countries during the last year? If so, why?

3. Has Communist trade with these countries increased in the last 3 years? If so, why? Has U.S. trade there increased or decreased?

4. How many Americans are officially stationed in each of these countries? Please include all members of Embassy, ICA, USIS, and other diplomatic or aid groups, as well as military forces. How many dependents are residing there?

5. How many of these people read, write, and speak the language of the country?

6. How many of these personnel are attending school while living in these countries, and for how many hours a week? What are they studying?

7. How many foreign nationals are employed by the United States in each of these countries? Please give me a breakdown of their positions.

8. How much does it cost to support one American in each of these countries? This should include all the funds required to maintain him, including: transportation to and from the overseas port, the cost of maintaining the PX and commissary, the cost of transporting the supplies to the commissary and PX from America, pay, hardship allowances, housing allowances, local transportation, entertainment, rest camps, medical facilities, etc.

9. What is the total amount of money spent in each foreign nation per year by the United States? This should include, foreign aid, military aid, grants, education, and cost of maintaining our people. I would appreciate having a detailed breakdown for each category.

I recognize that preparation of detailed answers to these questions will take some time, but I would be most grateful if I could have your reply as soon as possible.

Sincerely,

WILLIAM PROXIMIRE,
U.S. Senator.

DEPARTMENT OF STATE,
Washington, D.C. July 31, 1961.

Hon. WILLIAM PROXIMIRE,
U.S. Senator.

DEAR SENATOR PROXIMIRE: In your letter of July 11, 1961, to the Secretary requesting information in regard to nine different aspects of American overseas programs in seven countries, you indicated your belief that preparation of detailed answers to these questions would take some time. It is, in fact, doubtful whether even exhaustive research and painstaking compilation of data and standardization of criteria would produce useful definitive results because of the broad nature of the questions themselves. In view of the urgent need for replies which your office has made known to us, however, we have prepared the materials enclosed with this letter. A detailed reply to question nine, excluding military data which is within the jurisdiction of the Department of Defense, will follow as soon as ready.

The enclosed materials are in the form of narrative and tabulated replies to your questions one through eight. As supplements to the tables answering questions five and six, I enclose a statement on language skills and training which should help to put these matters in perspective, as well as a complete tabulation of the numbers of personnel taking language training sponsored by the Department of State at foreign posts during the quarter ending March 31, 1961. This tabulation breaks down the total enrollment by agency, by language, and by post. As an additional annex in partial reply to your question nine, I enclose the publication of the International Cooperation Administration entitled "U.S. Foreign Assistance and Assistance from International Organizations—July 1, 1945 through June 30, 1960."

Sincerely yours,

BROOKS HAYS,
Assistant Secretary.

DEPARTMENT OF STATE,
Washington, D.C., August 14, 1961.
Hon. WILLIAM PROXIMIRE,
U.S. Senator.

DEAR SENATOR PROXIMIRE: In accordance with our letter of July 31, 1961, and subsequent correspondence and telephone conversations with members of your staff, I am pleased to be able to provide you with supplementary information which completes the reply to the ninth question in your letter of July 11.

The enclosed publication "U.S. Foreign Assistance" brings up to June 30, 1961, the data in the similarly entitled publication we sent with our earlier reply. This has just been received from the printers and provides the most recent information available.

The tabulation, by country, of the Department of State's international educational exchange activities also represents the most current figures. This completes the categories of information requested in your ninth question. We hope the figures are subdivided in a fashion to satisfy your needs.

Sincerely yours,

BROOKS HAYS,
Assistant Secretary.

DEPARTMENT OF STATE—INTERNATIONAL
EDUCATIONAL EXCHANGE ACTIVITIES

Total program funds, fiscal years 1959-61¹

Area and country	Fiscal year 1959	Fiscal year 1960	Fiscal year 1961 ¹
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American Republics:			
Argentina	\$706,132	\$377,729	\$532,711
Bolivia	290,504	232,879	299,992
Brazil	978,736	729,549	1,206,804
Chile	553,730	391,700	437,561
Colombia	472,768	306,816	1,785,110
Costa Rica	103,687	128,203	149,403
Cuba	127,250	187,976	53,378
Dominican Republic	23,596	21,681	50,064
Ecuador	314,845	365,622	324,550
El Salvador	107,327	82,233	95,818
Guatemala	274,808	285,154	287,999
Haiti	86,522	60,061	70,841
Honduras	90,168	98,202	114,517
Mexico	842,518	334,064	311,578
Nicaragua	103,034	78,295	77,252
Panama	120,141	123,092	144,697
Paraguay	117,917	120,525	162,229
Peru	526,476	390,287	525,413
Uruguay	231,581	225,500	472,135
Venezuela	334,437	311,713	351,565
Regional	260,011	169,494	344,103
Total	6,666,188	5,029,775	7,797,720

Western Europe:			
Austria	379,855	816,728	390,933
Belgium-Luxembourg	232,773	236,840	193,760
British Guiana	21,610	14,577	16,291
British Honduras		495	
Canada		15,149	15,527
Denmark	285,505	291,447	280,239
Finland	497,931	613,809	1,158,331
France	2,052,897	1,589,114	1,850,735
Germany	1,356,692	1,408,766	1,572,513
Iceland	106,230	178,849	156,940
Ireland	175,812	174,868	131,155
Italy	1,839,591	1,430,094	1,431,575
Jamaica	8,654	11,770	9,153
Malta	15,318	14,279	3,447
Martinique	11,466	6,121	10,339
Netherlands	347,988	359,281	361,082
Norway	266,960	279,204	319,031
Portugal	43,238	120,979	174,372
Spain	203,066	294,181	554,836
Sweden	68,852	154,882	158,479
Switzerland	20,899	20,434	13,236
Trinidad	35,403	17,197	30,936
United Kingdom	1,015,795	1,088,031	936,564
Regional	45,587	38,790	223,198
Total	9,032,122	9,175,885	9,992,675

Eastern Europe:			
Bulgaria		10,425	
Czechoslovakia		9,087	
Poland	41,242	68,820	176,543
Rumania		20,541	
U.S.S.R.	81,574	171,615	216,657
Yugoslavia	72,258	136,537	287,959
Regional	29,608		
Total	224,682	376,792	721,212

Footnotes at end of table.

Total program funds, fiscal years 1959-61¹—
Continued

Area and country	Fiscal year 1959	Fiscal year 1960	Fiscal year 1961 ¹
Far East:			
Australia	\$468,723	\$474,083	\$472,801
Burma	471,494	402,799	995,887
Cambodia	257,322	313,274	289,047
China	379,357	302,372	458,295
Hong Kong	55,277	29,482	40,343
Indonesia	445,945	410,992	855,052
Japan	1,394,735	861,897 ²	1,962,764
Korea	267,428	226,610	396,656
Laos	107,817	117,886	137,581
Malaya	194,722	215,408	288,059
New Zealand	165,051	173,198	177,410
Philippines	462,110	1,012,075	526,908
Singapore	67,145	77,140	83,902
Thailand	427,146	430,171	445,058
Vietnam	156,472	156,508	283,086
Far East—U.N. trust territories			
Regional	221,488	158,568	300,839
Total	5,542,232	5,362,463 ³	8,427,804
Near East and South Asia:			
Aden	15,385	15,462	30,986
Afghanistan	55,104	76,842	217,307
Ceylon	136,621	222,042	297,680
Cyprus	23,476	54,742	98,371
Greece	470,289	1,127,620	618,524
India	1,201,925	1,245,467	3,103,852
Iran	534,574	551,330	480,784
Iraq	12,772	67,918	83,767
Israel	136,162	123,203	314,822
Jordan	83,815	130,590	145,008
Lebanon	79,033	139,515	143,887
Nepal	30,434	54,076	154,521
Pakistan	753,970	765,741	1,576,707
Saudi Arabia	4,828	18,002	27,492
Sudan	116,746		
Turkey	290,067	1,192,141	977,739
United Arab Republic	177,953	1,371,905	1,615,060
Yemen	263,999	124,698	220,015
Total	4,393,153	7,325,222	10,147,494
Africa:			
Angola	4,701	4,504	5,170
Basutoland	4,661		
Belgian Congo	17,515		
Cameroun	6,289	24,294	54,183
Congo, Republic of		43,898	121,993
Congo, Republic (Chad, Gabon, and Central African Republic)			25,510
Ethiopia	48,527	58,728	72,193
Federation of Rhodesia and Nyasaland			
French Equatorial Africa	13,711		
French West Africa	25,538		
Ghana	91,590	108,139	159,735
Guinea		74,950	97,281
Ivory Coast, Niger, and Upper Volta			64,361
Kenya	70,472	114,581	84,928
Liberia	25,722	30,357	58,852
Libya	43,566	62,672	133,770
Malagache		11,070	22,126
Mali Federation		56,369	111,791
Morocco	489,821	279,306	610,505
Mozambique	4,867	4,838	35,983
Nigeria	158,404	160,643	197,153
Sierra Leone	18,484	19,240	32,549
Somali	14,104	39,315	59,096
Sudan		96,203	164,664
Tanganyika	26,956	43,922	71,037
Togo	4,475	31,057	64,559
Tunisia	123,600	157,132	160,794
Uganda	36,693	75,292	67,844
United Kingdom colonial areas		264,395	247,908
Union of South Africa	88,537	134,450	174,014
U.N. trust territories	39,188	27,653	19,609
Zanzibar		10,063	8,023
Regional	108,524	44,019	326,726
Total	1,829,269	2,152,180	3,450,831

¹ Estimated.

² ICA \$690,500.

³ Including ICA funds for Japan.

U.S. FOREIGN ASSISTANCE AND ASSISTANCE FROM INTERNATIONAL ORGANIZATIONS—OB-LIGATIONS AND OTHER COMMITMENTS—JULY 1, 1945, THROUGH JUNE 30, 1961

GENERAL NOTES

These data show U.S. assistance from July 1945 to June 1961 to countries participating in the mutual security program. They include all types of assistance and are, in

general, on an obligations or commitments basis.

Economic

Mutual Security Program

International Cooperation Administration—Obligations for economic and technical assistance made by ICA and its predecessor agencies, particularly the European recovery program.

Development Loan Fund: Loans and guarantees approved by the Board of Directors of the DLF.

Other MSP economic—mainly MSP—financed contributions to certain international agencies such as U.N. technical assistance, Palestine refugees (UNRWA), etc., administered by State Department.

Other Economic Assistance

Public Law 480: Agricultural Trade Development and Assistance Act of 1954.

Title I—Sales for foreign currency: Figures for sales agreements, shown as a paren-

thesical item not added into total assistance, represent the export market value of sales agreements signed during each year. Figures for "Planned for Grants and Loans" represent those portions of the foreign currency proceeds of the sales which are planned as loans or grants to the recipient countries under section 104 of the act.

Title II—Emergency assistance and economic development: Value at CCC cost of commodities authorized to be transferred to help friendly foreign people to meet famine or other extraordinary relief requirements, and for economic development.

Title III—Donations to voluntary relief agencies: Value at CCC cost of commodities authorized for transfer to voluntary relief agencies such as CARE, National Catholic Welfare Conference, etc., for distribution abroad to needy people.

Export-Import Bank long-term loans—Authorizations for loans of 5 years or more made by the Export-Import Bank.

Other non-MSP economic programs—Programs included here are listed in the footnote to the table on page 1.

Military

Mutual Security Program

Primarily grants of military equipment, supplies, and services purchased with appropriated funds. Small amounts of sales initially credit-financed with MAP funds are included. Annual data represent net deliveries. The cumulative total under obligations represents the total amount programmed for the period 1950-61; the cumulative total under expenditures represents total deliveries through June 30, 1961 against this program. Transfers from excess stocks are shown in parenthesis.

Other Military Assistance

Included here are the military portion of "Greek-Turkish aid," "China naval aid," "Public Law 454 Philippines aid," and certain other programs.

MSP countries, summary by fiscal year and program—U.S. foreign assistance, obligations and commitments¹

[Millions of dollars]

	U.S. fiscal years													Total, ² 1946-61	
	1946-48	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960		
Economic, total	13,951.2	8,113.8	5,104.8	3,662.3	2,469.8	2,603.7	2,428.5	2,727.4	2,678.1	3,325.7	2,982.7	3,637.3	3,400.5	4,480.6	61,396.3
Grants	6,227.6	6,483.6	4,471.3	3,130.8	2,157.0	2,150.4	2,289.9	2,050.3	1,905.4	1,959.9	1,696.7	1,711.9	1,945.4	2,290.4	40,275.3
Loans	7,723.6	1,630.2	633.5	531.5	312.8	453.3	138.6	377.1	772.7	1,365.8	1,286.0	1,925.4	1,455.1	2,190.2	21,121.6
Mutual security economic program, total	6,283.0	3,614.4	2,626.8	1,980.6	1,949.3	2,236.8	1,862.2	1,549.9	1,664.9	1,641.1	1,931.5	1,886.4	2,106.9	31,163.9	
International Cooperation Administration	6,163.3	3,614.0	2,611.8	1,888.1	1,877.5	2,159.0	1,749.0	1,468.7	1,534.0	1,234.0	1,255.0	1,254.0	1,279.4	27,922.3	
Technical cooperation	2.5	13.0	16.5	53.9	67.5	135.1	118.7	133.8	131.3	129.9	145.0	156.5	154.9	1,224.9	
Other	6,160.8	3,601.0	2,595.3	1,834.2	1,810.0	2,023.9	1,630.3	1,334.9	1,402.7	1,104.0	1,110.0	1,097.5	1,124.5	26,697.4	
Development Loan Fund	119.7	.4	15.0	92.5	71.8	77.8	113.0	81.1	130.9	267.4	560.4	522.7	652.6	2,012.1	
Other MSP economic											107.1	109.7	174.9	1,229.6	
Other economic assistance	13,951.2	1,830.8	1,490.4	1,035.5	489.2	654.4	191.7	865.4	1,128.3	1,660.8	1,341.6	1,705.8	1,514.1	2,373.7	30,232.3
Public Law 480:															
Title I: Planned for grants and loans								222.4	484.2	777.9	418.6	642.1	883.9	828.6	4,257.4
104c, Grants for common defense								34.0	79.9	108.7	71.1	35.0	20.0	66.0	414.7
104d, Grants from triangular trans.								2.9	3.9	27.0	5.4				30.2
104e, Grants for economic development								45.2	51.3	54.0	9.8	81.0	292.8	254.4	788.6
104e, Loans to private industry										1.8	85.2	139.9	97.5	64.6	388.8
104g, Loans to governments															
(Total sales agreements)								140.3	349.1	586.4	247.1	386.2	473.6	443.6	2,626.2
Title II: Emergency relief								(347.0)	(654.7)	(1,016.8)	(730.8)	(892.0)	(1,132.2)	(1,126.3)	(5,900.8)
Title III: Voluntary relief agencies								102.1	98.0	98.9	85.4	51.2	62.0	289.7	787.3
Export-Import Bank long-term loans¹	2,033.2	148.4	330.5	263.0	111.6	389.2	38.1	336.9	212.2	447.8	534.6	765.9	311.8	946.4	6,869.2
Other U.S. economic programs⁵	11,918.0	1,682.4	1,159.9	772.5	295.1	261.0	84.2	9.1	39.5	69.1	15.8	12.9	90.5	81.5	16,491.5
Military, total	481.2	301.3	76.0	980.4	1,481.2	4,272.0	3,379.7	2,479.0	2,963.8	2,127.7	2,398.0	2,153.7	1,839.8	1,631.5	29,130.3
Grants	481.2	301.3	76.0	980.4	1,481.2	4,272.0	3,379.7	2,479.0	2,963.8	7.5	7.1	2,359.4	2,094.0	1,812.5	28,918.4
Loans												38.6	59.7	46.2	211.9
Mutual security military progress (charged to appropriation)			55.7	980.4	1,481.2	4,158.8	3,295.9	2,395.6	2,927.5	2,085.0	2,363.6	2,109.8	1,724.3	1,588.9	27,731.7
(From excess stocks)			(33.1)	(289.1)	(190.7)	(140.0)	(107.2)	(41.9)	(106.1)	(53.2)	(257.3)	(197.4)	(289.0)	(180.0)	(1,937.6)
Other military assistance	481.2	301.3	20.3			113.2	83.8	83.4	36.3	42.7	34.4	43.9	115.5	* 42.6	1,398.6
Total economic and military	14,432.4	8,415.1	5,180.8	4,642.7	3,951.0	6,875.7	5,808.2	5,206.4	5,644.3	5,453.4	5,380.7	5,821.6	5,276.7	6,112.1	90,526.5
Mutual security program		6,283.0	3,670.1	3,607.2	3,461.8	6,108.1	5,532.7	4,257.6	4,477.3	3,749.9	4,004.7	4,041.3	3,610.7	3,695.8	58,895.6
Other assistance	14,432.4	2,132.1	1,510.7	1,035.5	489.2	767.6	275.5	948.8	1,167.0	1,703.5	1,376.0	1,780.3	1,666.0	2,416.3	31,630.9

MUTUAL SECURITY PROGRAM EXPENDITURES

MSP expenditures, total	4,527.8	3,515.6	3,820.7	3,762.9	6,048.1	4,809.1	4,524.9	4,644.4	3,707.9	3,802.8	3,637.9	3,342.7	3,394.8	53,542.5				
Economic, total	4,527.8	3,459.9	2,840.3	2,281.7	1,889.3	1,513.2	2,129.3	1,716.9	1,622.9	1,439.2	1,528.1	1,618.4	1,805.9	28,375.4				
International Cooperation Administration	4,434.4	3,443.8	2,821.8	2,198.5	1,809.2	1,444.5	2,032.2	1,643.8	1,533.1	1,320.9	1,333.5	1,307.8	1,344.4	26,670.4				
Development Loan Fund	93.4	16.1	18.5	83.2	80.1	68.7	97.1	73.1	89.8	116.8	129.0	1.5	65.6	202.8	537.8			
Other MSP economic												107.8	193.6	1,167.2				
Military						55.7	980.4	1,481.2	4,158.8	3,295.9	2,395.6	2,927.5	2,085.0	2,363.6	2,109.8	1,724.3	1,588.9	25,167.1

¹ Plus contributions to international organizations.

² See general notes for coverage and qualifications, particularly for ICA and for MSP military programs.

³ See footnote 3 to fiscal year 1961 table.

⁴ Revised for cancellations made in fiscal year 1961 against prior-year loans.

⁵ Includes contributions to international organizations, \$1,483,900,000; civilian supplies, \$4,917,100,000; British loan, \$3,750,000,000; UNRRA, post UNRRA and interim aid, \$2,669,400,000; surplus property credits, \$1,429,700,000; Philippines rehabilitation, \$634,600,000; civilian relief in Korea, \$420,200,000; and other, \$1,186,600,000.

⁶ Expenditures, July-December 1960.

U.S. foreign assistance to MSP countries by region and country, cumulative, fiscal year 1946 through fiscal year 1961—Preliminary

[Millions of dollars]

Region and country	Grand total	Total military	Economic assistance													
			Total economic		Mutual security program				Nonmutual security program							
			Total	(Of which loans)	Total MSP economic	ICA	DLF	Other MSP economic	Total	Public Law 480		Title II, emergency relief and economic development	Title III, volunteer relief agencies	Title IV, long-term loans		
			Total	(Of which loans)	Total MSP economic	ICA	DLF	Other MSP economic		Total sales agreements	Planned for—	Grants	Loans	Export-Import Bank	Other non-MSP programs	
Total, all countries	90,526.6	29,130.3	61,396.3	21,121.0	31,163.9	27,922.3	2,012.1	1,229.6	30,232.3	(5,900.8)	1,234.7	3,022.7	787.3	1,826.8	6,860.2	16,491.5
Europe	44,124.4	15,485.9	28,638.5	10,507.8	15,230.2	15,010.4	137.1	82.7	13,408.3	(1,631.6)	138.5	640.8	166.7	743.9	2,398.1	9,320.3
Austria	1,170.9	1,170.9	79.1	723.5	723.5				447.4	(40.9)		26.3	24.6	27.3	41.1	328.1
Belgium-Luxembourg	1,949.5	1,208.4	249.0	558.7	558.7				182.4				2	150.0	32.2	
Denmark	856.9	556.0	300.3	54.3	279.3	279.3			21.0					20.0	1.0	
France	9,431.4	4,242.7	5,188.7	1,903.9	3,183.8	3,183.8			2,004.9	(60.4)		14.0		11.9	1,269.9	709.1
Germany (Federal Republic)	4,997.1	949.5	4,047.6	1,243.8	1,470.0	1,470.0			2,577.6	(1.2)		3.4	135.9	10.0	2,428.3	
Berlin	131.0	131.0		118.1	114.4			3.7	12.9						12.9	
Iceland	70.2	70.2	34.9	60.0	60.0				10.2	(12.1)		9.6			.2	
Ireland	146.2	146.2	128.2	146.2	146.2										.4	
Italy (including Trieste)	5,641.9	2,192.9	3,449.0	626.7	1,645.1	1,645.1			1,803.9	(152.9)		106.7	87.4	223.7	215.1	1,171.0
Netherlands	2,450.3	1,221.7	1,238.6	388.9	990.2	987.2	3.0		238.4	(.3)				.2	202.2	36.0
Norway	1,082.0	732.2	349.8	113.4	274.8	274.8			75.0					(2)	50.0	25.0
Poland	514.5	514.5	138.7	61.1	.1	.1			61.0	453.4	(365.3)			11.7	40.0	401.7
Portugal	402.2	323.3	78.9	39.5	-49.8	49.8			29.1	(7.1)		3.4		25.7		
Spain	1,631.0	501.1	1,129.9	510.2	565.5	548.4	17.1		564.4	(506.1)	9.9	253.1	4.2	139.7	157.5	
Sweden	108.9	108.9	22.0	106.8	106.8				2.1							2.1
United Kingdom	8,685.6	1,017.4	7,668.2	4,215.4	3,828.9	3,828.9			3,839.3	(48.4)				.3	2.1	3,836.9
Yugoslavia	2,280.3	603.9	1,586.4	521.8	576.0	444.0			1,010.4	(437.0)	127.8	227.6	47.1	167.2	105.0	335.7
Regional	2,574.3	1,846.1	728.2	238.0	592.4	589.4			3.0	135.8					135.0	
Far East	20,516.7	7,544.5	12,972.2	1,673.0	7,031.1	6,510.4	274.1	246.6	5,941.1	(675.3)	275.7	267.2	72.3	300.5	608.7	4,416.7
Burma	94.5	94.5	59.3	49.8	49.8				44.7	(40.7)	11.0	26.6		2.1		5.0
Cambodia	298.1	77.6	220.5	218.2	218.2				2.3				2.3	(2)		
China, Republic of	4,161.1	2,184.9	1,976.2	316.1	1,337.0	1,102.7	114.6	119.7	639.2	(62.2)	33.9	12.8	54.1	33.2	502.3	
Indochina, undistributed	1,535.0	709.4	825.6	825.6	825.6											
Indonesia	583.5	583.5	371.7	206.5	194.9	11.6			377.0	(168.0)	35.5	103.7		6.7	163.4	67.7
Japan	3,574.0	978.5	2,505.5	325.7	22.4	22.4			2,573.1	(146.3)	6.6	105.6	37.0	25.0	206.1	2,198.8
Korea	5,029.6	1,777.8	3,251.8	53.3	2,065.5	1,918.6	25.3	121.6	1,186.3	(216.7)	179.9	3.1	28.4	115.5		859.4
Laos	374.4	106.1	208.3	267.2	267.2								.8			
Malaya	22.2	22.2	20.0	20.0					20.0							
Philippines	1,675.7	390.2	1,285.5	362.2	276.7	236.5	40.2		1,008.8	(13.8)	3.3	5.8		32.9	189.5	777.3
Thailand	632.6	341.6	291.0	60.1	263.9	241.4	22.5		27.1	(4.6)		3.9		.5	16.5	6.2
Vietnam	2,118.5	571.3	1,547.2	95.6	1,468.2	1,423.3	39.9		79.0	(23.0)	11.5	5.7	.7	61.1		
Regional	417.2	407.1	10.1		10.1	4.8		5.3								
Near East and south Asia	15,430.0	4,816.5	10,613.5	4,505.4	5,832.5	4,386.6	1,202.6	243.3	4,781.0	(2,968.1)	797.3	1,645.6	252.6	466.4	724.8	804.4
Near East	9,680.8	4,169.9	5,510.9	1,770.4	3,516.2	3,097.9	417.7		1,994.8	(810.9)	119.5	472.7	118.4	263.1	425.4	595.7
Greece	3,213.4	1,474.0	1,739.4	246.3	1,020.3	970.9	43.0	.4	719.1	(87.8)	7.4	54.5	4.1	99.2	17.2	536.7
Iran	1,195.2	530.1	665.1	299.3	516.4	401.5	114.9		148.7	(34.3)	5.8	18.5	15.2	6.8	75.1	27.3
Iraq	67.0	46.1	20.9	9.9	17.7	17.7			3.2					2.3		
Israel	793.3	1.0	792.3	447.4	374.4	318.4	56.0		417.9	(193.7)	13.3	153.3		53.1	198.1	.1
Jordan	303.0	21.4	281.6	3.7	230.5	226.8	3.7		51.1					37.5		
Lebanon	89.9	8.9	81.0	10.7	58.5	52.6	5.9		22.5					17.6		
Saudi Arabia	46.6	6.6	46.6	19.1	27.4	27.4			19.2					1.2		
Turkey	3,491.6	2,088.4	1,403.2	485.6	1,145.7	974.9	170.8		257.5	(246.9)	81.0	68.5	12.2	4.5	14.8	4.4
United Arab Republic	438.8	438.8	257.5	92.9	69.4	23.5			345.9	(248.2)	12.0	177.9	22.1	84.9	37.9	11.1
Yemen	17.0	17.0		7.3	7.3				9.7					9.7		
CENTO	25.0	25.0		25.0	25.0											
South Asia	4,804.1	2.9	4,801.3	2,735.1	2,043.5	1,258.6	784.9		2,757.8	(2,157.2)	677.8	1,172.9	109.6	199.4	299.4	298.7
Afghanistan	182.9	2.9	180.0	52.4	96.8	96.1	.7		83.2				42.7	.9	39.5	.1
Ceylon	74.9	74.9	25.1	23.5	17.1	6.4			51.4	(26.1)	4.4	16.2	9.3	21.5		
India	3,071.9	3,071.9	2,115.6	974.7	428.3	546.4			2,097.2	(1,699.3)	508.5	962.9	5.2	143.7	246.2	230.7
Nepal	43.5	43.5	1.4	23.0	22.0	.4			20.5		15.8	1.0	3.7			
Pakistan	1,430.9	(3)	1,430.9	540.6	925.5	694.5	231.0		505.4	(431.8)	149.1	192.8	48.6	33.3	13.7	67.9
Regional	945.1	643.8	301.3		273.1	30.2			242.9	28.2				24.7	3.5	
Latin America	5,362.9	476.0	4,886.9	3,796.7	814.6	562.6	227.7	24.3	4,072.3	(610.6)	14.0	464.6	39.2	148.4	3,010.7	395.4
Argentina	537.9	14.7	523.2	520.5	33.4	2.6	30.8		480.8	(62.3)				446.8	.1	
Bolivia	221.8	1.8	220.0	44.2	156.5	150.5	.2		63.5	(3.3)				26.4	10.6	
Brazil	1,698.5	179.9	1,518.6	1,431.2	45.7	45.5	.2		1,472.9	(282.9)	14.0	222.9		21.4	1,169.1	45.5
Chile	512.7	49.1	463.6	369.3	76.5	47.0	19.0		387.1	(71.2)				42.5	282.9	5.1
Colombia	319.3	30.0	289.3	247.4	39.0	14.0	25.0		250.3	(69.9)				26.1	170.2	2.6
Costa Rica	80.1	.1	80.0	31.8	20.7	11.9	8.8		59.3					.2	21.0	37.3
Cuba	52.0	10.6	41.4	37.5	2.8	2.8			38.6					.6	37.5	.5
Dominican Republic	8.9	6.1	2.8	2.2	2.2	2.2			.6							.6
Ecuador	96.4	23.6	72.8	49.2	33.3	21.6	11.7		39.5	(12.5)	9.5			3.1	23.2	3.7
El Salvador	16.7	.2	16.5	5.3	9.9	8.3	1.6		6.6					1.1	3.7	1.8
Guatemala	149.6	1.9	147.7	33.1	89.8	76.9	12.9		57.9					3.2	1.9	16.7
Haiti	92.6	5.9	86.7	30.1	49.8	45.0	4.8		36.9					3.5	5.4	25.0
Honduras	40.5	1.3	39.2	16.4	26.2	18.4	7.8		13.0					.2	2.7	3.5
Mexico	630.3	5.3	625.0	509.9	8.0	8.0			617.0	(25.2)		17.7	.2	7.6	491.9	99.6
Nicaragua	53.1	2.2	50.9	23.3	17.5	7.3	10.2		33.4					.2	13.1	20.1
Panama	75.7	75.7	32.0	28.6	20.8	7.8			47.1					5.7	17.2	24.2
Paraguay	42.6	.7	41.9	20.6	23.8	16.7	7.1		18.1	(2.9)				2.1	10.4	2.9
Peru	388.7	66.1	322.6	267.7	57.2	26.7	30.5		265.4	(34.0)	24.1	14.1	11.0	205.6	10.6	
Uruguay	80.2	28.3	51.9	48.5	10.7	1.9	8.8		41.2	(46.4)	34.9	(2)	.5	2.6	3.2	
Venezuela	104.0	42.2	61.8	58.9	16.4	1.4	15.0		45.4					43.9	1.5	
West Indies Federation	17.0		17.0		10.1	10.1			6.9					6.9		
British Guyana	1.9		1.9		1.3	1.3			.6	</						

U.S. foreign assistance to MSP countries by region and country, cumulative, fiscal year 1946 through fiscal year 1961—Preliminary—Con.

[Millions of dollars]

Region and country	Grand total	Total military	Economic assistance													
			Total economic		Mutual security program				Nonmutual security program							
			Total	(Of which loans)	Total MSP economic	ICA	DLF	Other MSP economic	Total	Public Law 480			Title II, emergency relief and economic development	Title III, volunteer relief agencies	Export-Import Bank long-term loans	
										Title I						
Africa	1,376.7	89.1	1,287.6	517.5	821.6	587.9	167.8	65.9	466.0	(15.3)	7.7	4.5	229.6	36.5	126.9	60.8
British East Africa Territory	14.2		14.2	1.9	9.8	7.9	1.9		4.4				3.3	1.1		
Kenya	7.4		7.4		5.2	5.2			2.2				1.6	.6		
Tanganyika	4.5		4.5	1.9	2.6	.7	1.9		1.9				1.7	.2		
Uganda	1.1		1.1		.8	.8			.3					.3		
Regional	1.2		1.2		1.2	1.2										
Cameroon	2.1		2.1		1.9	1.9										
Congo (Leopoldville)	78.3		78.3		67.5	2.6			64.9	10.8			10.1	.7		
Entente States	8.8		8.8		7.7	7.7									1.1	
Dahomey	1.4		1.4		.3	.3										1.1
Ivory Coast	.4		.4		.4	.4										
Niger	.7		.7		.7	.7				(2)						(2)
Upper Volta	1.3		1.3		1.3	1.3				(2)						(2)
Undistributed	5.1		5.1		5.1	5.1										
Equatorial States	.2		.2		.2	.2				(2)						(2)
Ethiopia	181.3	57.3	124.0	67.4	76.1	46.5	29.6		47.9				8.9	.7	37.4	.9
Ghana	6.6		6.6		4.3	4.3			2.3				.6	1.7		
Guinea	3.8		3.8		2.1	2.1			1.7				1.7			
Liberia	116.3	2.7	113.6	85.6	29.5	26.1	3.4		84.1							
Libya	180.0	3.6	176.4	8.5	110.9	105.9	5.0		65.5				29.6	1.0	75.2	7.9
Madagascar Republic	.5		.5		.5	.5				(2)						29.4
Mali, Republic of	2.5		2.5		2.5	2.5										
Mauritania	1.5		1.5	1.4	1.4	1.4										1
Morocco	307.7		307.7	195.9	214.4	188.4	26.0		93.3				73.7	19.6		
Mozambique	12.5		12.5	12.5					12.5							12.5
Nigeria	16.4		16.4	1.0	15.9	15.1	.8									.2
Rhodesia and Nyasaland	33.3		33.3	32.4	10.9	10.9			22.4							22.4
Senegal	3.6		3.6		3.6	3.6										
Sierra Leone	1.0		1.0		.7	.7										
Somali Republic	13.3		13.3	2.0	13.0	11.0	2.0									
Sudan	53.5		53.5	10.0	53.5	43.5	10.0			(2)						
Togo	1.9		1.9		1.1	1.1										
Tunisia	255.2		255.2	51.9	137.8	95.7	42.1		117.4	(15.3)	7.7	4.5	101.3	2.1	1.8	
Other Africa, undistributed	7.1		7.1		6.6	6.6				.5						.5
French community and possessions	6.1		6.1		6.0	6.0										.1
Portuguese possessions	.3		.3		.3	.3										
Other sterling areas	.7		.7		.3	.3										.4
Regional	75.4	25.6	49.8	47.0	49.8	1.8	47.0	1.0								
Nonregional	3,715.5	718.2	2,997.3	120.6	1,434.1	864.4	2.9	566.8	1,503.2		1.5			26.8	131.1	1,403.9

¹ Revised for cancellations made in fiscal year 1961 against prior-year loans.² Less than \$50,000.³ Military data classified and included in NEA regional total.⁴ See footnote 3 to table for fiscal year 1961.⁵ Includes \$6,800,000 for Indus Basin.⁶ Includes \$9,500,000 for Cyprus.⁷ Includes Central American Bank formed by El Salvador, Nicaragua, Guatemala, and Honduras.⁸ Loan to France for Mauritania.⁹ Loan to Portugal for Mozambique.

U.S. foreign assistance to MSP countries, by region and country, fiscal year 1961—Preliminary

[Millions of dollars]

Region and country	Grand total	Total military	Economic assistance													
			Total economic		Mutual security program				Nonmutual security program							
			Total	(Of which loans)	Total MSP economic	ICA	DLF	Other MSP economic	Total	Public Law 480			Title II, emergency relief and economic development	Title III, volunteer relief agencies	Export-Import Bank long-term loans	
										Title I						
Total, all countries	6,112.1	1,631.5	4,480.6	2,190.2	2,106.9	1,279.4	652.6	174.9	2,373.7	(1,126.3)	320.4	508.2	289.7	227.5	946.4	81.5
Europe	980.1	646.4	333.7	207.7	94.0	74.8	17.9	1.3	239.7	(214.2)	13.7	39.9	8.1	53.1	124.9	
Austria	.8		.8													.8
Belgium-Luxembourg	14.5	14.5														
Denmark	41.2	41.2														
France	55.7	47.8	7.9	7.9						7.9	(2.5)					7.9
Germany (Federal Republic)	17.1	15.7	1.4							1.4						1.4
Berlin	4.0		4.0													
Iceland	7.6		7.6	1.6	6.0	6.0				1.6	(1.8)		1.4			.2
Italy (including Trieste)	206.4	171.5	34.9	9.3						34.9	(1)		8.1	17.5	9.3	
Netherlands	39.4	39.4	(1)													
Norway	25.0	25.0														
Poland	5.1		5.1		.1	2.1				5.0	(130.0)					5.0
Portugal	8.7	2.4	6.3							6.3						6.3
Spain	179.5	63.3	116.2	72.5	26.1	35.9	-9.8		90.1	(49.5)		24.8		7.8	57.5	
United Kingdom	20.2	20.2														
Yugoslavia	147.9		147.9	116.4	56.4	28.7	27.7		91.5	(30.4)	13.7	13.7		14.1	60.0	
Regional	206.9	205.4	1.5		1.5	.2		1.3								

See footnotes at end of table.

U.S. foreign assistance to MSP countries, by region and country, fiscal year 1961—Preliminary—Continued

[Millions of dollars]

Region and country	Grand total	Total military	Economic assistance												Export- Import Bank long- term loans ¹	Other non- MSP pro- grams		
			Total economic		Mutual security program				Nonmutual security program									
			Total	(Of which loans)	Total MSP eco- nomic	ICA	DLF	Other MSP eco- nomic	Total	Public Law 480			Title II, emer- gency relief and eco- nomic devel- opment	Title III, vol- unteer relief agencies				
			Total	(Of which loans)	Total MSP eco- nomic	ICA	DLF	Other MSP eco- nomic		Total sales agree- ments	Planned for—	Grants	Loans					
Far East	1,417.4	623.2	794.2	185.7	522.9	479.3	43.6	—	271.3	(103.1)	69.4	17.8	23.6	36.7	123.8	—		
Burma	.6	.6	.6	.4	.4	—	—	—	—	—	—	—	—	—	.2	—		
Cambodia	30.8	6.6	24.2	—	24.2	24.2	—	—	—	—	—	—	—	—	—	—		
China, Republic of	231.6	115.3	116.3	42.0	88.3	52.1	36.2	—	28.0	(21.4)	11.4	5.8	—	—	10.8	—		
Indonesia	25.5	—	25.5	8.9	8.3	8.3	—	—	17.2	(19.7)	7.4	8.4	—	—	1.4	—		
Japan	127.3	77.8	49.5	46.6	1.3	1.3	—	—	48.2	—	—	—	—	—	1.6	46.6		
Korea	509.1	229.1	280.0	7.6	199.2	192.7	6.5	—	80.8	(52.0)	45.6	1.1	23.6	10.5	—	—		
Laos	82.3	46.5	35.8	—	35.5	35.5	—	—	—	—	—	—	—	—	.3	—		
Malaya	.4	.4	.4	—	—	—	—	—	—	—	—	—	—	—	.4	—		
Philippines	113.0	26.1	86.9	67.4	2.9	12.7	—9.8	—	84.0	—	—	—	—	—	6.8	77.2		
Thailand	45.7	20.9	24.8	—	24.7	24.7	—	—	—	—	—	—	—	—	.1	—		
Vietnam	198.7	49.7	149.0	13.2	137.0	126.3	10.7	—	12.0	(10.0)	5.0	2.5	—	—	4.5	—		
Regional	52.3	51.2	1.1	—	1.1	1.1	—	—	—	—	—	—	—	—	—	—		
Near East and south Asia	1,947.1	311.3	1,635.8	883.2	741.8	344.1	377.5	20.2	894.0	(650.3)	215.6	340.6	108.0	64.7	165.1	—		
Near East	941.3	239.7	701.6	372.7	377.1	205.9	171.2	—	324.5	(187.2)	25.0	123.5	60.5	37.5	78.0	—		
Greece	95.8	51.0	44.8	12.6	20.5	20.5	—	—	24.3	(15.6)	—	—	10.1	4.1	7.6	2.5		
Iran	169.9	55.1	114.8	75.3	63.3	26.1	37.2	—	51.5	(21.9)	—	16.0	11.8	1.6	22.1	—		
Iraq	1.7	(1)	1.7	—	1.1	1.1	—	—	—	—	—	—	—	—	.6	—		
Israel	84.2	(1)	84.2	65.6	24.5	8.5	16.0	—	59.7	(25.9)	9.1	14.2	—	1.0	35.4	—		
Jordan	71.6	3.3	68.3	1.0	47.4	46.4	1.0	—	20.9	—	—	—	—	18.0	2.9	—		
Lebanon	4.9	1.3	3.6	—	.8	.8	—	—	2.8	—	—	—	—	2.8	—	—		
Turkey	362.0	129.0	233.0	133.7	211.7	94.4	117.3	—	21.3	(25.4)	3.9	16.4	—	1.0	—	—		
United Arab Republic	143.8	—	143.8	84.6	2.1	2.3	—	—	141.7	(98.4)	12.0	66.8	22.1	22.8	18.0	—		
Yemen	5.7	—	5.7	—	4.0	4.0	—	—	1.7	—	—	—	—	1.7	—	—		
Cente	1.8	—	1.8	—	1.8	1.8	—	—	—	—	—	—	—	—	—	—		
South Asia	881.0	1.2	879.8	510.5	335.4	129.1	206.3	—	544.4	(463.1)	190.6	217.1	22.8	26.8	87.1	—		
Afghanistan	37.0	1.2	35.8	—	12.8	12.8	—	—	23.0	—	—	—	22.4	.6	—	—		
Ceylon	9.6	—	9.6	1.4	.1	1.5	—1.4	—	9.5	(5.1)	1.3	2.8	—	5.4	—	—		
India	655.0	—	655.0	454.8	188.1	8.0	180.1	—	466.9	(412.8)	173.5	194.0	—	.3	18.4	80.7		
Nepal	4.1	—	4.1	.4	4.1	3.7	—	—	—	—	—	—	—	—	—	—		
Pakistan	175.2	(9)	175.2	53.9	130.3	103.1	27.2	—	44.9	(45.2)	15.8	20.3	—	2.4	6.4	—		
Regional	124.7	70.4	54.3	—	29.4	* 9.2	—	20.2	24.9	—	—	—	* 24.7	.2	—	—		
Latin America	983.4	98.4	885.0	735.2	253.5	118.7	133.3	1.5	631.5	(143.4)	14.0	105.4	.2	28.1	480.0	* 3.8		
Argentina	81.0	12.1	68.9	68.0	6.9	.9	6.0	—	62.0	—	—	—	—	—	62.0	—		
Bolivia	29.1	3	28.8	13.8	25.9	24.1	1.8	—	2.9	(3.3)	—	—	—	—	.4	—		
Brazil	327.5	32.9	294.6	270.1	7.3	7.3	—	—	287.3	(104.5)	14.0	74.8	—	3.2	195.3	—		
Chile	147.2	8.5	138.7	108.5	31.3	23.1	8.2	—	107.4	(29.2)	—	23.3	—	7.1	77.0	—		
Colombia	94.5	4.0	90.5	82.9	27.7	2.7	25.0	—	62.8	—	—	—	—	4.9	57.9	—		
Costa Rica	11.4	.1	11.3	8.5	9.8	1.3	8.5	—	1.5	—	—	—	—	—	—	—		
Cuba	.1	.1	(1)	(1)	(1)	(1)	(1)	—	—	—	—	—	—	—	—	—		
Dominican Republic	.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Ecuador	14.0	6.1	7.9	4.5	4.2	2.5	1.7	—	3.7	(3.2)	—	2.4	—	.9	.4	—		
El Salvador	6.7	.1	6.6	5.3	2.8	1.2	1.6	—	3.8	—	—	—	—	—	3.7	—		
Guatemala	32.3	.5	31.8	18.0	20.6	13.1	7.5	—	11.2	—	—	—	—	—	—	.3		
Haiti	12.5	.7	11.8	—2.8	10.7	13.5	—2.8	—	1.1	—	—	—	—	—	1.1	—		
Honduras	5.7	.3	5.4	2.0	4.9	4.9	—	—	—	—	—	—	—	—	.3	—		
Mexico	33.4	1.2	32.2	27.8	1.2	1.2	1.2	—	31.0	—	—	—	—	3.2	27.8	—		
Nicaragua	11.4	.4	11.0	9.1	8.0	.9	7.1	—	3.0	—	—	—	—	.2	2.0	.8		
Panama	17.1	(1)	17.1	12.8	15.7	7.9	7.8	—	1.4	—	—	—	—	.4	1.0	—		
Paraguay	3.1	.2	2.9	—	1.8	1.8	—	—	1.1	—	—	—	—	1.1	—	—		
Peru	81.6	17.6	64.0	57.5	29.1	3.1	26.0	—	34.9	—	—	—	—	.2	3.2	31.5		
Uruguay	5.0	2.2	2.8	2.4	.1	.1	—	—	2.7	(3.2)	—	2.4	—	.3	—	—		
Venezuela	37.4	10.3	27.1	26.9	15.2	2.2	15.0	—	11.9	—	—	—	—	—	—	11.9		
West Indies Federation	5.5	—	5.5	—	4.6	4.6	—	—	—	—	—	—	—	—	—	—		
British Guiana	.9	—	.9	—	.7	.7	—	—	—	—	—	—	—	—	—	—		
British Honduras	.2	—	.2	—	.1	.1	—	—	—	—	—	—	—	—	.1	—		
Surinam	.5	—	—	—	.4	.4	—	—	—	—	—	—	—	—	—	—		
Regional	25.0	.7	24.3	19.9	24.3	* 2.9	—	19.9	1.5	—	—	—	—	—	—	—		
Africa	542.9	14.5	528.4	177.4	296.2	150.0	80.3	65.9	232.2	(15.3)	7.7	4.5	149.8	13.6	52.6	4.0		
British East Africa territories	7.7	—	7.7	1.9	4.1	2.2	1.9	—	3.6	—	—	—	—	3.3	.3	—		
Kenya	2.1	—	2.1	—	.4	.4	—	—	1.7	—	—	—	—	1.6	—	—		
Tanganyika	4.3	—	4.3	1.9	2.5	.6	1.9	—	1.8	—	—	—	—	1.7	.1	—		
Uganda	.2	—	.2	—	.1	.1	—	—	.1	—	—	—	—	.1	—	—		
Regional	1.2	—	1.2	—	1.2	1.2	—	—	—	—	—	—	—	—	—	—		
Cameroun	2.0	—	2.0	—	1.9	1.9	—	—	—	—	—	—	—	.1	—	—		
Congo (Leopoldville)	78.0	—	78.0	—	67.3	2.4	—	64.9	10.7	—	—	—	—	10.1	.6	—		
Entente states	8.7	—	8.7	—	7.7	7.7	—	—	1.0	—	—	—	—	—	1.0	—		
Dahomey	1.3	—	1.3	—	.3	.3	—	—	—	—	—	—	—	—	1.0	—		
Ivory Coast	.4	—	.4	—	.4	.4	—	—	—	—	—	—	—	—	—	—		
Niger	.7	—	.7	—	.7	.7	—	—	—	—	—	—	—	—	—	—		
Upper Volta	1.3	—	1.3	—	1.3	1.3	—	—	—	—	—	—	—	—	—	—		
Undistributed	5.1	—	5.1	—	5.1	5.1	—	—	—	—	—	—	—	—	—	—		
Equatorial States	.2	—	.2	—	.2	.2	—	—	—	—	—	—	—	—	—	—		
Ethiopia	59.0	7.5	51.5	39.1	38.3	9.2	29.1	—	13.2	—	—	—	—	3.0	(2)	10.0		
Ghana	2.6	—	2.6	—	1.6	1.6	—	—	1.0	—	—	—	—	1.0	—	—		
Guinea	(1)	—	(1)	—	(1)	(1)	—	—	—	—	—	—	—	—	—	—		
Liberia	48.7	1.2	47.5	40.8	6.3	6.3	—	—	41.2	—	—	—	—	3.4	.4	40.8		
Libya	26.3	1.0	25.3	—	16.5	16.5	—	—	8.8	—	—	—	—	3.4	1.4	—		
Malagasy Republic	.5	—	.5	—	.5	.5	—	—	(1)	—	—	—	—	(1)	—	—		

See footnotes at end of table.

U.S. foreign assistance to MSP countries, by region and country, fiscal year 1961—Preliminary—Continued

[Millions of dollars]

Region and country	Grand total	Total military	Economic assistance													
			Total economic		Mutual security program				Non-mutual security program							
			Total	(Of which loans)	Total MSP economic	ICA	DLF	Other MSP economic	Total	Public Law 480			Title II, emergency relief and economic development	Title III, volunteer relief and economic development agencies	Export-Import Bank long-term loans	
										Total sales agreements	Planned for—	Grants	Loans			
Africa—Continued																
Mali, Republic of	2.5		2.5		2.5		2.5									
Mauritania	.1		.1		(1)		(1)									.1
Morocco	113.0		113.0	43.0	44.0		41.0	3.0		69.0						
Nigeria	10.2		10.2		10.1		10.1			(1)						.1
Rhodesia and Nyasaland	.6		.6		.6		.6			(1)						(1)
Senegal	3.6		3.6		3.6		3.6			(1)						.1
Sierra Leone	.6		.6		.5		.5			(1)						(1)
Somali Republic	4.2		4.2		4.2		4.2			(1)						.1
Sudan	9.4		9.4		9.4		9.4			(1)						
Togo	1.4		1.4		1.1		1.1			(1)						.3
Tunisia	120.0		120.0	16.3	37.2		27.2	10.0		82.8	(15.3)	7.7	4.5	68.2	.6	1.8
Other Africa, undistributed	.2		.2							.2						.2
Regional	43.3	4.8	38.5	36.3	38.5	1.2	36.3	1.0								
Nonregional	241.2	-62.3	303.5	1.0	198.5	112.5			86.0	105.0					31.3	* 73.7

¹ Less than \$50,000.² For Krakow Research Hospital.³ Includes for wheat and rice amounts programmed for fiscal year 1961 only against multiyear agreement totaling \$1,276,000,000. Funds of \$319,000,000 for 1st year were committed in fiscal year 1960; remaining \$957,000,000 were committed in fiscal year 1961. If entire \$957,000,000 had been included here, this sales agreements figure would be \$1,050,800,000.⁴ Military data classified and included in NEA regional total.⁵ Includes \$6,800,000 for Indus Basin.⁶ Includes \$9,500,000 for Cyprus.⁷ July—December 1960 expenditures for Inter-American Highways.⁸ Includes Central American Bank.⁹ Subscription to International Development Association.

ASSISTANCE FROM INTERNATIONAL ORGANIZATIONS

GENERAL NOTES

The following tables show assistance given by international organizations to all countries which have benefited from this assistance. The data do not represent the U.S. contributions to these organizations; such contributions are included in the figures on pages 1-7.

Data are all on a U.S. fiscal year basis except for United Nations technical assistance programs which are data for calendar year 1960 and total through December 1960.

International Bank for Reconstruction and Development (IBRD): Data cover loan authorizations of the IBRD made either to gov-

ernments, government enterprises, or to private firms with government guarantee. Cancellations are deducted from loans authorized in the year originally authorized. Repayments have not been taken into account.

International Finance Corporation (IFC): Data cover the commitments made by the IFC to invest in private enterprises in the various countries. Cancellations and sales are deducted from commitments in the year originally committed.

International Development Association (IDA): Data cover value of agreements signed with governments for development credits.

Inter-American Development Bank (IDB): Data cover loan authorizations of the IDB

made either to governments, government enterprises, or to private firms from ordinary capital and from the Fund for Special Operations. Amounts taken by participants are not included.

United Nations Technical Assistance (UNTA): Data cover direct project costs of technical assistance programs, under both the regular and expanded programs, administered by the United Nations Technical Assistance Administration and other participating organizations.

United Nations Special Fund (UNSF): Data cover U.N. Special Fund allocations toward costs of preinvestment surveys.

European Development Fund of the European Economic Community (EEC): Data cover the value of projects approved for financing valued in EPU units of account (\$).

Assistance from international organizations, fiscal year 1961 and cumulative through fiscal year 1961—Preliminary

[Millions of dollars]

Region and country	Fiscal year 1961								Cumulative through fiscal year 1961							
	Total	IBRD	IFC	IDA	IDB	UNTA (calendar year 1960)	UNSF	EEC	Total	IBRD	IFC	IDA	IDB	UNTA	UNSF	EEC
Total, worldwide	1,009.8	609.8	5.1	101.0	68.1	43.4	70.9	111.5	6,458.7	5,668.8	35.5	101.0	68.1	279.7	125.6	180.0
Europe	59.6	55.0	1.1			2.5	1.0		1,340.5	1,320.9	2.3			13.9	3.4	
Austria						(1)			100.2	99.9						.3
Belgium-Luxembourg						(1)			57.8	57.8						(1)
Denmark						(1)			60.0	60.0						(1)
Finland	1.1		1.1			(1)			103.9	102.1	1.3					.5
France	.1					.1			250.2	250.0						.2
Iceland						(1)			6.1	5.9						.2
Italy	.1					.1			300.0	298.0	1.0					.4
Malta						(1)			.3							.6
Netherlands						(1)			236.5	236.5						.3
Norway	25.0	25.0				(1)			120.0	120.0						(1)
Poland	.2					.2			1.2							.4
Spain	.1					.1			.3							.8
Yugoslavia	31.8	30.0				.8	1.0		100.1	90.7						7.4
Regional and other countries	1.0					1.0			3.9							2.0
Far East																3.9
British Borneo ²	.9															
Burma	15.7	14.0														
Cambodia	.5															
China, Republic of	3															

See footnotes at end of table.

Assistance from international organizations, fiscal year 1961 and cumulative through fiscal year 1961—Preliminary—Continued

[Millions of dollars]

Region and country	Fiscal year 1961								Cumulative through fiscal year 1961									
	Total	IBRD	IFC	IDA	IDB	UNTA (calendar year 1960)	UNSF	EEC	Total	IBRD	IFC	IDA	IDB	UNTA	UNSF	EEC		
Far East—Continued																		
Dutch New Guinea	5.1								5.1	12.5								
Hong Kong										.1								
Indonesia	1.4						1.4			9.9					9.3	.6		
Japan	105.2	105.0					.2			443.2	442.2				1.0			
Korea	1.4						.3	1.1		2.1					1.0	1.1		
Laos	.4						.4			2.1					1.5	.6		
Malaya	1.8						.4	1.4		33.8	30.6				1.8	1.4		
Philippines	1.9						.9	1.0		24.7	18.5				5.2	1.0		
Singapore	.1						.1			5					.5			
Thailand	25.0	22.0					1.0	2.0		139.3	128.7				6.6	4.0		
Vietnam	.4						.4			2.0					1.8	.2		
Regional and other countries	5.5						1.6	1.4	2.5	14.4					8.6	2.7		
Near East and south Asia	334.5	237.5	.2	60.0			14.0	22.8		1,557.1	1,345.7	3.3	60.0		101.0	47.1		
Near East	46.4	27.5						5.8	13.1		438.9	372.2	.3			44.3	22.1	
Greece	.8						.3	.5		2.6					1.8	.8		
Iran	4.4						1.2	3.2		209.9	194.2	.3			10.3	5.1		
Iraq	1.7						.6	1.1		12.9	6.3				4.6	2.0		
Israel	29.0	27.5					.4	1.1		33.6	27.5				4.0	2.1		
Jordan	1.2						.4	.8		3.9					3.1	.8		
Lebanon	.9						.3	.6		30.6	27.0				2.3	1.3		
Saudi Arabia	1.7						.3	1.4		3.0					1.6	1.4		
Turkey	.7						.7			67.8	60.7				5.1	2.0		
United Arab Republic	5.9						1.5	4.4		74.2	56.5				11.1	6.6		
Yemen	.1						.1			.4					.4			
South Asia	286.4	210.0	.2	60.0			6.5	9.7		1,105.7	973.5	3.0	60.0		44.1	25.1		
Afghanistan	1.1						1.1			8.2					6.9	1.3		
Ceylon	15.6	15.0					.6			43.9	38.9				5.0			
Cyprus	.9						.1	.8		.9					.1	.8		
India	158.4	90.0	.2	60.0			3.0	5.2		773.0	678.3	1.6	60.0		19.4	13.7		
Nepal	1.4						.4	1.0		3.1					2.1	1.0		
Pakistan	109.0	105.0					1.3	2.7		276.6	250.3	1.4			10.6	8.3		
Regional and other countries	1.7							1.7			12.6					12.6		
Latin America	284.2	148.4	3.8	28.0	68.1		9.6	22.8	3.5	1,437.5	1,201.5	26.2	28.0	68.1	74.1	36.1		
Argentina	53.0	48.5	1.5				.6	2.4		60.3	48.5	5.2			2.4	4.2		
Bolivia	11.5						.6	.9		15.4					10.0			
Brazil	17.2						10.0	1.3		295.4	267.1	4.7			15.3	6.0		
Chile	35.2	6.0	.2	19.0			.8	3.5		152.1	112.2	5.8	19.0		5.7	5.1		
Colombia	44.9	27.4	1.1				.6	3.0		223.4	200.6	2.6			12.8	3.9		
Costa Rica	8.9	8.8					.1			18.7	17.3				1.4			
Cuba	1.4						.2	1.2		1.7					.5	1.2		
Dominican Republic							(1)			.3					.3			
Ecuador	1.8						.5	1.3		51.9	45.0				4.4	2.5		
El Salvador	4.1	3.8					.2			38.2	35.5	.1			2.1	.3		
Guatemala	1.0						.1	.3		21.3	18.2	.2			.1	.6		
Haiti	4.0						3.5	.2		9.0	2.6				3.5	.3		
Honduras	12.0						.2	.4		33.2	20.0				2.4	.4		
Mexico	41.6	40.0	.3				.5	.8		232.4	226.3	1.4			3.5	1.2		
Nicaragua	1.9						.7	.2		38.5	35.5				1.7			
Panama	7.3	7.2					.1			15.1	14.0				1.1			
Paraguay	3.8						.4			11.0	4.5				3.4	3.1		
Peru	11.7	5.5					.8	1.9		95.4	82.0	2.5			3.8	4.1		
Uruguay	.2						.2			72.4	71.0				1.4			
Venezuela	11.0		.5				.5	.8		15.6		3.5		9.2	2.1	.8		
West Indies Federation	.4		.2				.2			2.3		.2			1.2	.9		
British Guyana	1.6	1.2					(1)			2.6	1.2				(1)			
British Honduras							(1)								(1)			
Surinam							(1)								(1)			
Regional and other countries	9.7							2.2	4.0	3.5	30.6				22.2	4.9		
Africa	164.2	27.9		13.0			7.0	15.9	100.4	863.8	633.0	2.8	13.0		31.3	22.8		
Algeria	12.8						(1)			12.8	72.8	60.0			(1)			
British East Africa Territory	8.8	8.4					.4			43.5	38.0	2.8			2.4	.3		
Kenya	.1						.1			5.9	5.6				.3			
Tanganyika	.1						.1			3.5					.7			
Uganda	8.5	8.4					.1			9.0	8.4				.3	.3		
Undistributed	.2						.2			25.1	24.0				1.1			
Cameroun	3.8						.1	1.2	2.5	8.7					.2	1.2		
Congo (Leopoldville)	2.9						.1			28.1	50.2	7.1			.1	9.4		
Entente States	29.1						(1)	1.0							(1)	42.1		
Dahomey	4.7						(1)								(1)	5.6		
Ivory Coast	15.0						(1)	1.0	14.0	18.5					(1)	17.5		
Niger										7.3						7.3		
Upper Volta	9.4									11.7					7.1	11.7		
Undistributed										7.1	7.1							
Equatorial States	15.3									15.3	58.5	35.0					23.5	
Chad	1.9									1.9	8.1						8.1	
Central African Rep.	3.8									3.8	4.3						4.3	
Congo (Brazzaville)	5.5									5.5	6.0						6.0	
Gabon	4.1									4.1	40.1	35.0						5.1
Ethiopia	1.1									29.1	23.5							
Ghana	1.0									2.2								
Guinea	.1									.6								
Liberia	1.4									3.7								
Libya	1.3									8.7								
Malagasy Republic	14.1									14.1	25.6						25.6	
Mali, Republic of	6.9									6.9	7.5						7.5	
Mauritania	2.2									2.2	68.3	66.0						2.3
Morocco	1.0									3.3								
Mozambique																		
Nigeria	4.4									33.8	28.0							
Rhodesia and Nyasaland	.9									147.7	146.6							
Ruanda-Urundi	.4									.4	7.1	4.8						

See footnotes at end of table.

Assistance from international organizations, fiscal year 1961 and cumulative through fiscal year 1961—Preliminary—Continued

[Millions of dollars]

Region and country	Fiscal year 1961								Cumulative through fiscal year 1961								
	Total	IBRD	IFC	IDA	IDB	UNTA (calendar year 1960)	UNSF	EEC	Total	IBRD	IFC	IDA	IDB	UNTA	UNSF	EEC	
Senegal	4.7					(1)	.5	4.2	14.2						(1)	.5	13.7
Sierra Leone						(1)			.3						.3		
Somali Republic	1.2					.3	.9		3.7						.8	.9	2.0
Sudan	36.8	19.5		13.0		.7	3.6		93.1	74.0		13.0		2.5	3.6		
Togo	7.5					.1		7.4	8.8						1	.7	8.0
Tunisia	1.0					.4	.6		3.0					1.5	1.5		
Other African countries	3.9					.2		3.7	5.1						.7		4.4
French community and possessions	3.8					.1		3.7	4.7						.3		4.4
Portuguese possessions	.1					.1			.3					.3			
Other sterling areas						(1)			.1					.1			
Regional and other countries	1.4					1.4			4.8						4.8		
Australia and South Africa:																	
Australia																	
South Africa																	
Nonregional	1.4														(1)		
															(1)		
															8.3	2.5	

¹ Less than \$50,000.² Includes Brunei, North Borneo, and Sarawak.³ Includes \$30,000,000 loaned to Belgian Government for Congo.⁴ For road which will also benefit Senegal and Sudan.

EXHIBIT 1

LANGUAGE CAPABILITIES AND TRAINING OF U.S. NONMILITARY PERSONNEL AT FOREIGN SERVICE POSTS

The Department of State recognizes the need for the further development of language skills, particularly in the field of the esoteric or "hard" languages, among its personnel already serving overseas or preparing for assignment at posts abroad. To this end, the Department is intensifying "hard" language training both in Washington and in the field. At most posts where U.S. personnel are stationed there are now at least a few officers with sufficient proficiency in one of the primary local languages, and/or a transplanted Western language that is widely used in government circles, who can take care of the essential representational and negotiating responsibilities. This does not mean, however, that we have a sufficient number of language specialists at all the posts where the so-called hard languages are used. Nor does it mean that all American personnel stationed at these posts have even an elementary courtesy level of the primary local language which the Department considers desirable. The need for more American linguists with a high level of proficiency in the languages of such areas as southeast Asia and the Arab-speaking world is, in fact, urgent.

We are well aware that our national interests cannot be served to best advantage at posts where we have few language specialists among American personnel and are dependent, therefore, to a large extent on local employees serving as interpreters. Consequently, we are making serious efforts to expand the capabilities of our American personnel to communicate in the local languages as a means of cultivating good will and enhancing the acquisition of firsthand detailed knowledge of attitudes and developments in the area. We are also taking steps to encourage all personnel to acquire at least a courtesy level of proficiency in a primary language of their post of assignment.

The situation is not one that can be improved in short order, however, because of other demands of the Service, including training in many fields besides language, and above all because of the duration of studies needed to acquire a useful knowledge of some of the hard languages. Some of the Asian languages in particular, such as those having a tonal system, which results in a single word having as many as a half-dozen meanings, depending on the pitch of one's voice, are so alien to Western habits of speech that

years of study may produce at best a limited conversational ability, unless the student is unusually gifted in learning the particular language.

The proportions of the "hard" language problem as a whole may not be readily apparent to Americans accustomed to living and traveling in a continentwide nation in which one language is spoken with only minor variations, or even to those who have had experience in Western Europe where most languages are spoken throughout each nation, despite some variations in dialect, and are for the most part related at least distantly to one another and to our own. In many of the Asian and African countries, on the other hand, it is the rule rather than the exception that a number of languages, often of widely different origins and structure, are spoken within a single country's borders. There are, for example, 20 languages and major dialects in Afghanistan, and in India's 1951 census 845 different languages and major dialects were recorded. Even after eliminating from consideration large numbers of languages which are spoken by minority groups, the Foreign Service is confronted with a language problem of staggering proportions. India alone has 14 official languages. Worldwide, there are between 60 and 80 languages in which it would be highly desirable to have Foreign Service officers qualified to conduct official business. Desirable as competence in any of the thousands of other languages might be, the Department, as a matter of practicality, has had to address its interest to official languages which are spoken by majority groups in each nation. The Department's goal, therefore, cannot be to train personnel to communicate expertly with every separate language-speaking group around the world, but must be the more realistic one of developing language skills among the officers assigned to each country so that they may have some knowledge of at least the principal local language.

The problem is simplified in some measure by the fact that a number of African and southeast Asian countries have adopted French or English as a lingua franca to cut across the maze of local languages and dialects. Elsewhere in the world German, Italian, Portuguese, or Spanish are highly useful languages. In Burma, English is used for official purposes; its Constitution is written in both English and Burmese. In Cambodia, Khmer (or Cambodian, a language completely unrelated to the neighboring Thai and Vietnamese, both tonal languages) is spoken by only some three million inhabi-

ants out of a total of about 4,845,000, and French is used widely among the Cambodians themselves in commercial and government circles. In Laos, French is the second official language. In Thailand, English is used frequently among Thai officials and commercial classes. In the Republic of Vietnam French is often spoken in preference to local languages in commercial and government circles.

Roughly a third of all Foreign Service officers have a level of proficiency in French sufficient to satisfy representational requirements and to handle their professional work, 20 percent in Spanish and 18 percent in German. An additional 12 to 17 percent can handle minimum working requirements and are approaching the professional level of proficiency in their languages. These languages are either primary or secondary languages at over half of the Foreign Service posts in the world. Consequently, in all but a few areas of the world our ability to communicate effectively cannot be measured accurately on the basis of how many persons possess the native language but rather on the basis of the total capability of our overseas personnel to converse effectively either in the native language or in a primary-alternate or secondary language.

According to the latest statistics available—those as of May 31, 1961—approximately 41 percent of the overseas civilian officers serving with the Department of State, USIA, and ICA in non-English-speaking countries had at least a working level of proficiency of the primary or the secondary foreign language, or both, of the country to which they were assigned. In the case of Ambassadors and Foreign Service officers, this percentage on an overall worldwide basis, exclusive of English-speaking countries, has risen to about 63 percent. For USIA this percentage is 49. The figure for ICA—22 percent—is much lower since its personnel are recruited primarily not for purposes of engaging in representation and negotiation but for their professional qualifications in specific technical fields. As of the date indicated above, the Department of State, USIA, and ICA together had approximately 679 officers who were trained in the various esoteric or "hard" languages. Of these, 485 were in the employ of the Department of State, 138 in USIA, and 41 in ICA.

At over half of the foreign language posts in the world, where the widely used languages such as French, German, and

Spanish are used, from 60 to 80 percent of our personnel speak the local language.

Although ability to communicate in a foreign language can help to bring about better understanding and facilitate negotiations, it cannot serve as a substitute for knowledge, judgment, and dedication, the human qualities that make for trust and respect and enhance the capacity for leadership of U.S. staffs and programs in a particular country. Having said this, it is still palpably necessary, however, given the imperative circumstances imposed on us by world conditions, to press ahead vigorously to equip our personnel assigned overseas with the language and area skills they need to carry out their heavy and increasing responsibilities.

It is the intent of the Department of State, in carrying out the provisions of Public Law 86-723, that no officer be assigned to a post where the knowledge of one of the widely used languages is important in his job without a minimum working knowledge of the appropriate language. Prior to going overseas, training is given in Washington to those who do not already have the minimum requirement in the language concerned. Personnel who do not achieve a minimum working level of proficiency before leaving Washington for their posts, or those who are direct-transferred from another Foreign Service post, are expected to attain job-level language proficiency or, if assigned to positions with no designated language requirement, to attend a minimum of 100 hours of instruction in the primary language at the rate of more than 1 hour a day whenever possible.

The Foreign Service Institute, which since it was organized in 1946 has been engaged in language instruction, is currently teaching 22 languages on a full-time intensive basis in Washington to Foreign Service officers and employees of other agencies including USIA and ICA who are assigned to overseas posts. Advanced Chinese, Arabic, and Japanese are taught at branch schools in Taichung, Beirut, and Tokyo, respectively. This type of intensive training involves up to 6 class hours a day. As of June 1, 1961, there were 177 students enrolled for periods ranging from 6 to 24 months in the more esoteric languages of the Far East, South Asia, Near East, Africa, and Europe. Another 194 students were enrolled in courses of 16 to 24 weeks (mostly 16 weeks) duration in the widely used languages such as French, Spanish, German, Italian, and Portuguese. In addition to these, 283 employees were enrolled in part-time classes conducted at the Foreign Service Institute in Washington in the early morning before office hours. A part-time extension program is operated at 197 posts overseas in 53 different languages. Over 4,700 students are enrolled in this program, and this figure does not include those who are engaged in foreign language study at their own expense.

To increase awareness of the importance attached to the acquisition of languages and to promote retention of languages already learned, the Department of State since August 1958 requires each Foreign Service officer to undergo a language checkup approximately every 2 years, or before he is sent or returned to an overseas assignment. This testing is administered by the Foreign Service Institute whose testing standards are extremely high. As of January 1961, approximately 2,540 Foreign Service officers had been tested in 31 languages. Sixty percent of these have a tested speaking proficiency in at least one language at the minimum professional level, while about 85 percent have at least a routine working proficiency (sufficient to satisfy routine social and official requirements) in at least one foreign language.

THE SILENCING OF MILITARY OFFICERS

Mr. GOLDWATER. Mr. President, as a result of the order by Secretary McNamara silencing the officers of the military from making certain speeches concerning their feelings about their country, a great hue and cry has arisen across the country. This is expressed in editorials being received daily from different newspapers in the United States. I ask unanimous consent that several of these editorials be printed in the RECORD.

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

[From the Columbia Record, Aug. 9, 1961]

CONTRACTION IN DEFENSIVE POSTURE

Under a National Security Council directive of 1958, during the Eisenhower administration, military leaders stressed the threat of communism in their patriotic indoctrination of troops. They also participated in civilian cold war seminars, such as was held in February at Fort Jackson, and in other ways countered the Red menace.

A change in policy became evident in January when Admiral Burke, Chief of Naval Operations, had to revise a speech because of its rough tone toward the Soviets. Other incidents followed to indicate a softening or compromising attitude. For example Maj. Gen. Edwin A. Walker was relieved of command of an Army division in West Germany after a scandal sheet accused him of strong right wing remarks and actions, some of which have since been denied.

The question of muzzling the military broke on the floor of the U.S. Senate when Senator STROM THURMOND introduced into the CONGRESSIONAL RECORD a copy of a memorandum that had been leaked to some newspapers. The memorandum had been prepared by Senator FULBRIGHT, chairman of the Senate Foreign Relations Committee, and had been sent to the President and the Secretary of Defense. Some executive directives had followed some of its recommendations.

In general, the memorandum recommended that dissemination of information on the Communist threat be taken out of the hands of military men. It branded them as incapable of handling this intelligence in line with the new administration policy. It further recommended transfer of the National War College from military to civilian control and suggested that officers be required to undergo certain educational indoctrination in order to receive promotions. Since the memorandum was directed against right wing thinking, it carried the implication that military leaders must conform to left wing principles and promulgate the left wing point of view in order to advance in the service.

Attacking the memorandum in Senate addresses, Senator THURMOND said: "The implication of this document * * * constitutes a clandestine assault on the fundamental foundations of our Republic. It is a smear campaign, utilizing innuendo based on unsubstantiated allegations. One cannot escape the implication of this document that the exercise of national sovereignty by the people is undesirable. The real issue in this matter is whether the American people shall be given the facts whereby they, themselves, can exercise the sovereignty which is theirs; and whether the American people through the machinery of our Republic, shall have the final say on policies of the United States of America. The philosophy candidly expressed in the memorandum [is] that the American people are not to be trusted with governing themselves, particularly with reference to matters of foreign policy."

The press generally has preserved a silence about the memorandum that might be a lull before the storm. The furor over Senator Thurmond's revelation is mounting and he has promised to go deeper into the issue. The Fulbright memorandum has been published in full in the State. The current issue of U.S. News & World Report devotes two pages to it. Senator THURMOND cites these paragraphs as the heart of the memorandum:

"The American people have never really been tested in such a struggle (the 'twilight struggle' President Kennedy mentioned in his inaugural address). In the long run, it is quite possible that the principal problem of leadership will be, if it is not already, to restrain the desire of the people to 'hit the Communists with everything we've got,' particularly if there are more Cubas and Laos. Pride in victory, and frustration in retreat, during the Korean War, led to MacArthur's revolt and McCarthyism."

"This problem of democratic attitudes toward foreign policy has never been better stated than by De Tocqueville, who wrote:

"Foreign politics demand scarcely any of those qualities which a democracy possesses; and they require, on the contrary, the perfect use of almost all those faculties in which it is deficient. A democracy is unable to regulate the details of an important undertaking, to persevere in a design, and to work out its execution in the presence of serious obstacles. It cannot combine its measures with secrecy, and it will not await the consequences with patience. These are qualities which more especially belong to an individual (a dictator), or to an aristocracy (or an oligarchy or presidium.)"

"He also wrote of 'the propensity which democracies have to obey the impulse of passion rather than the suggestions of prudence, and to abandon a mature design for the gratification of a momentary caprice.'"

"This," said Senator THURMOND, "is not an indictment of military leaders for usurping military control, but an indictment of the ability of the American people to govern themselves and to know what is best for themselves."

The tenor of the memorandum is that Americans need no indoctrination in the Red menace confronting them, that a softer approach is needed in the fight with communism, that it is the business of only the Washington insiders what defensive posture we should take, and that the commissar system or its equivalent should be adopted. The theses are inconsistent with the principles of government for, by and of the people.

[From the Greenville News, Aug. 8, 1961]
THURMOND AIDS IN EXPOSING RETREAT ON NEW FRONTIER

(By Holmes Alexander)

WASHINGTON.—Something like 5 hours of serious Senate discussion on a dead serious subject recently got little or no mention in the metropolitan press—but the Senators involved intend to keep on shouting till they are heard. The matter was summarized by Senator MUNDT, Republican of South Dakota, on Monday, July 31.

"Today," said MUNDT, "I received in my office two calls from persons who wanted to get more information about the matter. There was not a single word about it in the Sunday editions of the Washington newspapers, not a single word about what occurred on the floor of the Senate during those several hours of informative discussion on Saturday."

What is this taboo'd subject? Well, it relates to an attempt by three Senators—MUNDT, THURMOND, Democrat of South Carolina, and GOLDWATER, Republican of Arizona, to show that there exists a brute force effort to muzzle the anti-Communist military.

Since so little about it has reached print, I think a foreshortened blow-by-blow account is in order.

July 21: THURMOND, a member of the Armed Services Committee and a combat officer in World War II, learned that Senator FULBRIGHT, chairman of Foreign Relations, had fired off a memorandum to the Secretary of Defense against military officers indoctrinating their troops, or groups of civilians, against the dangers of Communist infiltration. THURMOND demanded, but did not get, a satisfactory accounting from FULBRIGHT.

July 26: THURMOND made a lengthy and furious attack against the administration for throttling its military officers. He also entered into the CONGRESSIONAL RECORD several samples from the Communist newspaper, "The Worker," showing that the latest attack upon our military leaders had first occurred in this enemy journal.

July 29: THURMOND came back with another speech on the same subject and new samples from "The Worker." This time, in an issue predicated July 30, "The Worker" was much more specific. It revealed that the Kennedy administration was in the process of removing the last vestiges of a 1958 Eisenhower policy, known as the Radford Directive, in which officers were authorized to participate in anti-Red information programs, such as defense strategy seminars and the showing of documentary educational films.

"The Worker" excoriated some of our finest officers by name—Admiral Burke, General LeMay, General Van Fleet, General Taylor, and Lieutenant General Trudeau, now chief of Army Research and Development, but the candidate of many Senators, Congressmen, and military writers to become the new head of the Central Intelligence Agency, or some equally responsible job in direct conflict with communism.

July 28: Senator GOLDWATER made a rousing speech on the subject of military muzzling in Houston, Tex. Addressing the State convention of the American Legion, GOLDWATER got after FULBRIGHT for the latter's alleged charge that "the virus of rightwing radicalism" was rampant and ruinous in the Armed Services. GOLDWATER added several outside examples to show how upper echelon officers are being silenced. Among his examples:

The Aviation News, April 20, 1961: "The trend today toward one-man censorship of all information from the Pentagon continues to accelerate * * *."

The Army, Navy, Air Force Journal, May 13, 1961: "Professional military thought and expression (are) under attack at the Pentagon * * *."

The Milwaukee Journal, April 17, 1961 took the administration line and reported: "The admirals and generals from pretty much of a closed and mean union. * * * They undermine official policy."

The Chicago Sun-Times, July 20, 1961, reported that "a dangerous movement is afoot to get LeMay as a means of undermining a hard line on Berlin."

It all added up to the Thurmond-Mundt-Goldwater effort of July 31 to put the news across to the public—news that one of the strangest retreats of the cold war is being conducted by the New Frontier.

KEEP MILITARY ALERT TO REDS

[From the Spokesman Review, July 24, 1961]

Some of America's most patriotic and knowledgeable men, so far as the Communist threat is concerned, are officers in our military establishments. Some are called upon to speak occasionally on some aspect of the Red drive to undermine our Government. Some are exceptionally alert to the need for informing other Americans of Communist strategy and tactics in this country and abroad.

Now, apparently upon the suggestion of Senator J. WILLIAM FULBRIGHT, chairman of the Senate Foreign Relations Committee, the secretary of defense has issued an unusual directive.

In effect, this directive orders military officers to stick to military matters in public speeches and to avoid cooperation or sponsorship in meetings at which "extremist speeches" are made by civilians alert to subversive forces at work in America.

A Democratic associate of Mr. FULBRIGHT has properly raised an issue over this evident effort to silence or intimidate military officials who speak up in opposition to subversive elements.

Senator STROM THURMOND, of South Carolina, who is major general in the Army Reserve, knows the value of keeping our military men alert and in having them properly informed on how the Reds operate.

Senator THURMOND should have the support of all citizens who do not want our responsible military leaders gagged for defending, in peacetime, the principles for which they are called upon to fight in time of war.

[From the News and Courier, Aug. 5, 1961]
FAILURE OF "INTELLECTUALS"

Onetime college president Senator J. WILLIAM FULBRIGHT, Democrat of Arkansas, is deeply concerned that the military has been sponsoring speakers "heavily weighted to one view." With his academic background, Senator FULBRIGHT undoubtedly has had plenty of opportunity to become familiar with one-sided presentation. In the last few decades, American colleges and universities have become increasing notorious for such tendencies.

The military's attempt to alert the people of the United States to the immediate and terrifying nature of the Communist danger is in part no more than natural reaction to contrary tendencies on the campus. In the academic groves, the strident voice of the leftist, the appeaser, and the internationalist derider of patriotism form a chorus that is almost free from challenge.

Not only has the conservative college professor been silenced, but any sort of effective and rational dissent encounters the most savage intolerance. In his "Collectivism on the Campus," Prof. E. Merrill Root has amply documented pressures and punishments the conservative can expect. Carleton Putnam more recently found many scientists so terrified by egalitarian menace as to be unwilling to undertake serious discussion of the race issue at all.

The conservative's fears are based on firm ground, as evidenced by the recent dismissal of two young instructors from a New York institution. Liberal students and others seem to have been aroused by such activities of the instructors as the showing of the film "Operation Abolition" at the campus Conservative Club, and by criticisms of the United Nations.

Heavyhanded methods, however, are seldom needed. Studies such as "the academic marketplace" reveal that politics and conformity are as rampant in the halls of ivy as in the business world so ruthlessly exposed in "The Organization Man." Add the testimony from the book "The Academic Mind" as to the overwhelming "liberal" predominance in higher education, and it is readily comprehended that the truly independent or conservative mind today must pay a price of silence for acceptance and survival.

As for research grants, the highroad to scholarly achievement and recognition today, the same situation prevails. One of this country's best known historians, an outstanding figure in the academic world, commented privately a couple of years ago that grants were simply not available any longer except to men of acknowledged liberal viewpoints. The conditions in the great founda-

tions, from which most research money derives, have been exposed by Rene Wormser. The Ford Fund for the Republic, for all its obvious leftist bias, is by no means exceptional.

In his criticism of the military, Senator FULBRIGHT merely expresses the resentment felt by the all-powerful forces within the academic community toward any who challenge the current intellectual dogmas. But challenge of appeasement, defeatism, and subversion are necessary if the Republic is to survive.

Challenge there will be. We agree that the intellectuals of this country should be leading the fight against communism. So far they have not only refused to provide leadership, but have opposed those who have displayed willingness to fight the greatest menace ever faced by civilized mankind. Most Americans will not be disposed to criticize those who courageously, if awkwardly, seek to perform a necessary task otherwise left undone.

SPACE BONDS

Mr. KEATING. Mr. President, some time ago I suggested that the administration should look into the possibility of issuing space bonds to help finance our Nation's race into outer space. This idea has won increasing support in all parts of the country. At this point, when many people are very much concerned over increasing military expenditures and the danger of inflation, the proposal for space bonds has an added appeal. Not only could we use these bonds to bolster our boosters, but also they can back up our budget by taking money which might otherwise be used for immediate spending and consumption and directing it toward our Nation's space efforts.

Americans are still asking themselves as individuals what they can do to help advance our country's ideals. If the administration will pursue this kind of idea with imagination and persistence, I think it will be able to establish one very good way in which the average American citizen can contribute to strengthening the whole free world. As an illustration, one way to interest our space-minded youngsters in this proposal might be to offer reservations on a space flight to the moon to all who invested in a given amount of space bonds. There is a lot of mileage in this proposal, and I certainly hope the administration will see its way to a vigorous and enterprising approach in the entire field of savings bonds, and most particularly to the initiation of a new series of space bonds.

Mr. President, I ask unanimous consent to have printed in the RECORD following my remarks editorials from New York, Pennsylvania, and Florida newspapers supporting the space bonds proposal.

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

SPACE BONDS PLAN STUDIED BY TREASURY IN OVERALL REVIEW

WASHINGTON.—The Treasury Department is considering the issuance of a new type of savings bond, to be known as "space bonds," it is reported here.

The Treasury has under study the proposed new type of bond, to help finance America's missile and space program, as

part of a broad review now underway of the savings bond program.

The "space bonds" have been urged by Senator KENNETH B. KEATING, Republican, of New York, while Senator JACOB JAVITS, Republican, of New York, and Senator JOHN J. WILLIAMS, Republican, of Delaware, have been suggesting the issuance of "peace bonds."

Senator KEATING received from Treasury Secretary Douglas Dillon a letter saying, "The public interest fully justifies the effort that we are making to review the shape of our whole savings bond program, including the specific use of the space bond."

When space bonds were originally proposed, the Treasury reportedly was doubtful of the idea. As Senator KEATING said, "The initial reaction of the Treasury Department was not favorable." He added, "I'm glad that the Department is taking a second look."

Senator KEATING added a "full-time consultant has been engaged to study the entire savings bond program, including the specific use of the space bond. I am hopeful that this study will lead to an imaginative and enterprising Government effort to sell space bonds."

It is learned that Under Secretary of the Treasury for Monetary Affairs Robert Roosa is in overall charge of the revision of the savings bonds effort. He has associated with him Prof. John N. Kareken, an economist of the University of Minnesota.

The fact that Mr. Roosa is leading the study of space, peace and savings bonds, indicates to observers that he will consider the promotion of these bonds along with his responsibility for Treasury debt management.

Treasury Secretary Dillon promised Senator KEATING that "I will give a full report" on developments "at the earliest possible time."

Meanwhile the national Rocket Club is supporting Senator KEATING in his efforts to popularize space bonds and has produced a space bonds saving stamp designed with astronaut Alan B. Shepard's likeness on it.

Harold A. Timken, Jr., president of the Rocket Club, declared that a "space bonds program could be of tremendous assistance to the acceleration of the U.S. space effort."

"HOW CAN I HELP?" BONDS

In the 20 years since they were first issued as war bonds, more than \$100 billion worth of U.S. savings bonds have been bought by the American people. Today they hold close to \$44 billion worth of these securities. Eight million Americans are purchasing them regularly through payroll deduction plans operating where they are employed.

The money raised by the sale of these bonds is used for general Treasury purposes. Now, on the basis of President Kennedy's "what can I do for my country?" appeal, the White House is said to be considering the issuance of new types of bonds in small denominations to finance specific projects.

Senator KENNETH B. KEATING, New York, Republican, recently proposed the sale of "space bonds," to help the Nation's space program. There has also been a suggestion for another series of bonds to provide funds for our foreign aid program. Adoption of such proposals would give Americans the opportunity for a safe and profitable investment and at the same time a means of contributing to the success of the particular Government activities in which they may have a special interest.

[From the Jacksonville Journal, Aug. 1, 1961]

ONE WAY TO HELP

Many Americans are still asking, "What can I do for my country?" One way they can help America and themselves is to buy U.S. savings bonds. The illustration clearly shows

what a good investment this can be both in the future of the United States and in one's own future.

Quimby Melton, 71-year-old publisher of the Griffin (Ga.) Daily News, asked himself one day what he could do for his country. Here's the answer in his own words:

"I came up with the idea: If everyone will buy one or more U.S. savings bonds during the month of May, it will be proving that they not only talk patriotism but are backing this talk up. I hit on the idea of calling the campaign 'Confidence in Uncle Sam Unlimited.' It caught fire. When May was over, Griffin folk had invested more than four times as much in the bonds as they did in April.

The plan was so successful that the record sales carried over into June. Then Washington officials heard of the campaign and four Cabinet officers sent checks. Now, says Melton, the Government is thinking about copying his plan on a national scale. The Government is also reportedly investigating a new kind of bond plan that would let citizens earmark their investments for particular Federal programs such as foreign aid or space work.

Space bonds were first suggested by Senator KENNETH B. KEATING, Republican, of New York, who pointed out that the Government has received a number of checks in the mail, ranging up to \$100, from citizens who want to give something extra to advance the U.S. space effort.

Savings bonds would seem to be the best bet of any. They enable the Government to use the money borrowed as it sees fit. In any event, the citizen who invests in these bonds can take satisfaction in knowing he has given one of the best answers to the question: "What can I do for my country?"

PRIVATE EFFORTS TO PROMOTE NATIONAL TOURIST ATTRACTIONS

Mr. KEATING. Mr. President, lately a great deal of attention has been devoted to Federal governmental efforts to promote and encourage tourism to the United States. I believe that the most important supplement to the activities of the International Travel Service recently established in the Commerce Department is the work of private American groups to encourage tourism. I feel very strongly on this point, and have suggested the establishment of what I call local "welcome corps" to supplement the work of the International Travel Service by greeting and assisting foreign visitors in key communities throughout the United States. I am pleased that groups along these lines have been set up in a number of our important metropolitan centers.

Mr. President, I wish to call attention today to a very unique effort on the part of a small group of New Yorkers, which I believe might well be made a part of our overall efforts to publicize the many great attractions of New York City. I refer to a publication entitled "New York Free for All." This ingenious and unusual guide is, as its title suggests, a listing of the many particularly unique attractions of New York City which are free of charge. It is reassuring in this era of salesmanship and canned commercials to know that interesting opportunities are still available at no cost.

"New York Free for All" has been published on a shoestring for the past several years by Mr. Lew Arthur. In his most recent edition, he has this delight-

ful comment about the great city of New York:

The essence of the city is in its free-wheeling sights, sounds, and happenings. There are constant surprises in store round every corner—touching or comic scenes of life lived intently, daily, 24 hours. Here we can only offer the leads, but keep an open mind and heart and you'll discover for yourself the liveliest vaudeville in the world.

Mr. President, I am happy to call attention to this program. I certainly hope interesting local programs such as this one will perhaps be made a part of our Nation's new effort to close the "tourist gap" and to encourage visitors from overseas to travel to and through our great Nation.

SALE OF GOVERNMENT-OWNED HOUSES AT WAVERLY, OHIO

Mr. LAUSCHE. Mr. President, yesterday the U.S. Government sold 323 houses at Waverly, Ohio. The houses were built in 1954 in conjunction with the development of the atomic energy plant in Pike County, Ohio. A wholesome and encouraging aspect of yesterday's sale was the combination of four churches in Ohio to bid upon the property. They were led by Rev. John Robert Glenn, pastor of the Boulevard Presbyterian Church, Columbus, Ohio, and were able to gather sufficient funds to make the high bid. To me, this is an encouraging development. The four churches are the Boulevard Presbyterian Church of Columbus; the First Presbyterian Church of Chillicothe; the Second Presbyterian Church of Portsmouth; and the First Presbyterian Church of Waverly.

These four churches combined their efforts, had their representatives appear in Washington, and were the successful bidders for the 323 houses. They contemplate using the project to house the aged of their churches.

I am proud that the men and women representing those churches had the foresight and energy to combine their efforts to purchase these 323 houses to provide living accommodations for the aged of their congregations.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The absence of a quorum has been suggested, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

(At this point, Mr. GOLDWATER took the chair as Presiding Officer.)

Mr. MANSFIELD. Mr. President, I ask that the order for the quorum call be rescinded.

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

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. What is the pending business?

The PRESIDING OFFICER. The pending business is the amendment proposed by the Senator from Washington [Mr. MAGNUSON].

Mr. MANSFIELD. Mr. President, if I may have the attention of the chairman of the Committee on Foreign Relations, the Senator from Arkansas [Mr. FULBRIGHT], it is my understanding that the amendment was offered last evening and an explanation of it was then made on the floor of the Senate. That explanation is in the RECORD. It is my further understanding that the chairman of the committee is willing to accept it. I hope at this time he will make his position clear.

Mr. FULBRIGHT. Mr. President, the provision contained in the amendment has been in the bill since 1955, I believe. I see no objection to it. If it is properly administered—and the bidding for the insurance is supposed to be on a competitive basis—I see no objection, and I am ready to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Washington.

The amendment was agreed to.

The PRESIDING OFFICER. The question now recurs on the amendment proposed by the Senator from Delaware [Mr. WILLIAMS].

Mr. WILLIAMS of Delaware. Mr. President, this amendment is being offered on behalf of myself and the Senator from Kentucky [Mr. COOPER].

I should like the clerk to restate the amendment because the last line has been modified to read "8 per centum per annum." These words were added to make sure that there is no misunderstanding but that the proposal is a ceiling on the annual interest rates, and not one which would be interpreted as an 8-percent ceiling for a shorter period.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. WILLIAMS of Delaware. Mr. President, I ask that the modified amendment be stated.

The PRESIDING OFFICER. The amendment of the Senator from Delaware, as modified, will be stated.

The LEGISLATIVE CLERK. On page 6, after line 3, it is proposed to insert the following new subsection 201(d) :

(d) Funds made available to carry out this title shall not be loaned or reloaned at an interest rate in excess of 8 per centum per annum.

Mr. WILLIAMS of Delaware. Mr. President, I will state briefly for the RECORD that the proposed amendment is similar to one which I offered to the so-called Latin American aid bill.

The purpose of the amendment is to make sure that the money that would be furnished under the bill, which totals approximately \$8.5 billion for the use of the Development Loan Fund, could not be loaned or reloaned by any of the countries involved at interest rates in excess

of 8 percent per annum. The amendment does not propose the 8-percent ceiling as an objective but only as a ceiling. In cases where the interest rate could be lower it would be advisable for it to be lower.

The U.S. Government has oftentimes been looked upon as a Shylock. It has been charged that we have been a party in certain countries to charging people who are buying homes or operating a small business interest rates as high as 15, 18, or 20 percent a year.

That is not true, but it is true that some of the parties who have been borrowing this money from our Government at low interest rates have in turn been charging excessive rates—rates sometimes running as high as 20 percent.

We are furnishing money for these loans at rates as low as 2½ percent or 3½ percent. It was suggested by the Secretary of the Treasury, Mr. Dillon, while in Uruguay the other day that some of these loans will be made on the basis of 50 years with no interest being charged. If we are going to put up American taxpayers' money for 50 years at no interest charge, or for as low as 2½ or 3½ percent, certainly it is unreasonable to allow these countries, after borrowing it at these ridiculously low rates, to lend the money to their people at interest rates of 12 percent, 15 percent, 18 percent, or even 20 percent.

Rather than creating good will, we shall be doing ourselves an injustice. It would be much better if we kept the money at home.

I hope the chairman will accept the amendment.

Mr. FULBRIGHT. The Senator will recall that we had a very long and extended debate on this subject with regard to the Latin American program. A compromise was finally worked out which read as follows:

Funds made available to carry out this title shall not be loaned or reloaned at an interest rate considered excessive by the Development Loan Committee established by section 205 but in any event no higher than the legal rate of interest of the country in which the loan is made.

There is no question in this program about the interest rate we will charge.

The same argument was made before that there is a great variety in some of these countries. We cannot control the state of inflationary pressures in some of the countries. One of the main objectives of the program is to gradually enlist participation of local capital in the formation of such organizations as savings and loan associations, and so forth. Did the Senator submit an amended version of his amendment?

Mr. WILLIAMS of Delaware. No; the amendment which I offered on behalf of myself and the Senator from Kentucky [Mr. COOPER] is exactly the same as the printed amendment except that we added two words at the end of the amendment: "per annum." That was done to make sure that the 8 percent could not be interpreted as 8 percent, for example, for 6 months, and in that way get around the clear intent of the amendment. We want to be sure that it will be 8 percent per annum.

Mr. FULBRIGHT. I would be willing to accept an amendment in the same form as the one that was finally put into the Latin-American program. It is workable. I can assure the Senator that the administration and I, along with the Senator from Delaware, are not trying to increase interest rates. We are trying to reduce them. As a practical matter, however, we cannot by flat reduce the interest rates and expect any participation by the local people.

I hope the Senator will make his amendment conform with what Congress did in the other program. After conferences between both Houses, we agreed with regard to the Latin American program to accept the amendment that I have proposed. The Senator's amendment is directly contrary to the best judgment of the people who must administer this program. As a practical matter it does no good to set up arbitrary standards and then fail in any effort to enlist local private capital participation in the program that we hope to get moving in these underdeveloped countries.

Mr. WILLIAMS of Delaware. I have great respect for the chairman of the committee, but the substitute which has been suggested by the State Department so far as any enforcement provision is concerned is not worth the paper it is written on. It merely says that they will not charge rates which they think are too high or rates which are higher than the legal rate in the country involved. The legal rate is as high as 20 percent in some of those countries.

Mr. FULBRIGHT. I do not believe the Senator from Delaware is correct when he says that the legal rate is 20 percent. The actual rate may be as high as that. We had a few cases, at least, called to our attention where in a country like Peru—and I do not like to reflect upon Peru, but I think that was the country involved—in which the legal rate was 10 or 12 percent, but the going rate, to attract any participation by risk capital, was often as high as 15 or 20 or 25 percent.

The trouble is that in these countries there has been for the last few years excessive inflation, and they cannot get anyone to lend money at what we would call a reasonable rate. If inflation increases, a man who has money and has loaned it in some cases would lose as much as 8 percent. The language in the Senator's amendment just will not work. We cannot by direct fiat and by passing a law cure a situation like that. The only possibility of progress is to gradually show them the benefits arising from gradually working the interest rate down.

It is not too many years ago when we had, in our own West, interest rates running up to 15 or 20 percent. The senior Senator from Arizona the other day said he could remember that when he was a young man in Arizona they often paid 12 to 15 percent for money out there. That was not too long ago. We are a country which has accumulated capital. No one is trying to say we want to gouge these people, or that we approve of their being gouged. We want to develop a workable program.

After many hours of debate and consultation with the Treasury Department, we finally worked out a compromise which, it seems to me, is reasonable. I hope the Senator will not force us to go through all that again. I could almost predict that it would finally come out this way. I believe that when we voted on the Senator's proposal before, involving a positive requirement, such as that he now proposes, his amendment was defeated in the Senate. After long hours, we finally reached what I believe to be a workable compromise. I plead with the Senator to accept the substitute I have proposed.

The language I propose is not without force. It says:

But in any event no higher than the legal rate of interest of the country in which the loan is made.

That refers to the relending of the money. That does not mean that we are going to charge that interest rate. No one could accuse us of charging a usurious rate if a higher legal rate is charged. No one could make a legitimate complaint that we were doing something wrong. This involves their own law. We cannot rewrite their laws. No one in any of these countries could legitimately criticize us if their own lending agencies loaned money at higher than the legal rate.

I would certainly be delighted to accept an amendment along the line I have proposed, but I cannot accept the Senator's proposal, which the Senate rejected only a few weeks ago.

Mr. WILLIAMS of Delaware. First, I wish to say that the Senate did not reject our amendment. The Senate unanimously approved it. The Senate later reversed itself and rejected it after the State Department insisted that they wanted the right to put American dollars out at a low rate of interest but that they wanted the people using the money to have the right to put it out at rates as high as 12 percent or 15 percent. The fact is that first the Senate unanimously approved my amendment. I believe the Senator from Arkansas supported it at the time it was offered.

Mr. FULBRIGHT. I believe the Senate did that under a misapprehension. Besides, it was not the State Department. The State Department is not always the one that makes mistakes. The Treasury Department is the Department we consulted. Mr. Leddy, I believe, did tell the Senator from Delaware that he thought he could live with it, after they examined it and went all over it and explained how it would work. It was the Treasury Department that acknowledged that they are the ones primarily responsible in the inter-American bank operation.

It was said there could be no hope of success in enlisting the participation of local capital if that provision remained in the bill. That was why the Senate reversed itself. The Senate first voted for the provision because Senators were under a misapprehension. I did not like the proposal at the time, despite statements by the Assistant Secretary of State to the Senator from Delaware, which I thought then and still think was a slip made over the telephone, not in a well-

thought-out memorandum. I recall the conversation; as a matter of fact, I think I suggested to the Senator that he call the Assistant Secretary, and I was greatly surprised at what I thought was the mistaken interpretation which was given.

However, the Senator from Delaware admits that subsequently, after a long, laborious, and thorough discussion of the question, the Senate reversed itself. That was its final judgment. The final result is what I read to the Senator. I do not understand why he believes he is more likely to get this conclusion adopted now, after a lapse of only 4 or 5 weeks, than he got it then.

In my opinion, the provision in the bill is a reasonable proposal, one which ought to be given a chance to work. If the reports to the committees indicate any great outcries concerning abuses or inequities, the committees will be glad to consider them. However, I do not believe obstacles should be placed in the way of the successful operation of the program. It ought to be given a reasonable chance to succeed, in an effort to enlist legal capital for the various projects.

Always remember that it is not intended that the United States shall supply the major part of the money for these projects. Our purpose is merely to help them get started, to provide what is called seed capital, to show the people in the countries abroad how savings institutions can operate. Such institutions have operated well in this country; and under the operations of our institutions, interest rates have been gradually reduced over the years. That is what we would expect to happen in the foreign countries. If the Senator from Delaware should succeed in having his proposal adopted, there would be no opportunity at all for the program to succeed.

Mr. WILLIAMS of Delaware. In the Development Loan Fund, not \$1 of foreign capital is involved and it is not intended that \$1 of foreign capital be involved. These are U.S. dollars, furnished by the taxpayers. Congress has a perfect right to establish the interest rates which will be charged. A ceiling is placed on interest rates which can be paid to persons who lend their money to the U.S. Government. Legal interest rates are established in the respective States.

The Senator stated that years ago, in the development of this country, usurious rates of 15 or 20 percent were charged. That did not make it right. I venture to say that had the person who was charging such high rates in any State been obtaining from the Government the money which he was lending to the people, there would have been a revolt.

In this instance, the money will be lent for periods of 50 years so far as concerns the repayment of principal—50 years during which no interest will be charged at all. The borrowers will be allowed to use the money. Is it unreasonable for us to ask them, since they are getting this money in order to lend it to their people not to charge interest rates in excess of 8 percent? Even 8 percent, in my opinion, is far too liberal. Why does the administration insist on allowing these moneylenders to charge 15 to 20 percent

on money which we are furnishing at little or no interest?

Let us stop kidding ourselves. Loans are being made in those areas at interest rates of 10, 12, 15, and sometimes as high as 20 percent, and all the money is U.S. money. What does inflation in those countries have to do with the question? This is U.S. money. If the loans are made repayable in the currencies of those countries, we shall be the losers.

The time has come when this program should be put on a sound basis. That is very important. On a previous occasion I called the attention of the Senate to an instance in a Latin American country where an individual who owned 2,400,000 acres of farmland was borrowing money direct at a rate of 5½ percent. But under the same program the administration proposes to put our money through a credit bank in the same country whereby an individual farmer who wishes to get a loan in the same area must pay 12 percent. I do not believe that can be justified.

The criticism of the whole foreign-aid program has been that the United States has been pouring billions of dollars into this field without the money or the benefits going directly to the people of the countries concerned. The way to make certain that the people of the foreign countries get the benefits which are intended for them is to write restrictions into the law.

The compromise proposal of the Senator from Arkansas is not acceptable so far as I am concerned. Personally, I would just as soon see nothing in respect to it in the bill as to have what is here proposed by the administration.

Mr. President, unless the Senator from Arkansas wishes to speak, I shall suggest the absence of a quorum. The Senator from Kentucky wishes to speak on the amendment.

Mr. FULBRIGHT. Mr. President, I do not know that I can say any more than I have except to offer my substitute for the Senator's amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 6, after line 3, it is proposed to insert the following new subsection 201(d):

(d) Funds made available to carry out this title shall not be loaned or reloaned at an interest rate considered excessive by the Development Loan Committee established by section 205 but in any event no higher than the legal rate of interest of the country in which the loan is made.

Mr. WILLIAMS of Delaware. Mr. President, if this substitute being offered by the Senator from Arkansas is adopted money could be loaned at rates as high as 12 or 15 percent without any question being raised.

I suggest the absence of a quorum.

Mr. MANSFIELD. Mr. President, before the Senator suggests the absence of a quorum, I ask that the attachés of the Senate notify all Senators that this will be a live quorum.

Mr. WILLIAMS of Delaware. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 141]

Aiken	Fulbright	Monroney
Allott	Goldwater	Morse
Anderson	Gore	Morton
Bartlett	Gruening	Moss
Beall	Hart	Mundt
Bennett	Hartke	Muskie
Bible	Hayden	Neuberger
Boggs	Hickenlooper	Pastore
Bridges	Hickey	Pell
Burdick	Hill	Prouty
Bush	Holland	Proxmire
Byrd, Va.	Hruska	Randolph
Byrd, W. Va.	Humphrey	Robertson
Cannon	Jackson	Russell
Capehart	Johnston	Saltonstall
Carlson	Jordan	Schoeppe
Carroll	Keating	Scott
Case, N. J.	Kefauver	Smathers
Case, S. Dak.	Kerr	Smith, Mass.
Church	Kuchel	Smith, Maine
Clark	Lausche	Sparkman
Cooper	Long, Mo.	Stennis
Cotton	Long, Hawaii	Symington
Curtis	Long, La.	Talmadge
Dodd	Magnuson	Thurmond
Douglas	Mansfield	Tower
Dworschak	McCarthy	Wiley
Eastland	McClellan	Williams, N. J.
Ellender	McGee	Williams, Del.
Engle	McNamara	Yarborough
Ervin	Metcalf	Young, N. Dak.
Fong	Milner	Young, Ohio

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

Mr. KUCHEL. I announce that the Senator from Illinois [Mr. DIRKSEN] is necessarily absent.

The Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from New York [Mr. JAVITS] is detained on official business.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment offered by the junior Senator from Arkansas [Mr. FULBRIGHT].

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

The yeas and nays were ordered.

Mr. BUSH. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUSH. Is the Senate on limited time?

The PRESIDING OFFICER. No.

Mr. WILLIAMS of Delaware. Mr. President, I hope the Senate will not accept the substitute which has been offered by the junior Senator from Arkansas because, as I stated earlier, its adoption would in effect place no restrictions whatever on the amount of interest which could be charged as this money is reloaned in those countries which have excessive rates. If we are not going to do the job right, we might as well not do anything and let the American people know that the sky is the limit as to what the people in the countries can be charged; and what makes the matter worse, the exploiting will be in our name.

I point out only a few specific examples of what could happen under the Fulbright substitute, which puts the ceiling at the legal rates of the respective countries.

Argentina has a legal interest rate of 10 percent. The legal interest rate in Brazil is 12 percent. In Chile the legal

interest rate is 15 percent. In Colombia the legal interest rate is 8 percent.

In Ecuador the legal interest rate is 10 percent. In Paraguay the legal interest rate is 12 percent. In Peru the legal interest rate is from 13 to 13½ percent. In Uruguay the legal interest rate is 9½ percent.

Rates all the way up to 12 or 15 percent could be charged for this money which is going to be put up by American taxpayers on a 50-year loan with no interest.

We shall not get any good will in those countries by associating ourselves with these usurious rates.

The PRESIDING OFFICER. The Senator will suspend until there is order in the Chamber.

The Senate will be in order.

I wish especially that the visitors on the floor who are not Members of the Senate would discontinue their talking. The attendants and aids of Senators speak more loudly than the Senators.

The Senator from Delaware may proceed.

Mr. WILLIAMS of Delaware. Mr. President, it has been suggested by some that one approach to this problem would be to adopt a provision that none of the money could be loaned or reloaned at an interest rate in excess of 5 percent over that which is being charged by the U.S. Government. I should be inclined to support that proposal, but it would be more restrictive.

What the Senator from Kentucky [Mr. COOPER] and I are proposing is not that the charge be 8 percent, but that there be an 8-percent ceiling on the rate of interest that can be charged.

I point out to the Senate that this identical proposal was on one occasion approved unanimously by the U.S. Senate. That position was reversed only after the Treasury Department and the State Department went to the conferees and insisted that they wished more flexibility in order that those using the cheap money which we were putting up could, if they wished, keep on charging higher rates of interest.

This proposal would limit the interest to 8 percent per annum. It will work. A few months ago when we were considering the Latin American aid question, at which time I offered a similar amendment, I consulted with Mr. Leddy of the Treasury Department. The 8-percent rate was substituted for the first suggested 6-percent rate because he said that the 8-percent figure would work better. He admitted at that time he thought it would be a constructive amendment and had no objection to its being adopted. Later somebody changed his mind and decided the Department did not wish to put on these restrictions.

Much has been said in recent conferences with the South American countries and countries throughout the world that we would see lower interest rates being charged to the people in those countries. The way to that is to adopt the amendment which would restrict the interest rates.

If we do not adopt the amendment we shall find that housing in some of these countries which are financed by dollars furnished by the U.S. Government at a low rate of interest will be sold to the

people with mortgages bearing rates of 12 and 15 percent interest. We shall not generate any good will by being a party to such "Shylock" interest rates.

Mr. COOPER. Mr. President, I appreciate the opportunity to join as a co-sponsor of the amendment offered by the Senator from Delaware [Mr. WILLIAMS]. As he said, this same battle limitation on interest rates charged on our money by the countries to which we lend money to their own people was fought in the Senate a few weeks ago when an amendment offered by the Senator from Delaware similar to the one which we have proposed was agreed to by the Senate. His amendment, which I supported, was eliminated in conference. Nonetheless the reasons supporting the amendment at that time lead us today to offer it to the pending bill, are the reasons for its adoption are even more persuasive and cogent than they were at that time. It is well for the Senate to know very clearly what is proposed by the amendment.

The committee approved bill which is before the Senate provides that the President may lend to developing country the sums which are made available by Congress upon such terms as he may think appropriate. The committee report, the statement made by the President of the United States, and the statements of Secretary of State Rusk and Secretary of the Treasury Dillon, have made it clear that the intention of the foreign aid bill to make long-term loans, even to the extent of 50 years, at low rates of interest to recipient countries, and perhaps without any interest rates at all. But nothing is provided in the bill regarding conditions applying to the reloaning of the money which this country provides to institutions and organizations in the countries in which our money would be made available.

Although I support the foreign aid bill, I remind the Senate that under the terms of the bill billions of dollars would be made available to those countries over a period of 5 years. While the committee bill says nothing about the reloaning of our funds by the countries we help, it does provide criteria, upon the basis of which the President shall make loans to the developing countries.

I wish to read one criterion, written into the bill this year, which the Committee on Foreign Relations and the President, state that they consider to be important. On page 10, line 6, of the bill the following language appears:

The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of less developed countries and areas, with emphasis upon assisting the development of human resources through such means as programs of technical cooperation.

Then four criteria are mentioned to determine whether the President shall make the proposed loans. I call attention to (4), which provides as one of the bases upon which he shall make a loan to a country in South America, Asia, or Africa:

(4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear

willingness to take effective self-help measures and to pay a fair share of the cost of programs under this title.

The subsection states that one of the objectives of the bill is to promote social and economic reform in the countries we help to enable our money to help the people of these countries. All of us are familiar with examples of waste—not examples—unfortunate—which point out that our money has been used for the aggrandizement of a few persons in the wealthier classes. Inexcusable as these examples of misuse of our aid is, I think it even more far reaching in the long run, is the fact that our money has not gotten down to the people to raise their living standards. That is one of the great purposes of the bill. Social and economic reforms may be accomplished in these countries if we use the influence of the United States—and it is a great influence—because we do not have to loan the money unless steps in the right direction are made. Our amendment would stop the "Shylock" practices in those countries of charging exorbitant rates of interest, which bear upon the poor and backward people of those countries, and the people to whom loans are made—will believe that the United States is a "Shylock" as well as the institution of their own governments.

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

Mr. COOPER. I yield.

Mr. CAPEHART. Does the Senator have in mind, when he says that he will do the things that he outlines, that the private enterprise system will be promoted in the recipient nations?

Mr. COOPER. Yes. I was about to indicate the kinds of organization to which the proposal would apply. There may be institutions set up in the recipient countries with our money to make loans to private enterprise, and so if we require that our money be loaned at lower rates of interest, this practice, we hope, they might follow suit in their own operations.

Mr. CAPEHART. Does the Senator agree with me that we ought to write into the bill a provision that X amount of money loaned to a country must go to private enterprise? Should we not specify and establish the principle of law that we believe in the private enterprise system, thereby forcing recipient countries to accomplish what the Senator has suggested?

Mr. COOPER. I would support some moderate provision. I must say, however, that there is no private enterprise system as we know it, in many of these countries and no saving upon which capital for private enterprise can be established on a large scale, particularly for heavy industry.

Mr. CAPEHART. If there is no private enterprise system, and presuming that the opposite to such system is socialism or communism, should we promote socialism and communism in those countries?

Mr. COOPER. I do not particularly agree with the statement, simply because, as I have said, the conditions do not exist for large private enterprise as

exists in our country. I am getting off my subject.

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

Mr. COOPER. I want to come back to our amendment in a moment.

I yield to the Senator from Connecticut.

Mr. BUSH. Apropos of what the Senator from Indiana has said, on Monday we agreed to an amendment sponsored by the Senator from New York [Mr. Javits] and myself. I do not believe the Senator from Indiana was present at the time.

Mr. CAPEHART. I was here.

Mr. BUSH. The amendment was designed to do exactly what the Senator from Indiana has in mind—to promote the use of the private enterprise system in connection with the proposed loans, and to make sure that there would be no prohibition on lending the money to private enterprisers who may wish to invest, and assist in the building process in those underdeveloped countries.

Mr. CAPEHART. I remember clearly what occurred. Of course, all the Senator did was to specify by words that the countries were to take such action. What I wish to do is to make the provision a part of the law. I want Congress to go on record as endorsing the principle of the private enterprise system, and say to the world, "We want X amount of this money to be loaned to private enterprise," rather than to rest on the generalities of words stating that they can do so.

Mr. BUSH. Mr. President, I think the language is pretty specific. The only difference between what the Senator has in mind and what has already been done is that he wants to allocate a certain specific sum of the Development Loan Fund for that purpose. Is that correct?

Mr. CAPEHART. I want to be sure that it is done by law. I want Congress to go on record as espousing the principle of the private enterprise system and putting such a principle into the law. If the principle is good enough to put in words which state that the principle must be followed, why not earmark X amount of money for that purpose?

Mr. BUSH. That is the difference.

Mr. CAPEHART. That is a big difference. I want to earmark X amount of money.

Mr. BUSH. Yes.

Mr. CAPEHART. The Senator from Connecticut is trying to accomplish the same thing, except—

Mr. BUSH. How can the right amount of money be determined?

Mr. CAPEHART. I shall offer an amendment which will provide for 50 percent.

The PRESIDING OFFICER. The Senator from Kentucky has the floor.

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

Mr. COOPER. I yield.

Mr. CAPEHART. I agree with what the Senator from Kentucky said a moment ago. If what he read is the purpose of the bill, let us be specific. Let us write a specific amount into the law.

Let us not take anything for granted. We are taking the taxpayers' money, provided under the private enterprise system of the United States. Let us see that at least 50 percent of the amount provided is loaned directly to private enterprises. Then I think we shall have accomplished something.

Mr. COOPER. Mr. President, I appreciate the comments that have been made. I shall conclude in a moment. I wish to return to the theme of my argument for the Williams-Cooper amendment. Its purpose, as I have stated is to achieve one of the objectives of President Kennedy, Secretary of State Rusk, and Secretary of Treasury Dillon, and more important our national objectives. The objective is to encourage economic reform and social reform in the countries which we help. They must adopt measures which will insure that our aid helps them, and enables these governments to fulfill the needs of the people, and which, we hope, will assist them to be economically independent and maintain independence.

One of the practices which will continue to inhibit such development in these countries is the practice of lending money at excessive rates of interest.

The Senator from Alaska has offered an amendment which provides that the interest rate shall not be 5 percent above the loan we make. We propose to make country loans to no rate of interest or at 1 percent or 2 percent. Of course, if we multiply nothing by five, we still have nothing. Five percent might be too prohibitive.

Mr. GRUENING. My amendment does not multiply. It is not one of multiplication, but one of addition. We are adding 5 percent.

Mr. COOPER. Five percent might be too prohibitive.

In substance, our amendment, if adopted, will achieve one of the purposes of the foreign aid bill, which everyone says should be achieved. Our self-interest is involved. Unhappily, although we have provided money all over the world and in amounts that no other country could or would provide, yet many governments do not tend to acknowledge that fact to their people, and most of the people do not even know anything about our aid.

It will help our foreign aid program if the people of these countries believe we have some heart in the program, some interest in them. We must appeal to the deep seated interests and hopes of the people in Latin America and other countries.

If I remember correctly, the first country in Latin America to become independent achieved that status in 1810. In the short period of 20 years all the other countries became independent with the exception of Brazil. Brazil became independent around 1850. Although they won a glorious independence, and we honor them, we know that there has been very little economic reform. Secretary Dillon is in Latin America this week preaching social and economic reform, and asking these countries to undertake reform measures. We should be more forceful and more definite with respect to reform measures in

which we believe. The amendment we offer is one of the ways to be definite.

Whatever we do in the Senate in the way of passing a foreign aid bill will not guarantee the success of the program. Some of us believe very strongly that continuity of assurance of funds is a precondition for the possibility of success. But whatever we do here, legislation will not be successful unless the administration establishes organization and the means to make it successful, and more purposeful than in the past. If the administration starts off its grand designs by being weak the issue it augurs poorly for the success of the objectives of achieving social and economic reforms. This is our opportunity. I know it will be argued that it is not practical. One of the great arguments we have is to use our influence to show that it can be made practical.

Mr. President, this matter was fought over before and the Senate adopted such an amendment. I hope very much that we will adopt this amendment today.

Mr. ALLOTT. Mr. President, we are back at the spot where we were 2 or 3 months ago in considering loans to the Latin American Development Fund. I believe that is the name of it; at least that will designate it. We are at the same point of discussion with respect to how to handle this matter. I recall being present at the meeting of the Appropriations Committee when it considered these loans. I must say that I was not impressed with the determination of the representatives of the State Department to make the loan provision meaningful. We had written into the language of the report when it came to the Senate some language the senior Senator from Delaware did not believe was adequate. I still believe that it was more adequate than any we have here today. However, we have before us a clear choice of two ways to proceed at the present moment. I want to make my own position clear. I shall have to vote against the substitute offered by the Senator from Arkansas, because it refers to a rate considered excessive by the Development Loan Bank and states that in no event the rate shall be higher than the legal rate of interest in the country in which the loan is made.

Last Friday afternoon there were two gentlemen in my office who had spent the best part of the last 2 years in Brazil. One of the statements made to me at that time was that the going rate of interest in Brazil, in order to get a return on the money and also in the way of a hedge against the great inflation which is going on there at the present time, was something in excess of 2½ percent per month. That is totally incomprehensible to any of us. When we think of U.S. money going down there, I do not want to see that money reloaned at 2½ percent per month.

The most important thing about this is this feature. If we do not safeguard this particular fund by some such method as is proposed, it will not become an emissary of good will, but, instead, will be turned against us. When these loan funds are reloaned at excessive rates, it is going to be turned against

us in a propaganda warfare that will override and supersede by a thousand times any good that we can put into this bill by authorizing the lending of the money.

So I hope Senators will not support the amendment in the nature of a substitute offered by the Senator from Arkansas, although I realize it represents the considered general viewpoint of the State Department.

The suggestion has been made that the Senator from Alaska [Mr. Gruening] has in mind offering an amendment which will limit the overcharge to 5 percent. I do not know that a flat rate can be set. I know that lending institutions in this country can operate at a splendid profit on a 5 percent overcharge.

I believe the amendment offered by the Senator from Delaware [Mr. WILLIAMS] and the Senator from Kentucky [Mr. COOPER] is best, and I am happy to join with them in sponsoring it. Certainly none of this money will be lent, in any instance, at more than 4 or 5 percent per annum; so even with an 8 percent limitation, there would be a 3 percent override. Anyone who is engaged in the serious business of developing his own country ought to be able to conduct his operations on a 3 percent override. According to statements made at the recent conference in Uruguay, and published in the newspapers, some of these funds will be loaned at no interest charge at all.

I urge the Senate to realize that unless meaningful and tough limitations are placed in this proposal, it will later be used by the Communist element in South America as a propaganda weapon against us. It will be said that the United States poured its money into South America to be lent to borrowers at 5 percent interest, while the people who borrow it from the South American lenders are paying 10, 12, 15, or 25 percent interest. The program can be used as a two-edged sword, and the damage it will do us later, if restrictions are not imposed now, could be and may be far more serious than all the benefits we shall derive.

It is said that we cannot treat the South Americans in this way. Mr. President, this is our money. It belongs to me, it belongs to you, it belongs to the people in the galleries, it belongs to the people on the highways and byways of every State in the Nation. When we operate a foreign assistance program such as this, we have a right to impose such limitations on the use of our money as we believe will result in justice, equity, and a new social order, a social order more commensurate with our own ideas of democracy and freedom in the countries which lie to the South.

I hope the Senate will not adopt the amendment in the nature of a substitute offered by the Senator from Arkansas, but will vote for the amendment of the Senator from Delaware and the Senator from Kentucky.

Mr. LONG of Louisiana. Mr. President, I voted for the Williams amendment when it was offered some time ago, and I would vote for the Senator's

amendment today if it could be couched in language to achieve the objective which I feel certain the Senator from Delaware has in mind. Unfortunately, the language proposed by the Senator from Delaware, and the language proposed by the Senator from Alaska [Mr. Gruening], as well, fails to meet the problem which was stated to us in the executive session of the Committee on Foreign Relations. Here is the problem:

When the United States lends dollars to a foreign country, the funds must, in turn, be reloaned in other currencies—pesos, for example. The person who borrows the dollars from us is paying for a stable currency. But when he lends his money for housing loans or other local loans in the area, his loans are made in the local or domestic currency.

I myself have been opposed to spending foreign-aid money for currency stabilization in other countries. However, if the currency is not to be stabilized in those nations, it must be remembered that some of those nations are accustomed to having inflation of as much as 20 percent each year. If those people borrow U.S. dollars at, let us say, 2½ percent, or even at no interest, and in turn lend their money but are tied to an 8-percent interest rate, it is fairly clear that any building and loan association would go broke if it lent money at 8 percent against a 20-percent inflation rate, because of the 12-percent difference as a result of the depreciated value of their currency.

I have been as strongly in favor of low-interest charges and every move to bring about low-interest charges as any other Member of the Senate. Yet I recognize the problem that when there is a high degree of inflation, a person who lends money at a long-term rate of interest is actually lending money plus interest, and must charge enough to offset the depreciated value of currency. That is particularly true when a person who is lending money must pay it back in solid currency, such as the U.S. dollar, even though he has lent it in depreciating currency, such as the peso or the currency prevalent in other foreign countries.

This is a problem which is not met by the amendment of the Senator from Delaware. If there were some device to offset the depreciated value of the foreign currency, so that when the lender lent money, he would get back enough to repay the U.S. Government, in turn, I would be in favor of such an amendment. Unfortunately, when the money is being lent in the currency of a nation which has a high degree of annual inflation, for a person faced with 10 or 20 percent currency depreciation a year, and to say he must repay the United States in dollars, would cause the lender to lose money.

It is because the amendment of the Senator from Delaware does not meet that problem that I feel I must support the amendment offered by the chairman, in accordance with what the committee could work out. I am not certain that the chairman has offered the best formula that could be devised.

Whether the administration is making every effort to make certain that the loans will be made at the lowest interest rate possible, there is no point in trying to assist building and loan associations in foreign countries if the conditions on which they are organized will require them to go into bankruptcy.

It is our hope that this program will help to start a building-and-loan and housing movement all across Latin America, and that it will be only the beginning. In the United States today, mortgage loans on an annual basis amount to about \$15 billion. It is hoped that through the Development Loan Fund it will be possible to make available something less than \$1 billion for similar loans for all the countries of South America. In that way we shall be starting a program to help the people of those countries to participate in a worthwhile work.

However, if a country which has an annual inflation of 20 percent is tied to an 8-percent interest rate, while the lending is done in local currency, and the ultimate repayment to us must be in U.S. dollars, a condition is imposed which could result in the bankruptcy of any building and loan association which tried to do business on that basis.

If a solution to that problem could be reached, I would be inclined to vote for the proposal. Would the Senator agree about that?

Mr. ALLOTT. Mr. President, the logic of the Senator from Louisiana is good. What he has said is true. On the other hand, does he not agree that if meaningful restrictions are not placed in this proposal, whether by one of these amendments or another, the propaganda value against the United States, when the money is reloaned at 25 to 30 percent interest a year—which is the rate being charged today in Brazil—will be simply astounding, and may be used in such a way as to offset any benefit which we might receive from spending our money in the foreign countries?

Mr. LONG of Louisiana. Let me try to answer in a slightly different way, for it is difficult to answer either "Yes" or "No." I do not know what the annual rate of inflation is in Brazil, this year. But if Brazil has, let us say, 20 percent inflation this year, then a 25-percent interest rate is only 5 percent above the depreciated value of the currency there, on a loan for 1 year.

Mr. ALLOTT. The Senator is not far wrong in his estimates, I think.

Mr. LONG of Louisiana. If the Senator were lending money in Brazil and were confronted with a 20-percent depreciation of the currency, as a sound businessman he would have to insist on getting at least 20 percent in order to offset the depreciation in the value of the currency; otherwise, he would have made nothing.

So, to get local people to invest their money there, if the currency there were stabilized, it would be practical to require 8 percent, or a higher interest rate charge to offset the increase in the cost of living or the depreciation in the value of the currency, whichever way one wishes to look at the situation.

It might be possible to work this out in connection with the administration of the program, and I think this is the attitude the administration would wish to take on this question. An effort could be made to see to it that the interest rate was realistic and did not greatly exceed the increase in the cost of living or the depreciation in the value of the currency. But it would be an impossible condition to impose if there were a requirement to repay the loan in dollars which tend to be constant in value, whereas the money would be loaned in a currency which has greatly depreciated in value.

If this arrangement were limited to repayments in dollars, and if it were required that on loans made in dollars and repaid in dollars the rate should not exceed 8 percent, I would be much more inclined to go along with the proposal. But a provision for an 8-percent interest rate maximum, to be applied to one who borrows in dollars and lends in pesos or some other currency, would mean that he would be tied to a relatively low interest rate in dealing with a depreciating currency; and I can understand how such a person would not organize a building and loan association, and how a building and loan association in that situation could not succeed.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Louisiana yield?

The PRESIDING OFFICER (Mr. CANNON in the chair). Does the Senator from Louisiana yield to the Senator from Delaware?

Mr. LONG of Louisiana. I yield.

Mr. WILLIAMS of Delaware. As the Senator has said, the arrangement would work out satisfactorily if the money were borrowed in dollars and were repayable in dollars. These are dollar loans.

As for the arguments that those who reloan the money should be provided with some flexibility—for instance, allow them to charge 5 percent in excess of the inflationary rate in the country—that is worse yet. Suppose in Brazil there were an inflation of 20 percent annually. Then should they charge 25 percent interest?

I suggest that the Senator from Louisiana consider this matter in terms of the American citizens. There has been inflation in this country. Far too many persons advocate a continuing inflation of 2 percent to 3 percent in the United States; they say that will be sound. If there is to be 2 percent to 3 percent for inflation—although I disagree that there can be sound inflation of any kind—then by the same line of reasoning it would be necessary to pay 7 percent on our national debt. Money was borrowed in this country 10 years ago for 3 1/4 percent on the E bonds. People who invested \$75 in an E bond were to be paid back \$100 at the end of 10 years. But we know that as a result of the inflation which has occurred in this country—it is impossible to buy with \$100 today what could have been purchased with \$50 10 years ago. In short, because of the inflation which has occurred in the United States, one-third of the people's prin-

cipal as well as their interest has been taken away.

I respect the Senator from Louisiana, but I do not see how one can say that an American citizen should not be protected against inflation here at home and then advocate, at the taxpayers' expense, protection against inflation for some money-lender in South America.

Is it not about time that we give some consideration to our own citizens? Certainly there can be no justification at any time or anywhere for 20-percent or 30-percent interest charges on mortgages.

Mr. LONG of Louisiana. All I can say is that small doses of medicine given over a long period of time might work better than large doses given in a shorter period. If the amount of inflation in the last year has been 1 percent, a person earning from 3 percent to 3 1/2 percent on his money might nevertheless make, on a sound, good loan, enough over and above the amount of inflation, so that the loan might still be worthwhile.

I recognize, as does the Senator, that during World War II people realized that there would be depreciation of the currency, and even the amount of interest paid then in the United States was not sufficient to allow for a reasonable amount of interest return, plus enough to make up for depreciation in the value of the currency. The same was true during the Korean war, when in the United States there was some 10-percent inflation. Of course, one who invested his money in property, which retained its value, perhaps, was wise.

But in countries where, year in and year out, there is from 10 percent to 20 percent inflation, and especially if there were to be a requirement to pay back the loan, not in the local currency in which the money received would be loaned to the citizens of those countries, but in American dollars which remain constant in value, the person caught in the middle of that transaction would go broke.

On that basis, if the Senator would limit his amendment, so as to provide that loans made in dollars shall not be loaned in dollars at a rate in excess of 8 percent, I would vote for such an amendment. Or if the Senator could work out some mechanism which would provide that the money shall not be loaned at a rate in excess of 8 percent over and above the inflated difference in the value of the currency, I would be inclined to go along with that amendment.

But I recognize the complete impossibility of making such an arrangement work when there is a large amount of inflation, but when the loan must, nevertheless, be paid back in dollars which have a constant value, although the money borrowed is loaned within those countries in the local currencies.

Mr. CURTIS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. CURTIS. Would not what the distinguished Senator from Louisiana is proposing amount to having the American taxpayers insure foreign government agencies and corporations and private

individuals in those countries against depreciation of their currencies? Is not that their responsibility? Should we do anything which would cause those who borrow this money not to stabilize their own currencies?

Mr. LONG of Louisiana. I am opposed to spending our money to stabilize the currencies of other countries. I voted against that, and I am still opposed to it, because it seems to me that should be their problem.

Mr. CURTIS. I did not say that. I asked whether we should spend our money to encourage them not to stabilize their currencies. If we are spending our money in a country which has an inflation record of 20 percent or more, can we expect the enterprise to be a success?

Mr. LONG of Louisiana. Some of those countries are managing to keep going, notwithstanding the fact that inflation there has been going on for a considerable period of time. I am opposed to any undue amount of inflation in any currency. I think the countries should try to stabilize their own currencies and their own economies insofar as possible.

But I can understand that if borrowers are required to pay back in American dollars of constant value the money they borrow, and yet expected to make the loans in pesos which are subject to inflation in a considerable amount, a requirement that they shall charge not more than 8 percent interest would impose an impossible condition, and thus they would be placed in considerable difficulty.

Mr. BUSH. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. BUSH. The Senator from Louisiana has referred to building and loan associations. I suppose he visualizes that most of the loans would be made in that way in, let us say, Latin America.

Mr. LONG of Louisiana. I would hope some would be. I do not know how much would be.

Mr. BUSH. Let us put aside for a moment the building and loan association situation; and let us say that a Development Loan Fund loan is to be made for the construction of a private power-plant in a city. Under the Williams amendment, the borrower, the private power company, for example, which was going to double the productive capacity of its plant, would borrow the money at not to exceed 8 percent. Perhaps the going rate for the best grade loans at the banks would be 12 percent. But if our money was available there at 8 percent, it would certainly put this operator at a cost advantage over what he would have to pay if he borrowed money at the going rate in his own country. It would increase his ability to make a profit, and increase his ability, therefore, to pay back in dollars.

So it seems to me the Senator's argument about the inflation factor in those countries does not hold water in connection with this kind of loan to this kind of operation.

Mr. LONG of Louisiana. I have no objection at all to any requirement that, where a person borrows dollars and has to pay in dollars, the lending policy as to interest rate is that the rate shall not exceed 8 percent, or even 5 percent. That aspect does not bother me. What bothers me is the situation in which a loan is made in dollars, and someone who gets the dollars is going to be required to buy local currencies and to lend local currencies. To impose a limitation of 8 percent interest on the local currencies fails to recognize that, while the dollar may remain relatively constant, the local currencies may be greatly inflated, with the result that the requirement places a middleman in a position where he cannot succeed.

If the Senator will limit it to utility companies borrowing dollars in order to buy plant and equipment from the United States, who are required to pay the loan back in dollars, I would be willing to go along with a requirement of 8 percent, or any other reasonable rate. But to require that limitation when the borrowing is in dollars and the person is lending in local currencies, which have a way of being inflated at a rapid rate, is impractical. Unless steps are taken to make it practical, I shall vote against the measure. If we are to have it enacted, it should be made workable, and I think the problem we are discussing should be met and worked out.

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

Mr. LONG of Louisiana. I yield.

Mr. GRUENING. Many reforms have been presented in this connection by the administration. I ask the Senator whether one desirable reform would not be to try to put a brake on the inflation in countries where it is rampant and where it tends to nullify our foreign aid program. Are we not, by maintaining the position of the Senator, encouraging inflation? Would not the kind of reform presented by the Senator from Delaware [Mr. WILLIAMS] or by my amendment tend to stop inflation? Is not that one of the desirable things to try to do? If there is automatic inflation, and it is promoted by a nation's authorities, is not a large part of our program going to be nullified, anyway?

Mr. LONG of Louisiana. I am not one of those who think inflation is the worst thing that can happen in a country. Sometimes there are problems in countries that are worse than inflation. I say the people who in many instances would be making local loans would be making them with funds originally generated by American dollars. In other words, those who will be borrowing dollars and lending pesos will often be persons who have no control over whether the local currency is going to be inflated or not. If they look at the situation which has occurred in the past, when they have been experiencing inflation of their currency at the rate of 10 or 20 percent, and they are required to pay back in constant currencies, these people will be in a relatively hopeless position in trying to make the program

work. That is the problem which I am trying to meet here. We hope the program will work to the extent that some people will put some of their own money into these projects in the recognition that they are good, sound investments, and are projects they can go into on the kind of theory on which building and loan associations are constructed. If that kind of philosophy is to be followed, it will have to be on the basis that the interest rate achieved will equal the amount of inflation of the currency. The Senator recognizes the problem.

Mr. GRUENING. I recognize the problem, but I also recognize the posture the American people are put in. Here we are borrowing from the American people, at an interest rate of about 3½ percent, and going ever deeper into debt. We are to lend the money, according to Mr. Dillon, in some cases at no interest for a period of 50 years, with possibly no demand for principal repayments for 10 years. The accumulated interest we shall have to pay because of the disparity between the cost of borrowing money to us and lending it will run into billions of dollars in the next half century.

At the same time we are by the Fulbright substitute for the Williams amendment authorizing the countries to re lend the money at as high as 25 or 30 percent interest. It is utterly fantastic. I do not think the American people will buy this. Unless we put some restrictions in the measure to make it conform to its declared purposes, we will defeat the bill. I do not think the American people will be willing to pay taxes, let the interest on our foreign loans under the foreign aid program accumulate into billions of dollars, and let the other benefiting countries bear no share of the burden whatever. I think it will defeat the bill and wreck the foreign aid program, and I think it should wreck it unless we are more vigilant in its provisions and administration for the protection of our own people.

I think we can write some protections into the bill. If the Senator has some modification that will take care of the situation, I will go along with it, but I think the amendment of the chairman of the committee, which says the prevailing interest rates of the countries to which we lend shall be in effect, opens the door to usury, which is practiced in many of these countries.

Mr. LONG of Louisiana. I have looked at the Senator's proposal. If his proposal and the amendment of the Senator from Delaware were limited to loans made in dollars to be repaid in dollars, I would be prepared to vote for them; but when loans are made in dollars which generate local currencies, which thus result in loans made in local currencies, I submit that the only way to make the program workable is to recognize the inflation involved in that second currency. Otherwise it will be an unworkable arrangement. I am constrained to believe it cannot work. If the Senator will find some way to meet the problem, I am trying to approach

and the Senator from Arkansas is trying to approach, that may be the answer; but so far as I know, what the Senator from Arkansas is offering is about the clearest basis on which some kind of agreement can be reached.

Mr. GRUENING. I should like to ask the chairman of the committee a question. Is there any way in which we could find out what proportion of the \$8 billion which we are planning to loan during the next 5 years would be reloaned in the receiving countries in dollars? Is there any way we could assume that a substantial part of it would be reloaned in dollars in the countries in which the loans would be made?

Mr. FULBRIGHT. There is no way at all to determine what part of the loan will be reloaned in dollars. The only example I can think of is that, if we should loan to a foreign government or a foreign bank, and that bank should loan to a citizen who would have to have dollars for the importation of American goods, he might have to borrow dollars. That would be a most unusual case. I think by far the great part of the money would be loaned in the fashion described by the Senator from Louisiana.

The principal objective of the program in this field is to try to induce these countries to create for themselves institutions which will accumulate the capital of their own citizens. In most cases those citizens have no confidence in banks. They have very little confidence in and no experience with building and loan associations or any form of credit association we have mentioned. One of the principal reasons is the inflation which has existed, as a result of which if a man deposits his money in any kind of bank or any kind of institution and, a year later, wishes to draw it out, he finds it is worth about 30 percent less. Credit as we know it is almost nonexistent in most of the underdeveloped countries. What is proposed is an effort to try to help those countries create stable institutions.

If we do not wish to do this, that is all right. All I can say is that we spent some two days arguing the problem. The proposal went to conference. The conferees worked it out. The Senator from Massachusetts [Mr. SALTONSTALL] and his counterpart in the House went over all the facets of the problem and brought back a workable compromise. The Senate itself rejected the same amendment, for all practical purposes, as is now offered by the Senator from Delaware.

I do not know what more can be said. This is the third day we have engaged in the debate. I think we ought to vote the question up or down. I do not know anything more that can be said about it. I have no more to say than I have already said on this floor.

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

Mr. FULBRIGHT. I yield.

Mr. GRUENING. At the time the Senate adopted the Williams of Delaware amendment some weeks ago, we did not have the later presentation of Secretary Dillon, to the effect that the loans

to the Latin American countries would be made on terms far more generous than any loans we have ever heard of before; at one 1 percent interest or no percent interest, for a term of 50 years, with perhaps no repayment of principal during the first 10 years.

Despite the generosity of this offer, we are asked to subscribe fully to the interest rates of some of these countries, some of which are as high as 3 percent a month, or 36 percent a year. It seems to me we must have some protection for the American people, so that they will know their money will not be partly frittered away before it even reaches the objectives we are trying to attain in these countries.

Mr. FULBRIGHT. If the Senator knows how we could legislate on this floor to change the interest rate in Chile or in Brazil, I think he would be a genius. I do not think we can do so.

Mr. GRUENING. No, but we can put some provision in the bill.

Mr. FULBRIGHT. All we can do is try to bring some influence to bear on these foreign people. We can do that. I think that all we would do would be to prevent our administration from having an opportunity to influence them at all.

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

Mr. FULBRIGHT. I yield.

Mr. SALTONSTALL. I say to the Senator from Alaska and the Senator from Delaware that I was a member of the conference committee which the Senator from Arkansas has mentioned. We struggled over the language for 2 days. It is my understanding that the language now submitted by the chairman of the Committee on Foreign Relations is the same language agreed on at that conference.

Mr. FULBRIGHT. It is merely adapted to this particular operation, instead of to the Inter-American Bank.

Mr. SALTONSTALL. That was one of the most difficult conferences I have ever attended. A lot of the language which has been worked out is language I tried to draft.

Mr. FULBRIGHT. It is the best we can do to make it workable.

Mr. SALTONSTALL. At that time the Secretary of the Treasury, the Department of State, and all the administrative authorities, thoroughly believed we should have language of this character, rather than the straight 8-percent language. With the straight 8-percent language the program would be of no value.

Mr. FULBRIGHT. The administration supports the language I have offered. The Senate supported it not more than 6 weeks ago, I think.

As the Senator from Massachusetts said, the conference supported the language. There is nothing new about it.

We have made this decision once. I do not see what will be gained by going all over the subject again. I am absolutely certain that if we adopt the amendment offered by the Senator from Delaware it will not be accepted in the conference, and the administration will

not agree to it. I do not believe there is any reasonable expectation of its finally being enacted.

I thank the Senator from Massachusetts.

Mr. SALTONSTALL. I wish to add one more sentence. The administration told us at that time that if we left in the bill the provision for 8 percent we would practically nullify the purposes of the act.

Mr. FULBRIGHT. We could not have any program under that restriction.

Mr. BUSH. Mr. President, this is a very difficult subject. I should like to make one or two observations.

I intend to support the Williams of Delaware amendment, or possibly the Gruening amendment as a modification of the Williams of Delaware amendment.

I have listened with interest to the talk about inflation in the Latin American countries. Of course, that is one of the great problems of Latin America. The loans we make under the Development Loan Fund are supposed to be made on the basis that there is a reasonable expectation of repayment.

If what the Senator from Louisiana says is true and we continue to recognize a 20-percent inflation factor annually, I can see no basis upon which the Development Loan Fund management can expect repayment.

My point is that when the World Bank makes a loan, it only lends to a government on a basis of a government guarantee, and at times provisions have been stated, such as:

Yes, we will do this, provided that you do certain things which will improve the stability of the currency in your country so as to make it possible for you to live up to your agreement concerning the repayment of this loan.

Inasmuch as the bill itself provides for a reasonable expectation of repayment, it seems to me this imposes upon the Development Loan Fund the obligation to do, in a way, what the World Bank does in connection with persuading countries to put their fiscal houses in order, so as to fortify their ability to make the repayments when the repayments are due. Otherwise, if we are going to accept the fact that these countries will have a 20- or 25-percent annual inflation factor, no loans can be made, because there would be no reasonable expectation of repayment, with a continuation of that inflation factor. I do not think we should accept that inflation factor.

I think we should live up to what is provided in the bill about a reasonable expectation of repayment. I think the Development Loan Fund, in making loans, should make clear its position. It should say:

We would like to help. We would like to help you help yourselves, but you cannot help yourselves consistently if you accept a 20-percent inflation factor in your economy.

I think this imposes upon the Development Loan Fund a very important responsibility. If the Fund accepts that responsibility, I do not think the Williams of Delaware amendment would impose any hardship on the program.

Mr. FULBRIGHT. Mr. President, I wonder if my colleagues would entertain some modest suggestion for a limitation of debate on the amendment. This is about the third or fourth day that this great issue has been debated. Is it the intention to debate it the rest of the day?

Mr. BUSH. Mr. President, I have concluded. I yield the floor.

Mr. WILLIAMS of Delaware. Mr. President, as a coauthor of the amendment, I have no objection to a limitation on debate. I most respectfully remind the Senator from Arkansas that the amendment has never been discussed until today. The amendment was offered last night 5 minutes before we adjourned. There was no discussion of it until this morning.

This merely emphasizes the fact that it is an important amendment.

I should be glad to agree to a limitation of debate and get to a vote.

Mr. FULBRIGHT. If the Senator is agreeable, I ask unanimous consent that the debate on the amendment be limited to 20 minutes, 10 minutes to each side.

Mr. WILLIAMS of Delaware. That is agreeable, unless some Senator about whom I do not know wishes to speak.

Mr. FULBRIGHT. This refers only to this amendment.

Mr. HRUSKA. Mr. President, reserving the right to object—

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). Does the Senator from Arkansas make that as a unanimous-consent request?

Mr. FULBRIGHT. I ask unanimous consent that the debate be limited.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas?

Mr. HRUSKA. Mr. President, I believe there ought to be an opportunity to ascertain how many Senators are desirous of speaking on the subject. The request is perfectly in order.

Mr. FULBRIGHT. I am merely inquiring.

Mr. HRUSKA. I believe before such consent would be in order, some effort should be made to ascertain how many Senators on this side of the aisle as well as on the other side are desirous of expressing themselves.

Mr. FULBRIGHT. Mr. President, I withdraw the request. With regard to what the Senator from Delaware [Mr. WILLIAMS] said, we talked about the same issue, applying it to the same circumstances, for about 2 days previously. That is what I had reference to. I am willing to debate the subject.

The PRESIDING OFFICER. The request of the Senator from Arkansas is withdrawn. The Senator from Delaware is recognized.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. GRUENING. I am sorry that the chairman of the committee has left the Chamber. I wish to point out that the situation has changed in the weeks since the Williams amendment which the

State Department opposed was agreed to previously, because we now have heard from Secretary Dillon in Uruguay of the supergenerous terms which will be offered on loans extending for 50 years, possibly with no interest whatever, and possibly with no repayment of interest for 10 years. I think that condition creates a situation calling for a reappraisal of the interest rates to be charged on top of the no-interest rates which our loans would carry.

Therefore I believe it is wholly pertinent that the question be rediscussed in view of the changed situation. We did not know 6 or 8 weeks ago that the administration would propose to make loans at no-interest rates, loans with no repayment of principal for 10 or 15 years, and perhaps even more generous terms. Those are not loans at all in the generally accepted sense, but we call them loans. It seems to me that under those circumstances we have a right to consider whether we should not put some limitation on the amount of the profit which bankers and lending agencies will make on our interestless loans. That is why I think it is important that the question should be thoroughly aired.

Mr. WILLIAMS of Delaware. I think the Senator is correct. I call attention to the fact that on the 2 days on which this question was discussed on prior occasions, part of the time was taken up by the chairman of the committee, who spoke in support of the proposal and voted for it. The Senate unanimously approved the principle, and the Senate reversed itself only after some of the departments talked with some of the people in the countries involved, and found that they wanted to continue to charge 12, 15, 18, and 20 percent interest.

Let us stop kidding ourselves. The sentiment of the Senate was charged by some people downtown who felt that the 8-percent provision was not a liberal enough rate of interest. I was surprised to see that the expression for higher interest rates came from some of those who have been the strongest advocates of low-interest rates in our country. Just because the people in these underdeveloped countries cannot vote here does not mean they should be overcharged.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. GOLDWATER. I think it is most important that the question be thoroughly discussed, not only from the standpoint of the interest rate aspect, but also from the standpoint of the possibilities of our ever getting the money back. Personally, I look upon the so-called loans to Latin America as more in the nature of gifts. Some very serious problems have just begun to come to light relative to financing in the Latin-American countries that should be developed and exposed here in the Senate Chamber.

For example, since 1958 approximately \$1 billion of earned capital has flowed out of Venezuela.

It used to come to American banks. Sad to say, confidence in American banks has dwindled, and the money is now going to Canadian and Swiss banks. So far as my studies reveal, only 4 or 5 countries in the entire Latin American group are on what we call the plus side. They have been able to retain earned capital. Original capital, and earned capital represent the only way in the world by which we can create jobs for anyone, whether it be in Latin America or in the United States.

Contrary to the hopes, dreams, and beliefs of some who theorize that the mere dropping of money in a locality will create jobs, it does not happen. Something is happening in Latin America that is causing capital to flow out. The money is there. In fact, it is flowing out at a rate about twice that at which we intend to invest our taxpayers' money in Latin America.

The question in my mind is whether the proposed loans would do the good we think we are going to do. Money is already available and should be in the process of being reinvested in the Latin American countries, but it is now leaving those countries because of fear. I believe the fear is the fear of communism. I believe Castro's success in retaining communism in Cuba, with United States doing nothing about it, at least so far as I know, is causing the Latin American countries, and the investors in those countries—I am not necessarily speaking of American dollars; it may be the currency of any country—to lose faith in the future ability of Latin America to resist the onslaught of communism.

Although I have not come to a definite conclusion on that point, from the study I have been making—and I wish I had it completed by now—I believe the fear of communistic encroachment in Latin America is causing the outflow of capital. I believe it is necessary and pertinent that the debate continue, and I should not like to see any limitation on debate on this subject, because I feel that many good points can be brought out.

To demonstrate the lateness of the information about which I have spoken, the first newspaper account I saw of it was in the Washington News the night before last, I believe. A single column appeared which indicated the outflow of earned capital from the Latin countries.

What good does it do to talk about giving or lending money to the Latin countries when they themselves evidently have no confidence in the future of their economy and are putting their money in banks outside the Latin American countries for safekeeping? What good does it do even to discuss the propriety of the amendment of the Senator from Delaware when we are faced with such a situation?

At this moment we need the amendment the Senator has proposed far more than we needed it when he offered it previously, because in effect we are faced with the possibility of dumping American taxpayers' money down a bottomless pit. If what I say is true—and from

my studies I believe it to be true—confidence in Latin business is dwindling to the point that capital that could be invested to create the very jobs that we propose to create is, in fact, flowing out at about twice the rate that we propose to invest in the countries of which I have spoken.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. AIKEN. I do not see how we could expect Latin American capital to remain in Latin America and be reinvested in Latin America when administration spokesmen have frankly admitted that we accept the inevitability of 20 percent inflation each year.

I do not accept that thesis. I think the administration is mistaken in its promoting that idea. We have already shown that in some areas interest rates can be checked or reduced, and that money values can be held.

For example, in Peru some housing developments finally got underway. The people in those developments are paying 12 percent, 8 percent of which is interest, and 4 percent is service charges. But that is a great reduction in the rate which the people had previously been paying.

If there is anything under heaven that would spur the flight of capital from Latin American countries, it would be to have American spokesmen say that we must accept the inevitability of a 20-percent inflation each year.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. GOLDWATER. Inflation is plaguing the Latin American countries. Offhand I cannot think of one that is not suffering from it to some extent.

Mr. AIKEN. We, too, are going to suffer.

Mr. GOLDWATER. Our money going into those countries will not stop inflation. The inflationary forces at work in the Latin countries are to a large extent the same inflationary forces that are at work in this country.

For example, consider Venezuela, which is one of the most prosperous of the Latin countries. The inflationary forces there can be blamed largely upon a Government deficit. There was no trouble with inflation until they started to go into debt. The United States has had the same experience, and we are going to have more of it before we get through if we do not stop spending money that we do not have to spend. We are not going to aid the problem of Latin American inflation by putting more money into Latin America. That is not the answer to inflation.

The answer is to get their shop in order, to stop spending money they do not have, to eliminate some of the practices which are in existence in their governments. I agree with the Senator from Vermont that for our spokesmen to expect inflation as being inevitable in Latin American countries indicates to me that they must expect inflation to be inevitable in this country.

Mr. AIKEN. What that means is that the program has failed before it even gets underway.

Mr. GOLDWATER. Yes.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. GRUENING. The administration is trying to present a strong case for reform in Latin America, predicated on the idea that unless there is this reform our whole effort will fail. I believe we agree on that. If we pour money into the foreign countries so that the few rich can get richer and the poor poorer, it will not only not help the program, but, instead, will positively help communism. Furthermore, it will emphasize the impression, which already exists, that we are in favor of the oligarchical and feudal setup which exists down there. If we countenance by our action the charging of any interest rate lenders wish to charge, we will aggravate the situation. We will be betraying purposes on which we should stand firm.

The Senator's amendment is an excellent amendment. It is a great pity that it was rejected on the promptings of the State Department. However, I prefer the flexible amendment which I have offered, which provides that the money we lend to these countries shall not be reloaned at more than 5 percent higher than the rate we are charging. If we do not charge any interest rate, then the charge which the recipients will be able to charge will be not more than 5 percent.

The people in the southern countries are supposed to be patriotically interested in rehabilitating their countries. Why are they not willing to make some sacrifices, in view of the sacrifices the American people are making? If they do not respond, our program is bound to fail at the very beginning, as the Senator from Vermont has stated. If we start in this way, as the Fulbright amendment provides, there is no way in which the program can succeed. It is difficult to explain to the American people that the money which we are borrowing at about 4 percent from them for the foreign aid program is being reloaned at 15 percent or 20 percent or even 36 percent. In some countries the prevailing rate is 3 percent a month, or 36 percent a year. Permitting that will wreck our foreign aid program. I do not believe the American people will stand for it indefinitely. Therefore I hope some limitation on the interest rate will prevail.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. COOPER. I have said this before, but again I would like to associate myself with what the Senator from Vermont has said and with what the Senator from Arizona and the Senator from Alaska have said. I believe that in voting on the amendment we are making a very important decision. It is true that there is inflation in many countries of Latin America, perhaps in all of them. Cer-

tainly one way of the ways in which to attack inflation is by encouraging the institution of fiscal reforms. The amendment we have offered is one of the ways to do that. If we do not make some effort toward it, it will be assumed, as the Senator from Arizona has said, that we expect inflation in those countries and that we are saying to them to go ahead and indulge in practices which promote inflation.

I would not like to see a man who is borrowing money from a savings and loan institution or a similar institution in a foreign country, whose purpose is to encourage private enterprise, or an institution which is supposed to promote housing, to fasten on that man a 20-percent interest rate. He is not going to get richer; he will get poorer. He will resent the practice of his own country, and I believe he will resent the United States having made available the money which makes that institution possible.

I agree wholly with what the Senator from Alaska has said, that the foreign aid program, which I have supported ever since I have been in Congress, is getting on very thin ground. Our people have poured out money in great sums. Congress has done this against opposition from many sources. If we finally get to the point where our people believe it is not having maximum effect and in addition is against the things in which we believe, I do not believe they are going to support it much longer.

I am thinking of a program like the alliance for progress. At best it is a slow program. It demands very courageous action on the part of the governments of Latin America, and understanding on the part of the people of Latin America. I do not believe they understand it very much.

I would say it demands sacrifice. It demands a strong position on the part of the administration that we are going to take measures to promote these reforms. I have great respect for the Senator from Arkansas, but I believe that the amendment he has offered merely makes it easy for these countries. It makes the lending of the money a great deal easier, and it makes easy to merely turn the money over to them without any argument. The program in Latin America, at best, is a slow, long process, requiring great strength on the part of the administration. After we finish with the bill, it is in their hands, not ours. Castro and his representatives go into the Latin American countries and say, "Why wait for this kind of program, when you can nationalize foreign investments and make them available right now? We can nationalize private investment in our own country. We will give you now these resources."

That kind of argument has tremendous appeal to people who have had no training or understanding of our kind of democratic processes, which are slow processes.

If the administration is not willing to accept some kind of program to achieve the things they say they want to

achieve—and that is true of Congress also—then I believe we are already putting on this program the badge of failure.

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

Mr. WILLIAMS of Delaware. I will yield in a moment.

In line with what the Senator from Kentucky has said, we should give some consideration to the fact that approximately \$8 billion, which is proposed under the development loan program, will be loaned either to the government direct or to the banking institutions in those countries at little or no interest. The administration's argument is that we should allow these governments or the bankers who borrow the money to lend it at an interest charge of 15 percent or 20 percent or, as the Senator from Alaska has pointed out, in some cases as high as 3 percent a month or 36 percent, in order to guarantee them protection against the inflationary spiral for which they are themselves responsible.

I believe it is time that we in Congress begin to think of the unfortunate individual who is borrowing the money at the end of the line at these usurious rates. He may be a small businessman, a farmer, or he may be a man who is buying a home. He must find a way to repay the loan but also to pay these high interest rates. How can he repay it? How is he going to repay the money that we are putting down there at very low interest rates but upon which he must repay at rates of 20 or 25 or 30 percent? What is he going to think of the U.S. Government when it condones these "Shylock" rates?

As the Senator from Vermont has pointed out, we might as well recognize the fact that if the only way this money can be loaned is at rates of 20 or 25 or 30 percent we had better let the money stay at home because any individual who has to pay such rates is going to go broke anyway.

There is no country—I care not whether it is in Latin America, Europe, or elsewhere—which can survive a rate of inflation of 10 to 20 percent a year. No country can survive it. I certainly hope the countries of Latin America will survive, but they will do so only by taking a firm hold of their financial structure and putting their national budgets and interest rates on a realistic basis. If the United States is to be a party to helping those countries we should insist that, at least to the extent they are using our money, the John Does in that country who will ultimately use our money will not be charged exorbitant rates of interest.

It is time that we decide whether we want to protect the moneylenders in their monopolistic hold over credit in those areas or to help the people themselves.

Mr. KEATING. Mr. President, I support the amendment of the Senator from Delaware and join particularly in the sentiment expressed by him and by the Senator from Kentucky [Mr. Coop-

er]. Many of us are friends of the program of helping our neighbors around the world to get on their feet, particularly those whose countries are less well developed. We have been friends of such a program for years. Many of us have been criticized for it. One of the great criticisms which we hear, and which it is very difficult to answer, is that the money which we pour out does us more harm than good, because it goes to only a few people at the top, and does not help those whom it is intended to help in the underdeveloped countries.

I regret exceedingly that the administration is not prepared to cooperate with what seems to be an effort to prevent the people whom we are trying to help from being gouged by bankers or other persons of wealth. It is true that some further negotiations with bankers and others in the foreign countries will be needed in order to accomplish this.

Mr. President, the Williams amendment is a constructive and desirable amendment. It is in the interest of the program and of the eventual success of the effort we are trying to accomplish.

I sincerely hope that the amendment of the Senator from Delaware, or perhaps the modified amendment of the Senator from Alaska, or some other proposal along this line, will be adopted, but that the Senate will not accept the watered-down, largely meaningless amendment in the nature of a substitute which has been presented to us in place of the amendment having teeth in it, which is supported by the Senator from Delaware, the Senator from Alaska, and other Senators.

Mr. WILLIAMS of Delaware. I thank the Senator from New York.

Mr. President, I yield the floor.

Mr. HRUSKA. Mr. President, it is my intention to vote for the Williams-Cooper amendment. I wish to speak in support of the sentiments the Senator from Delaware, the Senator from Kentucky, and other Senators have expressed along that line.

The fact is that the Williams-Cooper amendment will actually back up the declared objectives of the President when he asked for a revision of the entire foreign aid program. I shall read from the President's message of March 22, in which he indulged in criticism of the foreign aid program as presently administered. His views are shared and expressed by many persons. In fact, there is almost a universal criticism of the program. The statement has been made repeatedly that the program will be recast, however, now that a new administration is in the White House. On March 22, President Kennedy said:

Thus, the first requirement is that each recipient government seriously undertake to the best of its ability on its own those efforts of resource mobilization, self-help, and internal reform—including land reform, tax reform, and improved education and social justice—which its own development requires and which would increase its capacity to absorb external capital productivity.

Later in his message he said:

The instrument of primary emphasis—the single most important tool—will be long-term development loans at low or no rates of interest.

That is the President's statement of the basis for effecting reform.

Recently Secretary Dillon went to the Uruguay Conference, which is now in progress. The August 10 issue of the New York Times contained the following report of Secretary Dillon's message to the Conference:

In his major address to the Conference, Secretary Dillon said the alliance for progress would require the following: Tax reforms so that evaders would know they faced strict penalties; assessment of taxes in accordance with ability to pay; land reform to put underutilized big lands to full use and to permit small farmers to own their plots; and lower interest rates on loans to small farmers and small business.

Mr. President, all we have to do to understand the basis for some of the criticism of the foreign-aid program as it has been administered for the last 15 years is to recall the abuse, the misuse, the exploitation, and the misappropriation of the commodities and materials which have been sent overseas as foreign aid. Witness the amount of equipment, supplies, and food sold on the black market in spite of the fact that it was sent abroad for the purpose of enabling the ultimate consumer to obtain it for little or nothing. Think of the bags of wheat and rice, the cartons of food and clothing, the crates of tools, and the stacks of building materials which have been sent overseas for the people in underdeveloped nations. In spite of the seals and labels which were placed on those articles, the fact is that there was a great deal of misuse, misappropriation, or both.

But there is no way of labeling the money which we send by saying, "This money is furnished to you for this purpose and no other." The only way in which we can control the money which is sent abroad, to be received in the original instance by a lending agency and then loaned to the ultimate borrower, is to adopt the amendment proposed by the Senator from Delaware and others, which says that when it is reloaned, the money shall not be reloaned at more than 8 percent, which is the rate provided in the amendment. Unless that is done, the result will be that rates of interest of 3 percent a month or 15 or 20 percent a year, as the case may be will continue. The effect will be that the rich will become richer. The gulf between the haves and have-nots will widen. There will be fastened more firmly on the people of the recipient countries the kind of feudal overlordism against which everyone inveighs, to which everyone objects, and which everyone says must be removed if the misery of the people in those countries is to be relieved and their inability to improve their conditions overcome.

The reform which the President, Secretary Rusk, and Secretary Dillon and

all of us favor cannot be brought about unless we deal with it directly. The lending of money at a high rate of interest is not the only problem. We are also faced with antagonism and hostility that results. Those who must borrow money at high rates of interest will know that the money has come from the United States. Their attention will be drawn to the fact that we, presumably, are the Shylocks; that we are the ones who are exploiting them.

Will loans at lower rates of interest disrupt the business of those who are lending at higher rates of interest? Yes, of course. These rates of interest will either put them out of business, or they will refuse to make any loans. If the low rates of interest have the effect of impairing the business of the lenders, that is something we must face. How can land reform, which every Senator declares he favors, be effected without interfering with the present system of land ownership? I do not know how it can be done. If anyone does, he should step forward and say so. To some degree and in a similar fashion the making available of money at lower rates is going to disrupt the present loaning system, or else the money will not be loaned at all. But to use that as an argument against this measure does not make sense.

The question is raised whether we are going to do anything or whether we are not. Mr. President, after criticizing the present system and practice of foreign aid, we must ask, "Are we to continue the same program or are we not?" And is not that the same question being asked by those who inquire, "Are we to continue to loan this money under the present system, or shall we impose such conditions that the lending of the money at excessive rates of interest will cease?"

We must realize that when the governments of these Latin American countries are confronted with the requirements stated at the Uruguay Conference by Secretary Dillon, they will undoubtedly reply that the imposition of them will interfere with their sovereignty and disrupt their way of doing business. For such reasons I am sure these requirements will not be popular.

In that connection let me refer to an article, written by Philip Geyelin, and published in the August 4 issue of the *Wall Street Journal*:

Already, diplomats report rumblings from such Latin leaders—in Peru, in Chile, in Central America, and elsewhere—that the U.S. contribution is too niggardly, or that Yankee terms are too stiff. In Venezuela, where the government is menaced chronically by both the far-left and right-wing politicians, private reservations in high government circles about the Kennedy "alliance" run particularly deep.

Mr. President, are we to yield to those arguments and objections? If we do, will we not perpetuate existing practices which have been under such severe criticism? It seems to me that this is the choice we must make.

I am somewhat alarmed by reports from Uruguay. Originally there were to

be committees composed of men who would scrutinize the applications for loans and determine whether the requirements outlined by Secretary Dillon had been met before the loans would be granted.

A substitute was proposed and, as I understand, it was at least tentatively agreed upon. I read this passage from an article written by Edward Burks and published on August 9 in the *New York Times*:

Some sources were describing the change in the draft as a defeat for the United States. On the other hand, top U.S. delegates were making it clear that their main interest was in getting the alliance-for-progress program off the ground.

If an attitude of appeasement is to prevail, and if opposition is what we are going to face right down the line, then I say there is all the more reason why we need to include some restrictions or conditions in the substantive foreign aid law.

The Williams-Cooper amendment lays down just such a sorely needed condition. With this amendment it will not be possible to appease the recipient countries who say, "We want your money, but we want it on our terms, not on yours."

Mr. YOUNG of North Dakota. Mr. President, will the Senator from Nebraska yield?

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). Does the Senator from Nebraska yield to the Senator from North Dakota?

Mr. HRUSKA. I am happy to yield.

Mr. YOUNG of North Dakota. I have listened with great interest to the very effective argument the Senator from Nebraska is making in favor of doing something about controlling the interest rates in the countries to which we lend or give our money. Is it not true that in Latin American countries and in many others where this foreign aid will be provided there are only two classes—the very rich and the very poor—and that the poor constitute about 80 percent, or in some cases more than 90 percent, of the total population?

Mr. HRUSKA. There is no question about that; that situation is well known.

Mr. YOUNG of North Dakota. If we lend or give our money to these countries, but if it does not reach the poor people, certainly we do more harm than good. In fact, we would be better off not to have such dealings with countries of this sort unless somehow, in some way, our aid can reach the poor people there.

Mr. HRUSKA. That is the point which has been made here repeatedly. The Senator from North Dakota is entirely correct. After all, if we are going to extend foreign aid in the form of loans or in any other form and if we are bound and determined to extend it regardless of the results, that is one thing. But if, on the other hand, the extension will increase hostility toward our country and cause even greater disparity between the rich and the poor, we had better think again.

Mr. YOUNG of North Dakota. Until about 10 years ago I voted for foreign aid programs. But I have come to feel that under such conditions as these programs are administered we do more harm than good, and that it would be better for us not to deal with these countries at all unless we can do so on a definitely better basis. Unless our foreign aid can get to the poorer people in these recipient countries all over the world we do more harm than good.

Mr. HRUSKA. Of course, the more expedient procedure would be to approve the proposed substitute of the Senator from Arkansas [Mr. FULBRIGHT]. But I do not believe the question is one of expediency or ease. If we are to render more than lip service to the demand that something be done in the way of social reform, economic reform, tax reform, and interest reform, there will have to be a studied effort to secure new methods and perhaps more stringent methods.

Mr. GOLDWATER. Mr. President, will the Senator from Nebraska yield to me?

Mr. HRUSKA. I am glad to yield to the Senator from Arizona.

Mr. GOLDWATER. I wish to point out that so far as concerns the Senator's argument in favor of the need of certain reforms in these Latin American countries, it is virtually certain that it will be impossible for us to accomplish anything on that respect. I have talked to people in these countries. They realize that reforms are necessary, but at the same time they recognize the difficulties of accomplishing them.

At this point I wish to read one paragraph from a translation I had made from the newspaper *El Universal*, published in Venezuela on June 10. The article was written by Francisco Pereira, an economist, and he was writing about agrarian reform. I may say they have already started to undertake such reform. I now read from the article:

Agrarian reform: Although the law, as it has been conceived, seems a good thing for the country, yet its practical application—in the matter of expropriation of estates—by inverting the priority of expropriations, beginning with those that are in full production and not touching those that are not being cultivated—is turning into a serious threat to the future agriculture and livestock of the country, not only for the agricultural debt, which is being increased, but mainly because of interference with rural properties (invasion de fundas) for the sole purpose of reaping the next harvest, and then abandoning these to interfere with others for the same purpose. Thus reduction in investment is also being fostered in agriculture and livestock, which will have ill effects on the food supply of the Venezuelan people.

I may state that it does require such expropriation, and in that event we would have to tell these countries something that is certainly foreign to us—in other words, "Take property away from some, and give it to others." Yet that is what we shall have to do if the administration's philosophy in connection with this program is adopted.

So one of the reforms we talk most about is already being undertaken to some extent. Yet it is meeting with failure, for the reason of lack of investments. If funds are available, but are not being put into livestock or agriculture, how can we expect by some magic that if we dump \$500 million or \$1 billion into South America, we shall be able to cause that money to be invested at any rate we may wish to consider—whether 5 percent, 8 percent, 10 percent, or 16 percent?

In short, I think we are engaged in a very poor investment; and I think the people of these Latin American countries are laughing their heads off at the efforts of the United States to lend money to those countries, from which the money already available there is being taken out very rapidly because the people there are frightened at the investment possibilities or are frightened of communism.

MR. HRUSKA. When the Senator says it is a poor investment, does he mean that it is poor only in the sense that there is a risk that the loans will not be repaid?

MR. GOLDWATER. I include also in that statement the fact that in the Latin countries, generally, there has been no lack of investment capital. Great sums of money have been invested in Latin America by investors from America, Germany, and other countries all over the world. A lot of money had been made in those countries. Up until the last 3 years the money was remaining in those Latin countries. Investors were not concerned particularly about communism or expropriation. But now we are talking in a way that can only result in expropriation if we are going to accomplish the agrarian reform which the President and his advisers recognize as one of the reforms that must come about in those countries. But we are not the ones to promote it.

I think our actions in this field, statements made by Secretary Dillon and some of the presidential advisers, are bound to deprive Latin countries of investment money that they can well use. In fact, as I have stated previously, studies I have made so far indicate that about twice as much investment capital is flowing out of Latin America as we will put into those countries in the form of gifts.

If it is unsound for the money to stay in Latin America, in the opinion of those who have earned it there, what right have we to put our taxpayers' money into a bad proposition? And I do not think it is going to help the people we want to help, who are the peons, the people who live on the land, who own no property. This money will flow, as it always has flowed—and I have seen no evidence to the contrary—into the hands of the rich, into the hands of the rulers of the country; and the people we are trying to help will never see any of it.

MR. HRUSKA. I should like to refer to the article in the *Wall Street Jour-*

nal which refers to Mr. Dillon's briefcase as he enplaned for the 6,000-mile flight to Uruguay. In the briefcase was a bulky draft charter that would call upon the signatories to do certain things.

I read one particular paragraph which bears on the very point to which the Senator from Arizona referred:

Subscribe to strenuous efforts to overhaul outmoded tax structures, redistribute land by breaking up big holdings—

The Senator from Arizona is right. That means nothing more or less than expropriation and confiscation—

step up emphasis on building more schools, houses and hospitals, and adopt sound fiscal and monetary policies to keep inflation in check.

Where an interest rate of 20 percent a year, or 3 percent a month, is to be continued, it is not calculated to reduce inflation. It is calculated to do the very opposite. We know this as a matter of basic economics. I continue to read:

The amount of U.S. aid, the OAS members will be told, is to be conditioned on such internal measures by beneficiary lands.

We reach the position of proposing an amendment which is sound and is right in line with the purposes referred to in this article and spoken about as requirements, and we encounter the argument that it should not be adopted. I say this is paying only lip-service to the desirability and need for reforms. With this thinking, no reforms encouraged by the program can be effected.

MR. GOLDWATER. I recall, with a great deal of interest at this particular time, the first amendment which I offered on the floor of the Senate. It was to knock \$400 million out of foreign aid funds to France until she abandoned colonization. I will never forget Senator George's debating the question with me, because he was probably the worst choice I could have selected as my first opponent. He emphasized—and the Senate voted against my amendment—that we had no right intervening in the machinery of foreign governments to the extent that Secretary Dillon is suggesting here. While we decry colonialism, while we do not like to see all the land in a country owned by a few, while we recognize that there are fiscal policies in those countries to which we object, we can merely talk about those subjects. We cannot make any threats or any suggestions.

I would suggest that Secretary Dillon is in a very poor position to be talking about fiscal irresponsibility in some other countries when we are probably the most fiscally irresponsible people on the face of the earth. I think he should have left that particular part of the memorandum in Washington before he went to those countries.

MR. HRUSKA. I subscribe to that statement. I have reached the same conclusion as the Senator from Arizona.

Mr. President, I yield the floor.

MR. GRUENING. Mr. President, earlier in his speech the Senator made refer-

ence to Secretary Dillon's urging that, as a part of our reform program, we get lower interest rates in those countries which will receive loans and grants. I wonder if the Senator will be kind enough to repeat the quotation.

MR. HRUSKA. Surely. It is found in the August 9 issue of the *New York Times*. It can also be found on page 15567 of the *CONGRESSIONAL RECORD* for Friday, August 11, 1961:

In his major address to the conference, Secretary Dillon said the alliance for progress would require the following: Tax reforms so that evaders would know they faced strict penalties; assessment of taxes in accordance with ability to pay; land reform to put underutilized big lands to full use and to permit small farmers to own their plots; and lower interest rates on loans to small farmers and small business.

MR. GRUENING. I thank the Senator. I am sorry the chairman of the committee is not here, because I was going to ask him a question. Perhaps the junior Senator from Alabama [Mr. SPARKMAN], ranking member of the Foreign Relations Committee, will answer the question.

How are we possibly going to get lower interest rates if, in the amendment proposed by the chairman of the committee, we subscribe to the existing interest rates in those countries, which run as high as 3 percent a month in some countries, and 36 percent a year?

Unless we try to put some limitation on it, which is required in the amendment of the Senator from Delaware, or my amendment, which limits the increase to 5 percent beyond our interest rates, how are we going to get lower interest rates if we, at the very beginning, subscribe to interest rates which are absolutely destructive of progress? How can we get the lower interest rates which Secretary Dillon proposed as a part of our program? Is there any answer to that question?

MR. SPARKMAN. If the Senator will yield to me—

MR. GRUENING. I am happy to yield, because I would like to get an explanation of how we are going to get the lower interest rates in the countries to which we lend.

MR. SPARKMAN. They are not to be obtained by legislative fiat of this country. We cannot legislate what the prevailing interest rate of some country will be. I think we have demonstrated in the past that there is a way, by using persuasion and influence, as best we can, to bring about economic reforms that we would like to see prevail in certain countries. I think the substitute that has been proposed by the chairman of the committee, the distinguished Senator from Arkansas [Mr. FULBRIGHT], seeks to do that very thing.

I wonder if I may impose upon the Senators' time only to relate an experience we had right here in the Congress, back in the days of the Marshall plan. We were confronted with a similar situation in European countries, not necessarily runaway interest rates, but various economic factors that we felt should be

improved. There was some question about money—often money that we gave under the Marshall plan, because it was under the form of grants, whereas here we are dealing with loans.

I remember that the Senator from Arkansas was very much concerned about the tariff walls built around the individual countries of West Europe. I remember the Senator tried in the Committee on Foreign Relations and on the floor of the Senate to find some language to put into the Marshall plan to bring about closer economic unity among the countries of Western Europe. It soon became apparent it would be virtually impossible to write something into the act to require those countries to do away with their tariff walls. However, by writing language somewhat akin to the proposal before the Senate, year by year we did make progress in obtaining those reforms. Today we see the barriers virtually broken down as among the countries of Western Europe. I think a lot of that has resulted from the year-by-year work and effort on the part of our Government in handling the Marshall plan and later the mutual security program.

I think the same will be true in this instance.

The same was true with reference to the pay scale of workers in Europe and the question of profits going into the hands of the owners of factories, rather than being passed on to the workers. From time to time we wrote into the Marshall plan legislation, and succeeding acts, language stating our desire for those reforms to be made.

With reference to Latin America, we have gone much further than we ever went with regard to the European countries. In the Bogotá Agreement of last year we got all of the Latin American countries, with the exception of Cuba and the Dominican Republic, to sign the Bogotá Agreement, in which they agreed that in any aid program put on as a result of the mutual efforts of the nations of the Western Hemisphere these reforms would be worked out. A few days ago I brought to the attention of the Senator from Alaska the Bogotá Agreement. I hope he got a copy of that agreement and read it.

Mr. GRUENING. I have read it.

Mr. SPARKMAN. I hope the Senator will agree with me that the specifications are what we are working toward. I do not believe we can legislate them. In fact, I know we cannot legislate them.

I feel that some of the arguments made about the interest rate are rather unrealistic. They go beyond what is done in our country.

I have heard arguments this morning about interest rates which might be charged, and what we are asking these countries to do, though these countries have historically had higher interest rates than we have. As a matter of fact, not many countries in the world enjoy as low interest rates as we do in the United States.

Mr. GRUENING. Mr. President, will the Senator yield at that point?

Mr. SPARKMAN. I yield if I have the floor. I believe the Senator yielded to me.

Mr. GRUENING. This is a very important discussion. I should like to see the program succeed. I think we all would. We shall have a foreign aid program. Some of us have had doubts about the administration of the program in the past, and some other reservations concerning it. Some of us have had doubts about the ultimate effectiveness of the program. In any event, we shall have a program, and that being so, we wish to have it succeed.

One of the reasons why the Latin American countries are in trouble and need our aid is their terrific inflation with the high interest rates. Halting these are among the reforms we hope to achieve if our program will succeed. If, as has happened in the past, the money merely goes to the few who are at the top, whether they be in government or simply wealthy landowners, part of the small ruling and owning clique, and if these rich become richer and the poor become poorer, it not only will nullify and destroy our program but also it will actually help communism and Castroism. In the present foreign aid program we have pointed our efforts toward reducing the dangers which exist there.

The Senator has indicated his belief that one cannot establish the reform by legislation. We are not seeking to compel these countries to adopt an interest rate, but we are merely saying that if they wish to borrow our money and lend it, under those circumstances the rate of interest which they charge, on our reloaned money, shall not be more than 5 percent more than the interest rate we charge.

Secretary Dillon has pointed out that we are going to make loans under the most generous terms ever heard of. No loans ever existed before which had been offered at no interest for 50 years, with possibly no repayment of principal for 10 or 15 years.

Is it unreasonable to try to write into the bill some condition to try to limit the terrible usurious abuses which has existed? The money which we lend at no interest will be gladly accepted. We may be certain that if we lend that money to one country at no interest, all countries will demand the same terms. That will be the prevailing rate. We cannot give one country better terms than we give another. If we say, as Secretary Dillon has said, "Some of these loans will be without interest, and there will be no repayment of principal for 10 years," we may be sure that will be the prevailing rate for all.

Shall we then go to our own people, from whom we are borrowing the money at 4 percent, tell them that we are accumulating a burden of interest for 50 years which will run into billions of dollars and then admit that that money can be reloaned at 15 percent, 20 percent, 25 percent, or 30 percent interest?

Unless we put some restriction like the one I propose into the bill, the faith of the American people in foreign aid, already widely shaken, will be destroyed and the program itself will fail. The American people will not stand for this kind of a giveaway. There must be some protection of our own American interests. Something of this kind should be in the bill.

Mr. SPARKMAN. I believe we are proposing to put something of this kind in the bill.

Mr. GRUENING. No.

Mr. SPARKMAN. What we seek to do is to make it an administrative proposal, rather than to set a ceiling.

It is appropriate to say at this time that if we set a ceiling it almost certainly will become the floor, based on the argument which the Senator has made.

So far as no-interest-rate loans are concerned, I am not familiar with what is planned in connection with the loans, but I presume a program could be conducted with differences in interest rates from country to country, exactly as in the past we have given grants to some countries and have made repayable loans to other countries.

I should like to remind the Senator again of the Bogotá agreement, as I did a few days ago. I refer the Senator from Alaska to section 618 of the bill, to be found on page 56, to refresh the Senator's recollection. I ask the Senator to look at section 618, which I read:

ECONOMIC ASSISTANCE TO LATIN AMERICA.—Economic assistance to Latin America pursuant to chapter 2 of part I of this Act shall be furnished in accordance with the principles of the Act of Bogotá signed on September 13, 1960.

There are no "ifs," "ands," or "buts" about that. It says it "shall be" so administered. That is a directive to the administrator of the program to use his best efforts to put into effect as fast as he can and as well as he can the principles of the Bogotá agreement.

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

Mr. SPARKMAN. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. My question relates to the earlier remarks of the Senator from Alabama. If it is the full intention of the administration that lower interest rates shall be put into effect, what is the objection to the amendment offered? The amendment only proposes to make sure that the administration does what it says it intends to do.

Mr. SPARKMAN. There are certain objections. First, it is an effort to tell a country what the people in that country shall be able to charge in interest rates.

Mr. WILLIAMS of Delaware. No; but this amendment does not.

Mr. SPARKMAN. It is true that the Senator's amendment provides for money loaned by the United States, or reloaned. It seems to me that is a rather complicated thing. Those people are not going to be lending the dollars which the

United States loans to the country. They will be lending the local currencies. The Senator from Louisiana discussed that a while ago. These people will be making loans in local currencies, upon which the interest will be paid, and the repayment of the principal will be in local currencies.

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

Mr. SPARKMAN. May I go on with that? The payment, so far as the United States is concerned, is to be made in dollars.

We all know that inflation is one of the things that most of the Latin American countries must fight. If there is inflation, the person who makes loans in the local currency, and who would have to repay in dollars, may actually lose money in making the loan. A lender would be confronted with that difficulty.

I think it is one of the difficulties of the program that calls for administrative effort.

I think the Senator from Delaware will bear out my statement that in the course of the committee hearing we did our best to impress upon those in the administration who will administer the law that we expected the law to be administered in such a way as to protect the interests of the United States. We have tried to write in safeguards. We have insisted that all the influence that we can bring to bear in a reasonable, orderly, and proper manner to develop the specifications of the Bogotá Agreement be used in handling the loans. I believe the best way to do so would be to do our best to have an administration that will carry out that intent.

When President Kennedy made his talk to representatives of the Latin American governments at the White House in the early part of this year—along in February, I believe, though I am not sure—I was present. I listened to what the President said. His address was published in the newspapers and people read what he said. Representatives of Latin American countries heard what he said. The world heard what he said. The President brought out the essence of the Bogotá Agreement. He said that the Latin American countries would be expected to come up with their part in order to justify U.S. participation in the program to the extent that we would anticipate doing so.

Many of those in charge of the program—for example, Mr. Labouisse, and those associated with him—have been impressed with the earnestness of the Committee on Foreign Relations, and I am sure they will be so impressed with the earnestness of the Senate and the House of Representatives that the program will be properly administered. I believe we ought to give them an opportunity to execute the program. I think that is what the proposal seeks.

The program is designed to follow in the steps of the Marshall plan. We saw the results obtained by following the safe and sane policy that the late Sen-

ator George advocated. The Senator from Arizona [Mr. GOLDWATER] a moment ago referred to the statement of Senator George. Senator George took the same attitude; namely, that we should not write into the law a provision telling a country what it must do, because we cannot enforce it.

A few moments ago I said that some of the arguments made in the Senate do not seem to me to be very realistic, even as applied to our own local conditions. To illustrate, we have an interest rate on housing. Congress set the ceiling on the interest rate at 6 percent. I am sure that some of those who have been advocating imposing a ceiling on loans in Latin America have in the past argued that we ought to lift the ceiling on the housing interest rate, that there should be no ceiling, and that the rate ought to be left in a free market to take care of itself according to the supply of and demand for money. I have heard the argument made many times on the floor of the Senate that we ought to permit a free operation of interest rates. I have never taken that attitude. I have always taken the attitude that we ought to be concerned with what the ceiling should be.

Let us go into the field of savings and loan associations. I am sorry that the distinguished Senator from Colorado [Mr. ALLOTTI], who knows a great deal about savings and loan associations, is not present. A few moments ago he argued that loans to Latin American countries would be somewhat analogous to what takes place with reference to savings and loan associations.

The Home Loan Bank Board and the various banks throughout the country comprise a rather complex system. Then there are the individual Federal savings and loan associations. Through such a system institutions are able to obtain, through Government assistance, funds which they in turn lend to people for homes. They are not bound to charge merely the interest rate that the Government charges with a certain override, whatever it may be. I do not know what interest rate the savings and loan associations average throughout the country, but I am sure it would rise above 6 percent when all the charges are counted.

I am also thinking about the bill sponsored by the distinguished Senator from Illinois [Mr. DOUGLAS], the so-called truth-in-lending bill, on which hearings are either being held or have been held, with respect to the lenders showing the true interest rates.

A great outcry against high interest rates has arisen over the country. I wish to hear what those who have spoken about interest rates with respect to countries that are in poverty and misery have to say when the bill of the Senator from Illinois is considered by the Senate. As the Senator from Illinois has pointed out with respect to loans which would be covered by his bill, when all the charges have been added and the amortization is worked out, sometimes

the interest rate will run to 10, 12, 15, and 20 percent in this country.

Let us watch the opposition to the bill of the Senator from Illinois when it comes up and see what kind of an outcry is made about regulating interest rates in this country.

I believe the administration will carry out the law. The proposal which the committee chairman has offered is practically the language that Congress wrote into the act appropriating money to make loans through the Latin American Development Loan Fund. As I understand, he has merely lifted that language out. The amendment that I believe was proposed to that bill was voted down after a motion of the chairman of the Committee on Appropriations, the Senator from Arizona [Mr. HAYDEN], to write the language into the law. The vote was 41 to 26. The amendment was rejected, and the language that is proposed in the bill was adopted by that vote. It was written into the law and is in the law today. What we seek to do is to incorporate in the pending bill the same language that is already in the law governing Latin American loans.

(At this point Mr. METCALF took the chair as Presiding Officer.)

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

Mr. SPARKMAN. I yield.

Mr. GRUENING. I sincerely hope that if the debate on interest rates has no other purpose, it will at least emphasize to the administrators of the program that they must be tough in trying to exact the conditions stated.

I am fearful that they will not. On the contrary, I believe we are almost guaranteeing, by the language, that there will be no change. We would, in effect, say that whatever we may seek to achieve, the customs of the country will not be disturbed. There are large land holdings. We hope they will be broken up. But if we had another amendment similar to the one before the Senate, we would provide that the customs of the country with regard to land holdings must not be breached. We would say, "We hope you will be agreeable and change, but we do not expect you to do so."

I am fearful that unless we insert stronger language into the bill our foreign aid administrators will not be persuasive. They will have supporting them the history of this debate on this provision in the bill, which states in effect, "What is now will continue to be." We are going down into the Latin American countries for the very purpose of trying to change what is there into something better.

Mr. SPARKMAN. I do not agree that we would suggest that what is will continue to be. We are saying to the Latin American countries, "Try to do your best to hold down the interest rates and make certain that the interest rates are not excessive. You are charged with the responsibility of seeing effectuated, as expeditiously as it can prop-

erly be done, the specifications of the Bogotá Agreement."

I believe that what we ought to do is insist upon the administration of the act with that in mind, and that we ought to do all we can to get them to press on these things, not unduly, because I do believe in the sovereign rights of the countries concerned. I would not favor an amendment, as much as I believe in land reform in these countries, which would say that no country could get any of this money unless it takes the great land holdings of the aristocracy and breaks them up into little chunks. That is a matter for these countries to work out themselves, as to how the land reforms should be made. We should press for land reform. We should press for tax reform. We should press for low interest rates.

I make this suggestion: If we are able to do what we hope we will be able to do in these programs, these things will come about just as the reforms came about in Western Europe. They came about because of what we advocated and because of what we charged the administration to do with reference to those reforms.

It is presently anticipated that up to 5 percent of development loan funds may be used to make seed capital available to development banks, savings and loan associations, and the like, which will, in turn, make loans repayable in local currencies, with the Government guaranteeing their conversion into dollars for repayment to the United States. The support of such institutions is very worth while since they mobilize local savings to be used for the economic and social development of the community. In order to operate and expand, however, these institutions must attract savings from local citizens by paying competitive interest rates of from 5 percent to 10 percent, or even more, depending upon the local conditions. The rate of interest paid the depositors determines the interest rates to the borrowers, because these institutions need at least 3 percent to cover their expenses. Therefore, the interest rate to borrowers on locally invested money must range from 8 percent to 13 percent or more. By combining U.S. loan funds obtainable on lower rates with these resources, the rate charged is normally lower although it will often need to exceed 8 percent. It should be noted, however, that these are generally relatively low rates where these institutions now exist or are contemplated.

Furthermore, reloans of development loan funds will have to be protected against the incursions of inflation in those countries where inflation is occurring. Typically, a development bank or savings and loan association relending funds would protect itself by including an inflation allowance in the interest rate. While it is theoretically possible to allow for inflation through use of some kind of maintenance-of-value clause in the reloaning terms to the ultimate borrowers, in many countries

such clauses are not permitted by law; and, even where they might be lawful, their administration is a multitude of loan contracts with small borrowers would be inordinately difficult. Accordingly, in those countries where inflation is serious, some provision for devaluation of currency must be made. To wait until inflation is checked, on the other hand, would be to refuse encouragement to make the hard decisions to help the ordinary people and make the necessary financial reforms.

For these reasons, the executive branch considers the amendment a harmful restriction on the use of development loan funds.

If we can get them to start savings and loan associations and savings banks, and institutions of that kind, that will help these little people, and all of this will have a tremendous effect in bringing about what the Senator from Alaska and I and all of us want to bring about.

Mr. GRUENING. I only hope the optimism of the Senator from Alabama is justified and that the program will succeed as he visualizes.

Mr. SPARKMAN. That is what we are working for.

UNANIMOUS-CONSENT AGREEMENT TO LIMIT DEBATE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the time allotted for debate on this amendment be limited to 20 minutes, 10 minutes to be under the control of the Senator from Delaware and 10 minutes under the control of the Senator from Alabama. That is with reference to the pending amendment and all amendments thereto.

Mr. WILLIAMS of Delaware. On just this amendment.

Mr. MANSFIELD. And on all amendments thereto.

Mr. WILLIAMS of Delaware. There can be no amendments to the pending amendment, because such an amendment would be in the third degree.

Mr. MANSFIELD. That is correct; on this amendment only.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. WILLIAMS of Delaware. I will not need 10 minutes. I yield myself 3 minutes. I merely wish to point out that what we propose to do under the amendment is not to tell the countries what they should or should not do with their interest rates in the lending of their own money. We do say that when we furnish American taxpayers' money, it shall not be reloaned in those countries at an interest rate in excess of 8 percent per annum.

Certainly there is nothing wrong with that.

The substitute offered by the Senator from Arkansas represents an extension of existing law which is ineffective. I previously offered an identical amendment to the Latin American aid appropriations bill, and the Senate unanimously adopted that amendment. It was supported by the chairman of the Committee on Foreign Relations and I

believe also by the Senator from Alabama. That was the first time. Later, it is true, when it got into conference, after the State Department and the Treasury Department had offered another version, the Senate adopted the form of the amendment which is now before us in the Fulbright amendment.

That amendment, in my opinion, does nothing.

There is a precedent for what I propose. In our own country, the U.S. Government guarantees mortgages on VA and FHA loans, and the interest rate on those loans cannot exceed a certain figure. Certainly if we can put a restriction on the American people we can put similar restrictions on the people of other countries when it involves our own money.

We must make sure that the money we lend to those countries goes to help the masses of the people in those countries. I call attention to an example of what could happen under the Fulbright proposal.

Under the Development Loan Fund a loan was negotiated recently by the International Products Corp., of Paraguay. The loan amounts to \$2,600,000, and the interest rate is 5 1/4 percent. This company owns 2.4 million acres of land with forests and a ranch of 568,000 fenced acres supporting a herd of 65,000 head of cattle, oxen, and horses. Here is a company which owns 2.4 million acres of land, 568,000 acres of which are fenced. They were able to borrow money direct from the Development Loan Fund at 5 1/4 percent, which agency in turn was financed by the U.S. Government. They were big enough to come to us direct.

Under the Fulbright amendment a small farmer in the same country who is trying to buy a farm in that country would have to go through a bank of that country. Under that setup we would furnish money to the banks at little or no interest, and they in turn could charge this farmer 12 percent. In some cases these charges would be 15 or 18 percent. Or it may be, as the Senator from Alaska has pointed out, as high as 3 percent a month. How can that be justified?

If we want to make sure that the money which we put up for this program goes to the benefit of the people of those countries we should adopt the amendment which I have offered today. What we must decide is whether we are more interested in protecting the loan practices of the moneylenders in those countries than we are in protecting the borrowers. I believe the borrowers need the protection. Simply stated, that is the question before us.

Mr. President, I am ready to vote. I am willing to yield back the remainder of my time, if the Senator from Alabama is ready to yield back the remainder of his time.

Mr. SPARKMAN. I yield back the remainder of the time on this side.

The PRESIDING OFFICER. All time for debate on the amendment has been yielded back. The question is on agreeing to the amendment in the nature

of a substitute offered by the Senator from Arkansas [Mr. FULBRIGHT]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Indiana [Mr. HARTKE] and the Senator from Arizona [Mr. HAYDEN] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from Indiana [Mr. HARTKE] would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Maryland [Mr. BUTLER]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Maryland would vote "nay."

Mr. KUCHEL. I announce that the Senator from Illinois [Mr. DIRKSEN] is necessarily absent, and his pair has been previously announced.

The Senator from New York [Mr. JAVITS] is detained on official business.

The Senator from Maryland [Mr. BUTLER] is absent because of illness.

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Maryland would vote "nay," and the Senator from New Mexico would vote "yea."

Mr. MANSFIELD. On this vote I have a pair with the senior Senator from Illinois [Mr. DIRKSEN]. If he were present and voting, he would vote "nay"; if I were permitted to vote, I would vote "yea." I withhold my vote.

The result was announced—yeas 48, nays 45, as follows:

[No. 142]

YEAS—48

Anderson	Humphrey	Moss
Bartlett	Jackson	Muskie
Bible	Jordan	Neuberger
Burdick	Kefauver	Pastore
Byrd, W. Va.	Kerr	Pell
Church	Long, Mo.	Randolph
Dodd	Long, Hawaii	Saltonstall
Ellender	Long, La.	Smathers
Engle	Magnuson	Smith, Mass.
Ervin	McCarthy	Sparkman
Fulbright	McClellan	Stennis
Gore	McGee	Symington
Hart	McNamara	Talmadge
Hickey	Metcalf	Wiley
Hill	Monroney	Williams, N.J.
Holland	Morse	Young, Ohio

NAYS—45

Aiken	Cooper	Miller
Allott	Cotton	Morton
Beall	Curtis	Mundt
Bennett	Douglas	Frouty
Boggs	Dworschak	Proxmire
Bridges	Eastland	Robertson
Bush	Fong	Russell
Byrd, Va.	Goldwater	Schoepel
Cannon	Gruening	Scott
Capehart	Hickenlooper	Smith, Maine
Carlson	Hruska	Thurmond
Carroll	Johnston	Tower
Case, N.J.	Keating	Williams, Del.
Case, S. Dak.	Kuchel	Yarborough
Clark	Lausche	Young, N. Dak.

NOT VOTING—7

Butler	Hartke	Mansfield
Chavez	Hayden	
Dirksen	Javits	

So Mr. FULBRIGHT's amendment (in the nature of a substitute for the amend-

ment of Mr. WILLIAMS of Delaware and Mr. COOPER) was agreed to.

Mr. FULBRIGHT. Mr. President, I move that the vote by which my amendment to the Williams amendment was agreed to be reconsidered.

Mr. MANSFIELD. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. WILLIAMS of Delaware. Mr. President, the adoption of the Fulbright amendment to my amendment has, to all effects and purposes, destroyed any possibility of affecting or determining the interest rate to be charged by those who borrow money from our country. Therefore, I think my amendment, as now amended, might just as well be omitted from the bill; I do not think it is now worth putting it in. Therefore, Mr. President, I wish to withdraw my amendment as amended.

The PRESIDING OFFICER. Unanimous consent will be required for that purpose.

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that my amendment as amended may now be withdrawn.

The PRESIDING OFFICER. Is there objection? The Chair hears none. Without objection, the amendment as amended is withdrawn.

Mr. BRIDGES obtained the floor.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield.

Mr. WILLIAMS of Delaware. I wish to inquire whether I correctly understand that now that my amendment as amended has been withdrawn, and has not been voted on, it can be offered at a later time, either in the same form or in some other form.

The PRESIDING OFFICER. The Senator can reoffer the amendment if, as reoffered, there is a substantial change in it. The identical amendment could not be reoffered.

Mr. WILLIAMS of Delaware. That is my understanding.

Mr. President, if I may have the permission of the Senator from New Hampshire, I wish to yield now to the Senator from Kentucky [Mr. COOPER], who has an amendment to submit.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Montana will state it.

Mr. MANSFIELD. Who has the floor?

The PRESIDING OFFICER. The Senator from New Hampshire has the floor.

Mr. WILLIAMS of Delaware. Will the Senator from New Hampshire yield, so that the Senator from Kentucky may propose a substitute amendment, and have it read for the information of the Senate?

Mr. BRIDGES. I am willing to yield in order to have the amendment sub-

mitted, but with the understanding that a speech will not be made on it.

Mr. COOPER. Mr. President, the Senator from Delaware and I wish to submit an amendment which goes to this subject; and I wish to have the amendment read at this time, so that Members of the Senate will know what we have offered.

The PRESIDING OFFICER. Does the Senator from New Hampshire yield for that purpose?

Mr. BRIDGES. Mr. President, I do not wish to lose the floor. Inasmuch as I now have the floor, I call up my amendment identified as "8-11-61-A," and ask that it be stated.

The PRESIDING OFFICER. The amendment submitted by the Senator from New Hampshire will be stated.

The LEGISLATIVE CLERK. On page 8, line 24, after the word "REPORTS" it is proposed to add: "AND AUDITS".

On page 9, line 9, after the sentence, it is proposed to insert the following:

The reports and underlying transactions shall be subject to audit as provided in sections 105 and 106 of the Government Corporation Control Act, as amended (31 U.S.C. 850-851).

Mr. COOPER. Mr. President, will the Senator from New Hampshire yield, so that I may send my amendment to the desk?

Mr. BRIDGES. I yield for that purpose.

Mr. COOPER. I thank the Senator from New Hampshire.

Mr. President, the Senator from Delaware and I are going to pursue the issue we have raised today. For that reason, we have another amendment; and I now ask that the amendment be printed.

The PRESIDING OFFICER. Without objection, the amendment will be received and will be printed.

Mr. BRIDGES. Mr. President, I wish to modify my amendment by substituting a comma for the colon in line 7, striking out the quotation marks, and adding the following:

except that the General Accounting Office may modify the January 15 reporting date required by section 106 and submit the annual audit reports to the Congress as soon as practicable.

And on page 83, in line 18, substitute a period for the comma, and strike out the remainder of the sentence.

As thus modified, Mr. President, this amendment provides, under the statutes, for what other legislation of this type provides—namely, for an annual audit. Such a provision was omitted from the bill.

The PRESIDING OFFICER. The amendment of the Senator from New Hampshire, as modified, will be stated.

The LEGISLATIVE CLERK. On page 8, line 24, after the word "Reports" it is proposed to add: "and audits".

On page 9, line 9, after the sentence insert the following: "The reports and underlying transactions shall be subject to audit as provided in sections 105 and 106 of the Government Corporation Control Act, as amended (31 U.S.C. 850-851), except that the General Accounting Office may modify the January 15 report-

ing date required by section 106 and submit the annual audit reports to the Congress as soon as practicable."

Also, on page 83, line 18, substitute a period for the comma and strike out the balance of the sentence.

Mr. BRIDGES. Mr. President, I move the adoption of my amendment, as modified.

Mr. FULBRIGHT. Mr. President, let me ask whether the Senator from New Hampshire wishes to speak on his amendment. I am prepared to accept it.

Mr. BRIDGES. Very well. In that case, Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, a statement I had prepared in connection with my amendment.

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

STATEMENT BY SENATOR BRIDGES, REPUBLICAN, OF NEW HAMPSHIRE, IN EXPLANATION OF AMENDMENT ON PAGE 8, LINE 24, AND ON PAGE 9, LINE 9, PROVIDING FOR AUDITS IN ACCORDANCE WITH SECTIONS 105 AND 106 OF THE GOVERNMENT CORPORATION CONTROL ACT

Mr. President, I am appalled at the extent to which the provisions of this bill strip away the prerogatives of the Congress—particularly the appropriations functions of the Congress. I have always supported the idea of foreign aid. But I have always voted for amendments and provisions in the various bills to try and insure sensible management. That the efforts of the Congress to insure proper management have so often failed is evidenced by the frequent "foreign aid scandals." These have become so numerous that many people around the country have reached the conclusion that it may be necessary to burn down the barn to be rid of the rodents. I predict that many Members who will seek reelection next year will encounter this attitude on the part of the electorate.

Mr. President, I wish to explain this amendment. It is aimed at making the auditing provisions of the Government Corporation Control Act applicable to the entire spectrum of development loan activities. I simply cannot comprehend why those who drafted this legislation would provide, as they have in section 203(b) that sections 102, 103, and 104 of this act are to be applied to foreign aid under the development loans—the sections which require that a budget be submitted—but have practically ignored sections 105 and 106 of the act, which relate to auditing the programs.

I note that subsection 635(f)(5) requires an integral set of accounts to be maintained and audited in accordance with the principles of the Government Corporation Control Act, but this does not, in my opinion, require the annual audit specified in sections 105 and 106 of the Control Act. My amendment will require such audits to be made annually. I prefer to believe that this omission was a misadventure. Consequently, I regard this amendment as a technical amendment, it merely assures the Congress and the American people that the development loan programs—where the Congress has relinquished its appropriation controls—will be subject to the annual scrutiny and review of the auditing procedures of the GAO.

This amendment makes the intent of the Congress clear and specific by making applicable sections 105 and 106 of the Government Corporation Control Act; that is, that all of the information, papers, records,

reports, files, etc., that the Comptroller General deems to be necessary in the effective performance of his responsibilities be furnished at the request of the Comptroller General or his duly accredited employees. This should prevent the difficulties that the Comptroller General has experienced in the past in getting all of the data necessary for effectively reviewing foreign operations.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Hampshire, as modified. Without objection, the amendment as modified is agreed to.

Mr. BRIDGES. Madam President, I now call up my amendment identified as "8-11-61-E," and ask to have it stated.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The amendment offered by the Senator from New Hampshire will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 37, line 10, after "(b)" to strike out the entire first sentence of the section.

On page 37, line 16, after the word "order" to insert "under subsection (a) of this section."

The PRESIDING OFFICER. Does the Senator wish the amendments to be considered en bloc?

Mr. BRIDGES. Yes.

The PRESIDING OFFICER. Is there objection? Without objection, the amendments will be considered en bloc.

Mr. BRIDGES. Madam President, this section of the bill, 510(b), gives the Department of Defense a blank check in the amount of \$200 million on the Treasury of the United States. With appropriations totaling nearly \$50 billion, it simply is not necessary to have an additional blank check for \$200 million. Section 510 authorizes the President to furnish from the untold billions in Defense stocks up to the amount of \$200 million in any fiscal year to foreign countries and, in effect, commits the Congress in advance to reimburse the Defense Department for such transactions.

I can see no necessity for such loose fiscal practices. What if the Congress refuses to reimburse the Defense Department by appropriation? The answer is that the Treasury simply makes good. Why are we requested to follow such procedures? Are there indications that the Congress is growing cool toward this program?

There are ample stocks in the Defense Establishment to permit the President to commit \$200 million in goods or services in cases of dire necessity. There are ample opportunities to reimburse Defense in the numerous supplemental requests for appropriations. This is only another device to preclude congressional review of this program. It is not necessary. My amendment simply restores to the Congress the right to review the necessity of replenishing Defense stocks on which the President may have drawn in an emergency. It would have no effect whatever on the freedom of the President to react to an emergency situation.

Mr. FULBRIGHT. Madam President, I have no objection to the amendments. They are perfectly agreeable.

The PRESIDING OFFICER. The question is on agreeing, en bloc, to the amendments of the Senator from New Hampshire.

The amendments were agreed to.

Mr. BRIDGES. Madam President, I now call up my amendment, which I offer for myself and the Senator from South Dakota [Mr. MUNDT], identified as "8-14-61-E," and ask to have it stated.

The PRESIDING OFFICER. The amendment offered by the Senator from New Hampshire for himself and the Senator from South Dakota will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 24, line 2, to delete the period, substitute in lieu thereof a semicolon, and add the following language:

Provided, That no part of any of the funds authorized herein shall be available to make voluntary contributions to any organization of which the People's Republic of China is a member.

Mr. BRIDGES. Madam President, this is a very simple and forthright amendment. It is intended to support and give additional meaning—practical meaning—to the announced policy of our Government, reiterated time and again by votes of the Congress, and fully supported by President Kennedy, as it was by President Eisenhower. This amendment would serve to strengthen the hand of our Ambassador to the United Nations when he and his cohorts endeavor once again this autumn to fight off those who favor seating Red China in the U.N.

This is a practical amendment. It provides that funds authorized in this act shall not be used to pay voluntary contributions to specialized U.N. activities if Red China is a member. I would hope the administration would withhold such voluntary contributions in any case, but this amendment would strengthen its position.

This amendment has nothing to do with our "dues" as a member of any international organization. The funds for our annual, regular, or special assessments are furnished in the State-Justice appropriation bill. The funds for voluntary contributions to the U.N. and to other international activities are authorized in the pending measure.

I believe this amendment puts members of the U.N. on notice that, if they persist in efforts to seat Red China in opposition to the policy of the United States, they can no longer expect the American taxpayer to finance the activities of the U.N.—in amounts ranging anywhere from 40 to 100 percent of the cost of such activities by voluntary contributions—no matter how desirable they may be.

Madam President, I ask unanimous consent that a statement and an attached table of contributions be inserted at this point in the RECORD.

Madam President, my amendment pertains only to voluntary contributions as set forth in the attached table.

There being no objection, the material was ordered to be printed in the RECORD.

U.S. contributions to international organizations and programs, fiscal year 1961

	Total assessment	U.S. percent	U.S. contribution		Total assessment	U.S. percent	U.S. contribution
A. United Nations and specialized agencies:				F. Other international organizations—Con.			
United Nations	\$58,300,000	32.51	\$19,269,331	International Council of Scientific Unions and its associated unions	\$167,803	15.52	\$26,043
Food and Agriculture Organization	9,225,500	32.51	\$2,999,210	International Criminal Police Commission	185,233	5.94	11,000
Intergovernmental Maritime Consultative Organization	255,000	17.29	\$40,813	International Hydrographic Bureau	124,669	8.02	9,997
International Civil Aviation Organization	4,023,465	32.95	\$1,395,000	International Lead and Zinc Study Group	50,000	11.65	5,825
International Labor Organization	9,003,909	25.00	\$1,975,364	International North Pacific Fisheries Commission	48,690	33.33	16,762
International Telecommunication Union	2,868,657	10.39	\$626,456	International Rubber Study Group	42,840	12.91	5,530
United Nations Educational, Scientific and Cultural Organization	12,957,763	30.74	\$3,832,952	International Seed Testing Association	13,000	6.92	900
Universal Postal Union	609,195	4.29	\$26,145	International Sugar Council	162,400	12.25	20,000
World Health Organization	16,889,760	31.71	\$5,355,110	International Union of Official Travel Organizations	43,668	4.58	2,000
World Meteorological Organization	666,179	19.03	\$117,897	International Union for the Protection of Industrial Property	136,744	4.98	\$17,500
Subtotal	114,799,428	30.81	\$35,338,278	International Whaling Commission	8,373	6.70	561
B. United Nations Emergency Force	20,000,000	48.48	\$9,200,000	International Wheat Council	134,400	16.95	22,863
C. United Nations operations in the Congo	60,000,000	49.94	\$29,962,833	Interparliamentary Union	136,198	15.42	21,000
D. Inter-American organizations:				North Pacific Fur Seal Commission	7,600	25.00	1,900
Pan American Union	8,323,382	66.00	\$5,493,432	Permanent International Association of Navigation Congresses	9,200	16.30	1,500
Exchange of Frequency Notifications	19,000	33.78	\$6,419	Subtotal	7,869,406	27.07	2,140,503
Inter-American Children's Institute	80,000	40.00	\$32,000				
Inter-American Indian Institute	27,600	17.39	\$4,800	G. Special programs financed by voluntary contributions: ¹³	224,297,191	17.39.20	80,984,412
Inter-American Institute of Agricultural Sciences	337,135	66.79	\$225,177	Central Treaty Organization multilateral technical cooperation program	150,000	33.33	50,000
Inter-American Tropical Tuna Commission	373,821	99.70	\$372,700	Intergovernmental Committee for European Migration	22,628,830	40.00	9,051,532
Pan American Health Organization	4,000,000	66.00	\$2,640,000	International Atomic Energy Agency, operating program	1,280,000	50.00	640,000
Pan American Institute of Geography and History	125,000	39.02	\$48,780	International Civil Aviation Organization, joint support program	2,125,545	39.66	842,991
Pan American Railway Congress Association	11,914	41.97	\$5,000	North Atlantic Treaty Organization, science program	3,100,000	42.99	\$1,327,600
Postal Union of the Americas and Spain	14,778	8.16	\$1,206	Organization of American States, technical cooperation program	2,000,000	70.00	1,400,000
Subtotal	13,312,630	66.32	\$8,829,514	Pan American Health Organization, water supply program	125,000	100.00	125,000
E. Other regional organizations:				Pan American Health Organization, malaria eradication program	1,500,000	100.00	1,500,000
Caribbean Commission	275,243	38.40	\$111,299	United Nations Children's Fund	26,086,956	46.00	12,000,000
Central Treaty Organization	650,357	20.00	\$128,441	United Nations economic aid to the Congo	24,000,000	62.50	15,000,000
Colombo Plan Council for Technical Cooperation in South and Southeast Asia	122,777	5.56	\$6,830	United Nations Educational, Scientific, and Cultural Organization, aid to Congo	1,000,000	100.00	1,000,000
North Atlantic Treaty Organization, civilian headquarters	5,500,000	24.20	\$1,006,000	United Nations expanded technical assistance program	44,532,041	40.00	17,812,817
North Atlantic Treaty Organization Parliamentary Conference	112,000	24.20	\$27,219	United Nations High Commissioner for Refugees program	3,900,000	33.33	1,300,000
Southeast Asia Treaty Organization	1,096,980	25.00	\$14202,698	United Nations Relief and Works Agency for Palestine Refugees in the Near East	33,571,429	70.00	\$23,500,000
South Pacific Commission	558,370	12.50	\$69,797	United Nations Special Fund	47,029,673	40.00	18,811,869
Subtotal	8,315,727	23.39	\$1,513,284	World Health Organization, community water supply program	175,000	100.00	175,000
F. Other international organizations:				World Health Organization, malaria eradication program	4,379,242	21.91.34	4,000,000
Central Commission for Navigation of the Rhine	90,000	14.29	\$13,200	World Health Organization, medical research project	500,000	100.00	500,000
Coffee Study Group	70,000	20.25	\$14,176	Total special programs	218,083,716	50.00	109,036,809
International Atomic Energy Agency	5,843,000	32.51	\$1,899,560	Total	442,380,907	44.53	190,021,221
International Bureau of Education	102,041	2.45	\$2,500				
International Bureau for the Permanent Court of Arbitration	28,170	4.14	\$1,167				
International Bureau for the Publication of Customs Tariffs	162,648	5.32	\$8,658				
International Bureau of Weights and Measures	134,971	10.89	\$14,211				
International Commission for Northwest Atlantic Fisheries	51,404	10.40	\$5,650				
International Cotton Advisory Committee	116,354	15.47	\$18,000				

¹ The United States paid an advance to the working capital fund of \$316,001.

² Of this amount, \$1,399,210 was contributed toward the 1960 budget and \$1,600,000 was contributed toward the 1961 budget.

³ The United States received a credit of \$3,279.

⁴ Because of prior year adjustments of \$6,096 and a working capital fund advance of \$34,986, the U.S. contribution amounted to \$1,354,621 for calendar year 1960. Of the amount shown, \$679,000 was contributed toward the 1960 budget and \$716,000 was contributed toward the 1961 budget.

⁵ The United States received a credit of \$275,613.

⁶ The United States will contribute an estimated \$26,456 for extraordinary expenses, i.e., cost of meetings, etc.

⁷ The United States received a credit of \$150,264.

⁸ The United States received a credit of \$8,854.

⁹ The U.S. contribution to the calendar year 1960 cost of UNEF totaled \$9,697,064, including an assessment of \$6,497,064, which was paid from fiscal year 1960 funds, and a voluntary contribution of \$3,200,000, which was paid from fiscal year 1961 funds.

¹⁰ The United States was assessed \$15,745,211 for expenses incurred by the Secretary General for the United Nations Operations in the Congo from July 14 to Dec. 31, 1960. The United States also made a voluntary contribution of \$3,900,000 and waived the cost of the initial airlift totaling \$10,317,622.

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

MR. FULBRIGHT. Madam President, may I ask a question of the sponsor of the amendment? I am not clear that there is any organization to which Red China belongs.

MR. BRIDGES. This is a preventive measure, in case Red China should nuzzle her nose under the tent in some way.

It is preventive action, rather than something to take effect at the present time, and I think it is a wholesome preventive.

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

The amendment was agreed to.

MR. ELLENDER. Madam President, I offer an amendment, which I send to the desk and ask to have it stated.

¹¹ Of the amount shown, \$33,931, was contributed toward the fiscal period 1960 budget and \$78,368 toward the fiscal period 1961 budget.

¹² The United States received credits totaling \$41,630.

¹³ The United States received a credit of \$325,000 from miscellaneous income and U.S. nationals loaned to NATO.

¹⁴ The United States received a credit of \$71,547 from prior year surpluses and U.S. nationals loaned to SEATO.

¹⁵ The United States received adjustments of \$491.

¹⁶ The United States was assessed \$7,000 and also contributed \$10,500 of prior years arrearages.

¹⁷ The percentage shown includes the U.S. voluntary contributions to UNEF and ONUC. Excluding these contributions, the U.S. percent of assessed budgets is 31.44.

¹⁸ U.S. contributions to these programs represent contributions made to the corresponding calendar year, i.e., U.S. fiscal year 1961 contributions are made to the calendar year 1961 programs. Consequently total contributions and U.S. contributions are estimates at this time.

¹⁹ The U.S. share is \$1,332,600, but was reduced by \$5,000 because of credits.

²⁰ Includes \$6,500,000 contributed in kind, principally Public Law 480 commodities.

²¹ Percentage shown is the percentage of total U.S. contributions to total government contributions since the beginning of the program.

THE PRESIDING OFFICER. The amendment offered by the Senator from Louisiana will be stated.

THE LEGISLATIVE CLERK. It is proposed, on page 6, line 12, to strike out "\$1,900,000,000", and insert in lieu thereof "\$1,700,000,000".

THE PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

Mr. FULBRIGHT. Madam President, may I ask the Senator from Louisiana if this is a new amendment?

Mr. ELLENDER. Yes; I have just sent it to the desk.

Mr. FULBRIGHT. I should like to see the amendment. I have a list of several amendments. I thought it was one of those.

Mr. ELLENDER. No, it is not included in that list. The amendment is a very simple one. It reduces by \$200 million the amount to be made available to the Development Loan Fund, for the fiscal years 1963 through 1966. It will be recalled that on yesterday the distinguished Senator from Ohio [Mr. LAUSCHE] offered an amendment which would have reduced the amount available to the DLF for each of the next 4 fiscal years from \$1.9 billion to \$1.6 billion. As I stated during the debate at that time, I had considered offering a similar amendment. Since the amendment of the Senator from Ohio lost by a vote of 46 to 46, I am now offering this amendment in the hope that we can reduce the borrowing authority of the DLF during each of the next 4 fiscal years from \$1.9 billion to \$1.7 billion.

It is not my purpose at this time to repeat the many arguments made by Senators who favored the amendment on yesterday. I do wish to point out, however, that the DLF program now on the statute books was inaugurated in 1957. As the record shows, over \$2 billion was made available to the DLF since that time. Yet, during this period of 3 years, only \$1.675 billion was obligated. This leaves \$325 million unobligated and available for commitment. This clearly shows the justification of my amendment. Since the administrators of the DLF were only able to obligate over a 3-year period less than \$1.7 billion, the amount of \$1.7 billion for each fiscal year 1963 through 1966, which would be available if my amendment was adopted, should be more than ample.

In substance, this is the burden of my argument. I am very hopeful that the amendment will be accepted by the chairman of the committee. As I said, the vote on yesterday was 46 to 46. I have simply decreased by \$100 million the amount sought to be taken away annually from the DLF's borrowing authority by the amendment which was offered by the Senator from Ohio yesterday.

On this amendment I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CURTIS. Madam President, I shall support the amendment of the distinguished Senator from Louisiana.

Fifteen years ago the Congress enacted aid for foreign nations, wartime allies, to rebuild their wartorn homelands. America, typically generous, launched into a 5-year program to accomplish this great humanitarian endeavor. From the outset, I was opposed to foreign economic aid. One of my deep concerns was that there is little likelihood of ever living up to the ideal of a temporary Federal program. I then stated that it would never come to an end. It just does not work, and foreign aid is one of the many examples where

proponents have sold a majority of the Congress on an alleged temporary program which now, by all reckoning, appears to be permanent.

We have undergone a transition whereby foreign aid has assumed the character of a permanent and indispensable part of U.S. foreign policy.

A recently prepared summary states we have spent \$84.1 billion on foreign aid in the past 15 years. Many of the nations whom we have assisted handsomely are today rated in better economic posture than is the United States. I am told that the combined national debts of all the nations we aid is now less than half the amount of the national debt of the United States.

Some months ago I saw a summary of India's current budget. In it, as a part of the budget, is included that amount which will be received under foreign aid. This raises the question whether aid stultifies maximum local effort.

More recently I received a copy of the sixth annual report of the Australian commonwealth entitled "The Australian Economy, 1961," and I would like to read a portion of it, under the heading of "Trends abroad":

In the United Kingdom the rapid expansion of demand and output that characterized 1959 extended into the early months of 1960; but after the first quarter of the year there was a marked change of trend. Fixed investment continued to rise and Government purchases apparently also increased by a small amount; but exports fell and consumer spending leveled off. Investment in stocks continued at a high rate throughout the year; but there was no net rise in industrial production in the last three-quarters of the year. The small increase in total demand after the first quarter was met by imports, which continued to rise throughout the year.

In the other principal Western European countries economic expansion continued over 1960, as a whole, at a faster rate than in 1959. Most of the Western European economies were very fully employed and in Western Germany, in particular, the shortage of labor became acute. This increased pressure on available resources no doubt played a part in the slackening of the rate of growth that occurred in the second half of 1960. But 1960 was for Western Europe, generally, a highly prosperous year.

Japan, whose economy is now of great and growing importance to Australia, continued in 1960 to achieve a higher rate of growth than any other industrialized country. Over the year, industrial production was estimated to have increased by no less than 25 percent. Imports also rose by 25 percent, but this was more than matched by the growth in exports and Japan's balance-of-payments position was further strengthened.

With the notable exception of the United States, all the major industrial countries added to their monetary reserves in 1960.

With an increase in exports and a slight fall in imports, the U.S. surplus on current account rose substantially; but U.S. Government expenditures abroad, foreign aid and the net outflow of private investment more than offset the current surplus. The overall U.S. balance-of-payments deficit for the year was \$3.8 billion. Nevertheless, the United States at the end of 1960, with gold holdings amounting to \$17.8 billion, remained in a strong position.

Let me repeat the phrase—

With the notable exception of the United States, all the major industrial countries added to their monetary reserves in 1960.

Let me also repeat—but U.S. Government expenditures abroad, foreign aid and the net outflow of private investment more than offset the current surplus.

Now, who are those "major industrial countries" whose economic stature at the close of 1960 are stated to be better than that of the United States? They are:

First. France, who has received \$9.4 billion in foreign aid.

Second. United Kingdom, who has received \$7.8 billion in foreign aid.

Third. Italy, who has received \$5.5 billion in foreign aid.

Fourth. Germany, who has received \$4.9 billion in foreign aid.

Fifth. Japan, who has received \$3.4 billion in foreign aid.

We have been wonderfully generous with these nations; we have supported their burgeoning economies. But, there is never a point of satiety beyond which we turn attention to the liquidation of our own debt.

This report states an imbalance in the 1960 account of the United States from foreign aid and the net outflow of private investment. Has this administration proposed a curtailment of aid? Absolutely not. Has this administration proposed a curtailment of private expenditure abroad by revenue reforms and collateral policies? Absolutely yes. We are, therefore, willing to trade an asset for a liability.

This is advocated, even though many of the stanchest proponents of foreign aid readily agree that private investment abroad brings to a foreign nation a more durable and elevating economic and social benefit than does foreign aid.

The alteration of economic law in this great Nation, during the past 25 years, completely defies the absolutes of arithmetic which I learned in a rural Nebraska school almost a half century ago. I learned that if you had a dollar to spend, when it was gone you were broke. If you borrowed more and spent it, you would have to pay it back. True, I come from a State where we are alleged to have inferior public instruction, and I may lack enlightenment into a fourth economic dimension which would make possible a permanent alteration of the old principle that 2 plus 2 makes 4—2 minus 2 is nothing.

I submit that Congress could today vote a hundred billion dollars for foreign aid. That is an act fully within the possibility of our capabilities.

I also submit that with our lawful authority, as Members of this great body, goes a parallel responsibility. When I look at a \$290 billion national debt, a history of years of deficit financing, and a service charge on that debt with its fixed and third biggest item in our annual budget—I am humbled by the knowledge that we have no divine direction to give away what we have not got.

I hope this may have some impact on my colleagues who regard opposition to foreign aid as only a shibboleth of the conservatives.

As we look back upon this relatively new element of foreign policy—for 15 years is a short time in which to evoke

a major change of such magnitude—I am each year more distressed by what I hear and read about it. Despite the 15-year outlay of \$84 billion, despite the economic and military support of all the free world—an act never before attempted by any nation in the world's history—we seem not to be getting our case sold to those many nations who seek our help to stabilize the freedom we desire for all mankind or to emerge into that degree of freedom.

American travelers come home from all corners of the globe with the routine report, "They don't like us."

To the south we hear, repeatedly, "Yankee go home."

The "Ugly American," whether valid or invalid, is accepted as fact in many areas of the free world.

The President himself, less than a year ago, said flatly that our prestige abroad is at low ebb.

So, 15 years of buying good will, of molding an alliance of freemen, seems not to have achieved its hoped-for objective.

I realize that a wealthy and powerful nation can reflect among less fortunate nations the same reaction of a wealthy relative's regard among his poor relations. Also, I realize that we have been generous, and I personally think profigate, in an effort to erase this reaction. Yet, an anti-United States posture now seems to be the rallying point for the politicians of most nations who want our help.

Many factors undoubtedly contribute to this strange state of affairs. Each year committees of the Congress hear a new batch of "horror stories"—of aid money frittered away on useless and ludicrous projects.

The irrigation project which would not irrigate because there is not enough water.

The dam in the desert to catch rainfall where it does not rain.

The three factories built but never operated.

The drought relief sent to a country but much of it undistributed at the end of the drought.

The highway built into the side of the mountain.

More than a million dollars of highway equipment shipped but never operated.

The record is so full of multimillion-dollar mistakes that debate on this bill allows not time for full entry.

If any Senators doubt these excesses, I suggest they spend time with appropriate personnel of the Comptroller General's staff. These excesses represent not only gross waste—they create a shocking spectacle for less fortunate people who are hoped to hold in esteem this great and powerful Nation.

Another aspect of foreign aid operations which diminishes our stature is that aid personnel is cast in a completely neutral role in whatever country aided. Thus, we accept a government which may be corrupt—its corruption is fully obvious to its citizens. In aiding that government our personnel and our dollars become a part of that government.

If the government is despised, we too, as its adjunct, are equally despised.

Recently a book reached my office written by a former employee of this Government under our foreign aid program. The government of his assigned country was, he states, very corrupt. Its annual budget was, during his service, \$90 million. Two-thirds of it was supplied by our aid dollars—60 million U.S. dollars. We supported a corrupt few who got richer from our aid. We built their political machine by hiring, far in excess of workload, their relatives and favored supporters. We perpetuated an evil despised by the populace—a populace which, this former employee states, also despises the United States.

This same situation is said to exist in many other aided countries. If this be true, are we purchasing alliance and good will, or are we buying disrepute and eventual opposition from a succeeding government in such nations?

After these 15 years of foreign aid—the newest and most expensive arm of our foreign policy, we had better take a look, here in the Congress, at its current status.

As we measure its 15-year course, its \$84 billion expenditure, as the majority is ready to underwrite larger annual expenditure on a long-term basis, let us pause to reflect, "How has it fared?"

Does it measure up to the expectations of its most devout supporters?

Is it efficient? Are we getting anywhere near the degree of efficiency we demand from Federal expenditure for domestic projects and programs?

Does the possibility exist that support of corrupt governments completely negates our activities in certain aided countries?

Is there an effective way to help a nation corrupted by its leaders without interfering in the internal affairs of a friendly nation?

Can our support be misused to create more Castros, more pro-Communist leaders?

Are the American people gaining that degree of alliance which proponents of this aid seek in the free world?

No nation in the history of the world has a record to equal the humanitarian endeavors of these United States. To a degree, our aid has been motivated by this noble part of America's nature. Also, it is perfectly honorable that, as we endeavor to enlighten and uplift the less-fortunate nations, we deserve friendship and support, we deserve a bond with them to resist together Communist imperialism. In the Congress, we are obligated to the American people to achieve a real measure of success. We cannot risk the day when our efforts will be found wanting.

If the Congress fails this responsibility weighing heavily upon us all, we will be as callous as the fellow who feels his spiritual obligations are met when he throws \$10 into the collection plate every Sunday.

Madam President, the evils of the world are greater than those which can be solved by Uncle Sam continually writing

checks. He is in danger of gaining the reputation of being "Uncle Sap."

I shall support the pending amendment.

MR. SYMINGTON. Madam President, the colloquy as it appears in the RECORD seems to include a number of misunderstandings.

The statements by the able Senator from Iowa [MR. HICKENLOOPER] on page 15926, in the left column, appear to convey the understanding that the \$300 million under discussion was to be from repayments from loans to be made out of new development lending money.

Madam President, I bring this up because apparently we are now discussing in principle the same item under consideration at the time the amendment in question was considered.

There seemed to be some further confusion as to what the executive branch asked for. The Senator from Delaware [MR. WILLIAMS] says, for example, at page 15926 in the middle column that the committee added to the bill approximately \$1½ billion over the 5-year period—for which the President did not ask—by increasing the borrowing authority.

This confusion may have been increased when the Senator from Alabama [MR. SPARKMAN] said "the facts have been pretty well stated" and when he then spoke of the revolving fund in terms which imply that the \$300 million per year was to be from repayments from new loans.

The facts are:

First. The President in his letter of May 26, 1961, transmitting the aid program specifically asked for borrowing authority in the amount of \$900 million in fiscal year 1962 and \$1.6 billion in each of the following 4 years. He then said:

Additionally, repayments of previous foreign loans of about \$300 million annually would be made available for development lending.

Secretary Rusk, in his statement to the Foreign Relations Committee beginning the hearings on this bill, made precisely the same statement to be found at the bottom of page 34 in the hearings.

The full total of borrowing authority and of repayments from past loans has been specifically justified by the administration as more than needed, for fiscal year 1962 and in future years.

Mr. Frank Coffin, Director of the Development Loan Fund stated this need directly in his statement to the Foreign Relations Committee during the hearings (hearings, p. 208).

He said as to fiscal year 1962:

First, the bulk of the lending will be concentrated in a few countries. Second, the total likely potential for the effective use of funds is substantially greater than the \$1,187 million in estimated availability.

He cited the already tentative commitments to India, Pakistan, and Brazil.

Mr. Coffin added that there are at least 10 other countries, some in each of the four major geographic areas, where need, planning, and overall importance to our foreign policy will result in significant loan requests. He said further that we

can expect proposals from some 30 other countries, many of which will undoubtedly meet the loan criteria.

Mr. Coffin also explained at length the basis for the computation of need for future years. He pointed out, for example, that the whole lending program for Latin America contemplated at the Bogotá Conference—and an even more specific center of discussion at the current Montevideo Conference—must be funded out of this loan program. His statement will be found at pages 208 and 209 in the hearings.

The comments by the able Senator from Vermont [Mr. AIKEN] that the Development Loan Fund over the past 2 years has had about \$2 1/4 billion of which only one-third has been paid out, does not sustain his conclusion that the funds requested by the President for the new program will not be needed.

The important thing is that the Development Loan Fund has committed all of the funds available to it. Everyone knows that in development programs of the kind for which these loans are being made it will be some time before expenditures for construction of dams, steel mills, fertilizer plants, and many other kinds of capital equipment will be made.

What actually happened in the committee was that the amendment striking out the availability of the \$300 million from repayments from past loans appeared to be directed at the principle involved—that is, the wisdom of using repayments from old loans directly for new loans, rather than having the repayments go into the Treasury from which all funds, whatever they might be, for new loans would be drawn. The committee agreed to this.

At a later time the borrowing authority was raised by \$300 million a year in order that the President should have the full amount of funds he had requested. The principle espoused was therefore retained—and so were the funds requested by the President. It was these funds that the suggested amendment of yesterday would have reduced, by \$1.5 billion.

Madam President, I thought this ought to be clarified, because the amendment the distinguished Senator from Louisiana has offered relates in principle to the same situation. It involves \$200 million a year instead of \$300 million.

Mr. FULBRIGHT. Madam President, will the Senator yield?

Mr. SYMINGTON. I am glad to yield to the distinguished chairman of the committee.

Mr. FULBRIGHT. I am glad the Senator has made clear this apparent confusion about the fund. The Senator has stated the situation exactly as I understood it to be.

One of the members of the committee believed the utilization of the repayments in the nature of a revolving fund was not a good thing in principle, and that the money from that source should be covered back into the Treasury in the regular order. Therefore, the equivalent amount was simply added to the direct borrowing authority involved. I commend the Senator from Missouri for clarifying that point.

If the Senator will permit, I should like to say further, there is nothing mysterious about the amendment. It is a simple amendment to cut the amount the committee recommended we authorize to be borrowed from the Treasury by \$800 million over the course of the period involved.

In my opinion, we voted on this question the other day when the so-called Byrd amendment was before the Senate, because involved in that amendment was the borrowing authority for a certain amount. I do not suggest that it would not be in order to reduce the amount, but it would be a step backward and would reduce by \$800 million the amount that would be available. I certainly hope that the Senate will not agree to the amendment.

The amendment is an effort to minimize the importance of the step that we took the other day. To that extent it would destroy the long-range aspect of the program to the extent of \$800 million. The committee believes that this is a reasonable amount to be made available. There is an upper limit. The President does not have to use all the money. This is the limit of the authorization. If the need does not arise within this period, the President need not borrow the money.

I hope that the amendment of the Senator from Louisiana will not be agreed to.

Mr. SYMINGTON. I thank the distinguished Senator from Arkansas. I will discuss, today or later, the effort that is being made to reduce what the President believes is necessary in this field as we face up to the growing international crisis. I express my appreciation for the comments of the Senator from Arkansas, and understand the situation exactly as he has stated it.

Mr. ELLENDER. Madam President, I merely wish to add to what I have previously stated that when the DLF was originally created in 1957, one of the main reasons advanced for its creation was that it was to be used in lieu of grant aid programs. However, the record shows it did not work that way, for the simple reason that grant aid has been continued and in some cases has increased.

In the bill under consideration the economic grant aid is almost as high as it was last year. The committee has authorized \$450 million for supporting assistance, \$380 million for development grants, and \$300 million for the President's contingency fund for economic aid. These amounts aggregate \$1,130 million for economic giveaway aid, and I will have more to say about these categories of aid later on during this debate.

The report by the Senate Foreign Relations Committee in 1957 when the foreign aid bill was to be considered by the Senate, states—

The main purpose of the bill is to give vigor, purpose, and new direction to the foreign aid program. Thus, the stress of the program is shifted to development loans repayable on manageable terms and conditions but in dollars. Long-term financing becomes available to the new aid agency,

a similar structure which will include the Development Loan Fund and the International Cooperation Administration. Less emphasis is placed on and fewer funds are granted to direct support programs.

This is the language used when the DLF was created in 1957. The language proposed in the pending bill is very similar.

Since 1957 the amount appropriated for grant aid has been reduced very little, and I would like to point out to the Senate that only a few weeks ago we approved a program of which provided for the sale of \$4 1/2 billion of surplus agricultural commodities. It is my hope that this huge amount will be used, not to supplement our aid program, but to supplant it.

I was glad to see that the money authorized in the pending bill to continue development grants and supporting assistance have been somewhat reduced, and this is a step in the right direction. However it is my considered judgment that this amount can be further reduced through the judicious use of the enormous amount of surplus food which we have on hand, and the huge amount we are making available to the Development Loan Fund.

In other words, we could make great use of these surplus agricultural commodities which are today stored, at great cost to the American taxpayer, all over the country. I think this is an avenue which should be pursued more vigorously in the future.

I return to the proposition that my amendment would not in any manner interfere with the long-term program proposed in this bill for the Development Loan Fund. If anyone studies the manner in which the present DLF program is handled, it will be found that up to the present time there has not been a rapid commitment of funds. The reason? Much of the available time has been used to study the proposal before a loan is actually made, and I believe this procedure should be encouraged.

The interest rates charged borrowers under the present program fluctuate from 3 1/2 percent to as much as 5 1/2 percent. But under the proposed DLF loan program there is no limitation of interest rates and, in some cases, no interest can be charged. But let me also point out that under the proposed program, repayments must be made in dollars. It is my judgment that this stipulation will cause quite a slowdown in the committing of DLF funds. The administrators of the program are going to have to look very carefully at every application to make sure that they are able to meet this stipulation of repayment in dollars. This, in my judgment, will result in a great deal less money being committed. Therefore there is no need for us to make this \$1.9 billion available over each of the next 4 fiscal years to the Development Loan Fund. This full amount will simply not be needed.

I hope the Senate will agree to my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER].

because they honestly believed that economic troubles would be just as serious as slavery. I respect their opinion; but, I cannot agree. I would rather be broke but free—especially in view of the fact that under communism the individual can own little or nothing, anyway.

Let us realize that the income of this country is now approaching \$1.5 billion a day; also, that much, if not most, of the money asked for in this bill would be plowed back into our own economy.

Let us also realize that the total amount of this request, including all loans over the 5-year period, is less than 1 week of America's annual income.

Why do some of those who warn so continuously of the danger of internal Communist subversion, nevertheless, as the international skies continue to darken, refuse to give the President these additional weapons with which, in turn, to handle probably the most serious crisis, created by communism, that free people have ever faced.

Consider what major defeats in connection with this bill would mean, not only in the Far East, Central America, and South America, and Europe, but also to the plans of those in Moscow and Peiping, who are manipulating against us the puppet nations they now control, at the same time that they utilize every weapon comparable to those provided for us by this bill to increase the number of those nations.

This legislation adds cold-war weapons, for the struggle we are now in, to the hot-war weapons we voted last week, but which we all pray will never have to be used.

At this time many outstanding members of the Republican Party—Mr. McCloy, Ambassadors Lodge and Wadsworth, Secretaries Herter, Lovett, and Gates, backed up by a letter from President Eisenhower—and along with many prominent members of the Democratic Party, are appearing before the Senate committee to urge improvement in our disarmament capacity. That is good. But surely all these experienced people are also anxious to see the Senate improve our own economic, psychological, and spiritual defenses, as well as the physical defenses of our friends.

Only with such improvements can our President, when the time comes for him to sit down with the Communists to parley for peace, negotiate from a position of adequate strength.

Any other course reminds me of some lines from a poem which closes one of the world's most famous books:

In a wonderland they lie
Dreaming as the days go by—
Dreaming as the summers die
Ever drifting down the stream.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from California [Mr. ENGLE] and the Senator from Arkansas [Mr. McCLELLAN] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from California [Mr. ENGLE] would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Arkansas [Mr. McCLELLAN]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Arkansas would vote "yea."

Mr. KUCHEL. I announce that the Senator from Illinois [Mr. DIRKSEN], is necessarily absent.

The Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from Colorado [Mr. ALLOTT] is detained on official business.

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from Colorado [Mr. ALLOTT]. If present and voting, the Senator from Maryland would vote "yea," and the Senator from Colorado would vote "nay."

The result was announced—yeas 57, nays 37, as follows:

[No. 145]
YEAS—57

Aiken	Dworsak	Monroney
Anderson	Eastland	Morse
Bartlett	Ellender	Morton
Beall	Ervin	Mundt
Bennett	Fong	Pell
Bible	Gruening	Prouty
Bridges	Hickenlooper	Proxmire
Burdick	Hill	Robertson
Bush	Holland	Russell
Byrd, Va.	Hruska	Saltonstall
Cannon	Javits	Schoeppel
Caephart	Johnston	Smathers
Carlson	Jordan	Stennis
Case, S. Dak.	Keating	Talmadge
Church	Kerr	Thurmond
Clark	Lausche	Williams, Del.
Cooper	Long, La.	Yarborough
Cotton	Magnuson	Young, N. Dak.
Curtis	Miller	Young, Ohio

NAYS—37

Boogs	Humphrey	Neuberger
Byrd, W. Va.	Jackson	Pastore
Carroll	Kefauver	Randolph
Case, N. J.	Kuchel	Scott
Dodd	Long, Mo.	Smith, Mass.
Douglas	Long, Hawaii	Smith, Maine
Fulbright	Mansfield	Sparkman
Goldwater	McCarthy	Symington
Gore	McGee	Tower
Hart	McNamara	Wiley
Hartke	Metcalf	Williams, N.J.
Hayden	Moss	
Hickey	Muskie	

NOT VOTING—6

Allott	Chavez	Engle
Butler	Dirksen	McClellan

So Mr. ELLENDER's amendment was agreed to.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CAEPHART. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table.

The motion to lay on the table was agreed to.

Mr. CAEPHART. Mr. President, the new administration was not satisfied with the foreign aid bill which has been carefully developed over the past 8 years. It felt called upon to redraft the bill from beginning to end.

No Member of the Senate should be under any illusion that the administration was merely attempting to codify existing law. In writing the new bill, every effort was made to give the President broader authority in the field of foreign aid than ever before.

In the past, Congress has exercised some policy control. It has specified membership of boards, limited amounts which could be expended for specific proposals, designated conditions to be complied with in providing aid, spelled out the general role of the Secretary of State and the Secretary of Defense, and, in general, has established the guidelines for our aid programs.

This year, however, the administration has sought for the President almost unrestricted authority to run the programs any way he, or the Bureau of the Budget, might think appropriate.

The Committee on Foreign Relations during more than 65 hours of executive session spent much of its time trying to tighten up the administration's bill. It made many changes that substantially improved the bill. But as far as I was concerned, the bill was such a hodge-podge of broad delegation that I have found it impossible to support it.

Lest Senators think I am talking in general terms and am unwilling to mention specifics, let them examine the record on the following items:

First. In the first place, the President requested the Senate to authorize the appropriation of such sums as might be necessary for military assistance. There was no limitation in the amount of authorization requested. There was no limitation on the number of years such authority was to exist. And whatever funds might have been appropriated under this broad provision were "to remain available until expended."

Fortunately, the committee tightened this provision up to insert a figure of \$1.8 billion and to limit the authorization for 2 years.

Second. Another attempt on the part of the administration to capture the military program lock, stock, and barrel is found in section 510. The authority was requested to draw up to \$400 million from the defense stocks of the Department of Defense to use in military assistance. The administration was only half successful because the committee reduced the amount to \$200 million.

Third. The administration in its redraft availed itself of every opportunity to eliminate what it construed as restrictions on its activities. For example, it abolished the ceiling on Latin American assistance—a ceiling reinserted by the committee; it omitted reference to congressional opposition to the seating of Communist China in the United Nations—an "oversight" remedied by the initiative of the minority leader, the Senator from Illinois [Mr. DIRKSEN]; it omitted limitations on aid to Yugoslavia—another defect which was remedied by the Committee on Foreign Relations; it dropped completely several sections establishing a semi-independent office of Inspector General—another provision reinserted by the committee; and finally, the administration even went so far as

to propose the elimination of penal provisions applicable to employees guilty of involvement in conflict-of-interest cases. Fortunately, the committee would have none of this.

Fourth. The classic example of the administration's efforts to obtain uninhibited authority is found in the provision authorizing back-door financing for a period of 5 years in the amount of \$8.8 billion. By a vote of 10 to 7 the Foreign Relations Committee agreed with the administration's proposal to take this vast sum away from effective control of the Congress.

I could proceed with the listing of examples of this type. It is not necessary, however, because all any Senator needs to do is examine the bill, section by section, and I am sure he will be appalled to see the number of times that the President is given authority to act virtually without congressional restraint.

To further tighten the foreign aid bill, I am offering four amendments. I do this with the definite urgency that the program must be placed on a sound, businesslike basis.

First, I deem it imperative that we reduce the authorization by \$1½ billion. While we agree that the increase in defense expenditures is necessitated by the Berlin crisis, we must begin to economize in other areas. The fact that 97 of the 110 countries of the world are receiving foreign aid from us now is a sign that some cuts can and must be made in this area.

Secondly, the borrowing authorization should be reduced from 5 to 2 years. Since there are no provisions guaranteeing adequate annual accounting and reporting in the overall bill, I deem it essential that the authorization be reduced to 2 years.

Third, this amendment would require that the funds made available under this act for procurement be spent in the country receiving the money or in the United States. We should never be in the position of loaning money to a country who in turn may purchase capital equipment or property from a third country. It surely is not the function of the foreign aid bill to put us in the financing business.

Fourth, and finally, one-half of all the loans shall be made to borrowers engaged in the free and private enterprise system. Each year the Congress is asked to enlarge and extend the foreign aid program. We are told that the purpose of these programs is not only to fight communism alone, but to fight poverty, disease, and lack of opportunity as well.

If this is truly so, I can think of no better way to stimulate economic development than to encourage private capital and free enterprise in the emerging nations.

We have long cherished political democracy in this country. But we must not forget that it has been the economic system of free enterprise which has made our political freedom meaningful.

Somewhere in this maze of complex economic planning provision should be made to recognize the values of capitalism and free enterprise in the highest, most responsible sense of these terms.

In view of America's success with a responsible free enterprise system, it is not asking too much to insist that 50 percent of all loans to foreign countries be used to extend and develop the free enterprise system in the finest sense of that term.

In closing, once again I caution the administration not to spend wildly and not to spend at all without weighing the fundamental considerations and responsibilities common to any business venture.

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

Mr. CAPEHART. I yield.

Mr. MUNDT. First, I congratulate the distinguished Senator from Indiana on a thought-provoking, informative and challenging speech. As a member of the Senate Committee on Foreign Relations, I know that he has devoted many long hours to studying the problem involved in foreign aid. He has put his finger on some of the problems in that area of activity which in my opinion we must correct if foreign aid is to continue to be helpful in the cold war in which we are involved.

Not long ago the Senator from South Dakota, in his weekly newsletter to the home folks, discussed some of these same problems. An editorial published in the Sioux Falls Daily Argus Leader, the largest daily newspaper in a five State area in our region, supported the general thesis. I ask unanimous consent that the editorial be printed at this point in the RECORD.

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

MUNDT'S CONCEPT OF FOREIGN AID

Most South Dakotans will agree with U.S. Senator KARL MUNDT in his analysis of President John F. Kennedy's proposal for a 5-year extension of foreign aid.

Senator MUNDT says the extension fails to answer fundamental problems of the aid program. He said the proposal appears to be merely a long-term projection of a formula which is outmoded, expensive and failing.

He has offered a six-point approach to bring new concepts into an activity which has been a vital part of foreign policy. His approach would place a responsibility on recipient countries to cooperate with the United States.

His six points include:

"Recipients of foreign aid should be willing to utilize a partnership approach by joining our money with local funds to attain desirable goals.

"Recipients should be willing to stand up and be counted in support of free world positions in the United Nations and in other conferences.

"Loans instead of grants should be given top priority and recipient countries should make regular interest payments and at least fractional amortization payments annually.

"Private ownership opportunities for growth and employment should be developed instead of using American aid to establish socialized activities in foreign countries.

"Methods should be worked out for getting aid down to the people, rather than having so much of it short-circuited by remaining in the hands of the politically powerful or the economically privileged.

"Programs should be developed for reinforcing the help our dollars provide abroad through encouraging social, political and economic reforms so that recipient countries no longer provide tax havens for their very rich and caste systems for their very poor."

The South Dakota Senator is likely to find a receptive climate on both sides of the political aisle in Washington for the points he makes in his new concept for foreign aid. The temper of Congress on this subject is a critical one—and it reflects the growing concern of the public over foreign aid.

Foreign aid is an extension of our foreign policy. We should use it to advance our cause and the cause of freedom. It should go to our friends. And it should have strings on it that place responsibility on the recipient. The idea of loans instead of grants would correct a very grave fault in the present setup.

The Government should also enlist American business in army strength in the economic cold war. American business, by creating plants and jobs tailored to the needs of underdeveloped countries, could be a trump card in our economic battle with the Reds.

Mr. CAPEHART. I thank the able Senator from South Dakota.

Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Indiana will be stated.

The LEGISLATIVE CLERK. On page 42, between lines 20 and 21, it is proposed to insert the following:

(d) Funds made available under this Act which are used for the procurement outside the United States of capital equipment or property, or of engineering services, for any project, shall be used for such procurement only within the country in which the project is located.

Mr. CAPEHART. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. CAPEHART. Mr. President, the amendment is very simple. First, I ask unanimous consent to have printed in the RECORD at this point an article published in the Washington Post this morning entitled "Business Outlook," by J. A. Livingston, in which Mr. Livingston has written about the private enterprise system in relation to our foreign aid bill.

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

MILLIONS OF GO-TO-HELL OPPORTUNITIES

(By J. A. Livingston)

Before me is a dry statistical report of the Internal Revenue Service of the U.S. Treasury Department which seems to have no connection with the sealing-off of West Berlin from East Berlin and East Germany. Superficially it's as remote from the cold war and Soviet Premier Nikita Khrushchev as, say, the New York Stock Exchange is from the controlled economy of Moscow.

And yet, here in this report, entitled "Statistics of Income—1958-59—U.S. Business Tax Returns," is the complete and clearest statement of what America stands for and Khrushchev's totalitarianism stands against.

The report deals directly with the most hated—from the Soviet standpoint—of all human benefactions: A high standard of liberty.

The opening sentence tells almost all there is to know about U.S. freedom:

"Highlighted in this report are * * * data covering some 10,744,000 business organizations. Represented are about 8,800,000 sole proprietorships, 954,000 partnerships, and 900,000 corporation returns."

That sticks in Khrushchev's craw.

A man's freedom is his right to move—to change jobs—to tell the boss to go hell. And here in the United States are millions of go-to-hell opportunities, small and large.

An American doesn't carry around with him a work card, on which a government bureaucrat can write politically unreliable or opposed to the party.

A man with a work card so marked might as well wear an armband saying "Finished." He's economically dead—disfranchised by the system.

That's the relationship of encircled Berlin and this matter-of-fact report.

If a mechanic can't find a job at Chrysler, then he can try General Motors or a local garage. A cook can quit the Waldorf-Astoria and try the Chambord, the San Marino, Sardi's or any of a thousand New York restaurants.

If a clerk wants out from Woolworth's or J. C. Penney or the A. & P., there are hundreds of other retail outlets. There's no one to put a "permanent disability" mark on his dossier.

In this country, even the politically fallen have a chance. No man is an economic outcast, a serf. It is a badge of America's freedom that Alger Hiss, after his conviction for disposing of U.S. secrets to the Communists, was able to find work.

Now is private employment the only outlet for an American, a Briton, a Frenchman, a West German, an Italian, or anyone else who lives in a country outside the totalitarian orbit.

In the United States, there are hundreds of Federal agencies which offer employment opportunities for lawyers, economists, clerks, janitors, accountants, administrators and so on.

The 50 States offer jobs of all sorts. And within the States are subdivisions—counties, cities, towns, school boards, water and sewer commissions, police, fire and highway departments.

Where economic power is dispersed, so is political power. That is the glory, the grandeur and the decency that inheres in private ownership. No one man or group of men is economically and politically all-powerful.

No man has to work for someone else. He can aspire to his own grocery store, restaurant, publishing house or corporation. It doesn't matter whether he's white, black, Protestant, Jew, Catholic, Swede, German, Italian or French—if he has ability and will.

Consequently, Khrushchev can't tolerate at his border an island of opportunity.

John Donne's off-used quotation is appropriate: "No man is an island, entire of itself; every man is a piece of the continent, a part of the main; if a clod be washed away by the sea, Europe is the less."

Nor is Berlin an island, entire of itself. The bell tolls for it—and liberty. And we may have to fight for it.

Mr. CAPEHART. The amendment which I have offered is very simple. I do not believe that any Senator should oppose it. All it provides is that any money we lend to a foreign country which is spent outside the recipient country must be spent in this country. They can spend all the money they wish within their own country, but any money they spend outside their own country for physical properties or engineering services must be spent in the United States. How could anyone oppose such an amendment?

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

Mr. CAPEHART. I yield.

Mr. CURTIS. Is it true that without the amendment of the Senator from In-

diana, a recipient country could spend funds received from us in Russia or some other Communist country?

Mr. CAPEHART. There is no question that it could do so. It could spend the money wherever it saw fit, unless we should agree to this amendment or a similar amendment. The recipient could spend the money in another country.

Mr. CURTIS. There would be no restriction with respect to the country in which the money could be spent?

Mr. CAPEHART. No restriction at all would be provided.

Mr. CURTIS. The amendment of the Senator from Indiana would provide, in effect, "You can spend the money at home, strictly in your own economy, but if you must go outside your own country, the money must be spent in the United States."

Mr. CAPEHART. Every dollar received might be spent in the recipient country, but if physical goods and engineering services were purchased outside the recipient country, the money for such goods and services must be spent in the United States.

It seems to me that is the least we should ask of a country which we are willing to help with loans and grants. In the United States are 5½ million unemployed workers. But if we did not have a single unemployed person, it would seem to me that such a provision as I have suggested would be equitable. I think the time has arrived when we must begin to look primarily after the interest of the United States in respect to proposed loans to foreign nations, and secondarily, to the interest of other countries. I want to see the program handled on such a basis that the money will help both countries. We would not do so unless we placed some restrictions on the use of the funds. If we did not do so, we would really not make loans, but would finance the purchase of goods in other countries with American taxpayers' money.

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

Mr. CAPEHART. I yield.

Mr. MUNDT. In view of the colloquy of the Senator with the Senator from Nebraska [Mr. CURTIS] does it follow that unless the Senate should agree to the amendment of the Senator from Indiana we would not only shoulder off on the American taxpayer the cost of helping to finance economic development in from 97 to 101 different so-called friendly foreign countries, but also in reality we would probably shoulder off on the taxpayers of America the cost of financing the economic development of Communist countries? Without such reservation, some of the countries in the Communist area might very well find that they could buy more economically from a socialistic enterprise with an American dollar than they could buy in the United States.

Consequently, recipient nations might make purchases in Czechoslovakia, East Germany, Russia, or Hungary. We would then find the idiotic paradox of the United States, in the interest of preserving freedom, indirectly subsidizing industries in Communist countries. Would that follow?

Mr. CAPEHART. The able Senator is correct.

Mr. MUNDT. If that is correct, I join the Senator from Indiana in the conviction that on the yea-and-nay vote the amendment should be adopted by an overwhelmingly favorable vote.

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

Mr. CAPEHART. I yield.

Mr. ELLENDER. Suppose a dealer in a recipient country were to purchase machinery, for example, from Germany. Would the Senator's amendment be applicable?

Mr. CAPEHART. If the dealer used the money that we loaned the country for that purpose, the money would be loaned either to governments over there or to some private company, and in either event, whether to a government or a private company, the restriction that the dealer must buy the goods in the United States would be applicable.

Mr. ELLENDER. Suppose a private company in the recipient country would purchase machinery which had been imported from some other country. Would the Senator's amendment preclude such action?

Mr. CAPEHART. That money would be considered as being spent within the country.

The Senator has in mind the case of a dealer who buys machine tools in one country and ships them to his place of business and there they are placed in stock.

Mr. ELLENDER. Yes.

Mr. CAPEHART. They would be in his stock, and therefore the amendment would not apply.

Mr. ELLENDER. Does not the Senator believe that his amendment should also cover such a situation?

Mr. CAPEHART. Perhaps so. As it is now written the amendment does not cover such a situation.

Mr. ELLENDER. I do not believe the Senator's amendment will reach the objective he seeks to reach.

Mr. CAPEHART. It will go a long way toward it. The question is whether we should eliminate the kind of situation the Senator refers to. Perhaps we should. Personally I would be willing to go that far.

Mr. ELLENDER. It strikes me that the Senator's amendment bypasses such a situation.

Mr. CAPEHART. It may in some respects. It cannot be true in the big picture, though.

Some people have stated that as much as 80 percent of the loans we make are spent in the United States. I have no way of knowing whether that is true, and I do not know whether the people who say it know the exact percentage, although we know that some of the goods are purchased in the United States, or perhaps even a large percentage, even if it is not 80 percent. But if that is true, what is wrong with making it 100 percent? What is wrong with Congress establishing that principle? What is wrong with Congress establishing the principle and saying to these countries, "We will lend you the money, but we want you to spend it in the United States"?

Let us establish the principle in Congress. Why would it not be easier for the administration to handle this matter if it were covered in the basic law?

I believe the able chairman of the Foreign Relations Committee has said that we have grown up. I suppose he means that we as a nation have grown up. I believe he made that statement that we have come of age. I believe he said that we would support 97 of the 110 countries in the world. I suppose the 13 countries he did not mention are the communistic countries.

I have heard Senators say on the floor that this program will be a continuing activity. I have heard the chairman say that foreign aid must be continuing, that it must go on and on. There is no question about the fact that we are a part of the world, and we ought to cooperate with the world. However, if this is to be a continuing program, and is to go on and on, for years and years, that fact is the best reason in the world why we ought to get it down to a basis where it is practical, where it will help the United States, where it will do us the most good.

We have problems in this country, Mr. President. We have a \$300 billion debt. We are going to put about \$12 billion or more in this bill, to give to some 97 countries throughout the world. Can we afford it? How long can we go on and on? How long can we continue to run a deficit? How big a national debt can we afford?

All I am saying is that if we must go on with these loans, which will help us, let us put them on a practical basis. As the bill is written, it does not necessarily do this. We have a responsibility in Congress to write this sort of provision into the law. What argument can be raised against it? Is there any Senator who is willing to stand on the floor of the Senate and say he is willing to take taxpayers' money and lend it to X country and not write into the lending act a direction that that country must spend the money in the United States but, instead, can spend it any place around the world?

What country can object to that? If a nation does not want a loan on that basis, we will save that much money. We will have less of a deficit, and we will have a lower national debt. Some day we must put foreign aid on a sound, businesslike basis. That will help the United States, Mr. President. If it were just a 1-year program, perhaps that would not be necessary. We are a part of the world, and if this is to go on for years and years, the quicker we make it a sound proposal the better.

If Senators believe that what I am offering is not sound, that is one thing. I believe first of all we must think about the United States and second about other countries. I believe we must add this amendment to the bill, and that we must put the United States first in our considerations. This money in the foreign aid bill, or the great bulk of it, is going to countries that will not be able to help us if we get into a shooting war with Russia, not because they might not want to, but because they have no army

or navy or the necessary production. They have nothing with which to help us. They could not help us even if they wanted to. Many of them wanted to help us in World War I and World War II and in the Korean war. A few sent some troops—but most of them could not help us.

Therefore it is as much to their advantage as to ours that we remain strong economically and militarily, and that they cooperate with us by giving us their business. It is just as much to their advantage as it is to the advantage of the United States. Therefore I cannot understand why the administration is opposed to the amendment. I offered the amendment before the committee and we lost it. Every time we discussed the amendment the philosophy or argument brought against it was that we dare not dictate to the foreign countries as to what they should do; that we dare not interfere with their internal affairs; that it is none of our business what kind of government a country has, or how it conducts its internal affairs; that if we tried to interfere they would get angry with us.

Of course they might. My children cried at times when I would not give them candy. If these countries can get us to take out all of the provisions which are in the best interest of the United States, they are going to do it. If I were one of these countries, I certainly would rather have a loan, on the basis that I could do as I pleased with the money and that I would have it for as long a term as I wanted it, and without interest. I might cry a little if I did not get it on my terms. We expect a little fuss. That is human nature. We have that experience every day in business and in our lives in dealing with our families, and with our children, and in our business. When we negotiate, the other fellow says, "No, no; you are taking advantage of me. I won't do it." However, he ends up doing business with us. We must do the same thing in connection with foreign aid.

We cannot go on with a bill that is as loosely drawn as this one and covers the amount of money it embraces over the period of years. We are giving these countries a blank check for up to 5 years. If the bill had been in force a couple of years ago we might have made an arrangement with Cuba for a 5-year period and today we would be obligated to go on supporting Castro.

That illustrates one of the big reasons why we cannot put this bill on a 5-year basis; the world is too unsettled. There is not a project in the world that cannot be negotiated within 2 years. If it cannot be negotiated within 2 years, with a foreign nation alone, on a sound basis, it cannot be negotiated in 5 years.

Is the "5-year" idea taken from the Communists, who frequently talk about a "5-year program" or a "5-year plan"? Why not a 4-year plan or a 6-year plan? At least, we would not now be talking about a 5-year plan, such as the Communists have frequently advocated. Why must we imitate the Communists?

I have no objection to providing a long enough time in which to negotiate a good

loan. I have spoken in favor of a longer term, to give the administration more time in which to negotiate loans. However, 2 years is long enough. Under a 5-year program, at the end of every year, it will be necessary to add another year in order to keep 5 years ahead. If 5 years are needed to negotiate, it will be necessary to keep a year ahead all the time. What is the purpose of a 5-year program? I think a year, 2 years, at the most, is certainly ample time in which to do the job.

Why is there opposition to having the money spent in the United States? I was not elected to ruin the private enterprise system of the United States. I have been all over the world; I realize that there are many countries in which there is very little private enterprise. Certainly there is little of it in the African countries; they have not had an opportunity to establish it. Some countries do have private enterprise.

Do we understand what this bill will do? Generally speaking, it provides that the United States will lend its money to foreign governments. Our Government will lend to foreign governments. If that is not socialism, I do not know what socialism is. It is planned to let foreign governments take our money and lend it or grant it or spend it. They may do whatever they wish to do with it. In my opinion, that is socialism.

Mr. SPARKMAN. Mr. President, I wish to say a few words in regard to the amendment of the Senator from Indiana [Mr. CAPEHART]; and then I hope the Senate will proceed to vote on the amendment, and to dispose of it one way or the other.

As the Senator has said, the amendment was offered in the committee, and the committee decisively voted down the amendment, because the committee felt it was impractical and unworkable.

I wish to call attention to the section of the bill to which the amendment pertains; it is section 604, on pages 41 and 42. As a matter of fact, we amended that section, so as to tighten up this provision on procurement.

As the bill came to us, it provided at this point:

Funds made available under this Act may be used for procurement outside the United States unless the President determines that such procurement will result in adverse effects—

And so forth. We changed that provision very simply, so as to have it provide:

Funds made available under this Act may be used for procurement outside the United States only if the President determines—

And so forth. In other words, we shifted the burden to the President, so as to have him determine that it would not result in adverse effects to the United States. He must make that determination before the funds can be spent outside the United States.

If Senators will read the report at the top of page 29, they will see our discussion of this matter. We believe we tightened this about as much as possible to safeguard the interests of the United States. And as the Senator from Indi-

ana stated a while ago, actually 85 percent—

Mr. CAPEHART. Eighty percent.

Mr. SPARKMAN. Well, 85 percent was the experience in the last year.

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

Mr. SPARKMAN. I yield.

Mr. CAPEHART. I think that is so because the Director of the Development Loan Fund himself put into effect a policy that was pretty well followed. Of course, he was greatly criticized by many persons. The policy applied to the Development Loan Fund. There are many other programs besides the Development Loan Fund in which money is loaned. But if it is true that 85 percent of the purchases are made in this country, let us put it in the legislation, and make it easy for the administration to insist upon it.

Mr. SPARKMAN. This proposal puts a restriction in the bill that would not be feasible. It is true that the ICA has a policy, not as stated by the Senator from Indiana, but in defining certain areas in which the funds cannot be expended unless, for some good reason, it is found necessary to spend the money there. There is always an escape clause.

Mr. CAPEHART. Will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. CAPEHART. Will the Senator give me an example of why the purchases should not be made in the United States?

Mr. SPARKMAN. Why they should not be?

Mr. CAPEHART. Will the Senator give me an example of a situation in which they could not make purchases in the United States?

Mr. SPARKMAN. I have not said anything about not making purchases in the United States. I have said that 85 percent of the purchases are made in the United States at the present time. What I said was that the ICA had set up a policy under which certain countries would be called ineligible. In other words, purchases are barred from certain countries that are well developed. In other words, an effort is made to encourage the expenditure of funds, if they are not to be spent in the United States, in underdeveloped countries that need trade. In other words, our purpose is to spend the money in the United States, but if for some good reason it must be spent elsewhere, then to spend it in areas that are less developed, because their economy will be bolstered.

Mr. CAPEHART. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. CAPEHART. I cannot follow that argument, because it seems to me it is our money we are lending and our jobs that we want to create. Why should we not establish a policy which provides that we will lend money to those countries under those conditions? If they prefer to buy merchandise and goods in other countries, then let those countries lend the money with which to buy those goods.

Mr. SPARKMAN. Let me argue with the Senator a little when he says the

purpose of the bill is to create jobs in this country. That is not the purpose of foreign aid. The primary purpose of foreign aid is to fight communism, and at the same time to help the economy of underdeveloped countries. An important byproduct is to make jobs in this country, but it does not mean we want to create jobs in this country to the absolute exclusion of everybody else. For example, if we lend money to Country A, it would be for the betterment of the economy of that country to use in it all the funds that could be wisely used. As it happens, capital equipment and engineering services and technical skills will often have to be imported from the United States, and that is why 85 percent of the expenditure are made in the United States.

Suppose we made a loan to Country A today for a certain project, and suppose the country needs certain equipment that is not there, but a country right across the border perhaps can supply the equipment. Is it not better for the economy of that country, for our economy, and for the economy of the third country for Country A to buy the equipment in the third country? Even there, we have provided in section 604 that it can be done only if the President finds it will not adversely affect our country's economy.

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

Mr. SPARKMAN. I yield.

Mr. LAUSCHE. And only if it is also found by the President that the cost of the procurement in a different country will be lower than the cost of the procurement in the United States.

Mr. SPARKMAN. The Senator is correct. I believe the Senator from Ohio added that amendment to the bill, if I remember correctly.

Mr. CAPEHART. If the cost is lower, the goods can be purchased in another country.

Mr. SPARKMAN. That is not what it says.

Mr. CAPEHART. Yes, it does.

Mr. SPARKMAN. It provides the purchases can be that way only on two conditions. I ask the Senator from Ohio to state them.

Mr. LAUSCHE. If the President determines it is not adverse to our economy, and also if the President determines that the price for which the equipment can be purchased in a foreign country is lower than the price at which it can be purchased here.

Mr. SPARKMAN. That is correct. The way we have it written into the bill is better for the economy of our country, the economy of the country to which we are making the loan, and the economy of the third country in which the purchase would be made.

Mr. CAPEHART. I am not willing to buy in those countries because prices are lower. The prices are lower because lower wages are paid, and we would be taking jobs away from American wage earners. We must make up our minds some day to protect and defend the high wages and high standard of living in this country, or we as a country will get into trouble.

Mr. SPARKMAN. I submit the amendment of the Senator from Indiana is not the way to protect our interests. I believe what we have done in writing these two safeguards or guidelines into the bill protects the interests of our country.

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

Mr. SPARKMAN. I yield.

Mr. McCARTHY. The Senator has made the record clear that this operation does not stop after the first purchase in any case; if American dollars are used to help the economy of Chile, for example, that is not the end of the process; these loans are made and someone, in turn, buys something, and eventually the dollars are brought back to the United States. It all comes back to the American producers, either industrial or farm. If we do not redeem the dollars, we could give four or five times as much for foreign aid and say, "Buy it all in Russia."

Mr. SPARKMAN. Yes. It must be remembered that these are not grants. These are loans, repayable with interest in American dollars.

Mr. McCARTHY. Whether they were loans or grants, the economic process would be the same.

Mr. SPARKMAN. In this case we are lending the money.

Mr. McCARTHY. It was only 2 years ago, when the balance-of-payments problem became serious, that we needed to be concerned about this, because all of those dollars came back to America immediately.

Mr. SPARKMAN. That is correct.

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

Mr. SPARKMAN. I yield to the Senator from New York.

Mr. KEATING. I wanted to ask the Senator from Alabama another question. Is it the law or the practice of our Government not to purchase such capital equipment or property or engineering services from any Communist-dominated country?

Mr. SPARKMAN. Yes. I am glad the Senator from New York asked the question, because a while ago the discussion indicated the countries could trade with Russia or any other Communist country. The Battle Act prevents such trading, and that is the law of the land. A country to whom we give aid cannot trade with one of the Communist countries, under the Battle Act.

Mr. CAPEHART. Is the Senator certain of that?

Mr. SPARKMAN. Yes.

Mr. CAPEHART. The Battle Act does not apply to another country that is not receiving American dollars.

Mr. SPARKMAN. It applies to trade, buying or selling.

Mr. KEATING. Between what countries?

Mr. SPARKMAN. Between a beneficiary of our aid and any Communist country.

Mr. KEATING. So even without this amendment, funds made available under the bill cannot be used for procurement of capital equipment or property

or engineering services in a Communist-dominated country. Is that correct?

Mr. SPARKMAN. Yes.

Mr. KEATING. I am in accord with the general principle of the Senator's amendment.

I wonder if it would be satisfactory to the committee, and I wonder whether the Senator from Indiana would feel it would unduly weaken his amendment, if the amendment were modified in such a way as to give more flexibility? I can understand that when one is giving aid to India the goods, if not bought in the United States, would normally be bought in India and not in some other country. I wonder if some words such as "unless it is found to be impractical" or "wherever it is practicable" might be inserted in the language.

Mr. SPARKMAN. I think there is stronger language than that in the bill.

Mr. KEATING. Does the Senator refer to the section on page 41?

Mr. SPARKMAN. On pages 41 and 42. There is an amendment on page 42, pointed out by the Senator from Ohio a few minutes ago. I think the two together make the language of the bill stronger than what the Senator from New York proposes.

Mr. KEATING. Except that the language relates to procurement in the United States as opposed to procurement in any foreign country.

I wonder if that same principle could be applied to the principle which the Senator from Indiana is enunciating, so as to put the same restrictions on purchasing outside of the country which is being benefited? Does the Senator understand my point?

Mr. SPARKMAN. I think I understand the Senator's point, but I cannot go along with him.

Mr. KEATING. I do not know whether the Senator from Indiana would go along or not. I withdraw the proposal.

Mr. CAPEHART. I should like to write into the law and establish as a principle of the Congress of the United States that the money must be spent in the United States.

Mr. SPARKMAN. The language which is written into the bill provides that no funds can be spent by a beneficiary country outside of the United States unless two things prevail. The Senator from Ohio pointed those out a while ago. First, there must be a positive determination by the President that the economy of the United States will not be adversely affected. Second, there must also be a finding that the price to be paid in the other country is lower than the price which would be paid for purchase in the United States.

Mr. CAPEHART. Mr. President, will the Senator yield? It will always be found that the price is lower in the other country, because of our high standard of living and high wages.

Mr. SPARKMAN. That has to be coupled with the other provision, that it does not adversely affect the economy of the United States.

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

Mr. SPARKMAN. I yield to the Senator from Ohio.

Mr. LAUSCHE. I merely point out that when we make the loan repayable in dollars there is a question of whether it is fair to say to the borrower, "You have to spend this money in the United States, even though in the United States you will have to pay more for the goods than if you bought them in a different country and even though the President states affirmatively that buying the goods in a foreign country will not adversely affect the economy of the United States."

Mr. SPARKMAN. I think the Senator's question answers itself.

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

Mr. SPARKMAN. Certainly it would not be fair. Furthermore, it would defeat the purpose of the aid program, which is to aid the underdeveloped countries.

Mr. CAPEHART. Mr. President, the very fact that the country uses dollars to buy goods in some other country instead of buying goods in the United States will always mean an adverse effect on some man's job. Somewhere in the United States a man is making the goods which ought to be sold to that country.

Mr. SPARKMAN. If that is so, the President can determine it. I think we have tightened the language up sufficiently in the bill.

Mr. CAPEHART. Why should we pass all the responsibility over to the President? Why should we not establish the principle that when we loan money the country must spend the money in the United States unless it is going to spend the money in its own country?

Mr. SPARKMAN. I cannot speak for the Senator from Indiana, but I cannot help but feel that he would share the feeling with me that the President of the United States is interested in the economy of the United States.

Mr. CAPEHART. I am sure he is.

Mr. SPARKMAN. I think he will make findings with that in mind.

Mr. CAPEHART. I am sure the President of the United States, with his 1,001 duties, will not run all these things. They will be run by other people.

Furthermore, why should we in the Congress all of the time give up our responsibility and our authority? Why should we not make these things clear cut? Under the bill there will be thousands and thousands of loans—at least hundreds and hundreds of loans—and a determination must be made on each of them, according to the language.

Why should we not simply say, "We will loan you the money, if you will spend it in the United States. If you want to spend money some place else, let the country in which you will spend the money loan it to you or finance your purchases"?

Mr. SPARKMAN. I would not agree with the statement made.

Mr. CAPEHART. If the country does not wish to do business on that basis, it

would be a good thing for our taxpayers, and would help decrease our deficits.

Mr. SPARKMAN. I would not agree with the statement that there would be hundreds and hundreds of loans and that there would have to be a determination on every case. I imagine the determinations which will have to be made will be few in number.

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

Mr. SPARKMAN. I yield to the Senator from Connecticut.

Mr. BUSH. Mr. President, I should like to ask the Senator from Alabama a question with regard to the amendment of the Senator from Indiana. If I correctly understand the amendment, when there was a loan of money the goods would have to be purchased either in the United States or in the indigenous country. Suppose there were an item like cement under consideration? Suppose the country did not have any cement, but that the next door country had cement available?

Mr. SPARKMAN. That is a very good example.

Mr. BUSH. Under the amendment it would be necessary to ship cement, which is not only a very heavy item but also a very bulky one, from this country, because it would have to be purchased in the United States under the terms of the amendment. That would require a lot of money, simply for shipping.

Mr. SPARKMAN. Yes.

Mr. BUSH. The country might be able to purchase the cement from a next door neighbor, a country a few miles away; is that not so?

Mr. SPARKMAN. I think it is.

Mr. CAPEHART. Mr. President, I agree on that. Let the country buy the cement from a neighbor, and let the country from whom the cement will be bought finance it. They could sell it on terms. If that situation exists, let the country which sells the cement finance the sale.

Mr. BUSH. Could the country use the loan money for that purpose, under the terms of the amendment?

Mr. CAPEHART. It could not. I do not wish to have them do so. I should like to have purchases made in the United States, if we are going to loan the money.

Mr. SPARKMAN. That would defeat the stated purpose of the Senator from Indiana.

The Senator from Connecticut has brought out a very fine example and a very realistic example. That is exactly the way it would work.

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

Mr. SPARKMAN. I yield.

Mr. GORE. Whereas an ironclad prohibition such as the amendment would provide with respect to expenditures outside the United States would be unworkable, according to a statement made by Secretary Dillon, as shown on page 138 of the hearings, it is expected that at least 80 percent of the funds made available under the Act for International Development for obligation dur-

ing the fiscal year 1962 will be spent in the United States.

Mr. SPARKMAN. That is correct. I invited attention a few minutes ago to the fact that during the first 6 months of 1961 more than 85 percent of the ICA money was spent in the United States.

Mr. GORE. If we submitted this to absolute rigidity, certain products which the country we desire to benefit needed simply could not be purchased because they might not be available for shipment, with all of the problems involved, from the United States.

Mr. SPARKMAN. The Senator is correct.

Mr. MANSFIELD and Mr. CAPEHART addressed the Chair.

Mr. SPARKMAN. I yield to the majority leader.

Mr. MANSFIELD. What would happen if we could develop, as we all wish to do, some sort of a multilateral aid program in which, let us say, Japan in the Far East and the prosperous nations of Western Europe and elsewhere were prepared to participate? If we accepted the amendment, what would happen?

As I understand the situation, from what the distinguished Senator has said the record indicates that in excess of 85 percent of all expenditures by ICA for the first 6 months of the present calendar year were spent in the United States.

Mr. SPARKMAN. The Senator is correct.

Mr. MANSFIELD. What would happen if we tried to develop a multilateral program and everything had to be bought in this country?

Mr. SPARKMAN. I do not see how this would fit in with a multilateral program at all. The Senator knows that there have been some multilateral programs. For instance, there was the plan which recently was worked out for India, in which \$2.2 billion, I believe, was raised by a consortium.

Mr. MANSFIELD. What about Pakistan?

Mr. SPARKMAN. I do not know what the amount was.

Mr. MANSFIELD. It was pretty close to \$400 million, I believe, on a consortium basis.

Mr. SPARKMAN. It was something like that. We are endeavoring to get Japan, West Germany, Italy, England, and a number of other countries engaged in this kind of program. Earlier this year we ratified in the Senate the OECD treaty for the purpose of effectuating such an arrangement. The provision of the amendment would not fit in with that program.

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

Mr. SPARKMAN. I yield.

Mr. MANSFIELD. Would it be fair to assume that under the new aid program eventually—and by "eventually" I do not mean too long—we could phase out some countries under the foreign aid program and get some of the responsibility off of our shoulders?

Mr. SPARKMAN. We have already done so in the case of Western Europe.

Mr. MANSFIELD. And we could possibly get some of the other countries to take a part of the responsibility so that we could decrease our loans?

Mr. SPARKMAN. Yes.

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

Mr. SPARKMAN. I yield.

Mr. MAGNUSON. There has been a great deal of concern in Congress during the last 2 years under both administrations, about our gold balance and whether or not the use of dollars in other countries would further deteriorate the gold balance. I ask the Senator whether section 604 does not provide that the President must affirmatively determine certain factors. The committee inserted as one of the factors the net position of the United States in its balance of trade with the rest of the world.

Mr. SPARKMAN. The Senator is correct.

Mr. MAGNUSON. Would not that provision close the door pretty effectively to the use of dollars in order to pull out some of the gold from this country?

Mr. SPARKMAN. The Senator is correct. It is one of the factors the President will have in mind in determining whether or not the operation would work adversely against the interests of the United States.

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

Mr. SPARKMAN. I yield.

Mr. CAPEHART. I do not believe that one can successfully contradict the statement I am about to make. Every country in the world that lends money to other countries, or lends money within those countries, insists that the money be spent in their own country. That is true of Germany, England, France, and all countries.

Russia has lent money, but Russia gives credits which the recipient country can use in order to purchase goods in Russia. Russia gives such countries a sort of "due bill." Senators will remember that years ago we purchased "due bills" in restaurants for \$5, and they were good for so many meals. Russia provides that sort of credit. Every ruble that Russia lends or agrees to lend is on the basis that goods purchased must be purchased in Russia. The loan is a credit good for so much goods in Russia. The same is true of all other countries. Why should we be different? Why should we not do the same thing?

My point is that we have a bill whose term is 5 years. This is a 5-year bill. We ought to tighten its terms. I am speaking in behalf of the wage earners of the United States.

Mr. SPARKMAN. It is a 5-year bill, subject to termination at any time by concurrent resolution of Congress. Do not forget that. We would have complete control.

Mr. CAPEHART. The Senator is correct. Any bill is subject to being repealed by vote of Congress.

Mr. SPARKMAN. I do not believe my good friend—and he is my good friend—

the Senator from Indiana and I can come to an agreement on the amendment. I have stated the viewpoint of the majority of the Committee on Foreign Relations as best I can. I am prepared to vote.

Mr. CAPEHART. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. CAPEHART. Mr. President, in my opinion, the provisions of the amendment are very simple. All goods not purchased within a country receiving a loan would have to be purchased in the United States.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Indiana. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD (after having voted in the negative). On this vote I have a pair with the distinguished minority leader, the Senator from Illinois [Mr. DIRKSEN]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore I withhold my vote.

Mr. HUMPHREY. I announce that the Senator from South Carolina [Mr. JOHNSTON] is absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from South Carolina [Mr. JOHNSTON] would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Maryland [Mr. BUTLER]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Maryland would vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from Kansas [Mr. CARLSON] and the Senator from Illinois [Mr. DIRKSEN] are necessarily absent, and the pair of the Senator from Illinois has been previously announced.

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Maryland would vote "yea," and the Senator from New Mexico would vote "nay."

If present and voting the Senator from Kansas [Mr. CARLSON] would vote "yea."

The result was announced—yeas 27, nays 67, as follows:

Allott	Capehart	Dworschak
Beall	Case, S. Dak.	Eastland
Bennett	Cotton	Ellender
Bridges	Curtis	Goldwater

[No. 146]

YEAS—27

Hickenlooper	Miller	Talmadge
Hruska	Mundt	Thurmond
Jordan	Prouty	Tower
Kuchel	Russell	Williams, Del.
McClellan	Schoeppel	Young, N. Dak.

NAYS—67

Aiken	Hart	Morton
Anderson	Hartke	Moss
Bartlett	Hayden	Muskie
Bible	Hickey	Neuberger
Boggs	Hill	Pastore
Burdick	Holland	Pell
Bush	Humphrey	Proxmire
Byrd, Va.	Jackson	Randolph
Byrd, W. Va.	Javits	Robertson
Cannon	Keating	Saltonstall
Carroll	Kefauver	Scott
Case, N.J.	Kerr	Smathers
Church	Lausche	Smith, Mass.
Clark	Long, Mo.	Smith, Maine
Cooper	Long, Hawaii	Sparkman
Dodd	Long, La.	Stennis
Douglas	Magnuson	Symington
Engle	McCarthy	Wiley
Ervin	McGee	Williams, N.J.
Fong	McNamara	Yarborough
Fulbright	Metcalf	Young, Ohio
Gore	Monroney	
Gruening	Morse	

NOT VOTING—6

Butler	Chavez	Johnston
Carlson	Dirksen	Mansfield

So Mr. CAPEHART's amendment was rejected.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. SPARKMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FULBRIGHT. Mr. President, I call up my amendment which is at the desk and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 14, line 13, after the word "citizens," it is proposed to insert:

Including any wholly owned foreign subsidiary of any such corporation.

Mr. FULBRIGHT. Mr. President, the amendment corrects, I believe, an inadvertence in the committee bill.

As the bill now stands, the President is authorized to make guarantees of U.S. investments in underdeveloped countries. The risks permitted to be covered are spelled out in the bill and the guarantees may be issued to:

U.S. citizens or corporations, partnerships, or associations created under the law of the United States or of any State or territory and substantially beneficially owned by U.S. citizens.

The executive branch had requested that the President be permitted to issue guarantees to U.S. corporations, and so forth, in which the majority beneficial interest is owned by U.S. citizens. The committee was concerned about some possibilities of abuse under the formula requested by the executive branch. If, for example, a guarantee were made on an investment in country X by a corporation which was 51 percent owned by U.S. citizens and 49 percent by citizens of country X, and then country X expropriated the property, the U.S. Government would be obliged to pay off the local stockholders of the country which expropriated the property. This possi-

bility is too full of risks; hence the committee cut back the authority so that the President may issue guarantees to corporations created in the United States and substantially beneficially owned by U.S. citizens.

It has been brought to my attention that the reasons which I have just cited for the committee's action in reducing the scope of those who may receive guarantees do not apply to wholly owned subsidiaries of U.S. corporations substantially beneficially owned by U.S. citizens. The committee overlooked this fact, and it is the purpose of my amendment to remedy this oversight.

It is my belief that the amendment would assist U.S. private investors to go out to underdeveloped countries and speed the process of economic progress in accordance with the policies set forth in the bill.

Mr. DWORSHAK. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. DWORSHAK. Currently we are receiving reports that bills introduced in the Legislature of Chile provide for the expropriation of all the copper mines in that country, 90 percent of which are owned by Americans. If the expropriation of the mines is consummated, how would that action be affected by the Senator's amendment?

Mr. FULBRIGHT. It would not be affected by this amendment. The amendment applies only to corporations which will come under the program in the future by paying a fee. It would have no relation to any existing conditions, such as that the Senator from Idaho mentions.

Mr. LAUSCHE. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. LAUSCHE. Does the Senator understand that the amendment which was offered by me yesterday, and which was accepted, prohibits the guaranteeing of the success of a business in a foreign country?

Mr. FULBRIGHT. That is correct. The amendment in no way alters that provision. It merely means that a wholly owned subsidiary of an American corporation would be entitled to the same privileges as the parent corporation. It in no way changes the substantive provision.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas.

The amendment was agreed to.

Mr. CHURCH. Mr. President, I call up my amendment designated "8-9-61-B" and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 38, after line 5, it is proposed to insert the following new section:

SEC. 512. RESTRICTIONS ON MILITARY AID TO WESTERN EUROPE.—No further military assistance shall be furnished on a grant basis to a country of Western Europe, except to fulfill firm commitments made prior to July 1, 1961, unless the President shall have determined that it would be an undue economic burden

upon such country to purchase the supplies, equipment, or services proposed to be furnished.

Mr. CHURCH. Mr. President, on this amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CHURCH. Mr. President, one of the salutary developments in these otherwise bleak post-World War II years has been the economic recovery and subsequent economic boom in Western Europe. The emergence of economic vigor combined with freedom and political stability in this area has been, among other things, a strong deterrent to the spread of communism. It is also a tribute to American foreign policy. Funds provided under the Marshall plan seeded and nourished Western Europe's prodigious economic growth.

No one could contend that the role of the United States in Western Europe has been other than generous. In addition to the billions of dollars we have spent there since the end of World War II to promote full economic recovery, the United States has formally committed itself to the defense of Western Europe. We have joined the NATO alliance. Large contingents of American troops have been kept in Western Europe at our own expense. Today we maintain five divisions in West Germany in readiness to defend that country or, if need be, Berlin.

But in addition to all this, Mr. President, we have long subsidized the military forces of our NATO partners in Western Europe. There was a time, perhaps, when this was justified, in the years immediately following the war. However, during the past 10 years, since 1950, it has become increasingly apparent that these countries can easily afford to maintain their own military establishments without further help from the United States. Indeed, some of these countries have now become so prosperous that their per capita income rivals that of some of our American States.

Yet, throughout the whole 10-year period, our military assistance program to these countries has continued unabated. Between 1950 and 1960, we have given nearly \$13 billion worth of military aid to our NATO allies in Western Europe alone. Congress stopped further substantial economic aid to these countries 7 years ago, recognizing they had fully recovered their capacity to be self-supporting. It is long past time for us to take a stand on military aid. Unless we do, the subsidy will never stop; it will continue forevermore.

Mr. President, in order to show the amounts of military aid we have furnished our NATO allies in Western Europe over the past decade, I ask unanimous consent to insert in the RECORD at this point a chart detailing these figures on a country-by-country basis, and giving the totals for the 10-year period, as well as the breakdown for each year since 1956.

There being no objection, the chart was ordered to be printed in the RECORD.

NATO-United States MAP deliveries, defense expenditures, and defense expenditures as percent of GNP by calendar year

[Dollars in millions]

Country	Total calendar years 1950-60			Calendar year 1960			Calendar year 1959			Calendar year 1958			Calendar year 1957			Calendar year 1956		
	MAP deliveries ¹	Defense expenditures		MAP deliveries ¹	Defense expenditures		MAP deliveries ¹	Defense expenditures		MAP deliveries ¹	Defense expenditures		MAP deliveries ¹	Defense expenditures		MAP deliveries ¹	Defense expenditures	
		Amount ²	Percent of GNP		Amount ²	Percent of GNP		Amount ²	Percent of GNP		Amount ²	Percent of GNP		Amount ²	Percent of GNP		Amount ²	Percent of GNP
Belgium-Luxembourg	\$1,175	\$3,904	3.5	\$13	\$400	3.2	\$22	\$386	3.2	\$59	\$375	3.2	\$32	\$376	3.2	\$96	\$349	3.2
Denmark	476	1,327	2.8	22	150	2.6	45	143	2.6	24	143	2.9	20	146	3.1	47	136	3.1
France	4,117	29,815	7.4	39	3,831	6.8	147	3,630	7.0	130	3,355	7.0	159	3,159	7.5	400	2,975	7.9
Germany ³	897	20,714	4.3	58	2,886	4.3	86	2,640	4.4	78	1,631	3.0	380	2,134	4.1	295	1,717	3.7
Greece	904	1,316	5.6	69	159	5.0	70	154	5.1	139	149	5.1	79	149	5.4	81	135	5.3
Italy	1,944	9,708	4.0	140	1,136	3.7	112	1,067	3.8	72	1,035	3.9	144	977	3.9	257	934	4.0
Netherlands	1,104	4,321	5.0	53	455	4.1	26	396	3.9	41	436	4.6	84	486	5.2	152	488	5.7
Norway	634	1,413	3.8	10	145	3.3	51	155	3.7	47	143	3.6	38	147	3.7	69	135	3.6
Portugal	279	832	4.1	4	100	4.5	12	98	4.5	24	86	4.2	25	83	4.1	20	80	4.1
Turkey	1,618	1,480	5.0	85	270	5.6	124	241	5.4	251	163	4.2	208	141	4.1	171	129	4.8
United Kingdom	989	48,285	81	26	4,856	7.0	199	4,679	7.1	43	4,684	7.3	97	4,707	7.7	75	4,788	8.3
NATO area programs	1,166			238			143			137			127			83		
Total, NATO	15,303	123,205	5.9	757	14,388	5.4	1,037	13,589	5.5	1,045	12,200	5.2	1,393	12,505	5.7	1,746	11,866	5.9
Canada		17,903	5.9		1,654	4.7		1,642	4.7		1,740	5.3		1,829	5.8		1,888	6.3
United States		453,838	10.4		46,552	9.3		56,614	9.7		45,503	10.2		44,548	10.1		41,773	10.0

¹ U.S. military assistance furnished to countries includes deliveries of equipment and supplies, expenditures for repair and rehabilitation of excess stocks, training, packing, crating, handling and transportation, nutrition surveys, construction and credit assistance under sec. 103(c) MSA.

² Based on NATO definition of defense expenditures. For the United States it includes expenditures for military functions of the Department of Defense, the military assistance program, the Atomic Energy Commission, Coast Guard, National Aeronautics and Space Administration, veterans' insurance and indemnities and residual expenditures by ICA for the direct forces support program.

³ German defense expenditures data for all years are ICA estimates. Germany's expenditures through 1955 were largely occupation/support costs. Military assistance expenditures represent physical deliveries to the Federal Republic of Germany.

Mr. CHURCH. Mr. President, I wish to refer in some detail to the table which has just been ordered printed in the RECORD. I shall now refer to the first three columns of the table, country by country.

To begin with, the chart shows that during the 10-year period 1950 to 1960, Belgium-Luxembourg appropriated \$3,904 million for their own defense forces, and received from the United States \$1,175 million in grant-aid, or approximately 30 percent of the amount they appropriated for the maintenance of their own military forces.

Mr. LONG of Louisiana. Mr. President, will the Senator from Idaho please repeat that statement.

Mr. CHURCH. Yes, I am glad to do so. I stated that during the 10-year period from 1950 to 1960, Belgium-Luxembourg appropriated \$3,904 million for their own defense forces, and received from the United States \$1,175 million in grant-aid, or approximately 30 percent of the amount which they, themselves, appropriated for the maintenance of their own armed forces.

During the same 10-year period Denmark appropriated \$1,327 million for the maintenance of her own armed forces, and the United States provided Denmark with \$467 million in grant-aid, or approximately 36 percent of the amount which Denmark spent to maintain her own armed forces.

During the same decade, France appropriated \$29,815 million for the maintenance of her own forces, and the United States donated to France \$4,117 million in grant-aid, or approximately 14

percent of the amount France appropriated for her own armed forces.

During the same decade, Germany, whose program is newer, appropriated \$20,714 million for the maintenance of her armed forces, and during that period the United States provided Germany with \$897 million, or approximately 4 percent of the amount which Germany spent for her armed forces.

During the same decade Italy appropriated \$9,708 million for her armed forces, and the United States provided Italy, for the same purpose, with \$1,944 million in grant-aid, or approximately 20 percent of what Italy herself spent to maintain her own armed forces.

During the decade the Netherlands appropriated \$4,321 million for the same purpose, and the United States donated \$1,104 million, or approximately 25 percent of what the Netherlands appropriated to maintain its armed forces.

During the same decade the United Kingdom appropriated \$48,285 million for the same purpose, and the United States donated \$989 million, or approximately 2 percent of what the United Kingdom appropriated for her own defense.

Mr. President, if we examine the details shown on the chart, we find that over the decade since 1950, when the majority of the countries here involved clearly had economic capabilities sufficient to sustain their own military forces without external aid, the United States has donated \$15,303 million in grant-aid to her NATO allies, most of which are located in Western Europe.

For those located exclusively in Western Europe which would come within

NOTE.—Precise comparisons of levels of defense expenditures between European countries and the United States are not possible. Conversions of national currency data into dollars have generally been made on the basis of official foreign exchange rates, and the purchasing power of dollar equivalents is appreciably higher in most European countries than that of the dollar in the United States. Intra-European comparisons of the converted dollar figures are subject to similar limitations. A uniform exchange rate has been applied for all years in order to preserve the trend of the national currency data and eliminate distorting fluctuations in the dollar figures caused by devaluation.

the ambit of the amendment I have offered, the United States donated nearly \$13 billion during the decade.

Mr. President, why have we been contributing so much in grant-aid to these prosperous countries? It is not because these countries have been doing their part in fully contributing their share to our collective security.

It is to be noted from this chart, Mr. President, that none of the prosperous countries in Western Europe are making as much of an effort, in proportion to their own resources, to maintain their armed forces, as we have been making in proportion to ours. During the decade, we spent 10.4 percent of our gross national product on our military forces, compared to an average of 5.9 percent on the part of our NATO allies.

Moreover, it cannot be argued that the continuing American subsidy is furnishing these countries with an inducement to make a greater effort on their own, since it is clear from the chart that the average yearly military expenditure of our NATO allies has fallen off from 5.9 percent in 1956 to 5.4 percent in 1960.

Mr. President, to make plain beyond argument the level of wealth that now has been achieved by most of our NATO partners in Western Europe, their resultant capacity to maintain their own armed forces without American subsidy, and the lesser effort they are actually making, compared to our own, I ask unanimous consent to insert at this point in the RECORD, an appropriate chart containing these figures for last year, 1960.

There being no objection, the chart was ordered to be printed in the RECORD.

Selected economic and defense expenditures data on European NATO countries and United States, calendar 1960

	Population (in thou- sands)	Total GNP (millions)	GNP per capita	Private consump- tion per capita ¹	Defense ex- penditures (millions)	Percent of defense ex- penditures to GNP
Belgium-Luxembourg	9,490	\$12,275	\$1,293	\$896	\$400	3.2
Denmark	4,640	5,690	1,226	827	161	2.8
France	45,500	54,400	1,196	728	3,831	6.8
Germany (West)	52,321	63,740	1,218	706	2,886	4.3
Greece	8,691	3,120	359	270	159	5.0
Iceland	176	155	881	500		
Italy	49,315	30,360	616	390	1,136	3.7
Netherlands	11,480	10,990	957	540	455	4.1
Norway	3,590	4,465	1,244	724	2145	3.3
Portugal	9,124	2,220	243	187	100	4.5
Turkey	27,518	4,680	170	134	270	5.6
United Kingdom	52,375	68,950	1,317	863	4,856	7.0
Total European NATO (exclud- ing Saar)	274,220	261,045	952	604	14,399	5.4
United States ²	179,894	494,500	2,749	1,730	46,552	9.3

¹ At 1959 market prices.

² Partly estimated.

³ Alaska and Hawaii excluded.

Source: European Data Book.

NOTES

All data are preliminary and subject to revision.

Precise comparisons of the levels of gross national product and of defense expenditures between the European countries and the United States are not possible. The conversion into dollars has been made on the basis of official foreign exchange rates, and the purchasing power of the dollar equivalent is appreciably higher in most European countries than in the United States. Intra-European comparisons of the converted dollar figures are subject to similar limitations.

Mr. PASTORE. Mr. President, will the Senator from Idaho yield for a question?

The PRESIDING OFFICER. (Mr. HICKEY in the chair). Does the Senator from Idaho yield to the Senator from Rhode Island?

Mr. CHURCH. I am happy to yield.

Mr. PASTORE. Is the Senator from Idaho prepared to state the number of unemployed persons in those countries, as compared to the number of unemployed persons in the United States?

Mr. CHURCH. I wish I had those figures available for the Senate. I think the Senator's question is most pertinent, and I am sorry I do not have the figures at hand. But I am of the impression that in these prosperous industrial countries in Western Europe the level of unemployment is substantially below the level of unemployment in the United States.

Mr. PASTORE. Mr. President, will the Senator from Idaho yield further on that point?

Mr. CHURCH. I am glad to yield.

Mr. PASTORE. I have no immediate documentation of the statement I am about to make, but I am willing to estimate that at this moment there are more unemployed persons in the United States than there are in all the combined countries, that the Senator from Idaho had mentioned.

Mr. CHURCH. I suspect that the Senator from Rhode Island is correct in that surmise. I would be very much surprised if the figures do not bear out his statement.

Mr. President, in examining the chart I have placed in the RECORD, let us examine in more detail the three columns to which I have already referred.

The first column carries the gross national product per capita of the countries which would be affected by the proposed amendment.

The second column I propose to discuss shows the amount the countries ap-

propriated for their own defense during 1960. The last column is the percent that this amount bears to the gross national product of each country.

With respect to Belgium-Luxembourg in 1960 the per capita income as measured by their gross national product was \$1,293. They appropriated approximately \$400 million for their defense forces, which was 3.2 percent of their gross national product.

The second country is Denmark, which had a per capita gross national product of \$1,226. It appropriated \$161 million for its defense, which was 2.8 percent of its gross national product.

The next country is France, which had a gross national product per capita of \$1,196, and which appropriated \$3,831 million for its defense, which was 6.8 percent of its gross national product.

I pause long enough to remind the Senate that France has been engaged in a war in Algeria which has been going on for 7 years. It has been one of the hardest fought and bloodiest wars of modern times.

The next country is West Germany, with a per capita income, measured by its gross national product, of \$1,218. It appropriated \$2,886 million for its defense, which was 4.3 percent of its gross national product.

The next country is Italy, which had a per capita income, in terms of gross national product, of \$616. It appropriated \$1,136 million for its defense, which was 3.7 percent of its gross national product.

The next country is the Netherlands, which had a gross national product per capita of \$957. It appropriated \$455 million for its defense, which is 4.1 percent of its gross national product.

The next country is Norway, which had a gross national product per capita of \$1,244. It appropriated \$145 million for its defense, which is 3.3 percent of its gross national product.

The final country which would possibly be affected by the amendment is

the United Kingdom, which had a gross national product per capita of \$1,317. It appropriated \$4,856 million for its national defense in 1960, which was 7 percent of its gross national product.

In the same year the United States appropriated \$46,552 million for its own defense, which was 9.2 percent of our gross national product. And that does not take into account all of the additional money that we have put out in foreign aid for purposes of military assistance to other countries.

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

Mr. CHURCH. I yield.

Mr. HAYDEN. I have some information that perhaps has not been supplied to the Senator, which is that for every dollar that we contribute to the North Atlantic Treaty nations they put up \$7 out of their budgets. It is a 7-to-1 deal. I think, in buying national defense, it is the best bargain we could possibly get, because for every dollar we put up we get \$7 worth of military aid.

What has been done with the money? Airports have been built all over Europe, so that we do not have to keep our fighter planes or bombers in one place. They can be continually shifted around, so that the gentlemen in Moscow with whom we are dealing would not know where they were in case it was decided that they should be bombed. Bases have been built there for guided missiles, and we have missiles of a range that can reach from Europe into the Soviet Union. That is one of the great deterrents we have. There are two. The other deterrent, of course, is the system of bases we have in Okinawa, the Philippines, southeast Asia, the Middle East, north Africa, Spain, and England, where we have our Strategic Air Force on a 15-minute alert, and with atomic bombs of greater power than the one that was dropped at Hiroshima during our Japanese troubles.

My opinion is that this is the deterrent that causes Mr. Khrushchev to pause, so far as starting any war is concerned. And if we can get the jet bombers that we hope to have, which will be able to carry good payloads of atomic weapons and bombs, we shall be still more protected. That is the reason why I supported that item.

Mr. CHURCH. I thank the Senator very much. I am in complete agreement that the NATO alliance is the cornerstone of our Western defense. I believe in it very strongly. I recognize that, as compared to the money we are now granting to some of our NATO allies, they are spending considerably more money of their own for the maintenance of their own armed forces. The figures I have given bear this out.

Mr. HAYDEN. The ratio is 7 to 1.

Mr. CHURCH. The purpose of my amendment is not in any way to alter or reduce in any measure the obligation or responsibility of the United States toward the NATO alliance or any member of it; but I do feel that, in the long run, we shall strengthen the alliance; and, as history is my judge, there is no other way to strengthen an alliance but to make clear to each member of it that,

as we intend to do our part, so we expect them to do theirs. If we continue unwarranted subsidies to rich countries that are fully capable of carrying their own load in the maintenance of their military forces, I think we do a disservice to the alliance, and, in the long run, we shall see the time when it will be greatly weakened because it will lack the strong internal respect that comes from each doing his share.

Therefore, my amendment is not offered in any way to have an adverse effect on the NATO alliance, but to serve it in the best possible way.

I should like to read the amendment so there will be no misinterpretation of what it is I am seeking to do. The amendment is, on page 38, at line 5, to insert the following new section:

SEC. 512. RESTRICTIONS ON MILITARY AID TO WESTERN EUROPE.—No further military assistance shall be furnished on a grant basis to a country of Western Europe, except to fulfill firm commitments made prior to July 1, 1961, unless the President shall have determined that it would be an undue economic burden upon such country to purchase the supplies, equipment, or services proposed to be furnished.

It should be understood that this amendment would not affect any firm commitment we have already made, that is, prior to July 1, 1961, to furnish military aid to any country in Western Europe. It would not prohibit future cash or credit sales of military equipment, services, or supplies to any of these countries. It would merely provide that no further military assistance shall be furnished on a grant basis to a country of Western Europe, unless the President shall have determined that it would be an undue economic burden upon such country to purchase the supplies, equipment, or services proposed to be furnished.

It should be noted that Greece and Turkey would not be affected, since they are not located in Western Europe.

It should be noted also that Portugal and Spain, and possibly Italy, are not likely to be affected, since they are still relatively poor countries, where a Presidential determination could properly be made, that purchase of equipment or supplies proposed to be furnished, would constitute an undue burden upon their economies.

The amendment really points toward those countries which have achieved a prodigious economic recovery, the rich, industrial nations capable of self-support—the countries which this Congress, in 1953, recognizing the facts of life, eliminated from further assistance grants of economic aid. Unless we do the same in regard to the military aid program, there will be no limitation. The subsidies will continue until the day the Congress takes a stand.

I ask, Mr. President, what more reasonable limitation, calculated to protect our national interest, could be imposed than this? The pending bill would authorize over \$1.5 billion a year, for each of the next 2 fiscal years, to be spent on continuing military aid abroad. In the coming year, 22 percent of this amount is to be given the countries of Western

Europe. Some of these countries may still need our help, and this amendment would not prevent the President, in such cases, from giving it. But the amendment would put an end to further subsidies, "shelled out" by American taxpayers, to the prosperous countries of Western Europe which can well afford to maintain their own military establishments.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. CHURCH. I am happy to yield to the Senator from Louisiana.

Mr. LONG of Louisiana. Does the Senator propose, before he concludes his speech, to say something about the extent to which these same countries have been accumulating American dollars and credits, so that they are in a position to almost empty Fort Knox today?

Mr. CHURCH. I know the Senator from Louisiana has those figures well in mind. I would welcome any contribution the Senator might care to make to my argument. But let me first point out this paradox. Both our previous President, Mr. Eisenhower, and President Kennedy have called upon the prosperous countries of Western Europe to do more in assisting us with our program of economic aid for the countries of the underdeveloped world.

Both Presidents have said, "These countries clearly can do more, and it is in their interest as well as ours for them to do so."

Even as we urge these countries to assist us in providing economic aid for the underdeveloped world, we turn around and continue to give them hundreds of millions of dollars in grant aid for military forces they can afford to maintain on their own. Does that make sense? Is there any consistency in that position? Is there any way to explain it to the American people? I know of none.

Mr. PASTORE. Mr. President, will the Senator yield on that point?

Mr. CHURCH. I have already yielded to the distinguished Senator from Louisiana. I shall be happy to yield later to the Senator from Rhode Island.

Mr. PASTORE. Very well.

Mr. LONG of Louisiana. Let me complete the point I had in mind.

The administration has already asked us to pass a number of measures, each of which is completely inadequate to do the job, to try to meet the problem which arises because we are short on the balance of payments. Other countries are accumulating our currency in large amounts. We are faced with the fact that we cannot even make good our minimum requirements, to back the amount of American currency outstanding today with 25 percent of gold. We cannot make good our legal requirements for our own citizens, if compelled to make good the requirements with regard to foreign nations.

The particular nations the Senator has in mind are the nations which hold most of the dollar credits, almost enough to empty Fort Knox, the way the situation stands today. If they should call their dollars into their central banks and call on us for payment that would be the situation. Those countries have very

favorable balances of payments, to the extent that they are still accumulating our dollars at a rate exceeding \$1 billion a year.

The point is that if there is anything which those countries really think is necessary for their defense, they are well able to pay for it. We have gone so far in paying for these things there is now a serious question as to whether we shall be able to protect our own currency if there is a call upon it, under existing international obligations, for gold payment.

Mr. CHURCH. I thank the Senator very much. The Senator makes a very cogent argument. I have only this to add: Why is it that the foreign-aid program is in such trouble, Mr. President? I am sure it is because the American people, in their great commonsense, know there is too much wrong with it and too much abuse in it. Unless the Congress begins to eliminate the abuse and to impose some reasonable and prudent restraints upon these expenditures, the day will come when the American people will rise up mightily against the whole program and fill the Halls of Congress, and indeed, the White House itself, with men who are committed to an end to all foreign aid—to an end to all of our commitments abroad—and who would return us to a last isolation.

When that happens, whom will we blame? If I know human nature, we shall look around for other people to blame, but the blame will be on us—on us, at these desks, if we, through hesitancy and unwillingness to act, fail to impose reasonable restraints upon this runaway program.

Mr. President, if we cannot act now to do the things which our national interest clearly requires, and the things which history shows us in the long run will best serve the interests of the alliance itself, we shall deserve the fate which will come to us, hard as that is for me to say.

I now yield to the Senator from Rhode Island.

Mr. PASTORE. Mr. President, I completely agree with my colleague from Idaho that this whole problem should be approached without rancor, without indignation, and without emotion. It should be approached in a most calm and judicious manner. I agree with the telling argument the Senator has made.

For the past few years we have been imploring our friends to assist us in our common effort. We have been asking our friends to assist us, at the same time telling them we will help them if they need help.

We respect and appreciate those countries for standing shoulder to shoulder with us to resist the onslaught of communism in that part of the world. No one means to depreciate that in any manner. But the fact is that over the years we have been imploring our allies and friends to help us in helping the underdeveloped countries of the world; at the same time we have been lavishing money on our allies. It is a sort of incongruous, if not ridiculous situation. If they need our help, naturally they cannot help somebody else. But, if from

their apparent prosperity they can afford to help somebody else, then they do not need our help.

We must begin to talk over the facts of life with our friends. We must cease all this emotion and excitement. We must sit down and discuss the cold facts together.

Not long ago a very distinguished representative of one of the nations abroad appeared on the television program—"Meet the Press." The nation is within the shadow of the Kremlin, yet in answer to a question as to why that nation was not doing everything it was supposed to do in the common effort it was said, "We are doing everything we are asked to do."

Only a short while ago we increased our defense budget more than \$3 billion. We did that not because anybody asked us to do it, but because we thought we were facing a peril.

We did it because we thought the situation in Berlin was perilous. On our own initiative we appropriated \$3 billion more than previously had been requested by the administration.

I am not pinpointing any criticism, but I feel that the time has come when our friends should understand that they must make a greater effort, not because they are asked to do so, but because the peril faces them as much as it faces us.

A short time ago I was in Europe. I know this situation will amaze many Senators. I brought my experience to the attention of the Secretary of Defense. While I was in Europe I picked up the newspaper one morning. I think it was the European edition of the Herald Tribune. I do not attach any authoritative significance or endorsement to the polls which may be taken, but a poll was taken throughout Europe, on two questions.

The people were asked the question, "If there were a war between the Kremlin and the United States tomorrow, do you think we ought to get into it?" The people of every nation, with the exception of the Netherlands, answered "No." The second question was, "Would you rather be engaged in a nuclear war with the Russians, or be occupied by the Russians?" This will amaze Senators even more than anything else.

With the exception of the Netherlands, all countries answered, "We would rather be occupied by the Russians."

I do not give too much credence to a poll, but if that reflects the feeling that permeates the minds of the people of Europe—if they think that the struggle is one exclusively between the Kremlin and the United States and they have no part in it; if they feel they do not have to live up to their commitments to NATO, as we have fulfilled ours over the years, then I am afraid that the American people will begin to doubt and despair. Their resentment will rise.

The peril is against the free world. The situation in Berlin is a danger to the whole free world, and not against the United States alone. We are in the cold war up to our ears, but the people of Europe are in it up to the tops of their heads. They are underneath the gun. All we can say is, "If you can afford to

do more, you ought to do it. If you cannot afford it, we will be ready and willing with our help."

If we were to add up the national debts of all the countries of Europe, the sum would not come anywhere close to the national debt of the United States alone. If we were to add up the numbers of unemployed in Western Europe, the total would be only a percentage of the unemployment in the United States.

I agree with the Senator from Idaho. Conditions have changed. Certainly we are the most abundant land in the world. Assuredly we are the most resourceful country in the world. Granted we are the richest nation in the world. But, after all, there is still the risk of killing the goose that laid the golden egg.

The time is here when the nations of Europe have become superlatively industrialized. In their prosperity they are seeking needed workers from outside their own borders. Workers are being imported into Western Europe, whereas in this country workers are looking around for jobs.

We have met our commitment completely and fully. The countries of Europe have not yet met theirs.

All the Senator from Idaho is saying this afternoon—and I think we ought to take this action without having to enact a law—is that no further military assistance shall be furnished on a grant basis to any country of Western Europe, except to fulfill firm commitments made prior to July 1, 1961.

I ask Senators to listen to the following language:

Unless the President of the United States shall have determined that it would be an undue economic burden upon such country to purchase supplies, equipment, or services proposed to be furnished.

In other words, all the Senator is saying is that we should not give any people any money in the way of grants when they have the money themselves. That is all the amendment amounts to. I do not see why the amendment should not be accepted. I do not see why its substance should not be the firm policy of the United States. All we would say is, "You are our friends. You are our allies. You are our partners in this struggle. We will help you if you lack the means. But if you have the means, put them up and do not ask us to give the means to you." That is how simple it is. I congratulate my friend, and I shall vote for his amendment.

Mr. CHURCH. I thank the Senator very much. I wish to express my profound thanks to the Senator from Rhode Island. He has certainly put the case in a nutshell. I would add only that it seems to me that if we do not learn from history, it is because we never stop long enough to recall it. We never compare our own situation with other historical situations because we have not the time.

In the past there have been other alliances of fateful importance. One of them was the Delos League. All of us know what happened to it when the member states began failing to do their

part and looked to Athens to do its part and more. In the end, the subsidies did not work. In the end the league fell apart. In the end, Athens fell.

We have a historical parallel today in the NATO alliance. As the Senator from Rhode Island has so well said, when countries have a clear capability, by virtue of their prosperous industrial economy to maintain their own military establishments without undue burden to themselves, then we ought to ask them to do it.

As long as we continue to give these countries handouts, they will take them. If any Senator thinks that the handouts make us worthier in their eyes, if he does not think these handouts are degrading to both donor and donee alike, he ignores the historical precedents that we should look to for guidance; and, indeed, he ignores human nature itself.

We serve the NATO alliance best by adopting the amendment I propose. We serve ourselves and the future of the NATO alliance with this amendment.

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

Mr. CHURCH. I am happy to yield to the Senator from Oregon.

Mr. MORSE. I thoroughly agree with the Senator from Rhode Island in the argument he has made in support of the amendment offered by the Senator from Idaho [Mr. CHURCH].

The Senator from Idaho knows that he and I have shared this point of view in the Committee on Foreign Relations, of which we are both members. I sincerely hope that the chairman of the committee, the Senator from Arkansas [Mr. FULBRIGHT] will accept the Senator's amendment. I think it is sound.

I wish to make two points that are rather redundant in view of the speech of the Senator from Rhode Island, but they need to be repeated for emphasis, I believe.

We need to face up to the fact that some of our NATO allies are in a stronger monetary position today than is the United States. We need to face up to the fact that in some instances those countries have practically no national debt. The reason they do not have any national debt is in no small measure due to the fact that the taxpayers of the United States have paid their national debts for them. The great assistance that such countries have received from the United States in our rehabilitation program has resulted in our building for them the most modern factories, containing the most modern equipment, which has placed them at a competitive advantage, as clearly implied by what the Senator from Rhode Island has said, as compared with a good many American industries at the present time. They have the wherewithal to do more for themselves as NATO allies in this entire field of mutual security than they have been doing. The time has come when they must demonstrate that they recognize that the program is a mutual security program. They should recognize it as it is recognized in some aspects of our trade problems. They recognize that "reciprocal trade" means

reciprocal trade, and that it is a two-way street.

In many instances the countries of Western Europe are in a position to make a greater contribution to the mutual defense of freedom in Europe than they are making. As the Senator from Rhode Island [Mr. PASTORE] and the Senator from Idaho [Mr. CHURCH] pointed out, so long as we are willing to pay the bill for them, they will not ask us to stop doing so.

I say to Senators who may not find themselves in agreement with the amendment of the Senator from Idaho that the patience of millions of American taxpayers is rapidly becoming frayed, and in the not too distant future the allies will find themselves with a rising demand upon the politicians in the United States to do a more efficient job than we have been doing in protecting the economic interests of the taxpayers of the United States in respect to this whole matter of foreign aid grants. As the Senator from Rhode Island has said, We are talking about grants. We are talking about giveaway money, not loans.

I believe the Senator from Idaho is to be congratulated for his courage in presenting the amendment. At first glance, there are those who may not think it is a good amendment. But in my opinion, if it is studied, the arguments of the Senator from Idaho cannot be answered.

The next point I wish to make is that I have made a little study of what some of our allies in Europe are doing in regard to carrying out their responsibility under what would amount to a general welfare clause in the United States. Take a look at the so-called general welfare legislation of some of the NATO countries in the whole field of social legislation, in the whole field of health legislation, in connection with housing, in connection with the development and protection of natural resources. They are doing a better job than we are doing. The argument is that we must postpone our general welfare legislation in order to spend our money for defense.

I do not propose to vote billions of dollars under a foreign-aid bill when the recipient countries in many instances are able to do for their people, by way of needed social welfare legislation, what we are asked to postpone because we must appropriate so much money for foreign aid.

The time has come today for us to write the record and serve notice on our allies that we have reached the end of the road so far as grants are concerned in every instance in which they have the economic power to do for themselves what they ought to do for themselves and not ask the American taxpayers to do for them.

I am proud to support the amendment of the Senator from Idaho.

Mr. CHURCH. I thank the Senator from Oregon very much for his eloquent and persuasive statement.

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

Mr. CHURCH. I am pleased to yield again to the distinguished Senator from Rhode Island.

Mr. PASTORE. I am reading the Senators' amendment. Let us assume—and Heaven forbid that such might be the case—that there might arise a situation in Europe in which it becomes necessary to furnish our friends in Europe with guns and tanks which they do not have and which they might need in case of an emergency. Would his amendment prohibit our doing that?

Mr. CHURCH. It would not, in my opinion, because in the event such an emergency were to arise, large amounts of additional supplies and equipment would be necessary, and such large amounts might easily impose an undue economic burden on them, and therefore the amendment would not prohibit our doing it.

Mr. PASTORE. Would the Senator consider amending or modifying his amendment by stating:

Unless the President shall declare an emergency or shall have determined—

And so forth. I would insert the words "shall declare an emergency."

We must not leave the impression that in the case of a contingency—and God forbid that the contingency shall arise—which brought about a situation with which our allies could not cope immediately, even if they had the money to pay for the equipment necessary for the common defense, I repeat that we must not leave the impression we would be tying the hands of the United States or tying the hands of NATO in their need to meet that emergency.

Mr. CHURCH. I would be willing to so modify my amendment. I have tried to draft my amendment in such a way that it could not possibly constitute a danger to the United States or its allies. I thank the Senator very much for his suggestion. I am happy to modify my amendment accordingly, so as to make it clear that in the event of an emergency the provisions in my amendment would not apply.

I should like now to turn to the arguments offered by the State Department.

The PRESIDING OFFICER. The yeas and nays having been ordered, unanimous consent is required before the amendment can be modified by the Senator.

Mr. CHURCH. Mr. President, I ask unanimous consent that I may modify my amendment in the way suggested by the Senator from Rhode Island.

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

Mr. CHURCH. I yield.

Mr. FULBRIGHT. I did not quite understand the Senator's modification. I wonder if he would restate it.

Mr. CHURCH. The text of the amendment as originally offered reads:

SEC. 512. RESTRICTIONS ON MILITARY AID TO WESTERN EUROPE.—No further military assistance shall be furnished on a grant basis to a country of Western Europe, except to fulfill firm commitments made prior to July 1, 1961, unless the President shall have determined that it would be an undue economic burden upon such country to purchase the supplies, equipment, or services proposed to be furnished.

The Senator from Rhode Island makes the point that in the event of a sudden

emergency, when it might be to the advantage of the United States as well as to its allies to have us furnish large quantities of equipment, the words he proposes would provide an escape hatch, so that the provisions of the law in such an instance would not be applicable. The modification would be as follows: In line 5, after the word "President", I would insert the words "shall declare an emergency". The amendment would then read as follows:

SEC. 512. RESTRICTIONS ON MILITARY AID TO WESTERN EUROPE.—No further military assistance shall be furnished on a grant basis to a country of Western Europe, except to fulfill firm commitments made prior to July 1, 1961, unless the President shall declare an emergency or shall have determined that it would be an undue economic burden upon such country to purchase the supplies, equipment, or services proposed to be furnished.

I have agreed to modify my amendment accordingly.

Mr. FULBRIGHT. I was under the impression that there was an emergency developing in that area already. This would be an extremely poor time to give the impression that we are in any way weakening our support of our allies in Western Europe. The Senator knows that we discussed this subject in committee, and the military opposed reductions of even very small amounts of direct aid in the military field. There is no economic aid involved in the bill. Even in the military field, outside the NATO contribution, which I assume he has in mind, there is no substantial military aid. We have moved steadily away from that in the past administration as well as by what is now proposed. The program has been substantially decreased, from 33 percent in the fiscal year 1961 to 22 percent in 1962. We have steadily decreased our percentage of the contribution. It was as high as \$2.8 billion in 1953. It is down to \$800 million now.

It is the purpose of the administration to continue that trend. I do not quarrel with the merits of what the Senator is trying to do. I violently object to the psychological effect his amendment would have at this time if all the newspapers in the world, encouraged by those who are not so friendly to us, were to interpret this action as an indication that the Congress of the United States has no more confidence in our Western European allies, that they are a bunch of slackers, that they are not doing their part, and that, therefore, we will not give them any further aid. I do not believe this would be a very wise thing to do.

I have some figures in the book I have in my hand. If the Senator wishes, I shall read them. They show clearly that the trend is very much in the direction I have indicated. As I have said, the contribution of our allies has steadily gone up. In 1950 it was \$5.9 billion. In 1960 it was \$14.4 billion. Our contribution has gone down from \$2.8 billion in 1953 to \$800 million in this year. That is the way it has been moving.

Perhaps it is not as rapid as it should be. I agree that one country about which there is no secret is certainly well off and could do much more. However,

it is certainly expected that with the crisis which confronts that country now we will see a much greater contribution being made by it. On the other hand, Great Britain, for example, is in a very serious financial condition, and is in no position to be expected to make any great financial contribution. She has just arranged for a loan from the IMF. That indicates the seriousness of her financial situation. This is a joint undertaking. I regret that the Senator is inclined to belittle the contribution of these countries.

Mr. CHURCH. I should like to make it clear that I have not intended to belittle the contribution being made by any of our NATO allies. My purpose is not to do so in any way. I have tried to make it clear that we should expect them to do what they are able to do, and that, in the long run this will strengthen the alliance by promoting greater respect for one another among the members of the alliance. I ask the distinguished chairman of the Foreign Relations Committee if he would object to my modifying my amendment in the way I have indicated.

Mr. FULBRIGHT. Of course not. However, I do not want my consent to be interpreted as favoring the amendment. I do not accept it. I am opposed to the amendment, as proposed to be modified, or as not modified.

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

Mr. CHURCH. Mr. President, if I may renew my unanimous consent request, I wish to amend my amendment in the way suggested by the Senator from Rhode Island, to insert, after the word "shall," the following: "declare a national emergency or shall determine that it would be an undue economic burden upon such country to purchase the supplies, equipment, or services proposed to be furnished."

Mr. PASTORE. Omit the word "national."

Mr. CHURCH. The language should be "a national emergency." "National emergency" is a term of art.

The PRESIDING OFFICER. Is there objection to the modification of the amendment? The Chair hears none, and the amendment is modified.

Mr. CHURCH. Mr. President, I should like to turn to the argument made by the State Department in opposition to the amendment that we might examine the position taken by those who are administering the program. The State Department says:

It is assumed that the amendment is intended to be applicable to Belgium, Denmark, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, and the United Kingdom—all of which, except Spain, are members of NATO. Its purpose is to authorize grants of military assistance to the foregoing countries only upon a Presidential finding that the country concerned is unable to finance from its own resources the military effort required of it.

I think that is a fair statement of the intent of the amendment. The State Department then continues:

First, the principle declared by the amendment has been followed for some time by the executive branch. The executive branch has already achieved some measure of suc-

cess in terminating or reducing grant aid to the economically developed countries of Western Europe.

Mr. President, what success has there been in terminating such aid? In 1960, every single one of the economically developed countries in Western Europe were still receiving substantial grants from the United States. Not one such program had been terminated. In the face of that situation, the assertion of the Department of State is demonstrably false. What is the basis of the Department's contention that the program of grant aid has been substantially reduced? I simply say, as to this point, that the latest unclassified information now available, which I can use in the course of the debate in the Senate, shows that in 1960 \$361 million in military grant aid was given to the prosperous countries in Western Europe, excluding Portugal and Spain, all of which, aside, possibly, from Italy, clearly had the resources to carry their full loan and to maintain their own military forces without external aid.

If it is desired to say that \$361 million of grant aid to these countries is not a significant figure, then I cannot argue the point. But when it is considered that in the planning for this year's program, 22 percent of the total military aid authorized by the bill is planned for Western Europe, then I ask, What is a substantial contribution? Clearly, we have continued, year after year, to throw our money into countries which can afford to maintain their own forces without our aid. We have contributed \$13 billion in the last decade to these very countries in Western Europe. But now the Department of State says it has had "some measure of success in terminating and reducing this program."

I simply urge Senators to go to the classified books in the Committee on Foreign Relations, as members of the committee have done, examine the program for these very countries for the coming year, and then measure the facts against the statement which has now been made by the State Department in opposition to the amendment. If Senators will do that, I think they will agree with me that the program is not being reduced in any satisfactory way; and that if we must wait for the administrators of the program to reduce and eliminate it, we will wait forever. Only Congress can do it. If Congress does not begin to impose reasonable restraints on a runaway program, who will? Where can the American taxpayers find protection, if they cannot find it here? I submit that, on the evidence, this argument of the State Department does not stand.

Mr. LONG of Louisiana. Mr. President, will the Senator from Idaho yield?

Mr. CHURCH. I yield.

Mr. LONG of Louisiana. The Senator referred to the classified information in the books of the committee which shows amounts of money which the Senator is not privileged to reveal. I have examined the same books. When we consider a country like Germany, only a small amount of money is involved—less than a million dollars. But the

point is that not even 5 cents can be justified, because we are now proposing to go to war, if need be, for the benefit of West Germany. We are spending an extra \$3 billion to prepare ourselves to fight and defend our obligations toward West Berlin. West Germany is better able to pay than we are, but she is only making half the effort we are making. The United States is spending foreign aid money all over the world, trying to help other people to help themselves.

The point I am making, and the point to which I believe the Senator is addressing himself, is well reflected here. There is no reason on earth for us to say that we will spend any money in a country where, as things are now, they are holding our dollars. If we do not do something about gold payments and the favorable balance of payments for them as against us, we will be in a position where we cannot pay them off, no matter what the situation is.

Mr. CHURCH. The Senator from Louisiana is correct. The precarious imbalance in our payments is another reason for imposing reasonable restraints on the program, where that can be done. I think it can be done in this instance. In the long run, it will serve the best interests of the NATO alliance if we do so.

Mr. SYMINGTON. Mr. President, will the Senator from Idaho yield?

Mr. CHURCH. I yield.

Mr. SYMINGTON. The Senator from Idaho said the Senator from Louisiana was correct. Does the Senator from Idaho wish to leave the impression that he believes there is no advantage to the American people regardless of what the people of Germany do in defending West Berlin?

Mr. CHURCH. Oh, no; I do not think I could have left that impression. We have decided to hold our ground in West Berlin on the basis of our national interest. With that decision I have no disagreement.

I think the point made by the Senator from Louisiana was that in a time when the United States had a serious balance-of-payments problem, we should be careful about the amount of money we spend abroad and should be willing to impose reasonable restraints on this program, where such restraints are clearly justified.

Mr. LONG of Louisiana. Mr. President, will the Senator further yield?

Mr. CHURCH. I yield.

Mr. LONG of Louisiana. It seems to me that this point should be made clear. Some persons cannot agree on it. The point has been made, and I think we should recognize it, because some day we may be required to vote on the issue. Are we willing to go to war to defend those who will not raise a hand to defend themselves? One of these days we shall have that problem to solve.

West Germany, if she is required to fight, will fight to defend her freedom. As one who faced Germany in the last war, I have some respect for her capacity to fight and her courage. But if we are to take the attitude that a country is willing to pay its own way, but we are going to pay it nevertheless, the Senator from Idaho makes the point that

such an attitude discourages the country from doing what it should be doing. We should be sending the aid somewhere else, wherever it is more urgently needed.

Mr. CHURCH. If I know anything about the Germans, they will respect us more if we say plainly that we are willing to give grant aid to any country in the alliance that needs it. But, as we are willing to contribute our wealth in standing by the alliance, we expect the prosperous countries in Europe to do likewise, including West Germany. If we do so, they will respect us more, and the alliance will be stronger, not weaker, for it.

Mr. President, let us turn to the second argument offered by the State Department in opposition to the amendment. They say: "In some countries, military assistance is required as a quid pro quo for base rights outside the NATO infrastructure complex."

That is departmental language, which, in an obscure way, means that there are at least two countries in Europe, Portugal and Spain, where we may be giving grants of military assistance as rental for military bases. Mr. President, is it not better simply to come out in a forthright way and say so?

This is not grant assistance. It is rental. It is assistance given in consideration—the Department's term is quid pro quo—for the bases we have obtained. As such, it would not be grant assistance, and it would not come within the purview of this amendment. So the objection raised by the State Department misses the amendment.

Also it can be said that Spain and Portugal are still relatively poor countries, as to which the President could readily make a finding that it would be an undue economic burden upon them for them to purchase the supplies, equipment, or materiel proposed to be purchased, thus bringing them within the exception set forth in the amendment.

So, Mr. President, in any case the argument of the State Department is irrelevant and inapplicable to the subject at issue, and on that basis I suggest that we should set it aside.

What is the third argument offered by the State Department—and, incidentally, it is the last substantive argument offered against the amendment.

Third—

Says the State Department—

from the U.S. viewpoint, the furnishing of certain follow-on support, modification of weapons systems, and training is necessary to assure full effectiveness of previously furnished materiel, irrespective of whether there is a firm U.S. commitment to furnish such further assistance.

Mr. President, there we have it—the State Department's own admission that the philosophy which underlies the administration of this military aid is that once it is begun, it can never stop. Let me read it again:

Third, from the U.S. viewpoint, the furnishing of certain follow-on support, modification of weapons systems, and training is necessary to assure full effectiveness of previously furnished materiel, irrespective of whether there is a firm U.S. commitment to furnish such further assistance.

So if we give a tank, we must continue to give spare parts, revised training programs, and perhaps even an up-dated version of the old tank, as a replacement, in order—to use the department's language, "to assure full effectiveness of previously furnished materiel."

Mr. President, there is no way to stop, if we accept the philosophy of those who administer this program. There is no way out; we can only go in deeper. If we accept their philosophy, we must continue this program indefinitely, even though the recipient countries can afford to purchase the "follow-on support." Obviously, Mr. President, the Senate cannot accept such an absurd proposition.

So there go the three arguments—one, two, three—out the window and onto the rubbish heap; and that disposes of the State Department's arguments against this amendment, and leaves no argument at all against the amendment, but only a scare—a scare which probably will work. Somehow a scare seems to hover over us whenever we consider a mutual security bill.

Just listen to the State Department's scare warning:

Of primary importance among these political and military considerations is the particular need at this critical moment of maintaining the effectiveness of NATO and the willingness, capability, and flexibility to respond to the growing challenge to Berlin.

Mr. President, I say with all the conviction that I possess that this amendment has nothing to do with Berlin. Before the impact of this amendment could possibly be felt, the crisis at Berlin will either have exploded into war, thus rendering the whole subject moot, or we shall have found a peaceful resolution of that crisis and it will have passed by. But if we must defer until a time when there is no crisis, in order to do the things that reason says we ought to do in this bill, who knows how long we shall have to wait?

Mr. President, I say it is error—worse still, it is error compounded with weakness—to believe that any alliance can be served or strengthened through needless subsidy. Such a practice is degrading to donor and donee alike. History clearly demonstrates that it is self-defeating. The record shows that it has not worked, and it is not working, in the case of NATO today. None of our NATO allies in Western Europe has met the military goals set for the alliance nearly 2 years ago. We are 400,000 men short of the agreed level of strength; but neither West Germany, France, nor the United Kingdom, though peering into the very teeth of the Berlin crisis, has undertaken any buildup of its own defenses, comparable to what the President has asked of the United States.

Congress has already approved the President's supplemental requests. Our country will go on carrying more than its share of the load in the NATO partnership. Even now it is our own Strategic Air Command, built and maintained at a fantastic cost to the American taxpayers exclusively, that constitutes NATO's main deterrent power. But we are foolish indeed if we

think that continued handouts of military aid to our prosperous allies in Western Europe will ever cause them to do their share. It has not in the past; it is not now; it will not in the future. It is just the kind of extravagance that brings the whole foreign aid program into disrepute.

Mr. LONG of Louisiana. Mr. President, will the Senator from Idaho yield?

Mr. CHURCH. I yield.

Mr. LONG of Louisiana. The Senator from Idaho knows, does he not, that the Senate has already voted to reduce military assistance by \$250 million? Hence, it will be for the Senate to indicate where it thinks that cut of \$250 million should be made. In other words, we have voted for military assistance, \$250 million less than the amount the committee reported to the floor of the Senate. Now that we have done that, a responsible Senate might well approach the task of showing where that cut should be made—whether in Vietnam or in the limited amount of aid that is available for the countries of South America, or just where the cut should be made. The Senator from Idaho is providing the Senate with the logical answer—namely, that it should be made in the case of the countries which are better able to pay for their part of the program than we are able to pay it for them.

Mr. CHURCH. I appreciate the Senator's point, and it is very well taken. Here we have an opportunity to say that it is the judgment of the Congress that when the President administers this reduced program of military assistance, he should take into account the countries which are able to pay their own way. It is here that we should effect the cuts. We can give the President that guidance, and it will be in line with the best fiscal interests of the taxpayers of the United States if we do.

Mr. President, I have supported the foreign-aid program as indispensable to our national survival in this precarious world. But the American people are fed up with the waste that is in it. As I have said, their resentment today can lead to reaction tomorrow so widespread as to fill these halls, and the White House as well, with men who would sever our world commitments and would withdraw the United States into a lingering, lethal, and last isolation.

Mr. President, if that happens, then I think the responsibility will fall heavily upon us in these Halls who fail to take the necessary action to make this program reasonable, and thus to give to it the assurance of continuing public support.

It is to correct one such unreasonable abuse in the program that I offer my amendment. Our prosperous allies in Western Europe do not need further subsidies of military aid from the United States. If Congress will adopt this amendment, we shall be saying to our NATO allies, "We expect you to do your part for the alliance, even as we intend to do ours."

Mr. President, as history is my judge, in that spirit only can we serve our mutual interests best.

For those reasons, I urge the Senate to adopt the amendment.

I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho [Mr. CHURCH], as modified. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from South Carolina [Mr. JOHNSTON], the Senator from Ohio [Mr. LAUSCHE], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from Georgia [Mr. RUSSELL] would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from South Carolina [Mr. JOHNSTON]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from South Carolina would vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from Kansas [Mr. CARLSON] and the Senator from Illinois [Mr. DIRKSEN] are necessarily absent.

The Senator from South Dakota [Mr. CASE] is detained because of illness in his family.

If present and voting, the Senator from Maryland [Mr. BUTLER], the Senator from Kansas [Mr. CARLSON], and the Senator from Illinois [Mr. DIRKSEN] would each vote "nay."

The result was announced—yeas 22, nays 70, as follows:

[No. 147]

YEAS—22

Bartlett	Goldwater	Neuberger
Burdick	Gruening	Pastore
Church	Jordan	Pell
Clark	Long, La.	Proxmire
Dworschak	Magnuson	Talmadge
Eastland	McClellan	Thurmond
Ellender	Morse	
Fong	Moss	

NAYS—70

Alken	Hart	Morton
Allott	Hartke	Mundt
Anderson	Hayden	Muskie
Beall	Hickenlooper	Prouty
Bennett	Hickey	Randolph
Bible	Hill	Robertson
Boggs	Holland	Saltonstall
Bridges	Hruska	Schoeppe
Bush	Humphrey	Scott
Byrd, Va.	Jackson	Smathers
Byrd, W. Va.	Javits	Smith, Mass.
Cannon	Kestning	Smith, Maine
Capehart	Kefauver	Sparkman
Carroll	Kerr	Stennis
Case, N.J.	Kuchel	Symington
Cooper	Long, Mo.	Tower
Cotton	Long, Hawaii	Wiley
Curtis	Mansfield	Williams, N.J.
Dodd	McCarthy	Williams, Del.
Douglas	McGee	Yarborough
Engle	McNamara	Young, N. Dak.
Ervin	Metcalf	Young, Ohio
Fulbright	Miller	
Gore	Monroney	

NOT VOTING—8

Butler	Chavez	Lausche
Carlson	Dirksen	Russell
Case, S. Dak.	Johnston	

So Mr. CHURCH's amendment, as modified, was rejected.

Mr. FULBRIGHT. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. KUCHEL. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table.

The motion to lay on the table was agreed to.

Mr. FULBRIGHT. Mr. President, in his remarks on August 11, the senior Senator from Michigan raised several cogent questions regarding the foreign-aid bill to which he asked me to reply. I am happy to do so, and I shall address myself to each of his questions in turn.

The Senator asked how recipient countries will receive long-term development loans.

The loans will be requested and acted upon through normal diplomatic processes of negotiation. To be eligible for a development loan a country will be expected to meet certain criteria as spelled out in section 201 of the bill. The basic criteria are the determination of the applicant country to take basic measures of self-help, its willingness to undertake basic measures of economic and social reform, and the extent to which the country is responsive to the vital economic, social and political needs of its populace.

The Senator asks how the aid program will affect unemployment in this country.

It is of course impossible to assess the impact on particular areas throughout the United States. By and large, however, the aid program should have salutary effects on the employment situation in this country because most of the funds provided will be spent in the United States. Section 604 of the bill states that aid funds may be used for procurement outside of the United States only if the President determines that such procurement will not result in adverse effects on the American economy, with special reference to areas of labor surplus.

The Senator asks whether aid funds are to be provided for European countries.

The program for Europe is very small because most of the countries of Europe, as a result of the Marshall plan, have recovered their economic health.

Substantial economic aid is scheduled, therefore, only for Spain and Yugoslavia. Greece, which is sometimes counted as being in Europe, will receive both military and economic aid.

The Senator asks when and where the aid program can be expected to end.

There is no real answer to this question. Our aid programs are long-range commitments and it would be self-delusion to pretend that they are not. Their end will come when the threat of Communist imperialism has substantially receded and when the underdeveloped countries have developed the capacity for self-sustaining growth.

The Senator points out that several billions in aid funds appropriated in the past have not yet been expended and he asks whether we might not declare a one year moratorium on aid while these

funds are being expended and use the savings to strengthen our own economy.

The unexpended funds to which the Senator refers represent contracts to purchase equipment and goods for which funds have already been obligated but which have not yet been expended because the goods have not yet been delivered. These obligated but unexpended funds are not available for new aid commitments, and, as the Committee report and the material presented by the President make clear, additional foreign aid is a primary instrument of U.S. foreign policy.

Mr. McCLELLAN obtained the floor.

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

Mr. McCLELLAN. I am glad to yield.

UNANIMOUS-CONSENT AGREEMENT TO LIMIT DEBATE

Mr. MANSFIELD. Mr. President, I have consulted with the distinguished acting minority leader, the Senator from California [Mr. KUCHEL], with the chairman of the Committee on Foreign Relations, the Senator from Arkansas [Mr. FULBRIGHT], and with other interested Senators. I should like to propound the unanimous-consent request that beginning at the conclusion of morning business tomorrow, 1 hour be allocated to the consideration of each amendment, 30 minutes to a side, and that 6 hours, equally divided, be allocated to the consideration of the bill.

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

Mr. MANSFIELD. I yield.

Mr. KUCHEL. Is that with the understanding that the Senate will convene at 11 o'clock in the morning?

Mr. MANSFIELD. At 10 o'clock or 11 o'clock. We shall discuss that later.

Mr. KUCHEL. I have spoken with Members on the minority side, who do not desire to interpose any objection.

Mr. MANSFIELD. Mr. President, there will be no further yea-and-nay votes tonight.

The PRESIDING OFFICER. Does the Senator from Montana propose the unanimous-consent agreement in the standard form?

Mr. MANSFIELD. Yes, Mr. President.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

Mr. JAVITS. Mr. President, I should like to ask a question.

Mr. MANSFIELD. I yield.

Mr. JAVITS. Does this apply to all amendments, whether or not at the desk?

Mr. MANSFIELD. Yes. There would be 1 hour on all amendments and 6 hours on the bill. If more time is needed it can be arranged.

Mr. JAVITS. I have no objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. MANSFIELD subsequently said: Mr. President, pursuant to the unanimous-consent request granted earlier, it is my understanding that there are some amendments at the desk, already printed, which are nongermane, and therefore outside the scope of the unanimous-consent agreement. I therefore ask

unanimous consent that those amendments be included in the order granted.

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

(The unanimous-consent agreement, subsequently reduced to writing, is as follows:)

UNANIMOUS-CONSENT AGREEMENT

Ordered, That, effective on Thursday, August 17, 1961, at the conclusion of routine morning business, during the further consideration of the bill (S. 1983) to promote the foreign policy security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 1 hour, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: Provided, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: Provided further, That no amendment that is not germane to the provisions of the said bill shall be received, except those already submitted for printing.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 6 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: Provided, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

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

Mr. MANSFIELD. I yield.

Mr. HRUSKA. Is there any disposition on the part of the leadership to disclose whether there will be a Saturday session this week?

Mr. MANSFIELD. If consideration of the bill is completed, there will be no Saturday session.

The PRESIDING OFFICER. The Senator from Arkansas has the floor.

Mr. MANSFIELD. I thank the Senator from Arkansas.

SURPLUS PROPERTY

Mr. McCLELLAN. Mr. President, I call up my amendment at the desk and ask to have it stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 45, line 20, immediately preceding the word "The" it is proposed to insert the subsection designation "(a)".

Beginning with the period in line 7, page 46, strike out all to and including line 16, page 46, and insert in lieu thereof a colon and the following:

Provided, That the amount of property classified as domestic excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), held at any one time pursuant to this section shall not exceed \$15,000,000 in total original acquisition cost. Property acquired pursuant to the preceding sentence may be furnished (1) pursuant to any provision of part I for which funds are authorized for the furnishing of assistance, in which case the separate account established pursuant to this section shall be repaid from funds made available for such provi-

sion for all costs incurred, or (ii) pursuant to section 607, in which case such separate account shall be repaid in accordance with the provisions of that section for all costs incurred.

(b) Property classified as domestic excess property under the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), shall not be transferred to the agency primarily responsible for administering part I for use pursuant to the provisions of part I or section 607 unless (1) such property is transferred for use exclusively by an agency of the United States Government, or (2) it has been determined in the same manner as provided for surplus property in section 203 (j) of the Federal Property and Administrative Services Act of 1949, as amended, that such property is not needed for donation pursuant to that subsection. The foregoing restrictions shall not apply to the transfer in any fiscal year for use pursuant to the provisions of part I of amounts of such property with a total original acquisition cost to the United States Government not exceeding \$50,000,000."

Mr. McCLELLAN. Mr. President, I have discussed the amendment with my colleague the distinguished chairman of the Committee on Foreign Relations. It is an amendment which deals with surplus property, and seeks to protect the donable surplus property which goes to schools, hospitals, and other facilities in this country. It would place a limit upon the amount that the International Cooperation Administration may receive.

I believe the amendment is probably necessary to afford that protection. It actually would not deny to them such property as their fair share of it, and such property as they may select for specific Government agencies. If there is no objection to the amendment, I ask that an explanation of the amendment be printed at this point in the RECORD.

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

STATEMENT BY SENATOR McCLELLAN

This amendment to section 608 of the foreign aid bill places a ceiling of \$15 million, computed on the original acquisition costs, on the total amount of domestic excess property that the International Cooperation Administration can hold at any one time.

This ceiling is designed to prevent losses of needed domestic excess property to the Act for International Development program, while restricting to a reasonable level the amount of equipment that can be stockpiled without a specifically identified requirement.

Subsection (b) of the amendment is designed to prevent the excessive acquisition by the foreign aid agency of domestic excess property which might materially interfere with the donable property program for State education, public health, and civil defense purposes.

The education program has been tremendously successful over the years, giving immeasurable assistance to the eligible recipients. During the fiscal year 1961, an estimated \$400 million in acquisition costs of surplus property have been donated under this program to health, education and civil defense activities.

This subsection allows the foreign aid agency to acquire without restriction up to \$50 million in total original acquisition costs of domestic excess property in any one fiscal year. Any acquisition in excess of this ceiling, not intended solely for the use of a U.S. agency, must first be screened to

determine that the item is not needed for the donable property program.

I am informed that during the calendar year 1958, the ICA has received excess property valued at \$24,498,000; \$18,191,000 in 1959, and \$31,205,000 in 1960.

It is therefore believed that the \$50 million ceiling placed thereon is sufficiently high to prevent the allocation of domestic excess property in such quantities as would deplete or materially affect the amount of property which is available for donation to health, education and civil defense activities.

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

Mr. McCLELLAN. I yield.

Mr. FULBRIGHT. We have studied the amendment. We certainly did not intend in the program to limit the distribution of property needed for our own health and educational purposes. I think the limit of \$50 million which the Senator has provided is reasonable, and, as chairman of the committee, I am prepared to accept the amendment.

Mr. McCLELLAN. I thank the distinguished Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas [Mr. McCLELLAN].

The amendment was agreed to.

Mr. CAPEHART. Mr. President, I offer amendments "7-27-61-B" which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendments of the Senator from Indiana will be stated.

The LEGISLATIVE CLERK. On page 6, line 5, it is proposed to strike out "1962 through 1966" and insert "1962 and 1963".

On page 6, lines 10 and 11, it is proposed to strike out "each of the fiscal years 1963 through 1966" and insert "the fiscal year 1963".

On page 6, line 13, it is proposed, beginning with the word "any", to strike out through the word "period" in line 15 and insert the following: "the fiscal year 1962 may be issued in the fiscal year 1963".

The PRESIDING OFFICER. Does the Senator wish the amendments to be considered en bloc?

Mr. CAPEHART. Yes.

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

Mr. CAPEHART. Mr. President, the amendment would do nothing more than to reduce the time from 5 years to 2 years.

NATIONAL DEFENSE EDUCATION ACT

Mr. JAVITS. Mr. President, I understand that earlier today, though I was not present, the Senator from Michigan [Mr. McNAMARA] announced that he would offer an amendment to attach the school construction bill to S. 2393, the impacted areas school bill. I had already announced that I would offer amendments to extend the National Defense Education Act for 1 year.

I ask unanimous consent that my amendments, which have been printed and are on the table, be printed in the RECORD, together with an excerpt from the minority views on S. 2393.

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

The amendments submitted by Mr. JAVITS are as follows:

On page 2, after line 16, insert the following new section:

"Sec. 4. The National Defense Education Act of 1958 is amended as follows:

"(1) The first sentence of section 201 is amended to read as follows:

"Sec. 201. For the purpose of enabling the Commissioner to stimulate and assist in the establishment at institutions of higher education of funds for the making of low-interest loans to students in need thereof to pursue their courses of study in such institutions, there are hereby authorized to be appropriated \$90,000,000 for the fiscal year ending June 30, 1962, and the succeeding fiscal year, and such sums for the fiscal year ending June 30, 1964, and each of the three succeeding fiscal years as may be necessary to enable students who have received a loan for any school year ending prior to July 1, 1963, to continue or complete their education."

"(2) Section 202 is amended by striking out '1962' each time it appears and inserting '1963' in lieu thereof.

"(3) Section 206 is amended by striking out '1966' each time it appears and inserting '1967' in lieu thereof.

"(4) Section 301 is amended by striking out 'three' each time it appears and inserting 'four' in lieu thereof.

"(5) The third sentence of section 302(a)(2) is amended to read as follows: 'Such promulgation shall be conclusive for each of the three fiscal years in the period beginning July 1, 1960, and ending June 30, 1963.'

"(6) Section 304(b) is amended by striking out 'two' and inserting 'three' in lieu thereof.

"(7) Section 402 is amended by striking out 'three' and inserting 'four' in lieu thereof.

"(8) Section 501 is amended by striking out 'three' and inserting 'four' in lieu thereof.

"(9) Section 504(a) is amended by striking out 'two' and inserting 'three' in lieu thereof.

"(10) Section 504(b) is amended by striking out 'three' and inserting 'four' in lieu thereof.

"(11) Section 511 is amended by striking out 'three' and inserting 'four' in lieu thereof.

"(12) Section 601 is amended by striking out '1962' each time it appears and inserting '1963' in lieu thereof.

"(13) Section 611 is amended by striking out 'three' and inserting 'four' in lieu thereof.

"(14) Section 763 is amended by striking out 'three' and inserting 'four' in lieu thereof.

"(15) Section 802 is amended by amending section 301 of title III, 'Area Vocational Education Programs' of the Vocational Education Act of 1946 (20 U.S.C. 15i-15m, 15o-15q, 15aa-15jj) by striking out 'three' and inserting 'four' in lieu thereof.

"(16) Section 1009(a) is amended by striking out 'three' and inserting 'four' in lieu thereof."

Amend the title so as to read: "A bill to extend for one year the temporary provisions of Public Laws 815 and 874 relating to Federal assistance in the construction and operation of schools in federally impacted areas, and to provide for the application of such laws to American Samoa, and to extend the temporary provisions of the National Defense Education Act of 1958."

The excerpt submitted by Mr. JAVITS is as follows:

Page 2, minority views on S. 2393:

Unless the NDEA is extended this year, there will be no loans available for the 36,000

high school seniors with superior academic background who must have a loan to enter college in the fall of 1962. Without assurance of continued Federal support, the 47 language and area centers, financed up to 50 percent by the Federal Government, would face retrenchment. The Federal investment in these language centers, which are so important today particularly with respect to Africa and Asia, is over \$3½ million. And if the NDEA is not extended this year, the effectiveness of the area vocational education program will be jeopardized at a time when the Labor Department estimates that at least 100,000 additional technicians will be needed annually during each of the next 15 years to work with engineers and scientists.

I think the position of the country in terms of national defense demands at least an extension of the NDEA in view of the fact that the Senate majority cannot do what it has the responsibility to do—that is, to pass the Federal aid to education bills reported by the committee.

The time to renew the NDEA is now. Because the impacted school areas bill has expired there are opponents of the NDEA, and indeed of Federal aid to education generally, who need the impacted areas bill and are feeling the need now to do something to rescue these programs. If we wait until next year, those who support Federal aid to education are the ones who will be forced to act under the pressure of the imminent expiration date of the NDEA. In order to maintain the same position to act on the NDEA next year as we are in today, we have to keep 1 year ahead.

MR. JAVITS. I make this statement because I think this is a very critical subject. Unless the National Defense Education Act is extended this year, there will be no loans available for the 36,000 high school seniors with superior academic background who must have a loan to enter college in the fall of 1962. With our assurance of continued Federal support, the 47 language and area centers, financed up to 50 percent by the Government, would face retrenchment. These centers are critically important to our position with respect to Africa and Asia.

Finally, if the NDEA is not extended this year, the effectiveness of the area vocational education program will be jeopardized at a time when the Labor Department estimates that at least 100,000 additional technicians will be needed annually during each of the next 15 years to work with engineers and scientists.

Finally, I point out that the fact that the leadership of the administration on the majority side has collapsed on Federal aid to education does not mean that the educational system, which is directly responsive to the defense emergency, must be hung up this year. For that reason I hope very much that Senators will give the most serious thought to the proposed extension on the impacted areas bill. Many Senators want the impacted areas bill. I think many others want the National Defense Educational Act extended, and this is the time to do both.

ELECTRONIC INDUSTRY IN MASSACHUSETTS

Mr. SMITH of Massachusetts. Mr. President, the following article on my home State appeared in the Esso Oilways magazine of the Esso Division of the

Humble Oil & Refining Co. It presents not only a history of the Commonwealth, but an excellent description of the rise of the electronic age industries that have made Massachusetts one of the leading industrial States of this country.

I ask unanimous consent to have the article printed in the RECORD.

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

THE BAY STATE

It is not only the first home of the Pilgrims, but a highly industrialized State and the center for the manufacture of electronic and space equipment.

The first settlers of Massachusetts were not only men of rectitude and courage; they were also a people of enterprise and determination. When they originally fled from Scrooby and other English towns to that strange land of Holland, they could not rest long. The New World beckoned to them and they heard the call.

Earlier Englishmen under Gosnold had tried the New England coast, but found it forbidding and unproductive. So they returned to the homeland. But the Pilgrims and Puritans were unafraid of vicissitudes and took hardships in their stride. They sailed for an unpromising place and by their industry transformed it into a promised land. They worked on a 6-day schedule and worshipped on the seventh. In the beginning, they struggled for survival; later they worked for security; today their efforts spell success.

Massachusetts is a comparatively small State in area with a population of slightly more than 5 million and a working force of more than 2 million. According to the U.S. Census of Manufacturers, 1958, the unadjusted value added by manufacturing in the State was over \$5 billion.

In order to survive their early hardships, the settlers farmed and fished. (Even Governor Bradford had a fishing station at Cape Ann.) Today, farms employing about 7,000 workers produce mostly dairy products, poultry and eggs. But the old fishing ports of Gloucester and Boston still bring in great shining harvests from the sea. Gloucester even imports fish from abroad to process in its canneries.

Edward Winslow explored the Connecticut River Valley in the 1630's to set up likely fur-trading posts. Soon furs became a thriving business. Forests were leveled to make farmlands and provide homes. And from the lumbering business evolved the lucrative trade in naval stores exported to England in the form of turpentine, tar and timbers. In 1646 the first successful ironworks in America was begun at Saugus. Industry had started to roll in Massachusetts and many other firsts followed. The first shoe factory in the world was at Danvers. Today at Beverly is located the United Shoe Machinery Corp., the largest of its kind in the world.

The State may well be proud of its enterprising and ingenious natives chalking up an endless list of other firsts, such as the first chocolate mill established at Dorchester in 1765. Today the State leads the world in chocolate processing, making 12 percent of all the candy in the United States. Linus Yale made the first Yale lock in the mid-19th century at Shelburne. The first gasoline-powered automobile was built at Springfield by the Duryea Motor Car Co. It was at Woburn, in 1840, that Charles Goodyear discovered how to vulcanize rubber.

The Crane Paper Co. at Dalton, founded in 1801, is the oldest family-owned company in the country, and is the exclusive supplier of paper for U.S. currency. The telephone was invented by Bell in Boston in 1876. Previous to that, Eli Whitney of Westborough instituted the modern concept of mass pro-

duction. At present the State ranks high in the Nation in research, electronics and education.

Those early settlers, being farsighted, realized that education was important. The Boston Public Latin School began in 1635. Harvard College was opened the following year. Now there are approximately 75 institutions of higher learning in the State and 322 research centers engaging 15,000 scientists, engineers and technicians. Among the many firsts in the State is a new project under construction at Cambridge. It will be a \$15 million research center built jointly by Massachusetts Institute of Technology and Cabot, Cabot & Forbes, industrial developers. There are over 300 firms in the State operating in the areas of nuclear research, nucleonics and atomic power. The Massachusetts Institute of Technology has completed the first reactor in the State for experimental usage. At the Quincy shipyards, Bethlehem Steel Co. is constructing two nuclear-powered surface ships for the Navy, the cruiser *Long Beach* and the frigate *Bainbridge*.

Behind the great variety of industries, especially the comparatively new fields of plastics, synthetic textiles, electronic devices and chemical derivatives, lie the research laboratories. And behind the research centers are the secondary and collegiate schools and universities.

Yet it is less than a 100 years since scientific research struggled for a place in the schools. But today is the time for the specialist, whether in chemistry, physics or any of the sciences.

Much of the State's new industrial blood can be attributed to the efforts of private industrial developers and the paid industrial development commissions of several cities and towns.

There are 70 industrial development districts throughout the State, ranging from 50 to 1,500 acres. Near all the major cities, they are open to light or heavy industry, office buildings or research laboratories. Most are serviced with utilities.

The Divisions of Research, Planning and Development of the Department of Commerce facilitate the settlement of new companies or the expansion of those of long standing. Throughout the State over 270 firms have completed construction or have made plans for expansion during the last 18 months.

From a bird's-eye view of the State, it might be said that all Massachusetts is divided into three parts: Boston, the rest of the State and Route 128. The latter is a 75-mile-long highway which carries vehicular traffic around Boston.

Boston began in 1630 on a hilly little promontory connected to the mainland by a narrow neck of land. The town originally contained only 780 acres. However, since then, 3,000 acres of landfill and 28,000 acres of mainland annexation have greatly enlarged the area. Boston, a great commercial and industrial beehive, boasts of a thriving harbor which is nearer Western Europe than any other American port. It is also closer to ports in Brazil and Argentina than are the gulf ports. The city has recently jumped from ninth to eighth place among the country's manufacturing centers. In reference to the number of employees, the major industries in Boston are electrical and other machinery, foods, apparel, and leather products.

In metropolitan Boston alone, during the first half of 1960, major new business developments announced and initiated by building permits amounted to more than \$46 million. Expectations are that capital expenditures for 1960 will reach \$100 million.

The image of the State has undergone a complete evolution in the past 25 years. Where once it was known as a fishing, textile, and leather goods State, it has earned

a new repute for its diversification. And there is also a strong swing toward the manufacture of durable goods. The Commonwealth of Massachusetts Industrial Directory for 1959, a compilation of companies and industrial categories, lists well over 6,500 firms employing eight people or more. Products range from ammunition to beauty shop equipment.

Massachusetts has come about full circle in the last three centuries from a producer of raw products to a voracious consumer and processor of all raw products. The Commonwealth is now primarily an exporter of manufactured goods half of which are sold to its immediate neighbors. This close market is composed of the New England and Middle Atlantic States. It is a comparatively small area in reference to the whole country, yet it contains 28 percent of the total population. And this population receives about one-third of the Nation's income. By reason of its proximity to Massachusetts this eastern market is favored by comparatively cheaper freight rates.

In the early 19th century the introduction of steam power to supplement water power greatly expanded the industry potential. Because of such men as Slater, Lowell, Jackson, and Appleton the trend ran strongly to textiles and leather products. Although these industries have spread throughout other States in recent years, Massachusetts still leads the Nation's production of shoes with about 17 percent of the total. But the State still retains many textile and apparel plants.

Within the last 20 years, as textiles and the shoe industry created a void within the State by their gradual withdrawal, other industries eventually moved in to fill the gap. Plastics and electronics were among the new entrants. The motivating forces behind this welcome incursion were availability of vacated plants, a great pool of skilled and semiskilled men and the proximity of many research centers. The Commonwealth is one of the largest manufacturers of plastic molded products in the United States. Massachusetts manufacturing—the employer of almost 45 percent of all nongovernment workers in the State—now employs about 695,000 persons, a figure about 15,000 below the 1957 level. Industry leaders know that they are challenged with the creation of 90,000 new job opportunities to meet the State's expanding population.

Today Massachusetts is one of the four greatest producing areas in the country in the field of electronics. It is a leader in research, development, and production of highly specialized communications equipment. Over 500 companies in the State employ nearly 100,000 people in this category. Many of these companies line Route 128, frequently called Electronics Highway.

A random look at the communities located near the corners of the State are a good indication of its industrial diversification. In the northwest area of Williamstown, electric wire and sensitized photographic paper are produced. Going northeast, near New Hampshire, is Amesbury, where auto parts and women's novelty shoes are manufactured. In the southeastern part of the State products range from nails, tacks, and rivets to marine equipment, including machinery. This area is also the home of the Plymouth Cordage Co. Westward, at Great Barrington, fine papers are made as well as cotton goods. The transportation lines extending to domestic and foreign markets from Boston, Worcester, Springfield, Fall River, Quincy, and Lynn carry a profusion of goods from automobiles to zinc ointment.

Long before Route 128 was envisioned, such large metropolitan areas as these were the productive shops of the State. With the gradual emigration of textile and leather processing plants from the State these cities became industrially weakened. The depression of the 1930's dealt another staggering blow. But they have staged a remarkable comeback.

Worcester, second largest city in the State, is a place of diversified operations. It is the world's largest manufacturer of abrasives and abrasive products, and also leads in forging magnesium alloys. It leads the Nation in fuel stoking equipment. It is the center of New England's plastics industry, and is nationally known for its production of wire, textile machinery, and paper and paper pulp machinery.

Springfield, through the Springfield Industrial Development Commission, has attracted many new companies to that Connecticut Valley area. Some of the major operations there include firearms, electrical appliances, air-conditioning apparatus, and machine tools. It ranks third in population behind Worcester and Boston.

Lowell, one-time textile center of the world, now plays host to a great variety of producers. Former vacant textile plants now hum with the manufacture of apparel, foodstuffs, furniture, stainless steel, and shoes.

For 20 years, New Bedford has been waging a winning fight against industrial paralysis. Through popular subscription to bond issues it has improved its moribund plants with new blood. Electronic and communications equipment flourish there in company with steel fabricators, apparel manufacturers, and a host of other processors. What has happened in Worcester has occurred in Fall River and Lynn. Up in Greenfield, near the Vermont line, the first cutlery in America was made. Today it is known as the world's largest producer of taps and dies. The story of one town or large city in Massachusetts is the theme of the entire State.

And not the least of the State's interesting attractions is the great number of resorts and vacation spots. For pleasure and relaxation is big business in the State. Whether one takes the high road through the Berkshires or the low road along the shore, Massachusetts is an excellent host. Its many lakes, forests and innumerable historic places hold interest for all tastes. Many Americans visit Cape Cod each year.

The third and newest part of the State is Route 128. This highway is a one-time country road rebuilt in the early 1930's to detour traffic north and south around Boston's congested area. It describes a huge arc 20 miles from Boston for a distance of 75 miles.

Farsighted real estate men envisioned its value as an industrial zone. Manufacturers seeking cheap land near the port, rail lines and highways began to locate there. The trend grew and property valuation increased. Land that had once sold for \$1,000 per acre jumped to \$26,000, depending on the site. By 1955, 39 companies were in operation. Today the road is flanked by over 260 companies employing 30,000 people. There are 18 industrial parks situated along the highway, fully or partially constructed.

Upstate at Rowe, in Franklin County, the Yankee Atomic Electric Company's plant went critical in August 1960. This company, formed by 10 New England utility companies, built the plant at a cost of \$50 million. The reactor is operated with enriched uranium dioxide (UO_2) and has a generating capacity of 134,000 kilowatts. It is hoped that within the near future operating costs of such an atomic device may be reduced to a level comparable to fossil fuel generating plants, which now have a generating capacity of 3 million kilowatts in the State.

ADJUSTMENT OF POSTAL RATES

Mr. MONRONEY. Mr. President, on August 4 I introduced, for myself and for Senators MANSFIELD, HAYDEN, RANDOLPH, CLARK, NEUBERGER, MUSKIE, and

GRUENING, S. 2382. This bill is for the purpose of increasing the postal rates to cover a substantial part of the annual postal deficit.

Under the terms of the bill rates would be adjusted for each of three classes of mail, for which rates are set by statute, to pay for the service extended to each group. The bill will eliminate about \$600 million of the present postal deficit. With the amount which the Congress may appropriate for public services performed by the Post Office Department for which it is not paid, this would cover the present postal deficit.

The reason my colleagues and I introduced the bill was to provide the opportunity for immediate hearings on this important bill. Unless we act now in the Senate to hold hearings, we in the Senate may suddenly find ourselves blocking the recapture of this \$600 million in present postal losses for an entire year.

There is a possibility—a strong possibility—that the bill now pending in the House will be reported to that body for action soon. If this is the case and the House acts, the Senate would find it very hard to justify a year's delay on this important measure simply because we would not take the time to conduct hearings on it.

The urgency of committee hearings is apparent and further delay on the part of the Senate Post Office and Civil Service Committee will place the blame for this costly \$600 million loss squarely upon our shoulders.

Recently I wrote the distinguished and able chairman of the Post Office and Civil Service Committee, the Senator from South Carolina [Mr. JOHNSTON], urging him to call hearings on the Senate bill either by the full committee or by the Subcommittee on Postal Affairs which I have the honor to chair. I advised him that our subcommittee was prepared to begin early hearings if he would refer the bill to us, or that if he wished, we would cooperate in hearings before the full committee.

Under date of August 14, the Senator from South Carolina advised me that custom stood in the way of the Senate beginning hearings on rate bills until the House has acted and that he did not believe it advisable to set a new precedent in this matter.

He further advised me that—

When the matter comes over from the House, then it is a question for the committee to decide when hearings will be held.

It seems to me that since there is ample precedent in the postal rate bills of 1949 and 1951, when Senate hearings were held before House passage of the bill, this excuse for delay is not sufficient to justify losing \$600 million in revenue during the next year. In fact, the precedents in recent years would dictate that hearings be held. Certainly common-sense and fiscal responsibility likewise dictate that hearings should be held without delay.

The Congress has appropriated, within the past few weeks, more than \$3.6 billion to strengthen our defense for the Berlin crisis. I frankly admit that the postal rates and this added expenditure for our survival are not identically re-

lated. But the postal rates and the postal deficit are as directly related as the Siamese twins. And this added \$600 million annual deficit, in this time of crisis requiring the buildup of our military strength, is a burden that is both unnecessary and unwise.

I plead with the distinguished chairman, the Senator from North Carolina [Mr. JOHNSTON], that we no longer delay our consideration of this bill and thus further complicate the management of this Nation's fiscal affairs. If he does not wish to take the responsibility of calling the hearings, he should refer the bill to the postal subcommittee or at least give the full Post Office and Civil Service Committee a chance, at a regular meeting, to pass upon this important question by rollcall vote.

For myself I find it difficult indeed to permit a continuing \$600 million deficit in one department of Government while our military requirements are demanding greater sacrifice on the part of all of our people.

The total cost of the increases in postal rates will amount to only a few cents a week to the average household, and yet the income from these raises will at least remove \$600 million in postal deficits that should not be permitted through unnecessary delay on the part of the Senate or by its committees.

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

Mr. MONRONEY. I yield to the distinguished Senator from Pennsylvania, who is a cosponsor and coauthor of the bill.

Mr. CLARK. Mr. President, as a co-sponsor of the bill introduced by the Senator from Oklahoma, and as a member of the Post Office and Civil Service Committee, I join in urging that hearings be held promptly on the bill at this session before we go home. It is never a very gracious task for a Senator to take the lead in imposing what is in effect an additional tax burden upon many of our citizens. Yet having voted—and I think voted correctly—for many expenditures this year, some of which were over and above the budget estimates, I could not in good conscience fail to cosponsor the bill and urge its speedy passage.

I hope it will be possible to take a forward step in this regard in the immediate future. It is stated that custom prevents the holding of hearings until the House has acted. As the Senator has pointed out, there is ample precedent for the Senate to act first. Even if there were no such precedent, I would still urge hearings. Many Members of the Senate know my view that some of the customs and a few of the manners of this body might well be changed in these times.

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

Mr. MONRONEY. I yield.

Mr. MANSFIELD. I hope something can be done to increase postal rates this year. I know that it is not an easy subject to deal with, because anything that seeks to increase the revenues of the country is always difficult for politicians to confront. However, the President in his speech to the Nation only a few weeks ago again asked that this legisla-

tion be passed. I hope that the distinguished Senator from Oklahoma will be successful. I have every confidence that the fairmindedness of the distinguished chairman of the committee, the Senator from South Carolina, will bring into play the necessary factors to bring about enactment of the legislation.

Mr. MONRONEY. I thank the Senator very much.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. HARTKE. Mr. President, the great revolution which began with the end of the Dark Ages has had a continuous evolution. Just as the serfs broke away from the barons and as subjects limited the autonomy of their kings, man has continued to struggle for freedom of motion, action, and thought. Although the concept of freedom may be broadened or refined, the concept will remain the goal—and the struggle will continue.

Our freedom is now moving into an entirely new concept. We, as a people, are on the threshold of a new age in civilization—an age which spells the end of drudgery and of tedious manual labor. The new age will, in fact, bring the end of the working class as we know it.

Today the struggle exists in the underdeveloped nations of the world—nations suffering from poverty and hunger, nations crying for assistance and leadership. In the past, America has not turned her back on those less fortunate than she—and she must not now.

We have before us in the Senate this week a bill to continue and to improve our foreign-aid program. I intend to vote for this bill.

Foreign aid is the practical application of the ideals and concepts upon which America was founded. It is our Nation's affirmation of those principles which have made our people great.

I do not believe that we in America can turn our backs on the world and today deny those principles which we fought a revolution to win, and for which we have risen time and again to defend.

What concepts are these? They are the same Judeo-Christian and democratic concepts which have been the basis for our beliefs since our beginning—they are our beliefs in freedom, in humanitarianism, in democracy—it is our belief in the dignity and worth of man.

How can we who stand on the brink of the newest and greatest era ever known to man deny the principles and beliefs which have been responsible for our coming so far?

How can we turn our backs and refuse to feed the hungry who look to us for bread—to heal the sick who turn to us for care, refuse freedom to the nation who looks upon our revolution as a shining example and goal? How can we who

cling so strenuously to individualism and to individual rights deny the dignity and worth of a man just because he comes from Asia, Africa, or Latin America?

Our responsibility is twofold. If we deny these things we not only repudiate all of the things America represents, but we also leave the door open for Communist infiltration and ultimate supremacy in the world.

Our foreign aid programs in the past have been successful in many areas. Oh, yes, we have made mistakes, but they were mistakes of judgment and not of principle. One of the greatest testimonials to our successes in the past was Khrushchev's public statement in opposition to American foreign aid. He blames American foreign aid for keeping South Vietnam free from North Vietnam which is already under Communist control. He claims that our foreign-aid program prevents the nations to which the aid is given from developing economic and trade relations with Communist countries. He claims that American foreign aid is aimed at gross U.S. interference in the internal affairs of other countries. Can you imagine just how much the Russians must hope that the opponents of the American foreign-aid program are successful in scuttling our program?

The undeveloped and emerging nations of the world have suddenly become vastly important. They, who were so recently subject and ignored are bursting forth—eager for economic and political recognition. Their economic and political strength and stability—their freedom to choose their own path and their own philosophy of government is our greatest hope for peace in the world. These nations, with their hungry and poverty-stricken masses, are at this time most vulnerable to Communist intervention and eventual Communist domination. Therefore, we must give them a helping hand while they are learning to stand lest they stumble and fall to the Communists.

Our foreign aid program then is an investment in American freedom and in the peace of the world as well as an investment in humanitarian concepts.

I sincerely believe that the majority of my good friends in Indiana share my support of the foreign aid program. Hoosiers are a generous and patriotic people. We do not wish to live in a Communist dominated world. Hoosiers have come willingly to the defense of our freedom in every instance in which loyal Americans were called upon. Nearly 1,000 Indiana men gave their lives for our freedom in World War I; 7,500 Indiana men gave their lives for our freedom in World War II; 900 Indiana men gave their lives for our freedom in the Korean conflict. Today, Indiana National Guard units are in the first group designated to be prepared to fight communism in the present world crisis.

To say, as some have said, that most people in Indiana are opposed to foreign aid is to grossly underestimate the intelligence and patriotism of people from Indiana. Certainly we are opposed to wasteful mistakes and failures in the program. I do not believe any good

American could favor these things. We are also opposed to poor administration of the program. This is not so strange.

We are aware of and we do believe in the vast amount of economic, political, and moral good which can come from a foreign aid program which is intelligently planned and capably administered.

We know that to achieve success we must make certain sacrifices—but that we cannot afford not to make them.

We believe in the ability of the American people to respond to the world's cry for peace and to mobilize our great American resources into a far-reaching and effective program.

As Theodore Roosevelt said over 50 years ago:

Much has been given us, and much will rightly be expected from us. We have become a nation, forced by the fact of greatness into relations with the other nations of the earth, and we must behave as beseems a people with such responsibilities.

We, here in America, hold in our hands the hope of the world, the fate of the coming years; and shame and disgrace will be ours if in our eyes the light of high resolve is dimmed, if we trail in the dust the golden hopes of men.

The hopes of men today are truly golden and the light of high resolve is burning brighter than ever in our eyes. We know that it is not enough to pray or wish for peace in the world, and it is not enough to love our fellow man only in the abstract. Decisions and actions must follow the prayers and the wishes and we must put our love into practice.

The foreign aid program is the embodiment of our conviction that we are worthy to hold the hopes of the world in our hands and that we intend to translate our moral responsibility into action and leadership.

ORDER FOR ADJOURNMENT TO 11 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate adjourns tonight, it adjourn to meet at 11 tomorrow morning.

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

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the amendment which is now pending, by the Senator from Indiana, be temporarily laid aside and that my amendment as modified, identified as "8-10-61-B," be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to state the amendment.

Mr. SMATHERS. I ask unanimous consent that the amendment not be read, but printed in the RECORD at this point.

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

On page 15, line 22, strike out "\$100,000,000" and insert "\$85,000,000".

On page 20, after line 25, insert the following:

"SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of the Congress that in order to stimulate private homeownership and assist in the development of stable economies, the authority conferred by this title should be utilized for the purpose of assisting in the development in the American Republics self-liquidating pilot housing projects designed to provide experience in rapidly developing countries by participating with such countries in guaranteeing private United States capital available for investment in Latin American countries for the purposes set forth herein.

"(b) In order to carry out the purposes set forth in subsection (a), the President is authorized to issue guarantees assuring against the risks of loss specified in paragraph 221(b)(2) of investments made by United States citizens, or corporations, partnerships, or other associations created under the law of the United States or of any State or territory and substantially beneficially owned by United States citizens, in pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America. The total face amount of guarantees issued under this section outstanding at any one time shall not exceed \$15,000,000.

"(c) The provisions of section 222 (a), (b), (d), and (e) shall be applicable to guarantees issued under this section in the same manner and to the same extent as they apply to guarantees issued under section 221(b)(2)."

Mr. SMATHERS. Mr. President, the amendment would add a new section to title III of the pending bill relating to investment guarantees, earmarking \$15 million of the \$100 million program set forth in section 221(b)(2) for specific Latin American self-liquidating pilot housing projects.

The face amount of guarantees outstanding at any one time that would be provided for in this all risk guarantee section would be reduced from \$100 million to \$85 million so as to provide \$15 million for Latin American housing in the proposed amendment.

The proposed new section 224 would express that it is the sense of the Congress to stimulate private home ownership and assist in the development of stable economies in Latin America; that to accomplish this purpose the investment guarantee program should be utilized to assist in the development in the American Republics self-liquidating pilot housing projects designed to provide experience in rapidly developing countries by participating with such countries in guaranteeing private U.S. capital available for investment in such housing programs.

Section (b) of the pending amendment would authorize the President to issue guarantees for this purpose in order to inaugurate a housing program similar to the FHA program in this country. The total face amount of the guarantees issued shall not exceed \$15 million outstanding at any one time.

It is true that under section 221(b)(2) the guarantees issued shall emphasize

economic development projects, furthering social progress and the development of small independent business enterprises. In the committee's report, it is pointed out that in approving this authority it is expected that it will be used to encourage the development of independent business enterprises, credit unions, cooperatives, low-cost housing projects, and other similar activities.

I frankly feel that even though a project of the nature proposed by the pending amendment comes within the purview of the committee report's language that sufficient emphasis is not placed on the real need of initiating a specific program of this type in Latin American countries. I fear that worldwide considerations will again place other projects on a priority basis to such a point that little, if anything, of the \$100 million provided for will be left for a Latin American housing program.

This is the real reason why I propose the pending amendment. It gives to Latin America the attention which it justly deserves at a time when it is needed most. In addition it provides for the encouragement of private investment to participate effectively in our foreign aid program.

One other factor which I feel is of extreme importance, and which the pending amendment is designed to accomplish, is a stimulation of private home ownership and the encouragement of free enterprise in the American Republics. In this way our foreign aid will operate on a people-to-people basis.

This, in my opinion, is a most effective way to combat the Communist economic offensive which poses such a threat to not only Latin America but to the security and economic well-being of all the Americas.

It will be recalled that last year Congress expressed the sense that the Development Loan Fund should be utilized to guarantee private investments for pilot housing projects in Latin America. Despite this expression, no program was ever implemented by the Development Loan Fund, and no guarantees were made for housing projects.

Second to providing food for the impoverished people of the hemisphere, the most direct, the most beneficial, and surely the most-to-be-appreciated form of assistance lies in giving the people of Latin America an opportunity to improve their standard of living by making it possible for them to rid themselves of inadequate housing and to own homes of their own.

What better way, on a people-to-people basis, is there to combat the ill-fated and misleading promises of a Communist state?

The present need for housing in Latin America staggers one's ability to contemplate.

According to statistical data obtained from the International Cooperation Administration and the Federal Housing Administration's International Housing Office, present housing needs are in the neighborhood of 19 million homes.

Every year the deficit increases by another million. To be specific:

Peru needs 800,000 now and must build 80,000 a year in the future to match population growth.

Salvador needs 400,000 homes. Nicaragua needs 230,000. Colombia needs 500,000. Costa Rica needs 50,000 today and 3,000 per year hereafter.

Venezuela must build 33,600 homes a year to keep up with the population.

Chile needs 450,000 homes, which situation is aggravated by the loss of 50,000 dwellings in the recent earthquake.

Argentina needs more than 1 million homes to overcome its deficit, which is increasing at the rate of 70,000 units a year.

Ecuador's present deficit is 572,000 increasing by 12,000 units annually.

Mexico's Housing Institute has a goal of 300,000 new homes a year, but is able to build only 20,000 to 30,000 annually at the present time.

The countries enumerated comprise less than half of the 21 American Republics. To build the 19 million homes needed today, at an estimated cost of \$2,000 per home would require an outlay of \$38 billion. This leaves out completely the need for roads, schools, hospitals, industry and all other developments necessary as Secretary Dillon said at Bogotá "to lift these people into the 20th century."

How best can we achieve some measure of reform and improvement in the state of housing in Latin America? Certainly neither the public nor private sector of our economy can reasonably be expected to fill the total need. The Latin American countries themselves must put their financial house in order by establishing an equitable tax structure and speed needed land reforms. All of this is necessary to promote and bring about economic and political stability.

For our part in such programs, I think we can do no better than to harness the forces of private capital to employ a tried and proven method, such as the FHA approach.

The amendment is designed to accomplish this objective. It would afford an opportunity for free enterprise in this country to join with the United States Government in helping the Latin Community of Nations toward solving their housing shortage. By guaranteeing private housing investments, moreover, we would quadruple the amount of funds that would be available from a direct government loan.

Congress has previously stated its intention that private enterprise should be introduced more effectively into our foreign aid programs.

President Kennedy, too, has called for the assistance of our private sector. So does the Act of Bogotá. Secretary Dillon only recently made the same request in his address before the meeting now in progress in Uruguay.

As has been stated many times before, it is not enough merely to export our capital to foreign lands. We must also export at every opportunity the benefits of free enterprise and its relationship to

achievement and the respect for the dignity of man.

As I have previously pointed out, despite the sense of Congress, expressed last year, no private investment guarantees were made for Latin American housing projects. Today I ask the Senate to give this plan an opportunity to prove itself through a limited number of pilot projects. I ask Senators to consider this program as putting our free enterprise system to work in aiding our neighbors of this hemisphere.

There are, to my knowledge, many substantial investors prepared to implement such a program if adopted by the Congress. I know, for example, that a \$10 million loan guarantee for such a project has been sought for more than a year by one of our insurance companies. The proposed recipient country is eager for such private capital rather than a direct Government loan which it has been offered. The country laid sewers, put in streets, and otherwise prepared the land for the homes that will be built if private capital can be made available for this purpose.

A national labor union has also applied for a guarantee under this program. The union has committed \$4 million of its trust funds to such a project. It proposes to send many of its Spanish-speaking members to the recipient country to work side by side with native workers, teach them the refinements of our home building industry, and establish, literally at the grassroots level, a people-to-people program.

Another of our national labor unions has advised the Development Loan Fund informally that it is prepared to invest from its trust funds as much as \$6 million a year for the next 10 years in these projects provided a guarantee program is initiated.

The success of guarantee programs previously enacted by Congress has been unequaled in all of our legislative history. I think the reason is clear. Under programs of guarantee our Government is, in fact, placing its stamp of approval and reposing its confidence in our free enterprise system. Under guarantee programs, our Government induces the wealth of our Nation into constructive areas of endeavor without imposing restraints on the flow of capital or extending unnecessarily the public economic sector.

Take, for example, the FHA guarantee program. It has made it possible for millions of our families to own their own homes—families for whom private homeownership would have been impossible under conventional mortgage terms. While achieving this record, and charging a guarantee fee of only one-half of 1 percent, FHA has accumulated a reserve in excess of a billion dollars. The FHA, furthermore, has been the catalyst around which our \$20 billion home-building industry has grown. A similar program can do the same thing to the economies of the Latin nations.

Our FHA program has been successful because the credit of our people is good. The record is clear that the credit of governments of other countries is good.

The International Cooperation Administration, in its limited guarantee program, has accumulated a reserve of \$6.5 million and has never been required to default upon one of its guarantees.

Cuba stands alone as the black stain upon the credit rating of Latin American countries. But while the Communist shadow has darkened the shores of our Western Hemisphere, we must not crucify all of South America on the cross of Castroism. Mr. Guevara's attacks upon the United States as Uruguay are only the most recent evidence of communism's efforts to feed upon problems it cannot solve.

Today, throughout Latin America, the purchase of a home requires a 50-percent downpayment and amortization of the balance within 5 years.

Similar to conditions that prevailed in this country before the Federal Housing Administration was established, there are millions of families in Latin American countries who could afford a home of their own if it were available upon reasonable terms.

Let us, I urge you, give this FHA-type program a trial in solving Latin America's housing shortage. Let us enlist the forces of free enterprise in our efforts. In so doing, we will be directing our assistance more immediately to the needs of the people.

We will be able to demonstrate to the impoverished people of this hemisphere that we share their personal goal of a better life; that the forces of a free economic system which transformed the United States from a land of wilderness to a Nation of strength and prosperity are still alive; and that these forces predicated on the principle of human dignity can lead another nation and another people, despite their present difficulties, to the same plentiful goal.

Mr. President, I urge the adoption of the pending amendment.

Mr. President, I have discussed the amendment with the distinguished Senator from Arkansas, chairman of the Committee on Foreign Relations; with the distinguished senior Senator from Indiana [Mr. CAPEHART], who has previously been interested in the development of a private housing industry in Latin America; with the able senior Senator from Oregon [Mr. MORSE]; the distinguished senior Senator from Minnesota [Mr. HUMPHREY]; and other Senators who have expressed interest in this particular field.

Mr. CAPEHART. Mr. President, will the Senator from Florida yield?

Mr. SMATHERS. I yield.

Mr. CAPEHART. I have no objection to the amendment; I recommend it. I think it is one of the good amendments to the bill.

Mr. SMATHERS. I thank the Senator from Indiana.

Mr. FULBRIGHT. Mr. President, I also have discussed the amendment with the distinguished Senator from Florida. I think its objective is proper. In the discussions of the program in the committee, it was contemplated that a reasonable amount of money would be used in this field. It is my best estimate that

the amount which the Senator has specified is a very reasonable amount to allocate for this purpose.

With respect to the discussion concerning striking out, on page 2, certain language beginning in line 16, after the period, through the period in line 20, has that been amended?

Mr. SMATHERS. That has been amended.

Mr. FULBRIGHT. It is understood that that language has been deleted from the amendment as printed?

Mr. SMATHERS. The Senator is correct. That language has been deleted.

Mr. FULBRIGHT. With that understanding, I have no objection to the amendment.

Mr. MILLER. Mr. President, will the Senator from Florida yield?

Mr. SMATHERS. I am happy to yield.

Mr. MILLER. What is the portion of the original amendment which has been deleted?

Mr. SMATHERS. That was the language which stated:

The rates of fees to be charged shall be reasonably comparable to the rates of premium charges for insurance of mortgages under title II of the National Housing Act, and in no case shall be more than two times the rates of such premium charges.

That language was dropped because it was the feeling of those of us who have had some experience in the Latin American area that it might be restrictive. It was felt it might actually interfere with the implementation of the program. Obviously, a housing program will be no good unless, finally, the interest rates, charges, and fees can be brought to a level which is comparable with the income of the people who are seeking housing. As we all know, in Latin America, interest rates, compared with rates in the United States today, are exceedingly high. It is hoped that by this type of program and similar programs it will be possible to provide lower interest rates. Rather than to make the program completely restrictive and limited, and thus possibly accomplish nothing, it was thought better to drop it, in the hope that the administrator of the program will do the best he can to accomplish the objective.

Mr. MILLER. What would be the standard?

Mr. FULBRIGHT. Mr. President, will the Senator from Florida yield, so that I may add to his statement?

Mr. SMATHERS. I yield.

Mr. FULBRIGHT. In the other program for insurance, under the overall program of \$100 million, it is contemplated that the President will set the fees in this field on the same basis as in the others. This is really an experimental program. It will have to be studied, after due consideration of all the traditions prevailing in a particular country.

Mr. MILLER. I thank the Senator from Arkansas.

Mr. SMATHERS. Each country probably would have a different rate.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida [Mr. SMATHERS].

The amendment was agreed to.

RISING CONSERVATISM

Mr. MILLER. Mr. President, an article entitled "Conservatism On the Rise?" written by Godfrey Sperling, Jr., was published in the Christian Science Monitor of August 8, 1961. Mr. Sperling raises a very nice question concerning whether conservatism is on the rise. Regardless of the answer to the question, he states that many persons, including younger persons, are increasingly concerned about the amount of governmental spending today.

I ask unanimous consent that the article be printed at this point in the RECORD.

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

CONSERVATISM ON THE RISE?—AN INTIMATE MESSAGE FROM THE MIDWEST

(By Godfrey Sperling, Jr.)

Recently while partaking of the warm hospitality of the Milwaukee Journal, there was the usual exchange of questions and information. The Journal's genial chief editorial writer, Paul Ringler, asked: "Do you find in your wanderings much validity for the claim that conservatism is on the rise in this country?"

I said that it was my impression that this was so. He asked for specifics. I cited recent Tover and Goldwater speeches where I had seen audiences more enthusiastic than usual. When businessmen hammer their dinner tables in response to a speaker's remarks, this is something for an off-election year. In fact, when businessmen respond like that, it would be something for any year—including a presidential campaign period.

Then I cited visits to several college campuses, where a number of youngsters had come up to me to discuss politics—and where the evidence of conservative leanings was strong.

"But," came the question from another editor, "couldn't it be that the conservatives merely are more vocal than they were?" I had to admit this might be so.

Later, on reflection, I remembered that I had left out some other specifics. I recalled that I had been in several student eating places where I had overheard conservative talk (anxiety over excessive spending, etc.) that would have to be considered spontaneous. And I had talked to several professors along the way who had volunteered the information that conservatism was gaining ground on campus. These professors did not necessarily share their students' sentiment.

Prodded by the editors' questions I decided to make a few more inquiries. What, for example, would the onetime Wisconsin Progressive leader, Philip La Follette, have to say about this? Said Mr. La Follette, who certainly couldn't be accused of wanting to forward the conservative movement in America:

"I have noted it among young people, apparently in the age group of 21 to the late 30's. They are beginning to wonder who is going to pay for all this aid and assistance—not just abroad, but right here at home." He continued:

"I'm not saying they are correct, but I have noted it: I get up to the university area a lot

(the University of Wisconsin is fairly close to my law office), and I hear them talk. And I have children, and I hear them talk.

"I distrust the comments on this subject from the normally conservative people or the normally progressive people. These younger people aren't necessarily conservatives. They are just concerned about who is going to support the people at the upper end of the line and the people at the lower end of the line. They're asking, 'Who is going to pay the bill?'

"In their view it is a nice dinner, but who is going to pick up the check?"

An interesting answer, this time from a Republican, came from the son of Mr. Republican, himself, Robert A. Taft, Jr.:

"In my trips around the State and to colleges I can't say that I really have seen an upsurge of conservatism. But I think there is increased feeling everywhere and particularly among young people of both parties that inflation has to be checked. They feel that we must watch our spending or we're heading for a bust."

Young Republicans at colleges are organizing and speaking up more than before. I think there was a feeling among Republican students of being ashamed to state their views. This definitely is changing. For example, at Antioch College there is a Young Republican group that certainly is willing to stand up and be counted. And Antioch has been a place that has been known for its liberalism."

There were a lot of other answers. But these seemed to be the most interesting, an expression from a one-time Progressive and from a Republican in very good standing—comments that, when analyzed, could well be saying about the same thing.

Is conservatism on the move? This may be a moot point. But there does seem to be evidence of more concern with governmental spending, particularly among the young people of both parties.

CONCERN OVER KENNEDY SPENDING

MR. MILLER. Mr. President, a recent issue of the Des Moines Register contains an article entitled "Burns Expresses Concern over Kennedy Spending," written by Richard Wilson. The article relates to the views and the concern expressed by Arthur F. Burns, one of the outstanding economists in the United States, over what is called the Kennedy spending program. Mr. Burns states that additional spending in times such as these is not prudent. I believe readers of the CONGRESSIONAL RECORD would be greatly benefited by Mr. Burns' views. I ask unanimous consent that the article be printed at this point in the RECORD.

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

BURNS EXPRESSES CONCERN OVER KENNEDY SPENDING

(By Richard Wilson)

WASHINGTON, D.C.—The liveliest and most significant economic argument since New Deal days is raging over President Kennedy's policies. The main antagonists are Walter W. Heller, chairman of the Kennedy council of economic advisers, and Arthur F. Burns, chairman of the same council in the first Eisenhower administration.

The economists are learnedly berating each other on academic definitions and analyses in long and complex public statements and writings about the gap, secular stagnation, etc.

But what the issue gets down to—in layman's language—is whether the Kennedy

administration is going off the deep and economically with measures that will bring on galloping inflation, threaten authoritarian economic controls, further weaken the dollar, boost prices inordinately and overstimulate the Nation like a patient loaded with cortisone.

The latest installment is in the monthly survey of the Morgan Guaranty Trust Co., where Dr. Burns expresses more strongly than before his fears of inflation.

"HE'S NO MOSSBACK"

Burns is not attacked as a New Dealer would attack a conventional business economist. He is no mossback or economic throwback. He was critical of the swift turnaround from fantastically high deficit spending to balanced budget spending in the Eisenhower administration.

And now he is equally as critical of the economic shots in the arm of the Kennedy administration when the patient is rapidly recovering without them.

Dr. Heller's economic council blandly says that, on some very essential points, it actually agrees with Burns. Both Heller and Burns agree, for example, that the economy ought to grow at a faster rate.

Disagreement comes on the big boosts in Federal spending which have been made progressively since the new President took office. At first it appeared such increases would be moderate. Then they began to grow as the President went again and again before Congress with new proposals.

MODERATE OR NOT?

From the economic council's point of view, these increases are still moderate, amounting, Heller says, to no more than \$724 million in the 1962 fiscal year.

But Burns thinks otherwise. He thinks the brakes are off and the President and his economic council have created a climate for Congress to go ahead with programs that are outstandingly uneconomic, such as the recent favorable action on Senator HUBERT H. HUMPHREY's (Democrat, of Minnesota) Youth Conservation Corps.

Burns argues in his new statement that a sharp turnaround in Federal finances from a big surplus to a big deficit situation has already occurred.

"It appears, therefore, that the bulk of the new spending commitments by the Federal Government will come to fruition not in a time of recession, for which many of them were intended, but when recovery is well advanced and the economy is expanding of its own momentum—perhaps when it is already booming," Burns wrote.

FULL IMPACT IN THE FUTURE

"New or additional governmental programs characteristically require only a modest expenditure at the start, then grow rapidly as the organization of the new activity is worked out.

"The full fiscal consequences of the new spending ventures lie, therefore, very much in the future.

"But if governmental spending programs have a typical life history, so also has the business cycle. One of the normal features of business cycles is that the general price level tends to rise during expansion.

"With the private economy recovering, with Federal spending already rising swiftly, with expectations of inflation beginning to spread once again, I see a greater likelihood of an upward spurt in the price level during the coming year or two than does the council.

"In view of the precarious condition of our international balance of payments, even a modest renewal of inflation could now prove very troublesome.

"If our export surplus should decline appreciably, while the Government continued a policy of steadily filling calculated gaps in demand, insistent pressures may arise

for factfinding boards to review planned increases of wages and prices—which would of course be a step toward reshaping our economy along lines of authoritarian control."

Now would Burns let human concern for the plight of the unemployed overturn a balance of the economy.

He said: "It is precisely because the ways in which we fight recession have longer-run consequences that we must not permit even compassion for the unemployed to lead us into actions which, while immediately beneficial, may seriously injure the entire population a little later."

SUBDUE IMPATIENCE

"At a time such as this, when the possibility of a devaluation of the dollar is widely discussed in business and financial circles, I do not think it is prudent to continue enlarging Federal spending programs."

"Since defense outlays must go up, other programs should be cut. Since our economy is recovering and employment is again rising, we can with good conscience subdue our impatience for economic improvement."

Burns has little faith in the "severe tests" on spending programs which the Kennedy council speaks of confidently.

RELIANCE ON BRAKES

But the council assures him that it is "not in any sense proposing that the monetary and fiscal brakes be removed from our economic machine."

It further assures Burns: "If the recovery moves more rapidly than we expect, these brakes can be applied to avert inflationary hazards. But the very existence of brakes permits the machine to go faster with safety. In a year of urgent needs and great opportunities there is little reason to lose precious time, production and employment."

Burns is not impressed. He says the time has already come to call a halt.

ALLIANCE FOR PROGRESS—VAGUE PROMISES AND EXHORTATIONS

MR. MILLER. Mr. President, the Wall Street Journal of August 10 published a timely editorial entitled "Indecisive Dealer." The editorial states that the U.S. Government has some hard decisions to make concerning its foreign aid commitments. If, indeed, priority should be given to Latin America, then we must cut back our program in other areas of the world.

The editorial states that it appears that the administration, by calling attention to the importance of Latin America, is trying to attach high priority to that area, but, at the same time, the attitude seems to be that the United States can assume huge foreign aid commitments all over the world, although such a program can only lead to disaster.

I ask unanimous consent that the editorial be printed at this point in the RECORD.

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

INDECISIVE DEALER

Until Treasury Secretary Dillon spoke at the Inter-American Conference in Uruguay this week, the administration's aid plan for Latin America consisted mainly of a slogan—"Alliance for Progress"—and some vague promises and exhortations.

Now, although much remains hazy, some things about the alliance are becoming clearer. The cost, for instance. Projected U.S. spending in Latin America would surpass our

Marshall plan aid to Europe, despite all the differences of time and circumstance.

In the postwar period, the United States contributed some \$12 billion to Europe's recovery. Now, U.S. aid outlays for Latin America have already doubled from last year to \$1 billion annually, and could go higher. During the next decade, Secretary Dillon foresees outside investment from all sources of at least \$20 billion. He also promises U.S. loans at little or no interest—practically outright grants—for periods up to 50 years.

All this, obviously, represents a truly massive U.S. commitment—one, moreover, largely in advance of self-help measures within Latin America.

Certainly, a case can be made for aiding Latin America so long as the United States is giving so much aid to the rest of the world. The simple facts of geography and our security interests make it a key area for us, especially when the Communists are working hard there. There's also some truth in our neighbors' complaint of neglect; since 1945, less than 5 percent of the total U.S. foreign aid outlay of \$90 billion has gone to the score of other countries of this hemisphere.

But the case for approaching Latin America in a new spirit of priority depends on Washington's willingness to face up to the corollary: A changed U.S. approach to the rest of the world. If Latin America's needs are deemed to be of cardinal importance, as our massive aid plans plainly imply, then other claims are not so important, and should be cut back to fit the new pattern of aid-receiving priority.

Yet the administration doesn't appear to have established such an order of priority. On the contrary, the attitude seems to be that the United States can assume huge new burdens in this hemisphere, and go right on carrying a host of other nations besides. There's even talk of still another Marshall plan for Africa, as well as greatly increased aid to underdeveloped countries everywhere.

The U.S. Government had better begin making some hard decisions. Otherwise, the setting of Secretary Dillon's remarks—a hastily converted gambling casino—may turn out to be unpleasantly symbolic of the U.S. policy of trying to stake everybody.

IEWS OF SOVIET LIFE

Mr. MILLER. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an article entitled "Iowan Views Soviet Life," written by Helen Vanderburg, and published in the Christian Science Monitor of July 31, 1961.

Helen Vanderburg and her husband are the publishers of the Shell Rock News, in my State. The article centers around an interview Mrs. Vanderburg had with Soviet Deputy Premier Mikoyan. I believe the article will provide much interest, particularly at this time of the Berlin crisis and other problems connected with the Soviet Union.

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

[From the Christian Science Monitor, July 31, 1961]

IOWAN VIEWS SOVIET LIFE—DISTAFF ROLE DEFINED AT KREMLIN (By Helen Vanderburg)

Deputy Premier Anastas Ivanovich Mikoyan does not share the secrets of government with his wife, even though she is a fervent Communist and member of the party. We found this out last summer in an interview with this ranking leader of the U.S.S.R. It was just one of the glimpses he gave of his attitude toward the women of his family in

a Kremlin interview at the time the study mission of the National Editorial Association of the United States was received there.

When a question regarding the position of women in the Soviet Union was asked by a woman member of the study mission the Deputy Premier asked the questioner to rise. (The other questions had not prompted such a request.) Then he set forth the position of women in this country: "The women are given equal rights with men under the constitution of the U.S.S.R.," he said. "Of course, my wife takes a vital interest in all political matters and we discuss them. Secret matters, of course, I do not discuss with her. We are equal in the families.

"She does take an interest in general economic problems. She is interested in consumer goods. She often criticizes me, saying, 'Why aren't some of our goods better than American goods?' I do not always convince her that we are entitled to certain rations and allowances." He concluded, "Our women have the privilege that women have in all countries—the ability to become a mother."

The Deputy Premier pointed to the career of E. A. Furtseva, a deputy of the Supreme Soviet of the U.S.S.R., a member of the Presidium of the Central Committee of the CPSU, and the secretary of the Central Committee of the CPSU; and of E. S. Nasridanova, president of the Presidium of the Supreme Soviet of the Uzbek S.S.R., the first woman to hold such a post. He also mentioned N. V. Popova, deputy to the Supreme Soviet, who heads the Union of Soviet Societies of Friendship with Foreign Countries.

We experienced a normal situation in the U.S.S.R. There were two Communist leaders with the interpreter, who supplied the answers to our previously prepared questions. The second leader, Dmitri Polyansky, President of the Republic of Russia, mentioned that his wife was a specialist, biologist, and agronomist at an agricultural college, and he, too, must face her criticisms of inferior Soviet goods.

CITIES STRIKING CONTRAST IN EAST-WEST VISITS

Our visit in Iowa from the ebullient Premier Khrushchev in the fields of tall golden Iowa corn, had been a far cry from this visit of ours to the Kremlin. The domed senate building in the Kremlin, flying the national red flag, seat of the government of the Soviet Socialist Republics, was our destination—the fountainhead of Communist action. The cornfields, the open air, and abundance was in striking contrast to this building within the citadel. This was the closing in of Communist walls.

We entered the mustard-colored building and were hurried up three flights of stairs. Windows to our right overlooked the cobblestones below, but the doors on the left were unnumbered and not identified. We passed through double doors into a large audience room. The acoustical ceiling, wainscoting, and light walls on one end relieved the solid wood of the other walls and the windows on the right gave the room ample light. It was evident that this soundproof, air-conditioned room was a briefing and pressroom.

The only picture in the stark, functional brown and light cream room was that of Lenin. Two microphones were in evidence. The local press group, guides, and photographers had taken their places along the left wall, and we had been seated in swivel chairs before extendable glass-topped desks.

At 2:06 p.m. the two officials entered and the interview opened. We rose and greeted the Deputy Premier and the questions began. The interview opened with the question: "Is it true as stated in a recent article by Bishop H. Johnson that the basic aims of communism and Christianity are the same?"

Deputy Mikoyan replied, "Marxist Leninists have discarded religion and elevated reason. We do not believe in God. We are

atheists." The interpreter gave this special emphasis and repeated, "We do not believe in God. We respect the religious feelings of others. We are not the first to elevate reason and disavow God. The Lenin policy to take the best from all revolutions has been followed, this from the French Revolution, even things from your Revolution."

"As one trained in the priesthood, I early saw the futility of the myth. The Christian faith preaches equality though it is idealistic. We approach the problem from a materialistic view. We believe in equality from reason and not from the emotion of religion. In a religious discussion with the late John Foster Dulles, Secretary of State, who had maintained that religious people have higher morals, I insisted that we believed in brotherhood and were against usury and oppression of the weak and I insisted that this is not so; that our morals are high."

DEPUTY PREMIER SPEAKS OF HIS MOTHER, RELIGION

Then Mikoyan quoted from his religious training and pointed to the successful advance of communism in the oppressed areas of the world. He spoke of his mother and called her "a believer," even though she hadn't gone to church in 35 years. He told of a "big quarrel" with her in his youth. "She observed fasts and abstained from meat, so I told her religion was ruining her health. She was offended and never discussed religion with me again."

"She was 92 when I returned from the United States last year. She said to me, 'Son, I have been praying for you every day that you were away in that country, praying that you would return safely.' I said to her, 'Mother, do you still believe in God?' She replied, 'How can I help but believe in God?'

"That is the way with some of our people, but our young people do not feel that way and we feel that they are growing up with a fine sense of morals. What say you, Comrade Polyansky?"

"I know they are strong," was the reply. Sharp and steel would be two words we would use to describe the expression of the Deputy Premier when speaking of God, but a softness and questioning resignation crossed his face in speaking of his mother.

It was now near 3 o'clock, but time for one last question: "Will your children follow the Marxist-Lenin line?" The reply was, "I am 65 years old." (We almost felt he said this wistfully, and that he regretted the years behind him.) "I consider our theory good. The rich do not exploit the poor. My youngest son is 13 years younger than Comrade Polyansky. I have grandchildren who are 13 and 30 years younger than he is and 50 years younger than I, and I can vouch for them. My grandson is a Communist, though he has not studied Marx and Lenin. It is for you, the capitalistic countries, to worry about your children and grandchildren. I repeat what Comrade Khrushchev said: 'Your grandchildren will live under communism.'"

As we thanked the Deputy Premier for the interview, he seemed cordial, and even friendly as he said, "There are many, many fine things about your country, and I should like to visit you again."

We felt in him the desire of a man, no longer young, who had devoted a hard life to the ideals of materialistic communism, the driving fierce force of his life.

FEDERAL AID TO EDUCATION

Mr. MILLER. Mr. President, under date of August 9, 1961, the Cedar Rapids, Iowa, Gazette published an editorial entitled "An Example in Point." In view of the current concern over Federal aid to education, I ask unanimous consent

that the editorial be printed in the body of the RECORD.

One of the big issues which existed during the debate on the Federal aid to education bill was the question of Federal control. The editorial draws a close, sharp analogy between Federal aid to education and Federal welfare aid. I believe the analogy is proper and persuasive.

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

AN EXAMPLE IN POINT

There are indications that, after the foreign aid bill is disposed of, President Kennedy will make a determined and possibly successful effort to sandbag his aid-to-education program through Congress this year. The effort probably would be pitched mainly on the practical political level, for philosophical attitudes toward the legislation are already pretty well crystallized, and prospects of changing them substantially are not bright.

If there is any weakening of the feeling that Federal aid to schools would lead to Federal encroachment on local school control, however, a close look at the Newburgh, N.Y. welfare squabble should tend to counteract it. One of the controversial aspects of that squabble is whether a decision by a local community to adopt its own welfare procedures might cut off Federal aid. On this point, Norman Lourie, president of the National Association of Welfare, expressed his views pointedly in a statement which was reprinted on this page last Sunday.

"If States and the Federal Government are to share the costs of welfare programs, local communities cannot at one moment accept this sharing and in the next decide that local government can alone autocratically prescribe the rules under which benefits are provided," said Mr. Lourie. "All the citizens of the United States have an interest in seeing that humane, reasonable standards are maintained in Newburgh or any other locality of the United States. This concept of shared responsibility has been remarkably successful in the development of a positive, constructive framework for public welfare in this country. No single government unit by its arbitrary action can be permitted to tear it down."

That's a logical enough attitude as applied to Federal welfare aid. It is equally logical as applied to Federal highway aid or any other kind of Federal aid—not excepting Federal school aid. The people who put up the money are entitled to some say about the standards under which the money is spent. No Federal aid program is justifiable on any other basis. If we don't want the Federal Government playing a part in the shaping of local school policies, we shouldn't take Federal money for their support.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

ADDITIONAL REPORTS OF COMMITTEES

The following additional reports of committees were submitted:

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

S. Res. 141. Resolution to express the sense of the Senate on time for holding national conventions for nominations of President and Vice President (Rept. No. 754);

S. Res. 189. Resolution increasing the limit of expenditures for hearings before the Committee on Armed Services (Rept. No. 753); and

H.R. 4659. An act to establish a National Armed Forces Museum Advisory Board of the Smithsonian Institution, to authorize expansion of the Smithsonian Institution's facilities for portraying the contributions of the Armed Forces of the United States, and for other purposes (Rept. No. 752).

By Mr. JORDAN, from the Committee on Rules and Administration, with amendments:

S.J. Res. 51. Joint resolution authorizing the creation of a commission to consider and formulate plans for the construction in the District of Columbia of an appropriate permanent memorial to the memory of Woodrow Wilson (Rept. No. 751).

By Mr. KERR, from the Committee on Public Works without amendment:

S. 1563. A bill to authorize the conveyance of certain lands within the Clark Hill Reservoir, Savannah River, Ga.-S.C., to the Georgia-South Carolina Council, Inc., Boy Scouts of America, for recreation and camping purposes (Rept. No. 757);

S. 1742. A bill to authorize Federal assistance to Guam, American Samoa, and the Trust Territory of the Pacific Islands in major disasters (Rept. No. 758);

S. 2295. A bill to amend the act entitled "An act for the organization, improvement, and maintenance of the National Zoological Park", approved April 30, 1890 (Rept. No. 759); and

H.R. 4660. An act to authorize modification of the project Mississippi River between Missouri River and Minneapolis, Minn., damage to levee and drainage districts, with particular reference to the Kings Lake Drainage District, Mo. (Rept. No. 760).

PAUL C. JOHNSON, JR.—REPORT OF A COMMITTEE

Mr. JORDAN, from the Committee on Rules and Administration, reported an original resolution (S. Res. 195) to pay a gratuity to Paul C. Johnson, Jr., which was placed on the calendar, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Paul C. Johnson, Jr., son of Paul C. Johnson, an employee of the Senate at the time of his death, a sum equal to one year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

ADDITIONAL FUNDS FOR OFFICIAL REPORTERS OF THE SENATE—REPORT OF A COMMITTEE (S. REPT. NO. 755)

Mr. JORDAN, from the Committee on Rules and Administration, reported an original resolution (S. Res. 196) authorizing additional funds for the Official Reporters of the Senate, and submitted a report thereon, which resolution was placed on the calendar, as follows:

Resolved, That the Secretary of the Senate is hereafter authorized and directed to pay to the Official Reporters of Debates of the Senate such sums as may be necessary for obtaining, by contract, assistance as required during each session of Congress, not to exceed \$10,000, such payments to be made from the contingent fund of the Senate.

PAYMENT OF WITNESS FEES—REPORT OF A COMMITTEE (S. REPT. NO. 756)

Mr. JORDAN, from the Committee on Rules and Administration, reported an original resolution (S. Res. 197) relating to the payment of witness fees, and submitted a report thereon, which resolution was placed on the calendar, as follows:

Resolved, That witnesses summoned to appear before the Senate or any of its committees shall be entitled to a witness fee rated at not to exceed \$16 for each full day spent in traveling to and from the place of examination and for each full day in attendance. A witness shall also be entitled to reimbursement of the actual and necessary transportation expenses incurred by him in traveling to and from the place of examination, in no case to exceed 12 cents a mile for the distance actually traveled by him for the purpose of appearing as a witness.

ADDITIONAL BILLS INTRODUCED

The following additional bills were introduced, read the first time, and, by unanimous consent, the second time, and referred, as indicated:

By Mr. ANDERSON:

S. 2429. A bill to revise the boundaries of the Virgin Islands National Park, St. John, Virgin Islands, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. CAPEHART:

S. 2430. A bill for the relief of Gerasimos I. Mourikis; and

S. 2431. A bill for the relief of Stavros Tsipas and Panagiota Tsipas; to the Committee on the Judiciary.

RESOLUTIONS

PAUL C. JOHNSON, JR.

Mr. JORDAN, from the Committee on Rules and Administration, reported an original resolution (S. Res. 195) to pay a gratuity to Paul C. Johnson, Jr., which was placed on the calendar.

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

ADDITIONAL FUNDS FOR OFFICIAL REPORTERS OF THE SENATE

Mr. JORDAN, from the Committee on Rules and Administration, reported an original resolution (S. Res. 196) authorizing additional funds for the Official Reporters of the Senate, which was placed on the calendar.

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

PAYMENT OF WITNESS FEES

Mr. JORDAN, from the Committee on Rules and Administration, reported an original resolution (S. Res. 197) relating to the payment of witness fees, which was placed on the calendar.

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

ACT FOR INTERNATIONAL DEVELOPMENT OF 1961—AMENDMENTS

Mr. WILLIAMS of Delaware submitted an amendment, intended to be proposed by him, to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. COOPER (for himself and Mr. WILLIAMS of Delaware) submitted an amendment, intended to be proposed by them, jointly, to Senate bill 1983, supra, which was ordered to lie on the table and to be printed.

Mr. MILLER. Mr. President, I send to the desk an amendment and ask that it be printed, and that it also be printed in the RECORD.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

SEC. . ASSISTANCE TO NATIONS IN ARREARS IN UNITED NATIONS PAYMENTS.—In order to encourage preservation of the financial solvency of the United Nations which is being threatened by the failure of some member nations to pay currently their assessments and/or contributions to the United Nations, assistance under the provisions of this Act (other than military assistance, supporting assistance, and the Contingency Fund) shall not be furnished the government of any nation which is more than one year in arrears in its payments of said assessments and/or contributions unless the President determines that said government has given reasonable assurance of paying (independently of such assistance) all such arrearages and placing its payments of said contributions and assessments on a current basis.

NOS. 47 AND 48 HOME RUNS BY ROGER MARIS

Mr. YOUNG of North Dakota. Mr. President, I wish to make an important announcement.

Roger Maris, a North Dakotan, of whom we are all proud, hit two home runs today. We expect him to break the world's record by quite a few home runs.

ADJOURNMENT TO 11 A.M. TOMORROW

Mr. FULBRIGHT. Mr. President, in accordance with the order previously entered, I move that the Senate adjourn until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 7 o'clock p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Thursday, August 17, 1961, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate, August 16, 1961:

U.S. ATTORNEY

Bernard T. Moynahan, Jr., of Kentucky, to be U.S. attorney for the eastern district

of Kentucky for the term of 4 years, vice Jean L. Auxier.

U.S. MARSHAL

Joseph V. Conley, of Rhode Island, to be U.S. marshal for the district of Rhode Island for the term of 4 years, vice Edward L. McCarthy, deceased.

U.S. ATTORNEY

William E. Scent, of Kentucky, to be U.S. attorney for the western district of Kentucky for the term of 4 years, vice William B. Jones.

WITHDRAWAL

Executive nomination withdrawn from the Senate, August 16, 1961:

NATIONAL CAPITAL TRANSPORTATION AGENCY

Charles R. Fenwick, of Virginia, to be a member of the Advisory Board of the National Capital Transportation Agency, which was sent to the Senate on July 27, 1961.

HOUSE OF REPRESENTATIVES

WEDNESDAY, AUGUST 16, 1961

The House met at 12 o'clock noon. The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

God's promise, Hebrews 13: 5: *I will never leave thee, nor forsake thee.*

O Thou God of all grace, we earnestly beseech Thee to give counsel and companionship to our leaders and Members of Congress, that they may know how to contend with and conquer the forces of evil which are seeking to impede the progress of freedom.

May there be in us a deep-felt longing to strengthen the ties of brotherhood among the nations and an unfailing aspiration to lift all mankind into the blessedness of the more abundant life.

Inspire us with the wonder and wealth of Thy glorious promises and may we never lose sight of the alluring splendor of that great day when men everywhere shall adore and worship Thee as Lord of all and be at peace with one another.

Hear us in the name of Him who came to give us Thy peace. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGowen, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1697. An act to approve the amendatory repayment contract negotiated with the Huntley Project Irrigation District, Montana, to authorize its execution, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5954) entitled "An act making appropriations for the Treasury and Post Office Departments, and the Tax Court

of the United States for the fiscal year ending June 30, 1962, and for other purposes."

The message also announced that the Senate insists upon its amendment to the bill (H.R. 7576) entitled "An act to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. PASTORE, Mr. ANDERSON, Mr. JACKSON, Mr. HICKENLOOPER, and Mr. DWORSHAK to be the conferees on the part of the Senate.

THE LATE HONORABLE HOWARD J. McMURRAY, FORMERLY A REPRESENTATIVE FROM THE STATE OF WISCONSIN

Mr. REUSS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. REUSS. Mr. Speaker, it is with deep sadness that I inform the House that a former member, Howard J. McMurray, whose seat I now hold, died on Monday, August 14, in a hospital in Albuquerque, N. Mex.

Howard McMurray lived a fruitful life, a life in which he was able to weave together his deep interest in both politics and education.

He was born at Mount Hope, Kans., on March 3, 1901. After working for a life insurance firm, he was able to complete his education and obtain his B.A. from the University of Wisconsin in 1936. After his graduation, he joined the faculty as an instructor in political science while he continued his own studies. He obtained his doctorate in 1940. He was serving as an assistant professor when in 1942 he was elected to the House of Representatives from the Fifth District of Wisconsin.

He left his seat in the House of Representatives in 1944 to wage an unsuccessful race for the Senate. In 1946, he followed this with a courageous campaign against the late Senator Joseph McCarthy.

During his term in the House of Representatives, he was a strong supporter of our war effort against Hitler and an even stronger supporter of moves to secure the postwar peace. He had a deep interest in the Atlantic Union and other international organizations which could provide a way to settle international disputes without resorting to war.

As the war drew to a close, he often spoke out for sanity in reconversion to a peacetime economy, and he worked hard toward that end.

After his retirement from politics, he went to teach at the University of New Mexico. He was a professor of government there at the time of his death.

I know, Mr. Speaker, that all Members of the House join with me in extending our deepest sympathy to the members of his family for this great loss, which