obstruction of investigations and inquiries; to the Committee on the Judiciary.

By Mr. BOGGS:

H.R. 8846. A bill to amend the Internal Revenue Code of 1954 with respect to the taxation of distributions of stock and dispositions of property made pursuant to orders enforcing the antitrust laws; to the Committee on Ways and Means.

H.R. 8847. A bill to amend the Internal Revenue Code of 1954 so as to provide that certain distributions of stock made pursuant to orders enforcing the antitrust laws shall not be treated as dividend distributions but shall be treated as a return of basis and result in gain only to the extent basis of the underlying stock is exceeded; to the Committee on Ways and Means.

By Mr. DEVINE:

H.R. 8848. A bill to prohibit the shipment in interstate or foreign commerce of articles imported into the United States from Cuba, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. McVEY:

H.R. 8849. A bill to prohibit the wearing of shorts in the Capitol Building, and for other purposes; to the Committee on Public Works.

By Mr. MONAGAN:

H.R. 8850. A bill to protect the domestic economy, promote the national defense and regulate the foreign commerce of the United States by adjusting conditions of competition between domestic industries and foreign industries, and for other purposes; to the Committee on Ways and Means.

By Mr. MORRISON:

H.R. 8851. A bill to authorize the continuation of certain inspection activities of the Secretary of the Interior; to the Committee on Merchant Marine and Fisheries.

By Mr. SCHWEIKER:

H.R. 8852. A bill to establish a U.S. Disarmament Agency for World Peace and Security; to the Committee on Foreign Affairs.

By Mr. TUPPER:

H.R. 8853. A bill to amend title II of the Social Security Act to include Maine among the States which may obtain social security coverage, under State agreement, for State and local policemen and firemen; to the Committee on Ways and Means.

By Mr. COOK:

H.R. 8854. A bill to amend the Merchant Marine Act, 1936, to permit operating and construction differential subsidies to be paid with respect to vessels operating in the domestic commerce of the United States on the Great Lakes; to the Committee on Merchant Marine and Fisheries.

By Mr. BOYKIN:

H. Con. Res. 379. Concurrent resolution declaring the sense of the Congress that no further reductions in tariffs be made during the life of the present Reciprocal Trade Agreement Act; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FOGARTY:

H.R. 8855. A bill for the relief of Marie Silva Arruda; to the Committee on the Judiciary.

By Mr. MATHIAS:

H.R. 8856. A bill for the relief of Vassiliki Constantine Poulou; to the Committee on the Judiciary.

By Mr. O'BRIEN of Illinois:

H.R. 8857. A bill for the relief of Dimitrios Delis; to the Committee on the Judiciary.

H.R. 8858. A bill for the relief of Nikolaos Christos Manesiotis; to the Committee on the Judiciary.

H.R. 8859. A bill for the relief of Efthemios Skiftos; to the Committee on the Judiciary.

By Mr. ROBERTS:

H.R. 8860. A bill for the relief of Cordie Martin; to the Committee on the Judiciary.

By Mr. SCHWENGEL:

H.R. 8861. A bill for the relief of Wilfred N. McKenzie, his wife, Eunice McKenzie, and their minor children, Peter McKenzie and Derek McKenzie; to the Committee on the Judiciary.

By Mr. WALTER:

H.R. 8862. A bill for the relief of Miss Eleanore Redi; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

207. The SPEAKER presented a petition of Philip Lowenthal, New York, N.Y., relative to a suggestion relating to the retired Federal employees health benefit plan, which was referred to the Committee on Post Office and Civil Service.

SENATE

TUESDAY, AUGUST 22, 1961

(Legislative day of Monday, August 21, 1961)

The Senate met at 10:30 o'clock a.m., on the expiration of the recess, and was called to order by the Vice President.

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

Father of mankind, to whom all souls are dear, at this altar of Thy restoring grace we bow knowing that in Thy revealing light alone can the bewildering confusions that perplex us be seen in their true perspective.

We come this day grateful for the safe return of the trusted President of this body from a vital sector of the farflung battleline of freedom, as gazing upon the walls and guns of tyranny the gavel in his hand here became the hammer of justice and truth there, where in the name of this free land he sounded forth a trumpet that shall never know retreat.

We rejoice that his words of assurance have set men on their feet as to those who have not Thee in awe and who would coerce the bodies and minds of men he has declared, as did Thy prophet in the long ago:

"Your covenant with death shall be annulled,
Your agreement with hell shall not stand,
Your refuge of lies shall be swept away—
The mouth of the Lord hath spoken it."

We lift our prayer in the name of that Holy One who warned those who degraded human dignity: "I came not to bring peace but a sword." Amen.

THE JOURNAL

On request of Mr. HUMPHREY, and by unanimous consent, the reading of the Journal of the proceedings of Monday, August 21, 1961, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on August 21, 1961, the President had approved and signed the following acts:

S. 231. An act for the relief of Helga G. F. Koehler; and

S. 700. An act for the relief of Fung Wan (Mrs. Jung Gum Goon).

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry postmaster nominations, which were referred to the Committee on Post Office and Civil Service.

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

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. HUMPHREY. Mr. President, I ask unanimous consent that there be the usual morning hour, and that statements in connection therewith be limited to 3 minutes.

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

COMMITTEE MEETING DURING SENATE SESSION

Upon request of Mr. HUMPHREY, and by unanimous consent, the Committee on Interior and Insular Affairs was authorized to meet during the session of the Senate today.

On request of Mr. HUMPHREY, and by unanimous consent, the Subcommittee on Housing of the Special Committee on the Aging was authorized to meet during the session of the Senate today.

On request of Mr. HUMPHREY, and by unanimous consent, the Flood Control, Rivers, and Harbors Subcommittee of the Committee on Public Works and the Business and Commerce Subcommittee of the Committee on the District of Columbia were authorized to meet during the session of the Senate today.

On request of Mr. HUMPHREY, and by unanimous consent, the Judiciary Subcommittee of the Committee on the District of Columbia was authorized to meet during the session of the Senate today.

On request of Mr. HUMPHREY, and by unanimous consent, the Committee on Government Operations was authorized to meet during the session of the Senate tomorrow.

EXECUTIVE COMMUNICATIONS, ETC.

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

DECLARATION AND CHARTER OF PUNTA DEL ESTE

A letter from the Secretary of the Treasury, transmitting, for the information of the Senate, copies of the Declaration and Charter of Punta del Este, signed at the recent Inter-American Economic and Social Council meeting in Uruguay (with accompanying papers); to the Committee on Foreign Relations.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

REPORT ON EXAMINATION OF ECONOMIC AND TECHNICAL ASSISTANCE PROGRAM FOR THAILAND

A letter from the Assistant Comptroller General of the United States, transmitting, pursuant to law, a report on the examination of economic and technical assistance program for Thailand, International Cooperation Administration, Department of State, fiscal years 1955–60 (with an accompanying report); to the Committee on Government Operations.

REPORT ON TORT CLAIMS PAID BY DEPARTMENT OF THE AIR FORCE

A letter from the Secretary of the Air Force, transmitting, pursuant to law, a report on tort claims paid by that Department during the fiscal year 1961 (with an accompanying report); to the Committee on the Judiciary.

REPORT ON CLAIMS PAID UNDER MILITARY PERSONNEL CLAIMS ACT

A letter from the Secretary of the Air Force, transmitting, pursuant to law, a report on claims paid under the Military Personnel Claims Act for the fiscal year 1961 (with an accompanying report); to the Committee on the Judiciary.

HARRY A. SEBERT

A letter from the Deputy Administrator, National Aeronautics and Space Administration, Washington, D.C., transmitting a draft of proposed legislation for the relief of Harry A. Sebert (with an accompanying paper); to the Committee on the Judiciary.

PEPITO GUARO DIGNADICE

A letter from the Secretary of the Army, transmitting a draft of proposed legislation for the relief of Pepito Guaro Dignadice (with an accompanying paper); to the Committee on the Judiciary.

PETITION

The VICE PRESIDENT laid before the Senate a resolution adopted by the Board of Governors of the Chamber of Commerce of Winter Haven, Fla., favoring an investigation of the Department of State, which was referred to the Committee on Foreign Relations.

EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

The following favorable report of nominations was submitted:

By Mr. KERR, from the Committee on Public Works:

Paul M. Butler, of Indiana, Thomas P. McMahon, of New York, and Dr. N. R. Danielian, of Maryland, to be members of the Advisory Board of the Saint Lawrence Seaway Development Corporation.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. DIRKSEN:

S. 2449. A bill for the relief of Hongsik Anh; to the Committee on the Judiciary.

By Mr. BUTLER:

S. 2450. A bill for the relief of Maj. C. Todd, Jr., and the estate of Ira T. Todd, Sr.; and

S. 2451. A bill for the relief of G. W. Todd and the estate of Lloyd Parks; to the Committee on the Judiciary.

By Mr. BENNETT:

S. 2452. A bill to restore certain past administrative practices in computing gross income from mining for percentage depletion purposes; to the Committee on Finance.

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

By Mr. CURTIS (for himself, Mr. MCCLELLAN, and Mr. MUNDT):

S. 2453. A bill to amend the National Labor Relations Act so as to provide that the discharge of employees who engage in a strike not authorized by the collective bargaining representative shall not be considered an unfair labor practice; to the Committee on Labor and Public Welfare.

By Mr. METCALF (for himself, Mr. CLARK, Mr. WILLIAMS of New Jersey, and Mr. MANSFIELD):

S. 2454. A bill to amend the Housing Amendments of 1955 to make Indian tribes eligible for Federal loans to finance public works or facilities, and for other purposes; to the Committee on Banking and Currency.

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

By Mr. ENGLE (for himself and Mr. KUCHEL):

S.J. Res. 126. Joint resolution extending recognition to the International Exposition for Southern California in the year 1966 and authorizing the President to issue a proclamation calling upon the several States of the Union and foreign countries to take part in the exposition; to the Committee on Foreign Relations.

AMENDMENT OF THE INTERNAL REVENUE CODE TO RESTORE TREASURY'S HISTORICAL INTERPRETATION OF "GROSS INCOME FROM MINING" FOR DEPLETION PURPOSES

Mr. BENNETT. Mr. President, I introduce for appropriate reference, a bill to restore certain past administrative practices in computing gross income from mining for percentage depletion purposes. I think this bill would solve problems that involve considerations of fairness and equity which I believe should be called to the attention of my colleagues.

A few years after the 16th amendment to the Constitution was adopted and the income tax law was instituted, Congress recognized that the production of minerals involved special problems which required special treatment if the national interest and public welfare were to be protected. Because these natural resources are irreplaceable, their production and sale is in the nature of selling a capital asset—they cannot be replaced on the open market. In addition, the peculiarly heavy risks of searching for and investing in the production of minerals requires incentive tax treatment if the Nation is to have available a plentiful supply of the minerals which are essential to the maintenance of a high standard of living.

Because of these considerations, Congress first established an allowance which could exceed the actual tax basis of the minerals involved, and this allowance was termed "discovery depletion." Because of the great difficulties in the application of this allowance, it was replaced by a similar allowance, based on percentages of income and termed "percentage depletion." Effective in 1926, percentage depletion replaced discovery depletion for oil and gas, and in 1932 percentage depletion replaced discovery depletion for coal and metal mines, and for sulfur. Gradually over the years Congress has established percentage depletion for other minerals, with a substantial number of nonmetallic minerals being added in 1951.

When Congress first replaced discovery depletion with percentage depletion, in 1932, there was no statutory definition of "gross income from mining." This phrase was important because it was the basis of the depletion computation, with the percentages set forth by Congress. The Treasury issued regulations which, in substance, declared that "gross income from mining" would be computed on the value of the mineral after the application of the processes which were normally regarded as "mining" processes—processes normally applied by mine owners and operators.

Over the years the mining industry and the Treasury were in substantial agreement as to the Treasury's interpretation and administration of the law. Eventually, however, there developed an area of controversy when Treasury amended its regulations and practices with respect to a few of the processes involved. This area of controversy was eventually settled by Congress, which spelled out in the statute a definition of "mining" which corresponded largely to the Treasury's original interpretation of the word. In doing this, Congress used language to the effect that "mining" would include the named mining processes and would include the processes "normally applied by mineowners or operators in order to obtain the commercially marketable mineral product or products."

This 1943 definition pretty well settled the matter for the time being. The Treasury regarded it as instructions not to cut back on its original determination—that "mining" included processes normally applied by miners, but did not include manufacturing. The industry was in substantial agreement with this interpretation.

However, when in 1951 a large number of nonmetallic minerals were added to the law, there was no corresponding change to up-date the definition of "mining." This resulted in an ambiguous law, which contained nonmetallic minerals without containing a definition of "mining" which clearly governed each of the minerals involved. The Treasury Department, quite naturally, continued to interpret and administer the law as meaning that "mining" included those processes normally applied by miners, and excluded those processes normally regarded as manufacturing. However, faced with this ambiguous statute, the courts decided that in the case of some minerals—primarily brick and tile clay and cement rock—the Treasury's interpretation was wrong. This line of court decisions, beginning about 1954, held that producers of these minerals were entitled to include within "mining"

all processes necessary to make the product sold by the taxpayer, even if such processes were normally regarded as "manufacturing."

In 1957 the Supreme Court of the United States denied certiorari in Merry Bros. Brick and Tile Co. and Dragon Cement Co., Inc., and shortly thereafter, in Technical Information Release No. 62, the Internal Revenue Service announced that it would dispose of brick and tile clay claims, and "cement rock" claims, in accord with those decisions. The Service stated it was studying the application of those decisions to other minerals.

With respect to minerals other than brick and tile clay, the Service continued to interpret and administer the law in the historical manner—that "mining" processes were allowed but "manufacturing" processes were not, without regard to "marketability." It also continued to contest, in court, contrary interpretations with respect to any mineral except brick and tile clay.

On December 14, 1959, the Supreme Court granted certiorari in United States against Cannelton Sewer Pipe Co., involving the depletion on fire clay used to make sewer pipe. Unfortunately, the Government did not present to the Court its traditional "mining versus manufacturing" test—apparently because it felt precluded from basing its case on this test in view of the fact that in its petition for certiorari it used other arguments to differentiate the case from Merry Bros. in which certiorari had previously been denied. Quite naturally, the taxpayer in Cannelton did not argue the case on the basis of the traditional "mining versus manufacturing" test, because to do so would have greatly decreased his chances of success.

The result, then, was that the Supreme Court was forced to hand down a decision in this complex field without hearing any arguments from either side on the validity of the traditional interpretation of the law. Instead, it was forced to deal with a "marketability" test which had never been regarded as having any real meaning prior to the line of cases which began in 1954.

In deciding the Cannelton case, the Court stated that fire clay is "marketable" in its raw form and therefore depletion must be computed on the value of raw clay. The Court apparently was not even aware of the middle ground between raw clay and finished sewer pipe—the middle ground being crushed and ground clay, which Treasury had always previously regarded as the proper cutoff point for fire clay.

In the course of its Cannelton decision, the Court made some very broad and sweeping statements about the marketability test—without realizing that this test had no application under the traditional administration of the law prior to 1954. As a result, the Court's decision is open to interpretations which could eliminate the allowability of processes always regarded by Treasury as "mining"—an interpretation which has already been adopted by some of the lower courts.

Almost simultaneously with the Supreme Court's Cannelton decision, Congress in June of 1960 enacted the Gore amendment. This amendment started as a Senate amendment to the Public Debt and Tax Rate Extension Act of 1960—there was no comparable House provision. However, the amendment as adopted by the Senate was identical to a proposal which the Treasury presented to Congress early in 1959, and on which the Ways and Means Committee held hearings in March of 1959. In the form proposed by Treasury, and first adopted by the Senate "crushing" and "grinding" were allowed to all minerals, consistent with historical Treasury administration of the law.

However, in conference, certain changes were made in the bill—under circumstances that can best be described as "last minute" because the conferees were under pressure to report a bill without delay. One of the results of these changes was that "crushing" and "grinding," while being allowed to all other minerals, were not listed as allowable for minerals "customarily sold in the form of a crude mineral product." For almost 30 years there has been no necessity to define the term "customarily," because the Treasury allowed "mining" processes to all minerals, but there are indications now that the term may be regarded by some persons in Treasury as meaning substantially less than 51 percent. The result of this situation is as follows:

First. Minerals which are "customarily" sold in the form of a crude mineral product will not be allowed "crushing" and "grinding" in 1961 and future years—even though Treasury always previously regarded these processes as allowable. To emphasize, it may well turn out that a relatively small amount of sales by other producers will put a taxpayer's minerals in this category.

Second. "Mining" processes—such as crushing and grinding, and even processes, such as concentrating, leaching and precipitation—are being threatened for pre-1961 years, on the ground that a possible market existed without such processes, even though Treasury always previously recognized mining processes as allowable without regard to "marketability." Under the Gore amendment, processes named as "mining" cannot be threatened on the ground of possible marketability, since the Gore amendment contains no reference to marketability as a test.

Most of the changes which were made in the conference on the Gore amendment were made at the instance of the Treasury Department, and the record does not indicate whether or not Treasury intended to accomplish the disallowance of "crushing" and "grinding" which resulted from the action of the conferees. The record does indicate, however, that Congress believed, when it enacted the conference version of the Gore amendment, that it was restoring the allowability of "mining" processes and the disallowance of "manufacturing" processes that Treasury applied in its historical interpretation and administration of the law over the years. The record further shows that Treasury, for the period beginning with 1932 and continuing at least until the Supreme Court granted certiorari in Cannelton in December of 1959, regarded "crushing" and "grinding" as "mining" processes for depletion purposes, for all minerals.

Crushing and grinding were treated as allowable processes in administrative practice and in various rulings and regulations. The public record of the Treasury Department's attitude toward "crushing" and "grinding"—for the 27 years preceding certiorari in Cannelton—is summed up by the testimony of Jay Glasmann, Assistant General Counsel of the Treasury Department, in his testimony before the Committee on Ways and Means on March 5, 1959, in the hearings on the Treasury's proposal which eventually became the Gore amendment, when he stated—see pages 7 and 9—as follows:

> The draft bill on mining is intended to restore the rules for computing gross income from mining which were applied prior to the recent court decisions. No attempt has been made to roll back those processes which are treated as mining under express provisions of the statute or by administrative practice.
>
> Crushing, grinding, and loading for shipment * * * are recognized as mining processes when applied to a crude material.

The failure to allow crushing and grinding for certain minerals, in the Gore amendment, as revised in conference, must have been an unintended oversight, unless Treasury changed its traditional concept of "mining" between March 5, 1959, and June 1960, when the Gore amendment was adopted. In either event, I am confident that Congress in passing the Gore amendment did not knowingly intend to disallow processes which the Treasury had traditionally regarded—before the Cannelton case went to the Supreme Court—as allowable "mining" processes. This situation should, in equity, be corrected.

In addition to restoring the allowability of crushing and grinding, the bill which I have introduced would allow taxpayers—except cement producers, who were granted a similar election in 1960—to apply the Gore amendment to all pre-1961 years which are still open for controversy. This provision would not result in refunds to taxpayers—it would merely permit taxpayers to defend themselves against increased tax collections arising out of the retroactive change in the concept of "income from mining." They would be allowed to do this by adopting the Treasury's own historical interpretation of the law as spelled out in the Gore amendment. This provision would apply to taxpayers generally—not only the stone and refractory clay producers who are being threatened with the disallowance of crushing and grinding, but also any other taxpayer who is being threatened, on the grounds of possible "marketability," with the disallowance of any other process which Congress has specifically named as "mining."

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2452) to restore certain past administrative practices in computing gross income from mining for percentage depletion purposes, introduced by Mr. BENNETT, was received, read twice by its title, and referred to the Committee on Finance.

WORK STOPPAGES IN MISSILE PROGRAM

Mr. CURTIS. Mr. President, on behalf of myself, the Senator from Arkansas [Mr. McCLELLAN], and the Senator from South Dakota [Mr. MUNDT], I introduce a bill for appropriate reference.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2453) to amend the National Labor Relations Act so as to provide that the discharge of employees who engage in a strike not authorized by the collective bargaining representative shall not be considered an unfair labor practice, introduced by Mr. CURTIS (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

Mr. CURTIS. This measure would deal with work stoppages in our missile program.

For weeks the McClellan committee heard evidence of the walkouts and slowdowns, strikes, and other work stoppages. It was not unusual to have a witness testify that a sign would be put up near the gates at Cape Canaveral stating that the pipefitters or some other union were not working that day. When such a sign was displayed, no one came to work. No strike would be officially called. The union officials would deny any responsibility for the walkout.

The bill I am introducing today is brief. It provides that it shall not be an unfair labor practice for an employer to discharge any employee who engages or participates in a strike, slowdown or other concerted stoppage of work, or in concerted absenteeism unless the employer has received written notice that the union has legally authorized such strike or slowdown or absenteeism.

Mr. President, I am satisfied that there are red-blooded, patriotic Americans in the country who are willing to do this defense work. Those who refuse to do it, and who wittingly or unwittingly aid the enemy, should be fired.

In the August 1961 Reader's Digest, Mr. Kenneth O. Gilmore, in writing on the scandal of our missile programs, says:

No Communist effort could have undermined our missile and space effort as effectively as opportunistic labor unions have done at the launching pads and ICBM bases.

Mr. Gilmore goes on to say:

One of the sorriest chapters of self-serving in American history has been unfolding in the last half decade. It is the shameful undermining of our $3-billion-a-year missile and space effort by reckless union leaders and their too willing followers. Even worse is the way our arthritic Federal bureaucracy timidly allowed this hijacking of our Government through harassments and blackmail to continue. In 5 years the ballistic-missile bases and test sites have been beset by 330 strikes and walkouts, with a loss of 163,000 priceless man-days—all this at a time when Soviet ability to fire long-range nuclear missiles has launched us on an incredibly expensive crash program to make our ICBM weapons ready for operation, and even as Russians have orbited into space ahead of us.

Mr. Gilmore's article is a good summary of the testimony taken by our committee. He quotes Chairman McCLELLAN from the official hearings as follows:

Wildcat strikes, work stoppages, slowdowns, featherbedding and a deliberate policy of low productivity on the part of some unions and workers may well be responsible to a substantial degree for whatever lagging behind exists in our space and missile programs. This concerns every man, woman and child in the country who loves freedom. If greed, graft and extortion are to dominate our way of life and our economy, especially in a program vital to our survival, it is time for Americans to wake up.

Mr. President, I ask unanimous consent to have printed the Reader's Digest article at this point in the RECORD.

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

THE SCANDAL OF OUR MISSILE PROGRAM

(By Kenneth O. Gilmore)

One of the sorriest chapters of self-serving in American history has been unfolding in the last half decade. It is the shameful undermining of our $3-billion-a-year missile and space effort by reckless union leaders and their too willing followers. Even worse is the way our arthritic Federal bureaucracy timidly allowed this hijacking of our Government through harassments and blackmail to continue. In 5 years the ballistic-missile bases and test sites have been beset by 330 strikes and walkouts, with a loss of 163,000 priceless man-days—all this at a time when Soviet ability to fire long-range nuclear missiles has launched us on an incredibly expensive crash program to make our ICBM weapons ready for operation, and even as Russians have orbited a man into space ahead of us.

"Wildcat strikes, work stoppages, slowdowns, featherbedding, and a deliberate policy of low productivity on the part of some unions and workers may well be responsible to a substantial degree for whatever lagging behind exists in our space and missile programs. This concerns every man, woman, and child in the country who loves freedom. If greed, graft, and extortion are to dominate our way of life and our economy, especially in a program vital to our survival, it is time for Americans to wake up."

These were the words of Senator JOHN L. McCLELLAN after testimony was presented at the recent hearings conducted by the Senate Permanent Investigations Subcommittee, of which he is chairman. For 5 months the subcommittee's investigators dug into records and fanned out across the land to question hundreds of persons at union and contract offices, missile-assembly plants, and ICBM launching centers. Some 40 witnesses from labor, industry, and Government were brought to the Capitol to testify under oath. Senator McCLELLAN claimed that the appalling disclosures were "as shocking as anything that has been revealed" in nearly 5 years of labor investigations.

As a reporter I listened to the testimony before that congressional subcommittee. Then, to measure fully the damage done by the strikes and boycotts, I traveled 7,000 miles from Washington to the flatlands of the West, on to the Pacific coast, then back across to the marshes of Cape Canaveral, Fla. At missile sites, on launching pads, deep inside subterranean silos, in blockhouses, and construction trailers, I talked with the men shouldering the day-and-night rush assignment of tooling up our space weapons.

One stop was at the missile complex near Lowry Air Force Base at Denver, Colo., where, as it had been explained before the McClellan subcommittee, 350 craft-union workers put down their tools last April at shelters being built for Titan intercontinental ballistic missiles. A month and a half earlier, construction-union chieftains had issued a stirring pledge not to strike our missile bases until they had exhausted every means for a peaceful settlement. Yet since that pledge, there have been a half dozen craft walkouts on missile bases, with 34 more strikes by other unions.

The Lowry incident began when building-trades workers of all types remained away from the missile complex 3 days. Why? To press a ridiculous demand that a handful of craft workers be allowed to maintain and operate an intricate subterranean powerhouse where the work had been turned over to employees of the Martin Co., who were represented by another union. Only when it appeared that the National Labor Relations Board was about to seek a court injunction against them did the strikers return to their jobs. It was a blatantly illegal walkout.

Less than 2 weeks later another walkout occurred at the missile sites. The reason was much the same. This time the walkout spread like a disease to 4,000 strikers. Construction on 11 ballistic-missile locations was paralyzed, not only at Lowry but at Atlas pads scattered through northern Colorado. When the union men finally went back to work after 5 days, our race to offset Russia's awesome missile striking power had been retarded by 64,000 priceless man-hours.

Yet none of these workers was ever penalized or disciplined. On the contrary, they were rewarded. Upon returning to work, many collected generous overtime pay checks because the construction had to go ahead around the clock so as not to fall further behind.

Consider some of the outrageous excuses craft-union members have given for delaying the missile program. Pipefitters, electricians, and asbestos workers in Colorado wanted to make their own coffee—so they walked out. Cement finishers in Florida said painters must not fill small holes with the same tool the finishers use, a trowel—so the finishers walked out. Electricians protested elimination of overtime, while ironworkers contended they were too tired to work—so they all walked out. Some Cape Canaveral tilesetters who went home to Birmingham, Ala., for a Fourth of July holiday became so imbued with their own brand of Americanism that they stayed there 4 extra days in sympathy with a hometown strike by their union.

Why has all this labor sandbagging of our missile effort been tolerated through the years—until the McClellan subcommittee began laying the evidence on the record?

The answer lies in our Government's ponderous redtape and in officials cowering before the whim of union demands. It has been their naive hope that if they bowed to the demands, the problem would disappear. Labor Department bureaucrats have refused to take the decisive action that long ago could have nipped this trouble in the bud. As a consequence, strikes have been so prevalent that in one recent 8-month period a work stoppage occurred every 2 days at 21 missile bases. Thomas J. O'Malley, the man who will fire the first American into orbit, believes that labor difficulties delayed our space program by several precious months.

Nor is management entirely blameless. With taxpayers picking up the bills, some companies have permitted featherbedding, loafing, and molasses-like production so as to curry the favor of union bosses and avoid walkouts. Testimony before McCLELLAN revealed how buying of labor peace reached a ridiculous point when company technicians at Cape Canaveral, performing a necessary job, unhooked 1,000 wires in a blockhouse. The next day craft-union electricians claimed it was their work and demanded that these same wires be reattached. Once this was done, the craft workers unfastened the wires a second time, at $3.75 an hour.

Step with me into the small blueprint-spattered quarters of a major in charge of three ICBM silo projects at sprawling Vandenberg Air Force Base northwest of Los Angeles. Just yards away sit subterranean launching pads burrowed into the hills overlooking the Pacific. Here, on strict orders from the Pentagon, nothing is officially to be said about the strikes and walkouts which in just 1 year at Vandenberg alone caused a stoppage 1 out of every 10 days. Yet when the doors close, the conversation voluntarily moves to the labor problem.

"What's happening to our loyalty?" the major asked me. "I don't see any evidence of patriotism here. All the workers are looking for is big money. If I tried to reduce overtime pay by putting these guys on 8-hour shifts, there'd be nobody around in a matter of minutes."

At Vandenberg electricians have averaged $510 a week—$145 more than the combined pay and allowances of the base's missile commander, Maj. Gen. David Wade, a 25-year veteran. Elevator operators have collected as much as $363 a week, truckdrivers $324, warehouse clerks $262—all in excess of the pay of the major I had talked to, who must ready million-dollar missiles to be fired on 15-minute notice.

There is reason to worry about the effect this gravy train has on promising young officers who have seen ditchdiggers making more than the total pay and allowances of our astronauts, not to mention the pay scale of their foreman, which exceeds that of the Secretary of the Air Force. "Too often the officers can't stomach it," I was told, "and they quit when their obligated service runs out."

Hand in hand with the absurd pay is shameful featherbedding. When certain factory-made missile assemblies arrived at Vandenberg, union pipefitters insisted that they be allowed to tear this surgically manufactured equipment apart and reassemble it themselves. Rather than permit this damaging process, the Air Force let the pipefitters conduct a "blessing," a bizarre ritual whereby the workers merely watched the equipment for as long as it would have taken them to do the job—the while drawing $4.13 an hour.

Cried Senator McCLELLAN after hearing of this: "If that is not gouging, if that is not blackmail, if it is not the most sordid kind of extortion at a time when the only one on earth who would benefit from it is the enemy who is determined to destroy us, then I simply do not know what those terms mean."

The taxpayers have taken a licking in endless ways. The McClellan hearings brought out that local union electricians working at Malmstrom Air Force Base near Great Falls, Mont., rigged their contract last March so that they could receive up to $8.40 a day extra in "hardship" travel pay. They did it by transferring their membership to another local union 100 miles away in Helena, to classify themselves as working in an "isolated area" at Malmstrom.

For unmitigated undermining of our defense effort, however, nothing matches the record of unions at Cape Canaveral, our missile test center. In 5 years the cape has been staggered by 110 strikes, but it's not only the strikes that have undercut missile progress. B. G. MacNabb, operations manager for the Atlas testing program at Canaveral, says, "The productivity of trade unions at the cape is lower than I have seen anywhere in my 25 years of experience in industry."

"Every time we turn around, it seems as if men are walking off or threatening to leave," an Air Force officer told me as we stood at the edge of a concrete-lined 80-foot hole put down into the scrub-covered sand at Canaveral to test the ICBM solid-fuel Minuteman, which in the next 3 years is supposed to be implanted in more than 700 silos across the Nation. The responsibilities of running tests on a missile system such as this, costing the taxpayers at least a million dollars a day, are awesome. Mistakes and delays can be devastating when the Corps of Engineers is already supervising the pouring of millions of tons of concrete for Minuteman silos.

One of the major stoppages at Cape Canaveral was touched off by Jimmy Hoffa's Teamsters. As the McClellan testimony revealed, Hoffa's organizer, Joseph W. Morgan, tried to force Canaveral truckdrivers into the union, refusing to let the issue be decided by a workers' election. Morgan threw up picket lines and virtually all construction and installation work at the cape halted. Finally, a court injunction ordered the picketing stopped, ruling it an unfair labor practice. But the damage had been done. The strike had drained away time that could never be regained.

In Washington, Morgan was asked by Senator McCLELLAN: "When you shut down that operation for 4 weeks, were you serving your country or a foreign country that wants to bury us?" The teamster ducked behind the fifth amendment.

The acknowledged kingpin of labor chieftains at Cape Canaveral, according to witnesses at the congressional hearing, is Robert Palmer, business manager of local 756 of the International Brotherhood of Electrical Workers. Records kept by Palmer himself, which were cited at the hearing, show that during 4½ years his electricians caused 19 work stoppages, not to mention participation in the walkouts of others. Yet Palmer stays clear of the law by hiding behind the supposedly uncontrollable actions of his men who pull wildcat strikes. "I have never called them out on strike," he says piously.

Perhaps the most outrageous of Palmer's feats was his battle with the National Aeronautics and Space Administration. Last August a team of its highly trained technicians at the cape attempted to proceed with high-priority installation of ground-support equipment for the Saturn space rocket. This urgent project now represents America's greatest immediate hope of matching Russia's space achievements. With 1,500,000 pounds of thrust from a cluster of 8 improved Jupiter engines, it will be four times more powerful than an Atlas ICBM. Already at the cape an awesome 30-story service tower has been built for it, the biggest structure on wheels in the free world.

But when the NASA technicians arrived at pad No. 34 to install the equipment in the blockhouse, Palmer's men staged a protest walkout along with the pipefitters. Immediately, NASA meekly pulled its specialists off the complex, and for more than 3 months they did not dare go back to the blockhouse except to try to slip in twice for important assignments. Even then the union men threatened to walk out, so the NASA experts left.

Finally, to prevent Saturn's schedule from falling badly behind, NASA had to send its experts back in, last November. Within hours Palmer's electricians again walked out—along with pipefitters, carpenters and laborers, 728 altogether.

Dr. Wernher von Braun and other NASA officials were forced to interrupt their work in order to plead with union representatives behind closed doors in Washington. Only after 2 weeks could these craft unionists be prevailed upon to return to their jobs, and then only on the promise that a special committee, headed by a Labor Department official, would look into the dispute.

This official committee, instead of giving Dr. von Braun and his team a full go-ahead, would do no better in its report than offer weak-kneed palliatives such as "continuing reexamination" and an appeal to the unions "to make every effort to work out disputed problems without recourse to work stoppages." This despite the fact that NASA pleaded "it was very necessary" for its experts "to be intimately involved" with certain construction activities so they could "achieve the reliability which is vital to firing success." To do otherwise, NASA warned, "would go to the very heart of its mission and may even render the Saturn project a failure."

To the men who are straining to rush our missile and space programs to completion, union callousness and indifference are more than disheartening. The demoralization in our defense buildup is so serious that in the wake of Senator McCLELLAN's hearings the Kennedy administration hastily promised to prevent stoppages by setting up a Presidential Commission designed to head off and mediate disputes. Yet this Commission was given no real authority to enforce its decisions or immediately halt hit-and-run strikes that gnaw away on missile progress. Worse, the President and his Labor Secretary are promoting legislation that would make it legal for union construction bosses to persuade their followers to strike in sympathy with other unions. Throwing open the door to such secondary boycotting, already a cause of scores of missile stoppages, only encourages union bosses to set up picket lines wherever they please to influence other crafts to join in.

The time is long past when lip service to the antistrike cause will suffice. Here is what must be done:

1. The criminal-conspiracy laws that so recently put businessmen in jail should be equally applied to strike-happy workers who conspire to foment walkouts for their own enrichment.

2. Congress must ban strikes at our missile bases, with fair appeal procedures but with severe penalties against those strikers who would endanger the national security. Employers found guilty of certain labor-law violations are blacklisted from all Federal contracts for 3 years. Shouldn't a similar penalty be applied to workers who strike illegally?

A new law must be passed that will put a stop to the practices that are undermining our defense prospects. Says the ranking Republican on McCLELLAN's subcommittee, Senator KARL MUNDT: "The oldest panacea in Washington is a White House commission. What should have come from the President was a forthright call for legislation to end this nonsense."

And on the floor of the Senate, after summing up the appalling disclosures, Senator McCLELLAN declared: "I do not care what Executive order is issued and what no-strike pledge is given, we shall not do right by the country or by the people if we permit such a situation to occur again without its being a violation of the law of the land. Conditions such as those that have prevailed in this program challenge the very efficacy of government itself."

3. As a final significant step, the President must inspire a revival of real patriotism, not just as a noble sentiment but as an everyday necessity for survival in the cold war.

Recently Senator McCLELLAN received an anguished question from a high school student who had heard about the labor scandals. "Is Americanism dead?" she asked. "Why don't more people care about our Government's success or failure in affairs so important that they could destroy our whole way of life?"

It's a question that makes you wonder. For since then another 15 men have walked out at Cape Canaveral in protest against NASA technicians trying to do their duty for the country.

AMENDMENT OF HOUSING AMENDMENTS OF 1955, TO MAKE INDIAN TRIBES ELIGIBLE FOR CERTAIN FEDERAL LOANS

Mr. METCALF. Mr. President, on behalf of my colleague, the senior Senator from Montana [Mr. MANSFIELD], the senior Senator from Pennsylvania [Mr. CLARK], the junior Senator from New Jersey [Mr. WILLIAMS], and myself, I introduce, for appropriate reference, a bill to amend the Housing Amendments of 1955 to make Indian tribes eligible for Federal loans to finance public works or facilities and for other purposes.

The need for this amendment arises from the fact that the law as currently written is applicable only to "States and their political subdivisions." The language we propose would merely add the phrase "and Indian tribes" where appropriate.

Participation in the community facilities program would be of immense benefit to many Indian communities. One tribe, for instance, is anxious to establish an orphanage for abandoned and disturbed children. Community facilities loans would also be helpful in encouraging economic development on Indian reservations by making funds available for tribally built and operated factory buildings, tourist facilities, and the like.

Finally, community facilities funds could be used to alleviate the serious juvenile delinquency problem on Indian reservations through the construction of playgrounds, gymnasiums, and other recreational facilities.

The exclusion of Indian tribes from the communities facilities program is inconsistent with our other housing programs. The Public Housing Act, for example, is available to "any State, county, municipality, or governmental entity or public body." The public housing agency has recently ruled that Indian tribes qualify under this provision. Similarly, the housing for the elderly program is open to "any public body."

I believe the exclusion of Indian tribes from the communities facilities program is an inadvertence that should be corrected at the earliest opportunity. I am most appreciative of the interest in this matter expressed by members of the Banking and Currency Committee, and hope that it will be possible for the committee to consider this bill at an early date.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2454) to amend the Housing Amendments of 1955 to make Indian tribes eligible for Federal loans to finance public works or facilities, and for other purposes, introduced by Mr. METCALF (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Banking and Currency.

PROMOTION OF FOREIGN COMMERCE—AMENDMENTS

Mr. ROBERTSON (for himself, Mr. CAPEHART, Mr. SPARKMAN, Mr. BUSH, Mr. CLARK, and Mr. JAVITS) submitted amendments, intended to be proposed by them, jointly, to the bill (S. 1729) to promote the foreign commerce of the United States, and for related purposes, which were ordered to lie on the table and to be printed.

ESTABLISHMENT OF PEACE CORPS—AMENDMENT

Mr. CURTIS submitted an amendment, intended to be proposed by him, to the bill (S. 2000) to provide for a Peace Corps to help the peoples of interested countries and areas in meeting their needs for skilled manpower, which was ordered to lie on the table and to be printed.

DEPARTMENTS OF STATE AND JUSTICE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATION BILL, 1962—AMENDMENTS

Mr. JAVITS submitted amendments, intended to be proposed by him, to the bill (H.R. 7371) making appropriations for the Departments of State and Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1962, and for other purposes, which were ordered to lie on the table and to be printed.

FEASIBILITY OF A PARKWAY TO BE KNOWN AS THE ABRAHAM LINCOLN MEMORIAL PARKWAY—ADDITIONAL COSPONSORS OF BILL

Mr. HARTKE. Mr. President, on April 13, 1961, I introduced S. 1579, a bill to provide for a study of the feasibility of establishing a national parkway to be known as the Abraham Lincoln Memorial Parkway. My colleague, the senior Senator from Indiana [Mr. CAPEHART], and the Senators from Illinois [Messrs. DOUGLAS and DIRKSEN] have requested the opportunity of cosponsoring this bill, and I ask unanimous consent that their names be listed as such.

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the following bills of the Senate, severally with an amendment, in which it requested the concurrence of the Senate:

S. 685. An act to amend the Coast and Geodetic Survey Commissioned Officers Act of 1948, as amended, and for other purposes;

S. 1317. An act to change the designation of that portion of the Hawaii National Park on the island of Hawaii, in the State of Hawaii, to the Hawaii Volcanoes National Park, and for other purposes; and

S. 1653. An act to amend title 18, United States Code, to prohibit travel or transportation in commerce in aid of racketeering enterprises.

The message also announced that the House had passed the following bills of the Senate, severally with amendments, in which it requested the concurrence of the Senate:

S. 880. An act to amend section 216 of the Merchant Marine Act, 1936, as amended, to authorize the Secretary of Commerce to accept gifts and bequests of personal property for the U.S. Merchant Marine Academy;

S. 1656. An act to amend chapter 50 of title 18, United States Code, with respect to the transmission of bets, wagers, and related information; and

S. 1657. An act to provide means for the Federal Government to combat interstate crime and to assist the States in the enforcement of their criminal laws by prohibiting the interstate transportation of wagering paraphernalia.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 206. An act to facilitate administration of the fishery loan fund established by section 4 of the Fish and Wildlife Act of 1956, and for other purposes;

H.R. 1098. An act to amend section 901 of title 38, United States Code, to provide that a flag shall be furnished to drape the casket of each deceased veteran of Mexican border service;

H.R. 2587. An act to extend the postage rates on library materials to films under 16 millimeters in size and film catalogs thereof;

H.R. 3296. An act to authorize the Secretary of Interior to nominate citizens of the Trust Territory of the Pacific Islands to be cadets at the U.S. Merchant Marine Academy;

H.R. 3788. An act to provide for the transfer of the U.S. vessel *Alaska* to the State of California for the use and benefit of the department of fish and game of such State;

H.R. 3920. An act to authorize an exchange of land at the Agricultural Research Center;

H.R. 4131. An act to authorize the waiver of collection of certain erroneous payments made by the Federal Government to certain civilian and military personnel;

H.R. 4682. An act to authorize the Secretary of Agriculture to sell and convey certain lands in the State of Iowa;

H.R. 4975. An act to permit the entry and mailing of second-class mail of publications of elementary and secondary institutions of learning, and for other purposes;

H.R. 6193. An act to authorize the Secretary of Agriculture to convey certain lands in the State of Wyoming to the county of Fremont, Wyo.;

H.R. 6309. An act to amend title VI of the Merchant Marine Act, 1936, as amended, in order to increase certain limitations in payments on account of operating-differential subsidy under such title;

H.R. 6374. An act to clarify the application of the Government Employees Training Act with respect to payment of expenses of attendance of Government employees at certain meetings, and for other purposes;

H.R. 6667. An act to amend the Act of August 16, 1957, relating to microfilming of papers of Presidents of the United States, to remove certain liabilities of the United States with respect to such activities;

H.R. 6969. An act to amend title 38, United States Code, to increase dependency and indemnity compensation in certain cases;

H.R. 7021. An act to authorize Government agencies to provide quarters, household furniture and equipment, utilities, subsistence, and laundry service to civilian officers and employees of the United States, and for other purposes;

H.R. 7057. An act relating to the application of the terms "gross income from mining" and "ordinary treatment processes normally applied by mine owners or operators in order to obtain the commercially marketable mineral product or products" to certain clays and shale for taxable years beginning before December 14, 1959;

H.R. 7416. An act to authorize the Bureau of the Census to make appropriate reimbursements between the respective appropriations available to the Bureau, and for other purposes;

H.R. 7490. An act for the protection of marine mammals on the high seas, and for other purposes;

H.R. 7532. An act to amend title 39 of the United States Code relating to funds received by the Post Office Department from payments for damage to personal property, and for other purposes;

H.R. 7559. An act to amend title 39 of the United States Code to provide for additional writing or printing on third- and fourth-class mail;

H.R. 8045. An act to change the name of the Hydrographic Office to United States Naval Oceanographic Office;

H.R. 8383. An act to further amend section 201(i) of the Federal Civil Defense Act of 1950, as amended, and for other purposes;

H.R. 8406. An act to further amend Reorganization Plan No. 1 of 1958, as amended, in order to change the name of the office established under such plan, and for other purposes;

H.R. 8414. An act to amend section 5011 of title 38, United States Code, to clarify the authority of the Veterans' Administration to use its revolving supply fund for the repair and reclamation of personal property; and

H.R. 8570. An act to amend title 10, United States Code, to permit disbursing officers of an armed force to entrust funds to other officers of an armed force.

ENROLLED BILLS SIGNED

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

H.R. 1290. An act for the relief of Ernest Morris;

H.R. 1612. An act for the relief of Mr. Ernest Hay, Wamego, Kans.;

H.R. 2656. An act for the relief of Capt. Leon B. Ketchum;

H.R. 3227. An act to amend section 1732(b) of title 28, United States Code, to permit the photographic reproduction of business records held in a custodial or fiduciary capacity and the introduction of the same in evidence;

H.R. 4030. An act for the relief of Robert A. St. Onge;

H.R. 4640. An act for the relief of the estate of Charles H. Biederman;

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;

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, Missouri;

H.R. 6835. An act to simplify the payment of certain miscellaneous judgments and the payment of certain compromise settlements;

H.R. 7038. An act to eliminate the right of appeal from the Supreme Court of Puerto Rico to the court of appeals for the first circuit;

H.R. 7610. An act for the relief of Joe Kawakami;

H.R. 7724. An act to provide for advances of pay to members of the armed services in cases of emergency evacuation of military dependents from oversea areas and for other purposes; and

H.R. 7864. An act to dissolve Federal Facilities Corporation, and for other purposes.

HOUSE BILLS REFERRED OR PLACED ON CALENDAR

The following bills were severally read twice by their titles and referred, or placed on the calendar, as indicated:

H.R. 206. An act to facilitate administration of the fishery loan fund established by section 4 of the Fish and Wildlife Act of 1956, and for other purposes;

H.R. 3296. An act to authorize the Secretary of Interior to nominate citizens of the Trust Territory of the Pacific Islands to be cadets at the U.S. Merchant Marine Academy.

H.R. 3788. An act to provide for the transfer of the U.S. vessel *Alaska* to the State of California for the use and benefit of the department of fish and game of such State; and

H.R. 7490. An act for the protection of marine mammals on the high seas, and for other purposes; to the Committee on Commerce.

H.R. 1098. An act to amend section 901 of title 38, United States Code, to provide that a flag shall be furnished to drape the casket of each deceased veteran of Mexican border service;

H.R. 6969. An act to amend title 38, United States Code, to increase dependency and indemnity compensation in certain cases;

H.R. 7057. An act relating to the application of the terms "gross income from mining" and "ordinary treatment processes normally applied by mine owners or operators in order to obtain the commercially marketable mineral product or products" to certain clays and shale for taxable years beginning before December 14, 1959; and

H.R. 8414. An act to amend section 5011 of title 38, United States Code, to clarify the authority of the Veterans' Administration to use its revolving supply fund for the repair and reclamation of personal property; to the Committee on Finance.

H.R. 2587. An act to extend the postage rates on library materials to films under 16 millimeters in size and film catalogs thereof;

H.R. 4975. An act to permit the entry and mailing as second-class mail of publications of elementary and secondary institutions of learning, and for other purposes;

H.R. 6374. An act to clarify the application of the Government Employees Training Act with respect to payment of expenses of attendance of Government employees at certain meetings, and for other purposes;

H.R. 7416. An act to authorize the Bureau of the Census to make appropriate reimbursements between the respective appropriations available to the Bureau, and for other purposes;

H.R. 7532. An act to amend title 39 of the United States Code relating to funds received by the Post Office Department from payments for damage to personal property, and for other purposes; and

H.R. 7559. An act to amend title 39 of the United States Code to provide for additional writing or printing on third- and fourth-class mail; to the Committee on Post Office and Civil Service.

H.R. 3920. An act to authorize an exchange of land at the Agricultural Research Center;

H.R. 4682. An act to authorize the Secretary of Agriculture to sell and convey certain lands in the State of Iowa; and

H.R. 6193. An act to authorize the Secretary of Agriculture to convey certain lands in the State of Wyoming to the county of Fremont, Wyo.; to the Commitee on Agriculture and Forestry.

H.R. 4131. An act to authorize the waiver of collection of certain erroneous payments made by the Federal Government to certain civilian and military personnel; to the Committee on the Judiciary.

H.R. 6309. An act to amend title VI of the Merchant Marine Act, 1936, as amended, in order to increase certain limitations in payments on account of operating-differential subsidy under such title; placed on the calendar.

H.R. 6667. An act to amend the act of August 16, 1957, relating to microfilming of papers of Presidents of the United States, to remove certain liabilities of the United States with respect to such activities; to the Committee on Rules and Administration.

H.R. 7021. An act to authorize Government agencies to provide quarters, household furniture and equipment, utilities, subsistence, and laundry service to civilian officers and employees of the United States, and for other purposes; to the Committee on Government Operations.

H.R. 8045. An act to change the name of the Hydrographic Office to United States Naval Oceanographic Office;

H.R. 8383. An act to further amend section 201(i) of the Federal Civil Defense Act of 1950, as amended, and for other purposes;

H.R. 8406. An act to further amend Reorganization Plan No. 1 of 1958, as amended, in order to change the name of the office established under such plan, and for other purposes; and

H.R. 8570. An act to amend title 10, United States Code, to permit disbursing officers of an armed force to entrust funds to other officers of an armed force; to the Committee on Armed Services.

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. WILEY:

Excerpts from address prepared for delivery by himself over Wisconsin radio stations on the weekend of August 20, 1961.

CONVERSION OF WASHINGTON, D.C. RESIDENCES INTO CHANCERIES

Mr. DODD. Mr. President, on Sunday, August 13, the Washington Sunday Star carried a feature article about what it calls the "chancery explosion" in Washington.

It pointed out the problem faced by local residents in many of our residential areas when a home is sold to a foreign government for a chancery, which is the office building for the ambassador and his staff.

Suddenly a quiet, residential street becomes, in effect, a commercial zone with curbs marked for exclusive use of the chancery personnel, double parking in the streets, and all the other accompaniments of a commercial enclave set in the middle of a quiet, residential area.

This, of course, is the Capital of the Nation and in many respects the Capital of the free world, and the people who

live here must make many accommodations to that fact of life. However, I believe that this "chancery explosion" can be handled in a way that will respect the rights and property holdings of many of our citizens who have lived here for a very long time.

I suppose the first step toward such a solution is to bring this matter out in the open, and, to that end, I ask unanimous consent to have printed at this point in the RECORD the article by William Grigg which appeared in the Washington Sunday Star of August 13, 1961.

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

CHANCERY EXPLOSION IS DISTRICT OF COLUMBIA'S NEW BLIGHT

(By William Grigg)

A new kind of blight has struck Washington neighborhoods and turned quiet streets into vehicular battlegrounds.

The blight is called the chancery explosion. It has well-to-do matrons muttering under their breath and retired admirals and generals up in arms.

One month a fine old couple live in the house next door. Next month it is sold to a foreign government for a chancery—the office building for the ambassador and his staff.

The curbs are marked for the exclusive use of the staff. When the spaces are full, diplomatic cars may park double in the streets, immune from the law.

A few years ago there was little trouble. Embassy staffs were small. They occupied a few rooms in the embassies. And there were fewer embassies.

Now, as Washington grows in importance, embassy staffs explode from their old offices. At the same time, a host of colonies suddenly become independent nations and set out to buy embassies and chanceries.

And while United States Steel or IBM wouldn't stand a chance of getting a fine Northwest home zoned for office use, foreign countries have been most successful.

Neighbors enter the battle before the District Board of Zoning Adjustment to no avail, in most cases.

Before 1958, zoning officials point out, residents could not even do that. Foreign countries could buy buildings and do what they wanted with them. Regulations adopted in 1958 changed that slightly.

Since 1958, a total of 20 applications have been made to the board for exceptions to permit the construction of chanceries or the use of homes for chanceries in areas zoned residential.

The Board has denied two. Two others were withdrawn by the applicants.

Residents have attempted to fight the board's ruling in courts but in each case have failed.

Economics, the psychology of status seeking and the desires of the State Department conspire against the citizens' groups.

A real estate agent explained, "The economics are overpowering. The seller gets a better price than from purchasers who would use the building as homes.

"The foreign country gets a building for a price lower than prices for comparable space in a commercially zoned area. The country also gets the prestige of a fine home at a good address.

"That impresses visitors who come to the offices or to parties."

POSITION OF UNITED STATES

The State Department explained its position in the case of Brazil's application to use 4510 42d Street NW., site of the Washington Home for Foundlings, for its chancery:

"The District of Columbia was originally created not as a residential area but as the seat of the U.S. Government, with the thought in mind that foreign countries would send their diplomatic representatives here."

The late James E. Schwab cast the sole vote against Brazil in the five-man board. "Unless the board applies to this appeal the same test it would apply to similar use by a nonprofit organization, the board will," he said, "as a result of the precedent established, lose actual control over the location of chanceries in residential areas."

Mr. Schwab's prediction has been proved wrong twice.

BOARD BALKS

The board balked recently when asked to permit Ghana a chancery at 2907 Ellicott Terrace NW. An earlier application for the use of the same address by West Germany had been withdrawn before the hearing. The board found the Ghana chancery not compatible with the terrace's homes.

Vigorous neighborhood action also fought an attempt to establish a chancery for Gabon at 2129 Bancroft Place NW. this year. The board ruled that, with no offstreet parking provided for chancery workers and visitors, the application should be denied.

The plucky Bancroft residents' success against Gabon came just after a battle against the Cameroun Republic.

The Republic wanted to use 2128 Bancroft as a chancery. That address and 2130 had been used as offices of the Government of Chile, but neighbors said the buildings had reverted to residential status when Chile moved out.

INJUNCTION DISSOLVED

The neighbors obtained an injunction, saw it dissolved a few days later. Like many recent cases, residents got a geography lesson, little more.

Neighbors fought the Netherlands Government when it wanted to build a $3 million chancery at 4200 Linnean Avenue, near Upton Street NW., and failed. Waverly Taylor, Inc., then managed to get a district court restraining order but it was dissolved.

The Czech chancery at 1612 Tilden Street NW. stirred neighbors who claimed the board failed to protect the integrity of the area. One resident said the Czechs were likely to use the building for nondiplomatic activities customarily carried on under diplomatic guise. He meant spying.

But district court found the Board acted reasonably.

Thus, the blight advances. Often it advances outside the control of the Board. Foreign governments with property established before 1958 can do pretty much what they want to with their buildings.

IMMUNITY GIVEN

Governments with property bought since then still retain a great measure of immunity. Fire laws, for instance, can't be enforced.

Kalorama citizens are now fighting with their backs to the wall. They list 62 chanceries and 20 embassies in their small triangle bounded by Rock Creek Park, Connecticut and Massachusetts Avenues NW.

Some, of course, fight, fail, and flee.

Mrs. Maryland McCormick, widow of Robert R. McCormick, publisher of the Chicago Tribune, strongly protested the granting of a request for the establishment of a chancery for Mali at 2130 R Street NW.

FIGHTS GO ON

A few months after her protest failed, she negotiated with Cyprus for the sale of her home in the same block. The sale went through when the Board agreed it could be used as embassy and chancery.

Others are still fighting.

David M. Key, a retired Foreign Service officer and general manager of the American Foreign Service Association, appealed in person a month ago to the Chief of Protocol, Angier Biddle Duke. He also wrote Secretary of State Rusk.

Mr. Key said he and a local lawyer told them there was no proper objection to embassies, of whatever nationality, because they are residences. But the office of the ambassador and other officials, he said, ought to be treated like any other business office.

Mr. Key does not feel he achieved anything.

Gover M. Koockogey, president of the Kalorama Citizens' Association, this past week tried a new offensive. He got the North Washington Council of Citizens' Associations to approve a request to the Zoning Board, the District Commissioners, and the Senate and House District Committees.

A BASIC REQUEST

The request is simple: Enforce the zoning laws, giving applications for chanceries the same breaks, but no more, than applications for other offices.

Mr. Key says that if the council's request is granted, there would be no logical cause for upsetting international relations.

Having served in several foreign capitals, he says that these cities may enforce local zoning laws and that the United States, to his knowledge, does not "and should not" try to ride over these laws.

In the capitals he has served in, the United States chanceries are in areas used for office buildings. The United States, he says, did not insist that the chanceries be next to or near to its embassies.

THREE HEARINGS SCHEDULED

On Wednesday, hearings on three more chanceries will be held before the Board of Zoning Adjustment.

The owner of 3421 Massachusetts Avenue NW., will appeal on behalf of the Republic of Sudan to establish a chancery there. The owner of 7119 16th Street NW., will make a similar appeal for the Republic of Upper Volta.

The Republic of Panama will ask permission to establish its chancery at Woodland Drive and 29th Street NW.

Judge Russell E. Train of the U.S. Tax Court here got his first notice of the hearing in a news report Tuesday in the Star.

THE JUDGE'S STATEMENT

Next day he wrote the Board: "I fail to understand why neither I nor any other neighbors insofar as I have been able to determine have been served with an official notice of the hearings as required by law.

"There are five (embassies) within one block of my own house. * * * All of this has been accepted in good grace by myself and my neighbors but always with the firm understanding that only embassy residences are involved and never chanceries. * * *

"Should the application be granted, the existing difficulties reportedly encountered by the State Department in assisting foreign governments to find suitable embassy residences will be immeasurably aggravated. It will become clear that assurances to the effect that only embassy residences are involved are meaningless.

"I will state now in all frankness that my own attitude and, I feel sure, that of my neighbors, will change from one of friendly acceptance to one of hostility."

FOREIGN AID

Mr. DODD. Mr. President, I invite the attention of Senators to the fact that the House of Representatives passed an amendment to the foreign-aid bill last Thursday barring aid to Communist regimes which was similar to an amendment defeated in the Senate. The House amendment, sponsored by Representative CASEY, from Texas, enumerates a list of Communist countries to which no

assistance can be given under the foreign-aid bill.

This amendment was in my judgment a stronger, clearer, and therefore better amendment than that adopted by the Senate and therefore one which I hope will emerge from conference.

Unfortunately, the Casey amendment has one of the weaknesses contained in the Senate bill in that it permits the President to waive the amendment and furnish up to $300 million in aid to Iron Curtain countries.

Whichever version is finally retained in conference, I hope that the fight we made in the Senate and the House will indicate to the administrators of this program the opposition of the Congress to aid to Communist regimes.

I am sure there are many besides myself who will carefully study the operation of the act and note well any use of Presidential waivers for the purpose of assisting Red regimes.

It may be that the administrators of the Act may be so prudent as to merit the confidence which the Congress reposed in them by granting discretionary powers; but if this does not prove to be the case, I am hopeful that at its next opportunity Congress will move to close the loopholes in the present law.

VISIT OF OWEN LATTIMORE TO OUTER MONGOLIA

Mr. DODD. Mr. President, I do not think it is an accident that, at the very moment when there was a big drive on to persuade the State Department to grant recognition to Outer Mongolia, Owen Lattimore should have arrived in the so-called Mongolian Peoples' Republic as a V.I.P. visitor.

The Department of State has assured me, in response to specific queries submitted to it, that Lattimore is not acting in its behalf, has not been asked to report to it, and is visiting Outer Mongolia in a purely private capacity. It took the stand that there was no legal way in which it could have intervened to prevent his visit.

Human memory is weak, and the facts about the Institute of Pacific Relations and about Owen Lattimore's central role in the Institute of Pacific Relations are now faded or forgotten. Indeed, from a number of editorials that have appeared in recent months, I have the impression that there is an organized campaign underway to obliterate the record of the past and rewrite the history of the Institute of Pacific Relations in a manner acceptable to all fellow travelers and to all those who believed or still believe that the Chinese Communists are "agrarian reformers."

The inquiry into the Institute of Pacific Relations, which was conducted by the Senate Subcommittee on Internal Security between July 1951 and June 1952, was one of the most painstaking and the most exhaustive investigations ever conducted by a committee of Congress. The printed record of the hearings totaled 16 volumes and over 5,000 pages. The evidence presented before the committee was so overwhelming that there was exceedingly little editorial criticism, even from those newspapers that are habitually disposed to challenge every investigation into Communist operations.

After holding these extensive hearings, the Subcommittee on Internal Security unanimously concluded that the Institute of Pacific Relations had not maintained the character of an objective, scholarly and research organization. On the contrary, it found that "the Institute of Pacific Relations has been considered by the American Communist Party and by Soviet officials as an instrument of Communist policy, propaganda and military intelligence."

About Owen Lattimore, who had been the dominant personality in the Institute of Pacific Relations, the subcommittee found that he had been "from some time beginning in the 1932's, a conscious articulate instrument of the Soviet conspiracy." It also found that he had "testified falsely before the subcommittee with reference to at least five separate matters that were relevant to the inquiry and substantial in import." It also found that "Owen Lattimore and John Carter Vincent were influential in bringing about a change in U.S. policy in 1945 favorable to the Chinese Communists."

After the hearings, Owen Lattimore wrote a book in his own defense, "Ordeal by Slander." In reply to this a journalist, Irving Kristol, who was at that time an editor of the Liberated Periodical Commentary, wrote an article for a British magazine, captioned "Ordeal by Mendacity." I make the point to the Senate that there was no suit for libel, even though libel laws in Britain, as everyone knows, are exceedingly stringent.

Owen Lattimore, in addition to being an apologist for the Chinese Communists and one of the original proponents of the agrarian-reformer thesis, also pretends to expertness on Outer Mongolia. The Outer Mongolian Government, according to monitored radio reports, has taken Lattimore to its bosom during the course of his present visit, and Lattimore has reciprocated by embracing the Outer Mongolian Government.

Lattimore told an Outer Mongolian audience that it is high time that their country was admitted to the United Nations. He also apologized abjectly for some incorrect statements he had made about Outer Mongolia in articles written years ago.

I find it difficult to escape the conclusion that some serious significance attaches to Owen Lattimore's presence in Outer Mongolia. I consider it essential to establish all of the facts about his visit and to this end I intend to propose that on his return he be called before the Senate Subcommittee on Internal Security and asked for a statement of the facts.

By way of refreshing the memory of the Senators, I ask unanimous consent to have printed in the RECORD at this point, first, the conclusions of the report of the Senate Subcommittee on Internal Security on the Institute of Pacific Relations, and second, an article entitled "Ordeal by Mendacity," published by the British magazine, "The Twentieth Century." Finally, I ask permission to insert into the RECORD the text of a monitored radio broadcast from Outer Mongolia dealing with Owen Lattimore's visit to that country.

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

CONCLUSIONS

The Institute of Pacific Relations has not maintained the character of an objective, scholarly, and research organization.

The Institute of Pacific Relations has been considered by the American Communist Party and by Soviet officials as an instrument of Communist policy, propaganda, and military intelligence.

The Institute of Pacific Relations disseminated and sought to popularize false information including information originating from Soviet and Communist sources.

A small core of officials and staff members carried the main burden of Institute of Pacific Relations activities and directed its administration and policies.

Members of the small core of officials and staff members who controlled Institute of Pacific Relations were either Communist or pro-Communist.

There is no evidence that the large majorities of its members supported the Institute of Pacific Relations for any reason except to advance the professed research and scholarly purposes of the organization.

Most members of the Institute of Pacific Relations, and most members of its board of trustees, were inactive and obviously without any influence over the policies of the organization and the conduct of its affairs.

Institute of Pacific Relations activities were made possible largely through the financial support of American industrialists, corporations, and foundations, the majority of whom were not familiar with the inner workings of the organization.

The effective leadership of the Institute of Pacific Relations often sought to deceive Institute of Pacific Relations contributors and supporters as to the true character and activities of the organization.

Neither the Institute of Pacific Relations nor any substantial body of those associated with it as executive officers, trustees or major financial contributors, has ever made any serious and objective investigation of the charges that the Institute of Pacific Relations was infiltrated by Communists and was used for pro-Communist and pro-Soviet purposes.

The names of eminent individuals were by design used as a respectable and impressive screen for the activities of the Institute of Pacific Relations inner core, and as a defense when such activities came under scrutiny.

Owen Lattimore was, "from some time beginning in the 1930's, a conscious articulate instrument of the Soviet conspiracy."

Effective leadership of the Institute of Pacific Relations had by the end of 1934 established and implemented an official connection with G. N. Voitinski, chief of the Far Eastern division of the Communist International.

After the establishment of the Soviet Council of Institute of Pacific Relations, leaders of the American Institute of Pacific Relations sought and maintained working relationships with Soviet diplomats and officials.

The American staff of Institute of Pacific Relations, though fully apprised that the Soviet Council of Institute of Pacific Relations was in fact an arm of the Soviet Foreign Office, was simultaneously and secretly instructed to preserve the fiction that the Soviet council was independent.

Institute of Pacific Relations officials testified falsely before the Senate Internal Secu-

rity Subcommittee concerning the relationships between Institute of Pacific Relations and the Soviet Union.

Owen Lattimore "testified falsely before the subcommittee with reference to at least five separate matters that were relevant to the inquiry and substantial in import."

John Paton Davies, Jr., testified falsely before the subcommittee in denying that he recommended the Central Intelligence Agency employ, utilize and rely upon certain individuals having Communist associations and connections. This matter was relevant to the inquiry and substantial in import.

The effective leadership of Institute of Pacific Relations worked consistently to set up actively cooperative and confidential relationships with persons in Government involved in the determination of foreign policy.

Over a period of years, John Carter Vincent was the principal fulcrum of Institute of Pacific Relations pressures and influence in the State Department.

It was the continued practice of Institute of Pacific Relations to seek to place in Government posts both persons associated with Institute of Pacific Relations and other persons selected by the effective leadership of Institute of Pacific Relations.

The Institute of Pacific Relations possessed close organic relations with the State Department through interchange of personnel, attendance of State Department officials at Institute of Pacific Relations conferences, constant exchange of information and social contacts.

The effective leadership of the Institute of Pacific Relations used Institute of Pacific Relations prestige to promote the interests of the Soviet Union in the United States.

A group of persons operating within and about the Institute of Pacific Relations exerted a substantial influence on U.S. Far Eastern policy.

The Institute of Pacific Relations was a vehicle used by the Communists to orientate American Far Eastern policies toward Communist objectives.

A group of persons associated with the Institute of Pacific Relations attempted, between 1941 and 1945, to change U.S. policy so as to accommodate Communist ends and to set the stage for a major U.S. policy change, favorable to Soviet interests, in 1945.

Owen Lattimore and John Carter Vincent were influential in bringing about a change in U.S. policy in 1945 favorable to the Chinese Communists.

During the period 1945–49, persons associated with the Institute of Pacific Relations were instrumental in keeping U.S. policy on a course favorable to Communist objectives in China.

Persons associated with the Institute of Pacific Relations were influential in 1949 in giving U.S. Far Eastern policy a direction that furthered Communist purposes.

A chief function of the Institute of Pacific Relations has been to influence U.S. public opinion.

Many of the persons active in and around the Institute of Pacific Relations, and in particular though not exclusively Owen Lattimore, Edward C. Carter, Frederick V. Field, T. A. Bisson, Lawrence K. Rosinger, and Maxwell Stewart, knowingly and deliberately used the language of books and articles which they wrote or edited in an attempt to influence the American public by means of pro-Communist or pro-Soviet content of such writings.

The net effect of Institute of Pacific Relations activities on U.S. public opinion has been such as to serve international Communist interests and to affect adversely the interests of the United States.

ORDEAL BY MENDACITY

(By Irving Kristol)

By an appropriate irony, the British edition of Owen Lattimore's "Ordeal by Slander" has been published almost simultaneously with the two volumes of the McCarran committee's hearings on the Institute of Pacific Relations which contain Mr. Lattimore's testimony. The cordial and sympathetic reviews of Mr. Lattimore's book in the Economist, Spectator, Listener, New Statesman and Nation and other reputable periodicals provide a strange counterpoint to the hostile and acerbic probings of the American Senators. It is no more strange, however, than the counterpoint provided by Mr. Lattimore as an indignant author and Mr. Lattimore as a witness under oath. "Ordeal by Slander" is a passionate and eloquent denial of the accusation that Mr. Lattimore and the Institute of Pacific Relations had been guided over the years by Stalinist sympathies. In contrast, his evasive, disingenuous and ultimately self-incriminating testimony before the McCarran committee offers ample warrant for believing that such was exactly the case.

In the chapter of "Ordeal" written by Mrs. Lattimore, she describes how, with the assistance of several friends, she looked through her husband's writings for quotations that would show him to be an anti-Communist. As she found out, this was a difficult job, and her explanation of the difficulty was two-fold: (1) her husband was a loyal American who simply expected his readers to take it for granted that he was against communism, and (2) he was a scholar who didn't intrude his own bias into his work. It is safe to say that no other non-Stalinist alive who had written 11 books, over 80 magazine articles, dozens of book reviews, and hundreds of newspaper articles on current Far Eastern affairs (what was scholarly about them?) would have found himself in such straits. In the end, Mrs. Lattimore was reduced to quoting irrelevant platitudes ("No Chinese government can be genuinely independent if it is subject to manipulation by Russia") or wrenching sentences more or less forcibly out of context (e.g. "Those of us who have never been Marxists have many straightforward disagreements with the Marxists"—what Mrs. Lattimore forgets to mention is that this statement turns up in an unfavorable review of an anti-Communist book written by an ex-Communist.).

Nor was Owen Lattimore himself able to improve upon his wife's evidence when he appeared before the Tydings committee; he was constrained to use such arguments as: "In these years (1935–36) the Communists, of course, hoped that the Japanese assault upon China would strengthen the Chinese Communists. I, on the other hand, kept demanding a tougher American policy toward Japan and kept warning people that Japanese aggression was building up Communism." That phrase is precious indeed, in view of the fact that the Communists, along with just about everyone else, were insisting that the United States intervene to prevent Japan from gobbling up China.

It is too bad that the Lattimores did not have the task of finding pro-Stalinist quotations; they would have had a much easier time of it, as the McCarran committee showed. Immediately at hand there were his solemn and approving reviews of a host of obscure Stalinist brochures, the tenor of which is summed up in his comment on Anna Louise Strong's "This Soviet World": "Her book as a whole is a good confrontation of the Soviet ideas of democracy, originality and individuality, and the foreign idea of regimentation." With some little extra effort, they could have dug up this verdict on the Moscow trials:

"The real point, of course, for those who live in democratic countries is whether the discovery of the conspiracies was a triumph for democracy or not. I think that this can easily be determined. The accounts of the most widely read Moscow correspondents all emphasize that since the close scrutiny of every person in a responsible position, following the trials, a great many abuses have been discovered or rectified. A lot depends on whether you emphasize the discovery of the abuse or the rectification of it; but habitual rectification can hardly do anything but give the ordinary citizen more courage to protest, loudly, whenever in the future he finds himself being victimized by someone in the party or someone in the government. That sounds like democracy to me."

And with some real diligence, they might have traced Mr. Lattimore's line of thought prior to the Stalin-Hitler Pact, when he was all for collective security; during the pact, when he saw the war as "one between the established master races and the claimant master races;" and after the pact, when Allied troops couldn't set up a second front too quickly to suit him.

But, one inevitably feels, why bother? What if Mr. Lattimore has been rather less than frank about the history of his opinions? Is that not his private affair? It would be easy to reply to this by pointing out that Mr. Lattimore did, after all, write a book which many trusting people took at face value. But that is a minor matter which could have been left to the informed reviewer to deal with, and which certainly did not merit a congressional investigation. The really important thing about Mr. Lattimore's private opinions is that they played a part in the affairs of the Nation which make them very much a subject for legitimate public concern.

They are, for instance, a subject for concern on the part of the foundations that generously subsidized, and the individuals who read, Pacific Affairs—the very influential quarterly which Mr. Lattimore edited for the international council of the Institute of Pacific Relations during the years 1934–41, and which passed in universities and Government bureaus for an authoritative, objective, and scholarly journal. In "Ordeal by Slander," Mr. Lattimore insists that it was in fact what it passed for, and he presents statistics which purport to show that at least as many non-Communists and anti-Communists contributed to it as did pro-Communists. The McCarran committee, for its part, has collected its own statistics which are more accurate, more detailed, and more convincing than Mr. Lattimore's, and which reveal that the overwhelming bulk of the pages which had any relation to politics whatever were written by Stalinists or pro-Stalinists; it also came up with documentary proof that anti-Stalinist articles were unwanted, that they were printed only under duress, and that the editor took pains to see to it that an answer was found in the same issue. However, the statistical quarrel is superfluous. Any person with his political wits about him who leafs through Pacific Affairs will see immediately that Mr. Lattimore was editing a Stalinoid magazine. Naturally there were many articles which did not have a political bearing; these were the husks that served to protect the tendentious core. But as to Mr. Lattimore's intentions, there can be no doubt. To settle this question once and for all, it is worth while—as well as intrinsically interesting—to relate the tempestuous career of an article by the British economist, Mr. L. E. Hubbard.

Mr. Hubbard is one of the writers for Pacific Affairs to whom Mr. Lattimore points as proof of his lack of bias. This contrasts oddly with his reactions upon first seeing Mr. Hubbard's article. Here is what he wrote to Edward C. Carter, secretary general of the Institute of Pacific Relations, on December 13, 1937:

"Of the material awaiting me here the most interesting was the Hubbard article on the Soviet 5-year plans, which Holland and I have read with, probably, curious expressions on our faces. While waiting for whatever reaction it may detonate in Motylev

(head of the Soviet Council of the Institute of Pacific Relations), I may as well review several considerations that are likely to turn out to be pertinent.

"In the first place, it is a calamity that in spite of our combined and persistent urging, the Soviet Council has never contributed adequately to Pacific Affairs. As a result, this very skillful attack threatens to make an impression on readers who have not had the prior advantage of reading constructive presentations of problems of major Soviet interest, by Soviet authors.

"In the second place, Hubbard cannot lightly be refused a hearing. He has an important influence and standing among people who count in England; otherwise he would not be retained as an expert by the Bank of England.

"In the third place, this article comes to us, though we did not ourselves request it, through Chatham House, one of the major organs of the Institute of Pacific Relations. As editor, I necessarily recall that I forced through an article by Asiaticus (the pen name of Heinz Moeller, a Comintern agent in China) on British capitalist financial policy in China, against the protests of Chatham House. This would make it difficult for me to refuse the Hubbard article on the ground that it is impolitic."

Motylev, having seen the manuscript, detonated much as he had been expected to, and on February 8, 1938, we find Mr. Lattimore writing him as follows:

"In regard to L. N. Hubbard's article, I have carefully noted your criticisms. I am sorry that I seem to have expressed myself clumsily in regard to the question of anti-Soviet articles in Pacific Affairs. The real difficulty is this: the membership of the Institute of Pacific Relations is predominantly of the democratic nations. These nations continue to set great store by the principle of free speech. Many individual members of the Institute of Pacific Relations appeal to this principle for the purpose of criticising the U.S.S.R. If I, as editor of Pacific Affairs, prevent them from doing so, they will criticize Pacific Affairs as an organ of Soviet propaganda and largely destroy its usefulness.

"Realization of the urgent necessity for promoting all that is really democratic in the public life of the democratic nations, and resisting the forces that favor imperialist aggression and facism, is only gradually spreading. In the circumstances the only wise and constructive thing for me to do is to favor publication of positive and constructive articles, while not preventing entirely the expression of negative and defeatist views. This means that whenever we find it impossible to prevent publication of such an article as this one by Hubbard we should at least make sure that in the same number there shall appear an article which deals with the true values of the same questions, and deals with them constructively.

"In the circumstances, I am taking the following course of action:

"1. I am deleting from the article one of its most objectionable paragraphs. A copy of this article, thus revised, is attached to this letter.

"2. I am writing to G. E. Hubbard (brother to L. E. Hubbard), of Chatham House, asking him to withdraw the article altogether, on behalf of Chatham House. If, however, he officially insists on publication of the article, I shall have to publish it, in our June number.

"3. Finally, I urge you to write, immediately, a reply to the article, to be published in the same number. This must be received in New York not later than the last week of March. It will be used only in case Chatham House insists on publication of the original article.

"In concluding this letter I wish to concur with you in the sentiment that at this time of extreme crisis in the Far East, 'Pacific Affairs,' ought to find more suitable subjects for publication than anti-Soviet articles. To the best of my ability, within the limits imposed on me by the different national bodies which have a voice in the conduct of 'Pacific Affairs,' I shall publish only material which emphasizes the true issues which the world is facing. In this, the U.S.S.R. Council of the Institute of Pacific Relations can come to my aid with indispensable assistance."

The Hubbard article appeared in the June issue. The title given it by Mr. Lattimore was "A Capitalist Appraisal of the Soviet Union," and he took the liberty of inserting some footnotes correcting Mr. Hubbard's statistics on the basis of pro-Soviet sources. In the same issue of "Pacific Affairs" there appeared an article by one A. W. Caniff which presented a very favorable picture of Soviet economic development. The McCarran committee discovered that this name covered the two persons of Harriet Moore and Andrew Gradjanev, both on the staff of the American-Russian Institute which was affiliated with the Soviet cultural organization, VOKS.[1]

Mr. Lattimore's private opinions are significant, too, because they happened to be the opinions that directed and dominated the Institute of Pacific Relations. It would be hard to overemphasize the role that this organization played over the last two decades in setting the tone for discussing Far Eastern problems. It was not one organization among many; it was the organization—as near a perfect illustration of monopoly as any antitrust act could envisage. To it the various foundations and philanthropic businessmen gave their grants; from it young scholars in the field received their fellowships, printing the findings of their researchers in its periodicals; from it, too, the Government recruited its Far Eastern experts, while the schools, the Armed Forces, and the civilian agencies of the Government distributed its pamphlets by the hundreds of thousands. Is not a congressional investigation justified if it comes back with the information that 46 people intimately connected with the Institute of Pacific Relations have been cited under oath as members of the Communist Party? That 11 of these, plus 8 others active in Institute of Pacific Relations affairs, were shown to be collaborators with agents, the Soviet intelligence apparatus? That, according to a former Soviet Foreign Office official, the requests for scholarly data which came from the Soviet Council—and which were fulfilled with alacrity by the American Council—originated in fact with Soviet naval intelligence? And that there is every reason to believe that the leading staff members of the American council knew this? That the Institute of Pacific Relations staff member who became John Carter Vincent's assistant when the latter was chief of the China Division—and then of the Office of Far Eastern Affairs—of the State Department was identified by several witnesses as a member of the Communist Party? That another Institute of Pacific Relations staff member, similarly identified, was deputy to Presidential Assistant Lauchlin Currie?

That the highest official of the American Institute of Pacific Relations for many years wrote a pseudonymous column for the Daily Worker and reported regularly to the Communist Party's Politbureau? That the wartime director of the Washington office of the Institute of Pacific Relations now edits a paper in Communist China? That the leaders of the Japanese section of the Institute of Pacific Relations were members of the Sorge espionage ring, and that at least two prominent Institute of Pacific Relations authors acted as couriers for it? That Vice President Henry Wallace's pamphlet, "Our Job in the Pacific," was written by Eleanor Lattimore, while his book, "Soviet Asia Mission," was written by a contributor to the Daily Worker? That at a 3-day meeting of Far Eastern experts in October, 1949, called by the State Department for advice with regard to the crisis in China, 17 of the 25 people invited were active in the Institute of Pacific Relations? And that the point of view which was there most popular, among the experts and State Department officials alike, was expressed by a secret member of the Communist Party?

These were some of the things that the McCarran committee discovered from the Institute of Pacific Relations files it confiscated, and from the witnesses it so tenaciously cross-examined. It is not, by far, the whole story—no member of the Communist caucus in the Institute of Pacific Relations has yet told us the inner history of its operations, though in requesting legislation that would empower a congressional committee to give immunity to a friendly witness the McCarran committee hints that we shall not have long to wait. But that there is a story, with a sordid plot—of that there can be no question.

In this story, Owen Lattimore is an essential character. The country's No. 1 Far Eastern expert, director of the Walter Hines Page School of International Relations at Johns Hopkins University, and, at one time or another, editor of Pacific Affairs, Roosevelt's personal envoy to Chiang Kai-shek, Deputy Director of Pacific Operations for the Office of War Information, member of the Pauley Reparations Commission to Japan and author of its report, outstanding "theoretician" and publicist of the Institute of Pacific Relations—he was the merchant of Stalinist ideology and the salesman of Stalinist policy to the non-Stalinst world. It was his task to explain to the American people and the State Department, in a language which could affect them, that Soviet Russia's intentions were really pacific, that the Chinese Communists were the representatives in Asia of the inexorable revolution of our time which it would be futile and wicked to oppose, and that a progressive program for the Far East meant the abjuration of any such reactionary policy as fighting communism with arms—for communism is an idea which, presumably unlike certain other ideas such as fascism, ought only to be combated (so to speak) in the hearts of men, etc., etc. He was successful to an extent that even he must have thought phenomenal. By 1945, vulgar anti-Communists such as Grew, Hornbeck, and Ballantine were pushed out of the State Department and their places taken by sophisticated progressives led by Mr. Lattimore's old and valued friend, John Carter Vincent. These new men did not, as has been charged, sell China down the river. They merely borrowed from Mr. Lattimore a policy—of denying aid to Chiang until he had formed a coalition with the Communists—which had this as an inevitable consequence, and which they smugly and foolishly thought to be the only constructive

[1] In another letter to Motylev in 1937, Mr. Lattimore wrote: "If I am to convert 'Pacific Affairs' from a loose and unorganized collection of articles into a journal which has a recognizable position and general point of view, I must rely very considerably on you. The Soviet Council of the Institute of Pacific Relations is more interested in this question of coherence than any of the others, all of which by their composition and form of organization are more or less incoherent. If I could have from you an article in each number, and if these articles were planned to succeed each other in such a manner as to create a recognizable line of thought, it would be much easier to get other contributors to converge on this line."

program suitable for their advanced political sensibilities.

Just how deeply enmeshed Mr. Lattimore was in the Stalinist apparatus that worked through the Institute of Pacific Relations, it is at this moment hard to say. There has been testimony by former Soviet officials that his work was followed with a friendly interest, and his name uttered with a knowing air, by the ruling circles in Moscow. More specifically, Louis Budenz, a former editor of the New York Daily Worker, has asserted that at a meeting of the American Communist Party's Politburo in 1943, Frederick Vanderbilt Field reported that he had received word from Lattimore of a change in line from supporting Chiang Kai-shek to openly opposing him; moreover, according to Budenz, Mr. Lattimore was frequently referred to in an intimate way in secret party documents. And there are several intriguing episodes, touching upon Mr. Lattimore's relations with Soviet officials in America, whose meaning is as yet obscure. However, it seems clear that Owen Lattimore was no spy in the sense that Alger Hiss was one, and that Senator McCarthy's description of him as "the top Soviet espionage agent" in the United States was irresponsible and wide of the mark. A spy would not have walked into the American Embassy in Moscow in 1936 and demanded that Ambassador Bullitt cable Washington to recognize Outer Mongolia as an independent republic—at a time when it was formally a part of China and actually, as Mr. Lattimore well knew, a Soviet protectorate. And a spy would not have recommended Frederick Vanderbilt Field, widely known to be a Communist, for a commission in Army Intelligence during the last war. Such brazenness is the mark of a man transported by the conviction of his own infinite innocence and righteousness. It was an innocence and righteousness bestowed upon him by history, as a reward for his having recognized her as the living Goddess. This recognition he summed up in a single formula: "To be progressive in politics is to be on the side of that which is going up and against that which is going down." What was going up, of course, was the Kingdom of Freedom, represented somewhat crudely in our day by communism and the Soviet Union; what was going down was the Kingdom of Necessity, represented by capitalism and the status quo.

Lattimore's relations with the Marxist myth were essential flirtatious, if intense; he was incapable of the final self-surrender that would have made him a true Bolshevik. What stood in his way was, apparently, pride; eager to ride the wave of the future, he was unwilling to merge himself with it. One aspect of this pride was displayed in his delicate avoidance of Marxist jargon. His own style, he felt, had a distinctive contribution to make—he could translate the new dogmas into something resembling the ancient rhetoric of the academy. According to Prof. Karl Wittfogel, Lattimore once boasted to him that he had never read Marx for fear of losing his own accent; and Lattimore's private correspondence to other members of the Institute of Pacific Relations family (i.e. the inner circle that controlled the organization) is full of references to his own special rhetorical abilities and of criticism of the more stereotyped diction of others. Even conspiracies, it would seem, have their snobs; and even snobs have their uses. As Budenz put it: "It was particularly stressed in the Political Bureau that his great value lay in the fact that he could bring the emphasis in support of Soviet policy in language which was non-Soviet."

In view of the stress placed by Lattimore and others on his capabilities in this field, it is depressing to note that his artfulness was of the crudest sort. He avoided the cliché "agrarian reformers" when speaking of the Chinese Communists, substituting in its stead the more pompous "dynamic popular government in North China." He would demonstrate his openmindedness about communism with such utterances as: "No propaganda can hide the fact that there is good and bad in Russia." His favorite technique has been described as ventriloquism; this involved putting his opinions into other people's mouths under the guise of scholarly objectivity. Thus, criticizing an article by Harold Isaacs, he would say: "Mr. Isaacs, referring to China, writes of the cold embrace of Communist totalitarianism; but it appears from other accounts that it is in these areas that there is really a beacon of hope." Sometimes, he would take it upon himself to express the sentiments of Uzbeks and Mongols, secure in the knowledge that they were not likely to write a protesting letter to the Times.

"To all these peoples (neighbors of Russia in Inner Asia) the Russians and the Soviet Union have a great power of attraction.

"In their eyes—rather doubtfully in the eyes of the older generation, more and more clearly in the eyes of the younger generation—the Soviet Union stands for strategic security, economic prosperity, technological progress, miraculous medicine, free education, equality of opportunity, and democracy: a powerful combination.

"The fact that the Soviet Union also stands for democracy is not to be overlooked. It stands for democracy because it stands for all the other things."

It is incredible that these shoddy and transparent dodges should have been successful. But they were, in such a measure that Mr. Lattimore was able to make himself the spokesman for practically the entire body of respectable opinion—conservative as well as liberal—on the Far East. His non sequiturs became the logic of senatorial speeches and Government memorandums. His insinuations became the facts of college textbooks. His ingratiating pseudo-Marxist platitudes became the stock-in-trade of all the experts, and laid the groundwork for a moral and intellectual trahison des clercs that, for the sheer simplicity and magnitude of it, is perhaps without parallel in history.

The magic of his ineffable presence dies slowly. There are still many who rally to his defense as one insulted and injured; and in certain academic circles it is considered good form to speak of the inquisition he has suffered, just as it is considered bad form to be caught browsing through the 5,000 pages of the hearings before the McCarran committee. Nevertheless, there are signs of an awakening to sanity. The New Republic, which had proudly published long excerpts from Mr. Lattimore's defiant statement before the McCarran committee, found itself admitting on July 14:

"The [McCarran] report will, we believe, substantiate these charges: that a Communist Party caucus infiltrated the staff and council of the American Institute of Pacific Relations before the last war; that Institute of Pacific Relations officials knew of this infiltration and tolerated it; and that the Institute of Pacific Relations gave up its objective research function and adopted the role of advocate in China policy. The record will further indicate that Owen Lattimore knowingly accepted these trends and that he erred in professing naivete or ignorance before the committee."

A very modest statement; but at least a beginning.

LATTIMORE FAVORS U.N. MEMBERSHIP

(MOSCOW Tass in English to Europe, August 1961.):

"ULAN BATOR.—Owen Lattimore, the well-known American scholar and expert on Mongolia, said it is high time to admit the Mongolian People's Republic to the United Nations, MONTSAME reports. This statement was made by Lattimore at a meeting with members in the Mongolian Academy of Sciences. Emphasizing that he was overwhelmed by the great progress Mongolia achieved in such a short period, Lattimore remarked that the Mongolian People's Republic is a country with a great future. The American scholar said that in his books he tries to give the American people a correct idea of Mongolia. "I admit," he said, "that I earlier made incorrect comments on some questions concerning your country, and I am now apologizing."

BRITISH GUIANA

Mr. DODD. Mr. President, the morning radio has once again brought us ominous news.

Dr. Cheddi Jagan and his Communist-dominated People's Progressive Party have apparently won a cloudy victory at the polls in British Guiana. Under the Constitution that now goes into effect, Jagan becomes the first Prime Minister, with complete power over all internal matters. Although, theoretically, the British Crown reserves the right to intervene in an emergency, I am informed on the very best authority that the British Government intends to do absolutely nothing if Jagan proceeds to Castroize British Guiana. The British have no major interest in Latin America and they are not prepared to fight or to incur any unpleasantness to prevent the establishment of any kind of government in Guiana.

The seriousness of this development cannot be overstated. What it means is that international communism has succeeded in establishing its first beachhead on the South American Continent. Potentially this represents a far more serious threat to the stability of the hemisphere than does Fidel Castro. Once British Guiana is firmly under its control, I predict that the Kremlin will organize and arm guerrilla movements in Brazil, in Dutch Guiana, in Venezuela, in Colombia, and in all the surrounding countries.

Mr. President, in mid-July I called attention to the dangerous situation in British Guiana in a speech on the floor of the Senate. At the same time, I addressed detailed memorandums to the State Department and to other branches of the executive, setting forth the facts, and urging that certain measures be taken to assist the opposition and to prevent a Communist takeover.

But we did nothing. We sat on our hands. We sat by and allowed a government which, I predict, will be worse than the Castro regime to take over.

I do not believe there is any situation in which there is no alternative to doing nothing. We have a multibillion-dollar intelligence and information program in operation all around the globe. There were many means available to us to awaken people of British Guiana to the danger that they have now fallen into. We used none of them.

Let me suggest only one of the things we might have done. Jagan was receiving the all-out support of Radio Moscow, Radio Peiping, and the Castro radio. But British Broadcasting Corporation and the Voice of America did absolutely nothing to help the opposition and nothing to expose to the people of British

Guiana the Communist nature of the Jagan movement.

In this crime of omission, we were repeating a crime of which we were guilty in the case of Cuba.

The people of Cuba hailed the victory of Castro because they did not know he was Communist, because they believed that he was committed to a course of reform and democracy. They believed this because, despite the mass of evidence that the Castro movement was Communist dominated, we did nothing to inform the people of Cuba or to warn them.

The people of British Guiana, in voting for Jagan, did not vote for communism. Had Jagan come before them on a straight Communist program, I am certain he would have been overwhelmingly defeated. But he came before his people on a program of lies. And his people believed him, because we did nothing, despite the great facilities at our disposal, to expose the true nature of the Jagan movement to them.

Worse than this, in the weeks preceding the election we gave our assent to a $2 million loan by the World Bank to the previous Jagan regime.

Two million dollars may not sound like much, but it is a very considerable sum to a little country of 600,000 people. Most of this, of course, was our money. And Jagan was able to use this loan to bolster his political reputation.

I consider this nothing short of a scandal. I believe that Congress is entitled to know how it came about that Jagan got this loan at so critical a juncture.

Mr. President, this is not a situation that was inherited from a previous administration. There was ample time for this administration to take some action. But it did nothing. It did nothing, apart from consulting with our British allies who are, in turn, prepared to do nothing.

For this inaction, I believe we will stand indicted by the unhappy events which will unfold in our hemisphere within the coming months and years.

The pattern may be a little different from the Castro pattern. But it will be different only in form. Like Castro, for a while Jagan will move slowly but surely to impose a Communist dictatorship in British Guiana and a Communist beachhead on the mainland of South America.

This is a sad day for freedom and a tragic day for the Western Hemisphere. We have lost another great opportunity to preserve human freedom. We have lost again to communism.

The list of defeats and losses is lengthening. The shadow grows darker and longer. It would appear that a darkness deeper than that of the Dark Ages looms ahead, unless Almighty God rekindles in our minds and hearts the light of freedom and the will to follow that light wherever it leads.

FOREIGN AID THROUGH COOPERATIVES

Mr. HUMPHREY. Mr. President, as my colleagues in the Senate are aware, I have for some time now been advocating greater reliance on private investment and the encouragement and development of cooperatives, savings and loan institutions, and credit unions as a necessary and vital part of our efforts to aid our friends in Latin America. You will recall that I am the sponsor of an amendment to the foreign aid bill which states that objective.

As I have frequently stated in the past, I feel it is through democratic financial institutions such as these that we can get the impact of our assistance to the common people—those who need it most—something which we have not been entirely successful in accomplishing heretofore.

Today I wish to invite the attention of my colleagues and recommend to their serious study an article entitled "Cooperatives: A Force for Social Change." This article by Mr. Fernando Chaves appeared in the August 1961 issue of Americas magazine, the monthly magazine of the Pan American Union.

This article sets forth in a most authoritative fashion the status of cooperative development in Latin America, how much has been accomplished in this area in the past, and what fertile fields lie ahead for further cooperative development.

Its author, Mr. Chaves, is a Costa Rican and has been with the Pan American Union since 1945. He is a specialist on cooperatives in the Department of Economic and Social Affairs. He has traveled extensively in Europe and Latin America attending conferences, and he adapted this article from a paper he presented to the Third Scientific Congress on Cooperation at the University of Marburg in West Germany last year.

Mr. President, I ask unanimous consent that Mr. Chaves' 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:

COOPERATIVES: A FORCE FOR SOCIAL CHANGE

(By Fernando Chaves)

Some 5 million Latin Americans belong to cooperatives—more than twice as many as did 20 years ago. Fully half the cooperatives are in Argentina and Brazil, but they are succeeding in smaller countries, too. Nearly all Honduran cotton is exported by an agricultural cooperative, and one out of every four families in Montevideo, Uruguay, shops for food and dry goods at consumer cooperatives. Cooperatives have a great potential, not fully realized, as instruments of social change and of economic development.

Initially, cooperatives in South America were organized by the people themselves without help from the governments. Immigrants from Europe who had had practical experience in cooperatives were the first organizers. They brought with them the ideas that had been put into practice by the pioneers of Rochdale, England, in 1844 in their consumers' society: free admission and withdrawal of members; democratic control (one vote per person); sales for cash; charging the customary market prices and crediting each member personally with his share of the surplus in precise proportion to his purchases at the society's store; liberal depreciation; limited interest on capital (5 percent); and encouragement of education by grants made from profits.

In the first decade of this century, refugees from the Franco-Prussian War established an agricultural insurance cooperative in Argentina, and a few years later German immigrants in southern Brazil organized Raiffeisen Credit Cooperatives—with the provision of limited financial responsibility for the members—under the inspiration of the German priest, Father Theodore Amstadt. These were mainly for farmers. In the 1920's, the first laws in Latin America embodying the classical principles of cooperatives were passed, and governments began to support cooperatives and set up special departments to register and deal with them, so that they no longer had to operate under the laws for private business corporations.

By 1960 there were 14,780 cooperatives. More than 6,000 were agricultural cooperatives, about 4,000 were consumer associations, and more than 1,000 were credit associations. (For a detailed summary of cooperatives and membership see the accompanying table.)

AGRICULTURAL COOPERATIVES

One main trend in agricultural cooperatives is typified by those found in Argentina and Brazil that were originally organized by European immigrants and are now well integrated into rather powerful federations. In Argentina, for example, the agricultural cooperatives started by meeting the farmers' most urgent needs. First, they marketed their products. Gradually they evolved into multipurpose organizations, providing the farmers with fertilizers, insecticides, tools, and machinery. Finally, they gave credit to farmers, not through loans, but through the establishment of credit accounts under which the members were allowed to pay after the harvest for seed, fertilizer, and other supplies they needed at planting time.

A second trend is typified by the cooperatives organized and given financial help by the governments. Some have been established in an attempt to solve specific economic problems of a particular sector of farmers, as has been the case with the sugar cane and coffee cooperatives in Costa Rica or the Honduran cotton cooperative. Other governments have established cooperatives for supplying farmers' needs and marketing their products, as tools of agrarian reform: Mexico, Bolivia, Colombia, Chile, and Cuba.

Whatever the origin of agricultural cooperatives in Latin America, they have played, and are playing, a vital role in the economic development of the area. For example, the development of the dairy industry in Santa Fe and Córdoba Provinces in Argentina was due in large part to the dairy cooperatives, which today are the second most important group within the Argentine cooperative movement. They produce almost 100 percent of the casein exported by Argentina. In São Paulo State, Brazil, four Japanese immigrants founded the Cooperativa Cotia 30 years ago. Today its 7,000 members, representing 33 nationalities, market more than 200 agricultural products. The cooperative owns nearly 1,500 tractors, has agricultural experiment stations, and sponsors intraining service programs for the sons of its members.

Agricultural cooperatives can be helpful in organizing local, regional, and national markets. They can be important sources for the introduction of new techniques. They can be effective in the improvement and standardization, as well as the marketing, of agricultural products. And they should not be viewed as societies that are helping only their members, but should be considered as tools of social change and institutions for community development. Unfortunately, this objective has not been attained by most of the agricultural and other kinds of cooperatives, partially because of a lack of well-trained leadership.

CONSUMER COOPERATIVES

Consumer cooperatives which deal in food and dry goods, can be classified into four main types according to their organization.

Some are organized by the people themselves, some by mutual aid societies, some by trade unions, and some by the Government.

Outstanding examples of those organized by the people are found in Argentina and Brazil. The Hogar Obrero consumer cooperative in Argentina maintains a large department store and has made possible the construction of several apartment buildings in Buenos Aires for its members. The Railroad Employees Cooperatives in Santa Maria in the southern Brazilian State of Rio Grande do Sul is probably the largest consumer cooperative in the country. It supports an industrial school, several medical clinics and pharmacies, more than 100 primary schools, and several restaurants.

In Argentina, Chile, and Uruguay cooperatives formed under the sponsorship of mutual aid societies have been especially successful. People experienced in group action for economic purposes were well suited for participation in consumer cooperatives. But these cooperatives have been maintained as closed associations, and this may hinder dynamic progress and modernization. Most of these cooperatives are located in the national capitals and are primarily composed of middle-class people. This fact could, in part, explain the success they have had. In Uruguay, 8 of the 14 consumer cooperatives in the capital have memberships of between 1,200 and 8,681. In Chile, the Sociedad Cooperativa de Consumo de Empleados Particulares Ltda. had 379 members in 1943 and 21,039 in 1959.

One might expect that trade unions would be very much interested in promoting consumer cooperatives in Latin America. However, they have been preoccupied mainly with obtaining better wages and better working conditions, as well as lobbying for the passage of labor laws and the establishment of social security systems. In Mexico, trade unions have formed consumer cooperatives in a very unorthodox way: The boards of directors of the trade unions are the boards of directors of the consumer cooperatives that they have organized.

Most of the consumer cooperatives in the fourth category—those organized and supported by the government—are small and some have been tied to public housing schemes, as in Costa Rica. A novel proposal has been made there that a central consumer cooperative be established in a public housing project in the capital and set up branches in other housing projects in nearby cities and towns. It has been suggested that this sort of large-scale operation would substantially reduce overhead costs.

The spread of consumer cooperatives in Latin America has been slow. They have had to compete with more experienced private retailers who have already secured choice locations. Consumer cooperatives, as well as their federations, buy from private wholesalers. In most cases they have faced difficulties in importing directly, because of governmental restrictions on foreign exchange.

Consumer cooperatives have usually not been able to follow the Rochdale principle of selling only for cash. They must compete with private retailers who give credit to very low-income customers, who are hard hit by rapid inflation in most countries. The 1959 cost-of-living index (with the 1953 level taken as 100) was 469 in Argentina, 2,990 in Bolivia, and 1,040 in Chile. In some countries, such as Colombia, Chile, Venezeula, and Costa Rica, the orthodox principle of cash trade has been harmonized with the habit of buying on credit. According to the cooperative laws of those countries, credit sales made to members are considered cash sales if the members have expressly given written authorization for their employer to deduct from their salaries or wages the amounts they owe to their cooperatives. In Costa Rica, for example, a maximum period of 30 days can be given to pay the amount owned to the cooperative, and credit cannot be extended for any amount higher than 50 percent of the member's monthly salary.

HOUSING COOPERATIVES

The development of housing cooperatives in Latin America has been very slow. The most important growth has taken place in Argentina, Colombia, and Chile. The membership of these cooperatives is largely made up of middle-class people who have been able to accumulate some savings to help finance them. Further development has been hampered by the lack of needed financial and technical assistance from governments. Housing cooperatives need long-term loans, at moderate rates of interest. At the present time sources for such loans do not exist in Latin America.

Chile has made the most significant progress of any country in the region in housing cooperatives (see Américas, August 1958). The program there, initiated in 1954 by groups of energetic and intelligent lawyers, economists, engineers, and architects, now boasts a national federation and a wholesale organization that sells building materials to the housing cooperatives. Under a new Chilean savings plan designed to stimulate house construction, people's savings earn 3 percent interest annually. Once a person or legal entity has accumulated 50 savings quotas in an amount previously agreed upon, the Government will grant a loan for building a house, or, in the case of a cooperative, a group of houses. The bigger the savings quotas and the longer the period of saving, the larger are the loans and the longer the period of amortization allowed. Under this plan the amortization period may be between 7 and 21½ years.

CREDIT COOPERATIVES

It might seem improbable that credit cooperatives could be organized in Latin America, where the habit of saving is so little developed, and particularly in countries, plagued by rampant inflation. People have little access to the banking system because by and large they do not have the collateral required for loans, but they urgently need a source of adequate credit to meet emergencies, or for productive purposes. So people, especially skilled and white-collar workers, have pooled their small financial resources in credit cooperatives and found a source of loans that are easier not only in terms of amortization, but also in terms of interest rates. In Peru, for instance, credit cooperatives charge only 1 per cent per month on the unpaid balance. This is much lower than the rate charged on the whole amount of the loan, along with other hidden charges, by usurious individual private lenders. In these circumstances, credit cooperatives can be effective tools to combat usury, to which rural and industrial workers, as well as white-collar employees are easy prey. The Department of World Extension of the Credit Union National Association of the United States has assisted in the organization of cooperatives in Latin America through effective training programs and a field service. The Organization of American States worked with this group on training programs and in preparation of a manual on credit unions. The Roman Catholic clergy has also done much to foster credit cooperatives, especially in Chile, Mexico, the Dominican Republic, and Peru. Priests have vigorously, and successfully, carried on modern educational campaigns, making use of audiovisual techniques and discussion groups. Training and educational materials are urgently needed for the encouragement of the other types of cooperatives as well.

OTHER COOPERATIVES

Many other kinds of cooperatives are found in Latin America, such as those for industrial cement production, fishing, and newspaper publishing in Mexico; the schoolchildren's cooperatives to train the students both in cooperation and in business arithmetic, as in Mexico, El Salvador, Argentina, and Puerto Rico; and the electrical power cooperatives in Argentina and Chile. In Argentina, these power cooperatives were started by the people themselves in 1927. In 1960 there were 387, with 354,812 members. Located primarily in small cities and towns, they are federated today and form an important part of that country's cooperative movement. But their growth has been hampered by a lack of large-scale financial help from their Government, which itself has been faced with a lack of funds to meet the increasing demands for economic and social development. In Chile, on the other hand, the electrical cooperatives have been organized by the Government since 1943 and are a modified version of the kind financed by the Rural Electrification Administration, which have brought electricity to farmers throughout the United States. The Chilean Government gives these cooperatives generous technical assistance, but the scarcity of savings has forced a policy of granting loans for 75 percent of the distribution system, repayable in 3 years. This short amortization period explains the rather slow development of rural electricity cooperatives in Chile. In 1960 there were 13, with 2,461 members. In Mexico at the same time there were 45 with 3,812 members.

GOVERNMENTAL RELATIONS WITH COOPERATIVES

Latin American governments, with a sincere desire to raise the standard of living of the people, have consistently promoted and aided cooperatives. Unfortunately, legal aspects of cooperatives were overemphasized at the beginning and most of the laws on the subject were born before the cooperatives themselves. A noteworthy exception is the excellent cooperative law of Argentina, passed in 1926 after substantial experience in the field had been accumulated.

There has been a gradual trend toward adoption of a single law for cooperatives, because it was found that a variety of laws regulating different types of cooperatives resulted in the creation of several governmental departments and constituted a waste of human and financial resources. However, in the countries where there is a single agency, it is usually a bureaucratic one, poorly equipped, and preoccupied more with legal matters than with the technical problems of the cooperatives. Puerto Rico, where the Administration of Cooperative Development has the rank of a Ministry, is an exception, for its efforts have been strong, with the help of the Bank for Cooperatives and the Institute for Cooperatives at the University of Puerto Rico.

Rather than the extensive cooperative laws that include secondary regulatory principles, I would favor cooperative laws that contain only basic principles, so that they may be easily understood and studied by leaders and members of the cooperative societies. The detailed regulations should be entirely separate.

Some of the cooperative laws deviate from Rochdale principles or from sound administrative practices for economic matters. Laws in El Salvador and Nicaragua allow cooperatives to be organized as corporations, ignoring the fact that fundamentally they are societies of persons, and not of capital brought together for a profit motive. In Cuba and Venezuela, Government intervention in the internal administration of cooperatives is permitted. In Cuba all managers are appointed by the Institute of Agrarian Reform, and in Venezuela Government agencies may appoint some of the directors of cooperatives that have received financial support from the Government.

Reflecting the general lack of capital in Latin America, governments have not given

to the cooperatives loans in proportion to their growing needs. Indirect financial assistance theoretically accrues to them from exemptions and privileges such as reductions in business taxes, reduced freight rates on Government-owned railroads, reduced import duties, and so on. But because most of these prerogatives were incorporated in the cooperative law without relation to fiscal and monetary policies of the governments, they have generally been ineffective.

Costa Rica's cooperative program is one that illustrates direct financial assistance on the part of the Government. The National Bank's Department of Cooperatives has its own capital, and loans to cooperatives are approved by the bank's directors. Loans are granted for periods ranging from 2 to 15½ years, depending on the type and objective. The bank also supervises the activities of the rural credit boards, which are democratically administered by the small farmers. Farmers may obtain loans from these boards, including loans to buy shares in an agricultural cooperative.

The countries of the Americas have worked together, through the Pan American Union, to train leaders of the cooperative movement, and their governments have shown a keen awareness of its value. At the meeting of the special committee on economic cooperation in Bogotá, Colombia, last year, they hailed the cooperative movement as "one of the most appropriate elements, because of its genuinely democratic roots and practices, for promoting economic development and social welfare." They passed a resolution calling for an enlarged PAU program in this field, especially to promote rural cooperatives to handle credit, marketing, consumption, housing, and multiple purposes—this last covering such things as the schoolchildren's cooperatives. In the U.S. Congress, Senator HUBERT HUMPHREY has expressed the administration's enthusiasm for encouraging cooperatives in Latin America, as a way to make the gains of economic development reach down to the people themselves. Surely cooperatives can make a very useful contribution to an alliance for social and economic progress.

Cooperative societies in Latin America, 1960

Countries	Consumers'		Agricultural		Savings and credit		Housing		Others [1]		Total	
	Cooperatives	Members	Cooperatives	Members	Cooperatives	Members	Cooperatives	Members	Cooperatives	Members	Cooperatives	Members
Argentina	314	374,809	1,748	482,944	182	195,319	75	20,590	729	1,049,729	3,048	2,123,441
Bolivia	2	339	22	1,390					11	1,538	35	3,267
Brazil	1,282	666,633	1,555	389,949	513	439,291			1,003	98,511	4,353	1,594,384
Chile	178	193,792	160	12,300	114	33,929	223	30,346	13	2,461	688	272,828
Colombia	409	233,817									409	233,817
Costa Rica	9	2,387	8	2,498	8	1,320	4	553	7	[2] 126	36	6,884
Cuba			1,392								1,392	
Dominican Republic	15	973	2	61	62	6,905					79	7,939
Ecuador	128	8,546	216	7,887			14	1,009	79	1,756	437	19,198
El Salvador	11	3,660	13	988	129	25,017			138	23,655	291	53,320
Guatemala	2		12	934	5				2		21	934
Haiti			5		26	8,989			2	152	33	9,141
Honduras	10	433	15	718	21	1,771	2	151	18	[2] 486	66	3,559
Mexico	1,420	246,137	1,040	67,131			3	1,261	830	119,723	3,293	434,252
Nicaragua												
Panama			4		32	3,200					36	3,200
Paraguay												
Peru	27	19,804	11	1,316	23	5,814	15	2,949	13	1,804	89	31,687
Puerto Rico	98	13,985	31	41,967	185	65,354	16	1,879	32	2,427	362	125,612
Uruguay	14	43,394	98	13,000							112	56,394
Venezuela												
Total	3,919	1,808,709	6,332	1,023,133	1,300	786,909	352	58,738	2,877	1,302,368	14,780	4,979,857

[1] Includes 447 electric power cooperatives, with 361,149 members, and 1,010 schoolchildren's cooperatives, with 122,002 members.

[2] Number of members not indicated in some categories.

COMMUNICATIONS SATELLITE

Mr. HUMPHREY. Mr. President, I call to the attention of the Senate a statement made by Congressman RYAN before the Select Committee on Small Business on August 10.

The committee held 6 days of hearings concerning the economics of a communication satellite system and the possible modes of ownership of such a system.

Congressman RYAN's statement brings out a point that I have been concerned with for some time. I quote from his statement:

First, the system holds great promise for the future. That promise is extended not only to Americans but to the world. Its impact will be global; its benefits will be universal. I quite agree with Dr. Dallas Smythe when he suggested that increasing the opportunity for world communication increases man's opportunity for world peace.

If we are to achieve a global system, it will require unprecedented international cooperation. The United Nations should be invited to participate; and the possibility of operating the system under United Nations auspices for the benefit of all nations should be considered.

Congressman RYAN has performed a public service by informing himself on this complicated subject. He is to be commended for his foresight in coming before the committee and raising important questions of public policy.

I also call attention to a comprehensive article on this same subject by John W. Finney which appeared in the New York Times of August 11. Mr. Finney has in his usual thorough manner reviewed the salient facts and issues involved in this article carefully as it is the most expedient way of becoming informed on this issue.

The implications of this system are so vast that each member of the Senate should have some understanding of the subject. The hearings of Senator LONG's Subcommittee on Monopoly have been described as among the most thorough and comprehensive ever held by the Committee on Small Business.

During the course of the hearings it became apparent that traditional and legal concepts of ownership do not fit space. The economic problems have importance because the economies of all foreign countries will be affected. In this field of technology, cooperation of the highest degree will be necessary. It would seem that international ownership and operation of this system is a possible and workable alternative.

I understand that Senator LONG of Louisiana will have more to say in this connection within a few days.

These hearings would not have been possible without a great deal of effort on the part of many people. I especially wish to thank Dr. Walter Adams of Michigan State University for the contribution of his research assistant, Mr. Manley R. Irwin, to work on this project.

I ask unanimous consent that Congressman RYAN's statement and the article by John Finney be printed in the RECORD at this point in my remarks.

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

STATEMENT OF REPRESENTATIVE WILLIAM FITTS RYAN, 20TH CONGRESSIONAL DISTRICT, NEW YORK, BEFORE MONOPOLY SUBCOMMITTEE OF THE SENATE SELECT COMMITTEE ON SMALL BUSINESS, AUGUST 10, 1961

Mr. Chairman, I appreciate the opportunity to appear before you today.

I should like to commend the Monopoly Subcommittee of the Senate Select Committee on Small Business, on the comprehensive nature of its hearings and for having explored the complex questions of economics, technology, and international relations involved in the development of a space satellite communications system.

Early development of an operational space satellite communications system is a national objective which promises to revolutionize international communications and offers unique opportunities for greater understanding among nations.

As a member of the House Committee on Science and Astronautics, my interest in a satellite communications system is associated with the activities and hearings of that committee. I appear today to share with you my concern over the question of ultimate ownership and control of a communication satellite system.

As the President has said, "The present status of the communications satellite programs, both civil and military, is that of research and development. To date, no arrangements between the Government and private industry contain any commitments as to an operational system." I believe that immediate commitments of any kind as to the control of the system may impede development and prejudice vital questions of public policy.

I believe that, in considering ownership and control of the communications satellite system, we must bear two things in mind:

First, the system holds great promise for the future. That promise is extended not only to Americans but to the world. Its impact will be global; its benefits will be universal. I quite agree with Dr. Dallas Smythe when he suggested that increasing the opportunity for world communication increases man's opportunity for world peace.

If we are to achieve a global system, it will require unprecedented international cooperation. The United Nations should be invited to participate; and the possibility of operating the system under United Nations auspices for the benefit of all nations should be considered.

The second fact that I think we should keep in mind is the nature of the public investment in space technology. Any ownership decision cannot neglect the fact that "space" in the broad sense is a public resource. It is incumbent upon Members of Congress to protect and enhance that resource. Before any decision of private ownership can be made, it must be made perfectly clear that private ownership will be consonant with the public interest.

Mr. Chairman, I would like to share with you my own activities in this field that parallel your own.

The first incident that prompted my attention was the NASA–A.T. & T. launching contract. NASA has testified before our committee that it seeks only to advance the art of space technology. The policy decision of ownership, according to NASA, rests with the FCC. However, the NASA–A.T. & T. launching contract held within it the threat that an experimental contract would in effect be a policy determination before Congress had had the opportunity to consider the matter. This situation prompted me to write on July 14 to James Webb, Administrator of the National Aeronautics and Space Administration, in which I noted that, "the A.T. & T. contract should be held in abeyance until we are certain as to its ultimate consequences."

Second, in a letter to the FCC on July 13 I expressed my concern over the premature establishment of a policy on satellite communications. I foresaw the possibility of domination by one company to the detriment of the public interest.

Third, on August 4, I circulated a letter to my colleagues in which I attempted to raise questions about the nature and implications of the NASA and FCC decisions.

You will observe a common thread running through these activities; namely, Congress needs time in which to study and consider fully the implications of private ownership. I frankly feel that neither enough time, thought, study nor analysis has been given to this critical issue.

It is in this regard that I have introduced House Concurrent Resolution 360. The resolution provides for Government ownership of a satellite system for an interim period of 2 years. During this period Congress will be afforded the opportunity to consider all the ramifications of ownership, whether it be international or domestic, private or public, competitive or regulated. I believe you will agree, Mr. Chairman, that the reason we have insufficient answers to the ownership issue is largely because we have raised insufficient questions. My bill would give us time to thoroughly examine the nature of ownership and its broadest aspects.

May I add one final point about time.

I view the time in which a communications satellite system would become operable as a matter of urgent priority. I do not view the time in which a system becomes privately owned as of crucial import. Ownership is secondary to the issue of the rapid development of an operable system. The debate over ownership would be separated from the question of development during the interim 2-year period.

I want to commend, once again, the committee on its foresight in and its analysis of the issue of ownership, and I want to express my thanks for permitting me to share my activities and thoughts.

[From the New York Times, Aug. 11, 1961]

UNITED STATES MAPS PHONE-SATELLITE TEST OF FIXED-POSITION SYSTEM IN 1962—PLANS A 50-POUND VEHICLE TRAVELING AT SPEED EARTH ROTATES AS TRIAL OF GLOBAL COMMUNICATIONS NETWORK

(By John W. Finney)

WASHINGTON, August 11.—The space agency announcer announced today that it would launch late next year an experimental communications satellite that would remain fixed over the same longitude on earth.

The small satellite would be the experimental forerunner of what is viewed as the ultimate space communication system. In the final system three satellites would be able to handle much of the international communications traffic of the world.

This so-called synchronous system involves placing satellites into an equatorial orbit some 22,300 miles above the earth. At this altitude the satellites would travel at the same speed as the rotation of the earth. Thus they would remain over the same spot on earth.

Three such satellites equally spaced around the equator would be able to relay communications, including television to telegraph, to almost all the inhabited parts of the earth.

NEGOTIATING CONTRACT

The National Aeronautics and Space Administration announced it was negotiating a contract for about $4 million with the Hughes Aircraft Corp. of Culver City, Calif. This provides for building at least three of the experimental synchronous communications satellites.

The 50-pound satellite would be launched by a three-stage Thor Delta rocket and finally guided into a 22,300-mile orbit by a small solid rocket. The launching, the agency said, is scheduled for late in 1962.

The satellite will not go into a true stationary orbit because its trajectory will not be around the equator. Rather it will be declined 33 degrees to the equator. As a result, the satellite will remain roughly over the same latitude off the east coast of the United States. However, it will appear to follow an elongated figure-eight pattern between latitude 33 degrees north and south.

Although not truly a stationary satellite, the project, the space agency noted, will provide "early experience" on operating satellites at high altitudes, at these heights destructive radiation is encountered from the Van Allen radiation belts. The project has been given the code name of Syncom, as an abbreviation for the ultimate synchronous communications satellite system.

Up until now, the agency has concentrated on a low-altitude, random-orbit system of communications satellites. In this system, as many as 40 satellites are put into orbit several thousand miles high. As one satellite passes out of range, the relay duties are picked up by another satellite coming up over the horizon.

TV RELAYS EXCLUDED

The experimental Syncom satellite will not have the same communications capacity as the low-altitude satellite because it will operate on a far narrower frequency band. Thus the satellite will be able to handle only voice and telegraph transmissions and not international television broadcasts.

The Army is developing a synchronous communications satellite for the military known as Advent. It will cooperate in the space agency's experiment by making available ground stations at Camp Roberts, Calif., and Fort Dix, N.J., for transcontinental transmissions.

Meanwhile, the Federal Communications Commission assured Congress that the American Telephone & Telegraph Co. would not be permitted to gain dominant control over any space communications system.

Newton M. Minow, the Commission Chairman, gave this assurance to a Senate Small Business Subcommittee.

He said that his agency would reject any industrial plan giving a predominant share of ownership in the communications network to the telephone company.

Mr. Minow also emphasized that the Commission was not committed to its proposal to turn over ownership of the satellite system to a joint venture of U.S. companies engaged in international communications. He also opened the door to Government ownership of the system, if Congress should order such a step.

FIRM COMMITMENT DENIED

Further testimony that the Government was not firmly committed to ownership of the system by the communications companies came from Dr. Edward C. Welsh, executive secretary of the National Aeronautics and Space Council.

Dr. Welsh noted that the satellite system was still very much in the research and development stage both from a technical and ownership standpoint. No Government commitments have been made about ownership or the type of satellite system, he said.

Dr. Welsh was instrumental in drafting a recent Presidential policy statement favoring private ownership of the communication networks.

Under questioning today, he said there was nothing in the statement prohibiting Government ownership of the satellites. The statement, he said, gives priority to private ownership under certain specific safeguards protecting the public interest.

If these safeguards cannot be met by private ownership, he said, some other form of ownership and operation will have to be considered.

The 2 weeks of hearings by the Senate Small Business Subcommittee on Monopoly concluded today. As they ended, it was apparent that they had served to bring out into the open for debate the possibility of Government ownership, at least on an interim basis, of the satellite system.

OBJECTIONS RAISED BY LONG

Throughout the hearings, Senator RUSSELL B. LONG, of Louisiana, subcommittee chairman, has been hammering away at the argument that the Commission's proposal for ownership by a joint venture of international communications companies would have the effect, as he put it today, of "putting this thing into the hands of the biggest and most powerful monopoly in America."

In his questioning, Mr. LONG of Louisiana, a Democrat, has suggested alternative approaches. He has proposed throwing open the ownership to domestic communications companies, equipment manufacturers, and

the general public to a program of Government ownership and private use of the satellites.

Mr. Minow, along with his fellow Commissioner, T. A. M. Craven, defended the Commission's present approach.

In so doing they contended, among other points, that international common carriers were the most experienced and, therefore, best qualified to bring a satellite system into operation at the earliest possible time. They also said that private ownership was in accordance with the traditional Government policy that communications should be a private enterprise.

At the same time, in the opinion of Government and congressional observers, there seemed to be a modification in the position of the Communications Commission. Its report in May, favoring the joint-venture approach was described today not as a firm policy position but more as a basis for discussion and negotiations among the communications companies.

PUBLIC INTEREST STRESSED

Furthermore, Mr. Minow repeatedly emphasized that approval would not be given to the joint venture unless the plan met certain public-interest safeguards laid down by the Commission. At the invitation of the Commission, 10 communications companies are discussing a joint-venture plan. But it was understood they had not been able to agree on an agenda for their negotiations.

One of the conditions laid down by the Commission was that any joint venture should be so arranged to prevent any single participating carrier from being in a position to dominate or control the satellite system.

Mr. Minow declined to give any black-and-white percentage of ownership that would represent domination. But he clearly indicated that the Commission would not approve the A.T. & T. proposal that ownership be based on usage. Such an arrangement would mean that the telephone company would own between 80 and 90 percent of the U.S. portion of the system.

Mr. Minow said that if the communications companies could not work out a joint venture meeting Government conditions, the Commission would have to try some other approach. It might then come to Congress for guidance, he said.

Mr. Minow said that Government ownership could be done perfectly sensibly. But he noted that this would represent a fundamental departure from the philosophy of the communication law of 1934, which called for private operation of communications system. "Unless Congress changes the law," he said, "the Commission feels bound to favor private ownership and operation."

JUDGE LEARNED HAND

Mr. RUSSELL. Mr. President, I desire to state very briefly for the RECORD my profound regret on the passing of Judge Learned Hand.

It was never my privilege to know Judge Hand personally, but I did have an opportunity in the pursuit of the practice of law, as well as a Member of the Senate, to read his great decisions.

His life illustrates better than any other single fact of which I have any knowledge the sad commentary of following the practice of political appointment of Justices of the Supreme Court of the United States. Here was a man who was generally recognized by the bar, not only of every State, but also of every community in the States of the Nation, as being the outstanding Federal judge in the district and circuit courts. Yet he never received what should have rightfully been his, appointment to the Supreme Court of the United States.

It leads one to wonder whether the fact that Judge Hand's noble ideas, and the fact that he would have been unapproachable under any circumstances pertaining to how he might rule after he was placed on the bench, might not have been responsible for the fact that he was never appointed to the Supreme Court of the United States.

In my opinion the two greatest judges that I have seen in the Federal judiciary were Judge Learned Hand and Judge John J. Parker. Both of them have now gone to their reward. Be it said to the credit of President Hoover that he did undertake to appoint the late Judge Parker to the Supreme Court. His appointment was rejected by the Senate. I know of my own knowledge of Senators who went to their graves deeply regretting the fact that they cast votes against the confirmation of the nomination of Judge John J. Parker.

I can only hope and pray that in the days that lie ahead, in considering the filling of vacancies which might occur in the future, those in position of authority who make nominations will approach that solemn duty in the concept of the Founding Fathers, who laughed at suggestions in the Constitutional Convention that politics might enter into appointments to the Supreme Court of the United States.

Unfortunately, though those men were prophets beyond the ken of average man, they could not look down the years and see the many instances when appointments to our Highest Court would be made on the basis of political reward rather than upon the legal ability of the appointee.

I shall never cease to regret that Judge Hand passed on into eternity without having had an opportunity to serve on the Supreme Court of the United States.

CIVIL RIGHTS LEGISLATION

Mr. JAVITS. Mr. President, as the floor may be occupied today by some of our colleagues in the Senate who feel very deeply in opposition to various civil rights bills, I take this opportunity to say a word upon the subject, which I wish to say today.

The question that troubles me, and which I believe troubles many other people, judging by an editorial I have read in this morning's Times, is the question: Has the administration a civil rights program, or is it suffering from next-session-itis?

That is the question which arises as we hear civil rights discussed again on the Senate floor. Based upon the pledges of the Democratic Party platform of 1960, it was our general understanding that the bills drafted by Senator CLARK and my colleague from New York, Representative CELLER, represented the administration's civil rights package. Yet they have been gathering dust in committee pigeonholes, just as did the bills introduced by Senator KEATING, Senator SCOTT, Senator CASE of New Jersey, myself, and others which we understood carried out pledges in our Republican 1960 platform.

The only thing the administration is asking for is the very minimum—a 2-year extension of the life of the Federal Civil Rights Commission, and that requires a two-thirds vote; while yet to come is an effort to amend the Senate's so-called filibuster rule.

Granting the splendid work done by the Department of Justice, which I hasten to affirm, and the important litigation which it has filed under Attorney General Robert Kennedy, continuing a fine tradition established by Attorney General Rogers, there is yet so urgent a need for civil rights legislation vital to our position at home and abroad as to make it impossible to understand how the Congress can be bypassed in this process.

Granted also that civil rights legislation is troublesome, in that it invariably produces a keen and protracted struggle in this body, yet the critical significance of the issue to us in this country and to our position throughout the world—and admittedly we face issues of survival today—demands that we deal with the problem just the same.

So elementary a matter as the poll tax remain uninvalidated and the law in five States, yet this is directly connected with the freedom to vote, and certainly the overwhelming sentiment in Congress is in favor of full voting rights without discrimination on the grounds of race or color.

Many of us feel very deeply that in education and jobs we are similarly missing the boat on essential reforms to eliminate discrimination and segregation, intolerable to our society under present conditions. The administration seemingly however, in civil rights as in medical care for the aged and in Federal aid to all levels of education, says wait until next session. But 1962 is a national election year with even greater political pressures operating than now. Also that means 6 months of delay in a world of danger and uncertainty.

Indeed, in civil rights the administration has not yet even stated what is its legislative program and whether there is any assurance that it will be brought up even next year. Under the circumstances, I think the summary judgment that whatever may be the political expediency of the administration's policy on asking the Congress for civil rights legislation, it is certainly not a brave and courageous New Frontier facing up to a major and critical issue of our Nation.

Mr. President, I ask unanimous consent to have the New York Times editorial printed at this point in the RECORD.

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

CIVIL RIGHTS IN CONGRESS

While a 2-year extension of the life of the Civil Rights Commission has aroused little controversy in Congress, two far more ambitious civil rights programs have been in committee until the dust has gathered

on them. One was introduced by Democrats, Senator CLARK, of Pennsylvania, and Representative CELLER, of Brooklyn. Another bears the names of New York Republicans, Senators JAVITS and KEATING.

President Kennedy can hardly be expected to throw his influence behind a set of Republican bills, but neither is he sitting up nights calling people on the telephone about the Clark-Celler proposals.

The Kennedy theory and practice about integration and civil rights are clear. The President and his brother, Attorney General Robert Kennedy, believe that much can be done by faithfully enforcing existing laws. The Justice Department has shown zeal in supporting the school integration decisions of the Supreme Court, in sustaining the Negro's right to vote, and in demanding equal employment opportunities in jobs over which the Federal Government has jurisdiction.

A good deal can be done in this way. If the Negro can vote as freely and as safely as a white man, his rights are likely to be respected by elected officials. Dr. Martin Luther King, Jr., has already announced a drive to double in number the 1,300,000 southern Negroes who are now registered. The Kennedy administration will doubtless be pleased to see this happen.

What Mr. Kennedy will not do is to risk other parts of his legislative program in order to put through civil rights bills that white southerners do not like and will not willingly take. These measures seem to be relegated to another session. The policy may be politically expedient, but those who worked it out have earned no medals for valor.

Mr. KEATING. Mr. President, I wish to add to the remarks of my distinguished colleague from New York with respect to the cynicism which we often hear expressed concerning party platforms.

To date, the performance of Congress in the field of civil rights has done very little to remove this cynicism. Never have the American people been promised so much at campaign time and been given so little after the votes were in. Not a single piece of proposed civil rights legislation has been considered by Congress. The pattern was set at the beginning of the session, when the leadership discarded the best opportunity the Senate will have until the 88th Congress to amend the filibuster rule. Now the Senate is forced to consider a Civil Rights Commission extension bill under the worst possible conditions.

Mr. President, I do not know why an effort is being made to preclude the Senate from expressing its will on civil rights in a reasonable manner, but I do know the American people will find it very hard to understand why a subject which usually is given such high priority during a campaign has been given less than no priority in the post-campaign session of Congress. The very least that should be done is to make an effective change in the life of the Civil Rights Commission, so as to make its term either for an indefinite period or for 4 years.

In that connection, through inadvertence, in offering my amendment to provide for an extension of the life of the Commission indefinitely, and my second amendment to provide for an extension of the life of the Commission for 4 years, the names of the senior Senator from New York [Mr. JAVITS] and the senior Senator from New Jersey [Mr. CASE] were not included. I ask unanimous consent that their names be included as cosponsors of the amendments.

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

VISIT TO WEST BERLIN BY VICE PRESIDENT JOHNSON

Mr. HUMPHREY. Mr. President, I feel that the Nation is indebted to the Vice President for his historic visit to Berlin. He carried out his mission at the instructions of the President of the United States. He conducted himself with honor, with courage, and with ability. The visit by the Vice President had an electrifying effect, in terms of morale, upon the people of Western Europe, particularly the people of West Berlin and West Germany. The Vice President made no statement which was not within the confines of U.S. policy. What he said was what our President has said. The assurances the Vice President gave to the people of Berlin were the assurances which have come from the Chief Executive of this Nation and from the other responsible officials in the areas of foreign policy and defense.

The Vice President had an excellent visit with the Chancellor of the West German Republic, Konrad Adenauer. I believe that that visit alone was worth the trip the Vice President made to Germany. He helped to clarify any misunderstanding which might have existed, and I am confident that he gave considerable weight and added impetus to our policy in Western Europe.

The visit of the Vice President with Mayor Willy Brandt, of West Berlin, was of crucial importance. That brave and courageous man, the mayor of a great city, has had good reason to be deeply concerned over the future of his city and the people he so bravely and honorably represents. The Vice President of the United States made it crystal clear that the policy of our Nation was one of fulfillment of our responsibilities to the people of West Berlin and of free people everywhere.

It was most reassuring, I believe, for everyone to see the photographs, as we saw them in the United States, of our Vice President alongside the mayor of Berlin. It was more than reassuring to the people of West Berlin to hear the words of the Vice President and to see, and to hear the words of, Gen. Lucius Clay, the former commandant of the U.S. garrison in Berlin.

It must have been reassuring, also, to the people of West Berlin when 1,500 combat-trained troops of the U.S. Army entered West Berlin at the time the Vice President was in that great city.

Mr. President, this visit was not provocative. It was designed for one purpose; namely, to remind the world and, indeed, to remind those in the Kremlin that the United States is prepared to fulfill its responsibilities and is willing and equally prepared to fulfill its responsibility for a just and enduring peace through the fulfillment of its obligations and its willingness to conduct honorable negotiations.

I commend the Vice President. I assure him that his colleagues in the Senate, so far as I have been able to ascertain, are very happy with his work. We know that this was a singularly difficult trip for him to make; but, as on other occasions, he has fulfilled his responsibilities well and has earned the respect and continued confidence of his countrymen.

Mr. KEATING. Mr. President, I desire to join with the distinguished Senator from Minnesota [Mr. HUMPHREY] in his tributes to the Vice President.

The very successful—in fact, inspiring—visit of the Vice President to Berlin has reaffirmed the conviction of Berliners and of Americans, too, that the United States with its NATO allies will stand fast in defense of this city and of the rights of its inhabitants to freedom and self-determination.

The Vice President's presence and his address have, I sincerely hope, dispelled the gloomy specter of 1938, when the British Prime Minister, umbrella in hand, made his pilgrimage to Munich and sold Czechoslovakia down the river to the Nazis. The free world has learned its lesson from the tragic events of the 1930's. Appeasement of dictators does not work, whether they be Fascist dictators or Communist ones, whether they be powerful dictators like Khrushchev or puny ones like Castro. The slightest sign of conciliation is always taken as a sign of weakness and an excuse for more not less pressure.

The great mistake of the 1930's was the belief that concessions could be made here and there—in Manchuria, in Abyssinia, in Czechoslovakia—without endangering the overall state of peace. Today we understand better the totalitarian menace. Today we realize that peace is indivisible, for if the Communists succeed in one corner of the globe, they will only turn with increased appetite and confidence to another. We will defend West Berlin, not because it is Berlin, but because it is a part of the free world, and no part of the free world can be surrendered to communism without increasing the dangers for every other part of the free world.

Therefore, I rejoice very greatly in the steps in which the administration, with our allies are now taking to stiffen our position vis-a-vis the Soviets. Plans for direct New York-to-Moscow flights are being discontinued, I am very glad to say, for even apart from the Berlin issue, these flights would only have paved the way for Soviet spies and smugglers to get back and forth between the United States and Moscow more easily. The strengthening of British troops along the line between West Berlin and East Germany is another good sign of our ally's determination to resist new encroachments on West Berlin.

Finally, I believe we must not lose sight of the psychological factors which are deeply involved in the Berlin issue. The Vice President's visit, although it created no new commitments, was a real shot in the arm. The two countermoves

announced today will have the same effect. We are not as yet involved in a hot war, and, like most Americans, I pray that we will not be. But one of our most important weapons in the present cold war is the psychological strength of all freedom-loving people, whether they live in Berlin or Havana, and the enduring trust that freedom will triumph. It is this spirit of liberty which the Communists cannot eradicate that provides the real vigor and determination of the West, and in our policy we must insure that it is encouraged and supported around the globe. In reaffirming this vital fact—our real ace in the hole against communism—the Vice President was doing a valuable service to the cause of freedom everywhere.

NEW YORK RESOLUTIONS ON WORK RELIEF

Mr. KEATING. Mr. President, a great deal of attention has been focused lately upon our Nation's welfare programs. The townsmen of the city of Newburgh have touched a responsive chord.

One of the 13 points in the Newburgh program is the requirement that able-bodied persons on relief must work for the city, to qualify for welfare payments. Many communities in New York State and throughout the Nation have work relief programs.

Although most of the points in the Newburgh program do not presently involve the Federal Government, the work-relief issue does. Under the recently enacted Federal program of temporary public assistance for the children of unemployed parents, the Federal Government has become involved in the administration of local work-relief programs, because the Federal Government specifically prohibits the use of Federal public assistance funds as wages or compensation. A controversy has arisen in several communities in New York State as to whether State contributions for aid to the dependent children of unemployed parents can be included in payments for work relief.

This unfortunate juxtaposition of the Federal Government in an area which traditionally has involved localities alone has disturbed a great many people. It demonstrates the importance of having welfare programs planned and administered at the local level by officials and community leaders who are familiar with the actual circumstances in a given locality.

Mr. President, I recently received four resolutions from county boards of supervisors in New York State, calling for less Federal intervention in the administration of welfare programs. I ask unanimous consent that these resolutions from the Boards of Supervisors of Essex County, Genesee County, Herkimer County, and Rockland County be printed at the conclusion of my remarks.

Mr. President, I want to make one further comment about work relief. The reason that this controversy has arisen is that the new Federal program of aid to the children of unemployed parents for the first time provides public assistance to an employable category of persons. If the Government is going to assist people who are able-bodied and who can work, I firmly believe we need some clarification in the law as to whether work relief is or is not permitted, so far as the Federal Government is concerned.

The sentiments of the boards of supervisors of Genesee, Essex, Herkimer, and Rockland Counties are indicative of the feelings of a great many people throughout New York State. I just received a very similar letter from Mr. William J. Harley, supervisor of the town of North Elba, N.Y. The North Elba Town Board is greatly concerned about the need for more emphasis on local control in our major welfare programs. The officials of Onondaga County, Madison County, Cortland County, the city of Auburn, and many other New York State communities have also been in close touch with me on this issue.

Relief has always been essentially a local and State responsibility. If there is to be a permanent change in this policy, the Congress must conduct a full-scale and careful reevaluation of the principles underlying our relief programs and of the purposes which these programs have been designed to accomplish.

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

RESOLUTION 71 OF GENESEE COUNTY, N.Y.

Resolution in opposition to present system of welfare administration

Whereas the members of this board sincerely believe that, in the administration of welfare, there should be more flexibility, more authority, and more discretion at the local level and that public assistance for the care of needy persons more logically should be a local decision; and

Whereas overstandardization, maximum control, and ever-present threat of loss of reimbursement are believed to be harmful to the initiative, morals, and well-being of the individual, and an unnecessary burden on the taxpayer: Therefore be it

Resolved, That this board of supervisors go on record in urging that the State of New York exert all influence possible to encourage the Federal Government to change, alter, and amend those Federal laws, rules, and regulations adversely affecting the reasonable administration of welfare; and be it further

Resolved, That a certified copy of this resolution be forwarded to the Honorable Abraham Ribicoff, Secretary of Health, Education, and Welfare for the United States; Hon. Nelson A. Rockefeller, Governor of the State of New York; Hon. Raymond W. Houston, commissioner of social welfare for the State of New York; Senator Jacob Javits; Senator Kenneth B. Keating; Congressman Harold C. Ostertag; Senator Austin W. Erwin, and Assemblyman John E. Johnson.

MARJORIE L. MULLEN,
Clerk of the Board.

RESOLUTION 110 OF ESSEX COUNTY, N.Y., BOARD OF SUPERVISORS

Resolution opposing temporary aid to dependent children welfare bills

Upon the recommendation of the county commissioner of public welfare and the welfare committee of this body, and following due discussion and consideration; Be it

Resolved, That the Essex County, N.Y., Board of Supervisors expresses its disapproval of and opposition to the recent amendment by Congress of the Social Security Act, on a temporary basis, to include children of certain unemployed parents in the aid to dependent children (ADC) welfare program, and the subsequent amendment of the Social Welfare Law by the New York State Legislature to enable the State to qualify under the expanded aid to dependent children program, such legislation being commonly known as "temporary aid to dependent children of unemployed parents (T.A.D.C.)"; and

Whereas the need or advisability of the above-mentioned legislation appears highly questionable, especially in view of the provisions thereof exempting the recipient parents from certain of the requirements of the Work for Relief Provisions of the prior law; and

Whereas the said new legislation will necessarily result in an extensive increase of personnel and expense required in the proper administration and enforcement of such laws, thereby adding to an already overburdensome relief and tax obligation; and

Whereas said T.A.D.C. legislation and program result in additional overstandardization and control of the local administration of relief and welfare in the Federal Government, and its agencies concerned: Now, therefore, be it

Resolved, That this body shall and hereby does record and express its strong disapproval of and opposition to such new welfare legislation; and be it further

Resolved, That this body respectfully urges that the State of New York, and all subdivisions thereof concerned, exert all possible influence to persuade the Federal and State Governments to either repeal or amend the above-mentioned and similar legislation, as unnecessary in such form and content, and as contrary to both the public interest and the reasonable administration of public welfare; and be it further

Resolved, That certified copies of this resolution be forwarded to the Hon. Abraham Ribicoff, Secretary of Health, Education, and Welfare for the United States; Hon. Nelson A. Rockefeller, Governor of the State of New York; Hon. Raymond W. Houston, Commissioner of Social Welfare for the State of New York; U.S. Senator Jacob Javits; U.S. Senator Kenneth P. Keating; State Senator George E. Paine; Congressman Carlton J. King and Assemblyman Grant W. Johnson, with this expression of appreciation for their kind consideration of and assistance in the above-stated matters.

ZELMA A. COOK,
Clerk of the Board of Supervisors of Essex County.

RESOLUTION 92 OF HERKIMER COUNTY BOARD OF SUPERVISORS, HERKIMER, N.Y.

Whereas the members of this board sincerely believe that in the administration of charity, there should be more flexibility, more authority, and more discretion at the local level and that public assistance for the care of needy persons more logically should be a local decision; and

Whereas overstandardization, maximum control, and the ever-present threat of loss of reimbursement are believed to be harmful to the initiative, morals, and well-being of the individual and an unnecessary burden on the taxpayer: Therefore be it

Resolved, That this board of supervisors go on record in urging that the State of New York exert all influence possible to encourage the Federal Government to change, alter, and amend those Federal laws, rules and regulations adversely affecting the reasonable administration of charity, and be it further

Resolved, That a certified copy of this resolution be sent to the Honorable Abraham Ribicoff, Secretary of Health, Education, and Welfare for the United States; Hon. Nelson A. Rockefeller, Governor of the State of New

York; Hon. Raymond W. Houston, commissioner of social welfare for the State of New York; Senator Jacob Javits; Senator Kenneth Keating; Congressman Alexander Pirnie, and to all boards of supervisors of the counties of New York State.

ROBERT EVANS,
HOWARD COMSTOCK,
JOHN GALLINGER,
HARVEY PRINDLE,
Charities Committee.

Dated July 31, 1961.

DOUGLAS H. BELL,
Clerk.

RESOLUTION 350 OF ROCKLAND COUNTY, N.Y., BOARD OF SUPERVISORS

Resolution requesting amendment of welfare laws and providing for more local authority in administration-certified copies

Whereas the members of the board of supervisors of the county of Rockland are concerned with the increasing costs of public welfare and the lack of authority for decisions on a local level because of the ever-present threat of withdrawal of State and Federal aid; and

Whereas local administrators should have more latitude in the administration of welfare because of their familiarity with the client and his problem on the local level: Therefore be it

Resolved, That this board of supervisors go on record in urging that responsible officials in the State of New York exert all their influence to have the Federal authorities change, alter, and amend the Federal laws and administrative rules and regulations adversly affecting reasonable administration of welfare on the local level; and be it further

Resolved, That certified copies of this resolution be sent to the Honorable Abraham Ribicoff, Secretary of Health, Education, and Welfare for the United States; the Honorable Nelson A. Rockefeller, Governor of the State of New York; the Honorable Raymond W. Houston, commissioner of social welfare for the State of New York; Senator Jacob K. Javits; Senator Kenneth B. Keating; Congresswoman Katharine B. St. George; Senator Clinton Dominick, and Assemblyman Joseph F. X. Nowicki.

REPORT FROM WASHINGTON BY THE EDITOR OF THE ROME SENTINEL

Mr. KEATING. Mr. President, last week many veteran newsmen came to Washington for high-level briefings by the President of the United States, as well as by State Department and Defense Department officials. These sessions contributed greatly to the whole country's understanding and appreciation of the issues involved in the Berlin crisis. Although in part confidential, and directed particularly toward our Nation's alert and capable newsmen, these briefings have enabled the press to present valuable, substantive contributions to the nationwide discussion of the Berlin problem.

Mr. President, one such report, clear, succinct and penetrating, appeared in the Rome Daily Sentinel, of Rome, N.Y. It was the work of the editor and general manager of that newspaper, Fritz S. Updike, who has performed many services for his community, not only through his commentaries on international events, but also through his continued interest in and support of a variety of very pressing local problems.

Mr. President, I ask unanimous consent that this editorial be printed in the RECORD.

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

[From the Rome (N.Y.) Daily Sentinel, Aug. 18, 1961]

BERLIN FIRST OF MANY CRISES

(By Fritz S. Updike)

The East German refugee problem and the sealing of East Berlin by the Communists have great emotional impact upon peoples devoted to freedom.

Our admittedly quiet approach to this Russian action is disturbing not only our own people but particularly the West Germans.

But these are sideshows to the main issue of peace or war.

This editor attended a 2-day State Department briefing in Washington earlier this week. The highest officials in the management of foreign policy and defense spoke with candor. So did the President of the United States.

What the President said cannot be reported in any manner.

The statements of the other officials can be disclosed without revealing the specific source.

Here is part of what they said on the Berlin situation:

"Berlin, to which we are firmly committed and over which we will fight, if necessary, is but the first of a long series of anticipated crises. Some may be more serious than Berlin.

"Even if the Berlin situation is solved or suspended without military action, this world is in a hazardous and dangerous era. The future for peace is dubious.

The sealing off of East Berlin is a display of stark military power. It also is a confession of weakness by the Russians. They have the military strength, and the advantage of geography, to take this action but they show they cannot control their conquered people without using force. This has an impact on world opinion although it is becoming doubtful if Khrushchev has much regard for world opinion.

We cannot and will not contest it militarily. We cannot help the East Berliners because of their location deep within East Germany. We are trying to keep the West Germans under control. We do not want a military issue to arise over the sealing of East Berlin.

American officials are relieved that the border sealing has not created a flareup in Berlin. This is no time for an explosion. A collision of East-West forces in Berlin or an uprising in East Germany would put the West at a major disadvantage. The 20 Soviet divisions in East Germany are about equal to the troop strength of NATO in the area in and around Germany. Our policy for settlement of the German question being self-determination—a vote by the people of both Germanys—we would like to see the anti-Communist East Germans remain in East Germany. We would need their vote if a referendum, which is most unlikely, is ever held. Had the East German exodus continued unchecked the population of East Germany might have been so depleted that Russia would have colonized East Germany with other races.

The sealing of East Berlin, while in violation of agreements, has not affected our rights in West Berlin. It has not halted our access to West Berlin. It is over these rights—our presence in West Berlin—that a showdown will come.

Conditions are not hopeful for negotiations on the Berlin question. The shocking aspect of Khrushchev's tough Berlin line is that, counter to accepted diplomatic practice, he is not leaving himself an out.

He is painting himself into a corner from which he cannot withdraw without great loss of prestige and leadership. This worries the Western Alliance. The Western leaders fear Khrushchev may be tempted to desperate action to make good his words. His failure to leave himself a fallback position is seen as highly dangerous.

Khrushchev's boldness over Berlin is not alone a question of location in which the West is at a grave disadvantage.

It also is a reflection to a growing Soviet self-confidence in its military and economic power. Even if we are able to settle Berlin we can look forward to no easy time. There will be continued Russian challenges.

Our position on West Berlin is that we will fight to retain our presence in that city. While there are degrees of military conflict and a small encounter might not lead to major war, we will use all the weapons at our disposal if necessary, particularly if we are losing.

Khrushchev has said that any military action over Berlin would lead to nuclear war.

Khrushchev is trying to persuade the West he will go to war over Berlin. The United States is trying to persuade Khrushchev it will go to war over Berlin. The grave danger in this kind of situation is that it easily could get out of hand.

However, Khrushchev's real intentions are unclear at present to the West. The main Communist objective is to take over West Berlin but Khrushchev realizes that to do this by military force, which he has available, means world war III. Only war will dislodge the West from Berlin.

He proposes to accomplish his purpose in stages, but how we do not know. Our position is that the Western Alliance must be flexible enough to meet any move the Russians make.

Meanwhile, Khrushchev is trying to divide the Western Alliance which is standing united despite some differences of opinion on counteraction. He is trying to terrorize our European allies. He is telling them that in a war both the United States and Russia would be badly hurt but would survive while the European countries would be destroyed.

It is the opinion of Washington officials there will be negotiations before the Berlin crisis comes to a boiling point. No responsible official says war over Berlin is inevitable. They fear, however, a mishap and regard Berlin as the most dangerous situation since Korea—emphasizing over and over that once Berlin is past there will be continuing, perhaps worse, crises in the world struggle.

Khrushchev obviously is saying that West Berlin, which lies 110 miles in East Germany, is a part of Communist-dominated East Germany and that there can be no German reunification.

American officials see in a divided Germany the seeds of future war. They fear the time will come when a German leader will arise and, at whatever cost, lead the German people in an effort to reunify the country. That would bring war.

Officials in Washington, while in a grim mood, say there are many things yet to be done about Berlin, that both sides will look upon military action as a last step.

The American position is that we will protect our vital interests—West Berlin being a symbol upon which depends the American world position—even at the most serious risk.

They declare we must stand firm on Berlin, that we must take a strong military position and be prepared for the worst. They insist we have the capability to defend Western Europe on a conventional basis.

Berlin, in their opinion, may be the test of the 20th century. If not, there is a whole

series of such tests in the highly uncertain future.

The Berlin situation is acute because it is a head-on confrontation between two nuclear powers who have taken strong positions from which they cannot easily retreat.

There is a double danger to the United States. One is war through mishap. The other is the possibility we will emerge from Berlin with a great loss of prestige around the world.

This was the second State Department conference of this type. The first, in late April, was thick with gloom over the Cuban invasion fiasco some 10 days before. This time Cuba was hardly mentioned, it being accepted that it is minor compared to Berlin.

There was little gloom in this week's sessions. The atmosphere, while grim, was one of realism and determination to face facts as they exist.

While there was talk of possible war, there was no feeling that the situation is hopeless. No one can believe that Khrushchev intentionally will bring on nuclear war. But no one discounts the possibility that he may push events to the point where events take over control in a crescendo of fatal steps that cannot be managed.

MIGRATORY LABOR LEGISLATION

Mr. BURDICK. Mr. President, five migratory farm bills, of which I am proud to be a cosponsor, will soon be brought before the Senate for consideration and decision. Prompt congressional action on these bills after years of indifference will mark the beginning of assumption of national responsibility in response to this problem—a landmark in the field of farm-labor legislation.

The progress made in this area is largely attributable to the Subcommittee on Migratory Labor under the leadership of its most able chairman, the Honorable HARRISON A. WILLIAMS, Senator from New Jersey.

His efforts have indeed been praiseworthy and were thus appropriately described in an informative and perceptive editorial entitled, "Help for Migrants," which appeared in the Washington Post and Times Herald on August 12, 1961.

The five bills, soon to be considered by the Senate, concern the prohibition of agricultural child labor, improved educational opportunities for migratory farm children and adults, Federal registration of crew leaders, improved health services for migratory farm families, and the establishment of a National Advisory Council on Migratory Labor.

The editorial points out that—

> The prospects are good that an affluent country will extend some meaningful help to these forgotten stepchildren.

Because the editorial recognizes the need for and encourages Federal action to improve the living and working conditions of domestic migratory farmworkers and their families, I ask unanimous consent that the editorial appear in the RECORD at this point.

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

[From the Washington Post and Times Herald, Aug. 12, 1961]

HELP FOR MIGRANTS

Although the plight of migratory farmworkers has been a source of national shame since "The Grapes of Wrath" was published a generation ago, Congress has by and large looked the other way. Powerful agricultural interests succeeded in blocking all but two bills aimed at protecting farmworkers, and these measures were minor palliatives. One concerned the safe trucking of farm laborers and the other set up a social security arrangement which has proved unworkable for migrants.

The tide seems ready to turn. The Senate Committee on Labor and Public Welfare has reported out five bills which deal directly and realistically with the abuses of migratory labor. In essence, the measures would regulate the use of child labor, provide help for educating migrants and their children, require registration of interstate farm labor contractors, authorize Federal grants for health services, and create a National Advisory Council on Migratory Labor.

After the years of indifference, these bills seem a minimum token of congressional concern. Sen. HARRISON WILLIAMS, the chairman of the Subcommittee on Migratory Labor, has done a praiseworthy job of enlisting support for the reform proposals. Even the entrenched opponents have abated their thunder. The prospects are good that an affluent country will extend some meaningful help to these forgotten stepchildren.

The supporters of the legislation are wisely leading with the least controversial measures. The question of a minimum wage for migrants, in particular, is bound to encounter sterner resistance. But the important point is to make a start in assuming more national responsibility for what is clearly a national problem. For the first time, the Departments of Labor and Agriculture are agreed on the need for a remedy. It would be fitting if this miracle were followed by prompt congressional action.

ADMINISTRATION SUPPORT OF MIGRATORY FARM-LABOR LEGISLATION

Mr. SMITH of Massachusetts. Mr. President, five migratory farmworker bills, introduced by Senator HARRISON A. WILLIAMS, JR., of New Jersey, chairman of the Subcommittee on Migratory Labor, will soon come before the Senate for consideration with the full support of the Kennedy administration. Senator WILLIAMS has done an admirable job in this area, and it has been with a great deal of interest as a member of the Subcommittee on Migratory Labor that I have watched and participated in the development of this legislation. Three of these bills, which I am pleased to cosponsor, concern improved educational opportunities for migratory farm children and adults, Federal registration of crew leaders, and improved health services for migratory farm families. The other two bills provide for the establishment of a National Advisory Council on Migratory Labor and prohibitions of agricultural child labor.

The most recent indication of the high priority of these bills among the objectives of the administration is eloquently expressed in a noteworthy letter written by Secretary of Labor Arthur J. Goldberg. Secretary Goldberg's letter appears in the August 17 Washington Post in response to an editorial entitled "Help for Migrants," which appeared in the Post on August 12.

The Secretary points out in his letter that—

> The American people are becoming increasingly and insistently aware of this problem, for all that it is so easily kept out of sight. The time for change has come and * * * there is no dispute within the administration as to which direction this change should take.

Secretary Goldberg concludes his letter reaffirming the administration's support of Senator Williams' migratory labor legislation with this statement:

> I wholeheartedly join with the Washington Post in expressing the hope that his five bills will shortly be approved by the Congress.

Secretary Goldberg's letter is clearly indicative of the administration's continued interest in migratory farmworker problems and of its active support of these bills which deal directly and realistically with those problems involved. I therefore ask unanimous consent that the Secretary's letter appear in the RECORD at this point.

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

[From the Washington Post, Aug. 17, 1961]

HELP FOR MIGRANTS

It is a mark of a great newspaper that it does not hesitate to speak for those who are without a voice in the affairs of the Nation. Your editorial of August 12 on the progress of Senator HARRISON WILLIAMS' migratory labor proposals is but the most recent occasion on which you called attention to the plight of the almost 1 million Americans, workers and their famililes, who eke a poor and often bitter living harvesting other people's crops.

For too many years public policy has been content with, has even encouraged, the perpetuation of the present system. The relative condition of the migratory workers has grown steadily worse. There must and will, I feel, be an end to this. The American people are becoming increasingly and insistently aware of this problem, for all that it is so easily kept out of sight. The time for change has come and you are entirely correct that there is no dispute within the administration as to which direction this change should take.

Our goal is to achieve in agriculture what we already have in most other sectors of the economy: a dignified and respected work force based on fair wages, decent working and living conditions, and steady employment.

Senator WILLIAMS has begun the movement of public policy in that direction. I wholeheartedly join with the Washington Post in expressing the hope that his five bills will shortly be approved by the Congress.

ARTHUR J. GOLDBERG,
Secretary of Labor.

WASHINGTON.

LEGISLATIVE PROGRAM

Mr. HUMPHREY. Mr. President, I do not believe there is further morning business.

Let me inquire about the parliamentary situation: Am I correct in understanding that following the morning hour the Senator from Mississippi [Mr. EASTLAND] was to have occupied the floor?

The PRESIDING OFFICER (Mr. DODD in the chair). That is correct.

Mr. HUMPHREY. I understand that he is not well today, and that therefore the junior Senator from Mississippi [Mr. STENNIS] will have the privilege of the floor.

The PRESIDING OFFICER. The Chair assumes that the junior Senator from Mississippi will request unanimous consent for that purpose.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that that be permitted.

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

Mr. RUSSELL. Mr. President, before the morning hour is concluded, I desire to suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HUMPHREY. 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. STENNIS. Mr. President, under the unanimous-consent agreement of yesterday, my colleague, Senator EASTLAND, was to be recognized immediately following the morning hour today. Senator EASTLAND is somewhat indisposed today, with a cold and fever, and did not believe he should be here. Therefore, I ask unanimous consent that in his stead I be permitted to proceed at this time, to read Senator EASTLAND'S speech.

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

Mr. STENNIS. Mr. President, I also ask unanimous consent that, as a convenience to him, I may yield now for 12 minutes to the Senator from Ohio [Mr. YOUNG] who wishes to make a brief speech; and I ask unanimous consent that I may do so without losing the floor.

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

CIVIL DEFENSE OPPORTUNISTS SWARMING IN DROVES TOWARD TREASURY

Mr. YOUNG of Ohio. Mr. President, the protection of American citizens in event of war is a major factor in the defense of our country. Having maintained all along that the leaders of our Armed Forces should be charged with this responsibility, as has been done in Canada and England, I was pleased when President Kennedy transferred major civil defense functions from the boondoggling Office of Civil and Defense Mobilization to the Department of Defense.

Though the functions are now where they rightfully belong, it is my belief that all civil defense appropriations must still be carefully scrutinized. Although I have complete faith in the judgment and ability of Secretary of Defense McNamara, we should not abdicate our responsibility regarding use of taxpayers' money.

I opposed the $207,600,000 item for fallout shelters in the Department of Defense appropriation bill. This was appropriated in addition to $85 million appropriated for civil defense in the independent offices appropriation bill. My amendment which would have deleted this $207 million request was defeated by majority vote of my colleagues, as was the amendment of my distinguished colleague from Ohio [Mr. LAUSCHE] which would have reduced the appropriation to $100 million.

Mr. President, I seriously question whether this money would have been so readily appropriated had it not been for the fact that it was made a part of the total Defense Department appropriation request. Although our military leaders are most qualified to handle civil defense functions, they are not infallible. I urge that in the future we give closer study to their requests regarding money for civil defense purposes.

It is interesting to note that Washington lobbyists for the National Association of County Officials, in their special report on civil defense dated July 24, stated that civil defense functions were transferred to the Department of Defense because "knowledge that vastly increased shelter expenditures can politically only be obtained in the defense budget." It appears that this is the only part of their report in which these lobbyists were correct.

I regret that apparently we are proceeding with an expensive fallout shelter program, which if carried to the extent of its most extreme advocates, will cost taxpayers from $50 billion to $200 billion. In my opinion, such a program is impractical and will offer no protection worth mentioning. It is also dangerous in that it fosters the delusion that there is some measure of security in a nuclear attack.

The truth is that people far enough away from the blast area might be able to protect themselves from the first 48 hours of intense radiation—perhaps even for the first 2 weeks. After that, the chances are indeed slim for their survival. It has been estimated that the radioactive cloud from a single relatively small nuclear bomb may be expected to cover an area downwind for 200 miles. No one knows how many bombs of what megaton capacity would be dropped in a nuclear holocaust or what the weather conditions would be at that time.

Like poison gas, which was available to Hitler and the allies in World War II, the strength of the Soviet Union and the United States to wage atomic offensives is so tremendous that neither nation will resort to an all-out nuclear war.

Mr. President, earlier in this session of Congress, Representative WILLIAM MINSHALL, from my State of Ohio, introduced a bill which would grant homeowners and business organizations income tax deductions for the cost of building basement bomb shelters. It is my hope that this legislation will never emerge from committee, and if it does, be defeated in the House of Representatives.

Let us not be duped by such a scheme. In this grim period, compelled as we are to pay more than $46 billion for national defense and to strengthen our offensive power of immediate and effective retaliation, it is ill-timed indeed for a Congressman to recommend that another tax loophole be opened.

Furthermore, in the district represented by this gentleman, there are many thousands of men, women, and children living in apartments. There are many living in rented homes. His legislative proposal would give a preference and a special privilege to property owners. They would have available to them a tax credit and a financial advantage not available to the less fortunate who rent dwellings or live in apartments. This should not be tolerated.

Those property owners who take advantage of the tax gimmick available, were this Representative's legislation to be considered seriously and enacted into law, would be able to have recreation rooms, barrooms, and rumpus rooms—whatever they are, in fact—erected in their basements, and the Government would permit them a tax credit simply on their obtaining a certificate from a bureaucrat in the boondoggling civil defense agency, stating that this room would be a facility providing protection in event of nuclear attack. For businessmen it might mean the installation of underground parking facilities—labeled "Bomb shelters"—at taxpayer's expense.

In supporting his proposal giving a special privilege to many constituents, and at the same time depriving others of a similar tax advantage, Mr. MINSHALL referred to the effectiveness of the shelters at Yucca Flats, at the time when nuclear testing was still taking place.

Let no one be deceived.

Shallow fallout shelters for the basement of a private home can only be contrasted with, but not compared to, the huge test shelters at Yucca Flats. Each one of these shelters cost hundreds of thousands of dollars. A shelter at Yucca Flats is a 48-foot combination concrete and steel pipe underground structure.

Is the Congressman seeking to deceive people talking about fallout shelters in basements and at the same time telling of the effectiveness of tests at Yucca Flats?

The dome fallout shelter at Yucca Flats had three levels. It had a diameter of 110 feet and was capable of holding 2,000 people. It cost $250,000.

Another dome blast shelter at Yucca Flats, with a floor area of 350 square feet, cost approximately $328,000. It could hold 2,000 people.

These test shelters were erected at huge cost, not to illustrate the effectiveness of fallout shelters, but to develop and test large shelters for groups of people.

One of the shelters constructed by the Air Force had a shell 7¾ inches in thickness. It was a concrete type with a reinforced-concrete double-ramp entrance and had 10- or 12-gage corrugated-steel double entrances.

Of course, the shelters recommended for homeowners who are desirous of rumpus rooms would have been virtually pulverized in the tests at Yucca Flats, as this gentleman knew or should have known.

A 1959 report of the Joint Committee on Atomic Energy pointed out that all structures within a 7-mile radius of ground zero for a 10-megaton weapon would be destroyed. A well-constructed wood-frame house completely collapses within 9 miles from a 10-megaton surface burst. There is every reason to believe that a potential enemy would not be so merciful, but would use weapons far in excess of 10 megatons.

In a nuclear attack on my home city of Cleveland, Ohio, these shelters or rumpus rooms in homes in Congressman MINSHALL's district—and I live in that district, so I should know—would be of no use whatsoever. The same report states that an 18-megaton explosion would kill or seriously injure over two-thirds of the people in the Cleveland metropolitan area, including the Congressman's district, and it is likely that the destructive power of an attack would be far in excess of 18 megatons.

Mr. President, Shaker Heights is one of the largest communities in Representative MINSHALL's district.

I have lived there for many years. It is to the east and south of the city of Cleveland, between Cleveland and Akron. It would be in the target area where an enemy might wish to destroy the rubber capital of the world and at the same time wreak destruction upon the steel plants to the south of Cleveland. The mayor of this fine community, Wilson G. Stapleton, recently participated in a ribbon-cutting ceremony for a bomb shelter, paid for by taxpayers' money, in a private home. This shelter, 13 by 10 feet in size, cost nearly $1,500. Contractors informed the mayor this was excessive; that the cost should not have exceeded $600.

It was evident from what the mayor said at the ribbon-cutting ceremony that he was not enthusiastic over the part he played in it. Mayor Stapleton, by the way, is a leading citizen not only of Shaker Heights, where he is mayor, but also a leading member in the State of Ohio of that Grand Old Party of which I am not a member.

In his address at the ribbon-cutting ceremony Mayor Stapleton said: "I am not going to build a shelter in my home and I don't think the shelter will do any good if a bomb hits in this vicinity." Mayor Stapleton is as concerned for the welfare of the citizens of the community as their district Representative in Congress. However, he is realistic and knows that these shelters in basements and backyards will be of no use whatever in an atomic attack.

This proposed tax deduction for shelters is only one of what promises to be many raids on the Treasury in the name of civil defense. Citizens are advised to stock their shelters with food and emergency supplies. The only good result will be that contractors who build the shelters and grocers who stock them will receive money and place it in circulation.

Members of Congress from wheat-growing States where surpluses are tremendous are now importuning department heads to use our wheat surplus to stock these shelters for 14 days. Next will come the corngrowers, the dairymen, and so on ad infinitum. The enticing scent of honey has the civil defense opportunists swarming in droves toward the Treasury.

Mr. President, unless we are prepared to embark on a $50 billion civilian shelter building gamble, we should face the facts and eliminate the completely ineffective program currently undertaken. Over a billion dollars has already been wasted on civil defense. Let us not open the door to tax subterfuge and loopholes for the benefit of a few and cause further waste of taxpayers' money.

Mr. President, I thank the distinguished junior Senator from Mississippi for yielding to me, and I suggest the absence of a quorum.

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

THE FOREIGN AID BILL—APPOINTMENT OF CONFEREE

Mr. MANSFIELD. Mr. President, through an inadvertence, the conferees named yesterday on the foreign aid bill (S. 1983) were not properly named. I ask unanimous consent, therefore, that the Senator from Indiana [Mr. CAPEHART] be named in the place of the Senator from Kansas [Mr. CARLSON] as a conferee on the bill (S. 1983).

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

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

The PRESIDING OFFICER. Does the Senator from Mississippi yield for that purpose?

Mr. STENNIS. Yes, I have yielded to the Senator from Montana.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

MILITARY CONSTRUCTION APPROPRIATIONS, 1962

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. MANSFIELD. Mr. President, will the Senator from Mississippi yield to me, without losing his right to the floor?

Mr. STENNIS. I am happy to yield to the Senator from Montana.

Mr. MANSFIELD. In view of the fact that we have so many amendments, totaling 21, to the bill which we have tried to lay before the Senate, and which I understand has not as yet been laid before the Senate, I am about to make a motion which I hope will meet with the approval of the Senate. With the greatest reluctance I am compelled to ask that the Senate proceed to the consideration of the military construction appropriation bill. Last Friday the distinguished minority leader and I served notice that we would ask the Senate to suspend the rules whereby we could offer an amendment extending the Civil Rights Commission for 2 years. It was our purpose to offer an amendment granting the same appropriations for the Civil Rights Commission that they had last year. Since we made our original proposal there have been filed at the desk 21 amendments, which have no relationship to the Civil Rights Commission, with the exception of the amendment of the Senator from Pennsylvania [Mr. CLARK]. I will not take the time of the Senate to list the amendments although I have them here at my desk.

Mr. KEATING. Mr. President, will the Senator yield before he makes his motion?

Mr. MANSFIELD. I yield.

Mr. KEATING. The Senator may wish to correct his last statement, since two of the amendments which I filed have to do with the Civil Rights Commission. One would extend its life indefinitely and the other would extend its life for 4 years in place of 2 years.

Mr. MANSFIELD. The Senator is correct.

Mr. President, I move that the Senate proceed to the consideration of Calendar No. 708, H.R. 8302, and that the bill be laid before the Senate and made the pending business.

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

Mr. JAVITS. Mr. President, I shall not oppose the motion, of course. The Senator from Montana is entitled to run the affairs of the Senate.

Mr. MANSFIELD. Mr. President, the action is taken in conjunction with the distinguished minority leader, the Senator from Illinois [Mr. DIRKSEN], because it is not one man who runs the Senate, but the two of us who try to work with the cooperation of Senators on both sides of the aisle. We are the servants of the Senate.

Mr. JAVITS. The Senator has given me an opportunity to say that in my experience in the House and Senate we have rarely had a majority leader who speaks with the real humility that characterizes the Senator from Montana, and I know he feels it. It is a very refreshing and heartwarming experience. Other leaders may have had other talents, but the leader who is now in office on the part of the majority has a very great heart and a real spirit of humility in its finest sense. I accept, of course, the amendment the Senator has made to my remark.

But what I wish to state is, of course, that the leadership should and can run the Senate in the way that it desires to

do so. I think it is pertinent at this point, however, to make a brief allusion to the question of why all the amendments and why all these motions, because an effort was made here in discussion yesterday to make it appear that those who made the motions or made the proposals for amendment were somehow or other holding up the business of the Senate. The Senator from Montana did not make that statement. On the contrary, he said exactly the contrary. But others did.

Mr. President, let it be clear that I think that many Senators suffer from a real sense of having been suppressed during this session, when, somehow or other, whether by design or otherwise—and I think it was by design—the administration has produced no program for the Congress upon this very burning issue. Yet, as my colleague from New York [Mr. KEATING] and I both emphasized this morning, the situation exists notwithstanding the solemn pledges of the platform on the Democratic side, which was the successful platform, and which were contained in our platform as well. Not only that, but even in all the discussions about the program next year, in terms of medical aid to the aged, Federal aid to education, and other bills which are being laid over, we have yet to hear a word about the administration's intention on this burning civil rights issue. The administration has not only brought no civil rights measure before the Senate this year, but also they have not even said they would bring up any such measure next year. Hence the moment the door was put slightly ajar—and I will admit that it was only slightly ajar—naturally all of us who are deeply interested in doing something in this very trying situation marched on through.

There are many courses of action which are open to the leadership to deal with this situation. The one which apparently is the chosen instrument—to table every undesired measure—in my opinion, is very unfair to the issue. I do not think the instrument itself is unfair. Certainly, the majority leader has a right to move to table in order to clear the decks so that he can do other business. But I think it is very unfair to the issue, and I think the responsibility is not his. I think the responsibility is that of the President and the administration on the civil rights issue, which it has not faced up to in terms of the Congress.

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

Mr. JAVITS. I yield.

Mr. MANSFIELD. On a number of occasions in the past I have moved to table certain proposals. I have done so reluctantly, because I do not like the idea of tabling, which shuts off all debate. However, I have felt, in the interest of good procedure, that that should be done, and I have thought on occasion it was necessary that that be done, but only to expedite the business, to the end that we may accomplish what we can in the way of a program this year.

Mr. JAVITS. On the question of tabling, although there are 21 motions before the Senate, and even though I have no inside information about anyone's attitude with respect to them—and Senators, as everyone knows, are lords to themselves, and I believe the country has learned to believe that this is the best way in which we can operate—I have little doubt that once the Senate manifests its will in terms of a fair sampling of what is being attempted here, many of those motions—again I cannot divine what is in other people's minds—might not be pressed, and therefore the heavy traffic which the Senator anticipates might not in the final analysis come to pass.

I wish to conclude my remarks quickly, because I know the Senator's purpose in making his motion. I merely emphasize that nothing has come from the administration to Congress as to what it wills Congress to do on this issue except two very rudimentary things, one the extension, a very modest extension, as my colleague from New York has so correctly stated, of the Civil Rights Commission.

Second, as we know, because everyone relies completely on the leadership, the opportunity to bring up a proposed change in rule XXII.

That, too, is the result of a discussion we had earlier in the session, when, as some of us predicted and as we say again now, that was a far more suitable time to consider the question that we will face now. I voted for it, as others did also, including my colleague from New York, but we were overruled. I believe those who caused us to be overruled did not pursue a course best calculated to get any action on rule XXII.

Be that as it may, the need of the moment is for the administration and the President to express themselves as to what is their program, as far as Congress is concerned, on civil rights and when we will see it. I believe that is the real issue which is before us.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The question is on agreeing to the motion of the Senator from Montana. The question is debatable, the Senate having recessed on yesterday.

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

Mr. MANSFIELD. I will yield, if I may.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York?

Mr. MANSFIELD. I ask unanimous consent that I may yield.

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

Mr. KEATING. The distinguished majority leader, with his customary courtesy, of which we are all the beneficiaries, notified those of us who feel deeply about the pending amendments that he desired to lay the pending business aside.

Civil rights is certainly an important issue. I yield to no one in my zeal for that cause. It is the purpose of the majority leader, I understand, to lay the pending business aside temporarily for the purpose of taking up the military construction bill. Certainly it would seem to me to be the mark of irresponsibility to do anything which would stand in the way of acting on the Nation's defense. I will support the majority leader in his motion.

Mr. MANSFIELD. I may say to both Senators from New York that I am deeply appreciative of the understanding they have shown in this matter and the recognition which they have given of the fact that we do have a heavy schedule and we do have much work to do before we adjourn.

Mr. DIRKSEN. Mr. President, the Senate concurred in the action of the entire Congress in 1957 in creating the Civil Rights Commission. It was renewed in 1959. It is an agency in being.

Whether or not one agrees with the findings of the Commission, there is no doubt that the finest type of personnel was brought from all sections of the country to serve as Commissioners. They have done their work well. Sixty days after they file their final report, I understand, the Commission will not be in being. Hence it is necessary to extend the life of the Commission. In conjunction with the majority leader we had selected the pending bill for a number of reasons for an amendment to extend the Commission's life.

The first point is that an appropriation bill is a must bill; it must be disposed of before the session concludes, and we must take action on the bill. The bill had already passed the House. Therefore, if this very simple extension of the Commission, until September 1963, could have been successfully added to the State-Justice appropriation bill, it would then go to conference, and I presume our difficulties would be very much at an end.

I fully concur in the action taken by the majority leader. I must say, however, it is a little distressing to discuss the extension of the Commission under circumstances which confront us now. I have examined some of the amendments which are before us. I do not quarrel about that fact; nor do I quarrel with the right of any Member of the Senate to file notice of intention to suspend the rules to offer legislative proposals to an appropriation bill. That is precisely what the majority leader and I have done. Among the amendments to the bill is an amendment dealing with the qualifications of Justices of the Supreme Court. Then there is our old friend the preemption bill, in which I am vitally interested. That is one of the amendments. There is also a proposal to bring a labor union under the provisions of the Sherman Act. There are a great many others also. To say the least, this is a perplexing situation. Under the circumstances, I presume if we are going to make some progress, and get at everything else we must consider, we must set the pending bill aside and go on with other matters.

However, the residual fact remains that the bill is still here and it contains appropriations for the State Department and Justice Department. So, argue as

we will, this bill must be disposed of. We must get back to it, no matter what temporary action we may take now.

Mr. RUSSELL. Mr. President, I merely wish to comment on what the distinguished senior Senator from New York has said. If he believes that this matter will be expedited any way, he is laboring under some kind of illusion, of which he will be disabused, when and if amendments which are proposed come before the Senate.

I am well aware of the zeal of the senior Senator from New York in pursuing legislation of this kind. Every time anyone mentions civil rights the distinguished senior Senator from New York rises and rebukes the Senate for having defeated proposals which had been made heretofore and for not having changed the rules of the Senate.

Of course, every Senator is entitled to laments and wails of distress over any legislation supported by him which has been defeated. I might say that the motions to suspend the rules, or at least some of them, I am sure, are made in good faith. I am rather surprised to hear the distinguished Senator from Illinois, who, I understand, has been taking the position that these matters are pertinent and germane, say that any right that might belong to a laboring man who happens not to be a member of a labor union is not a civil right, and therefore is not entitled to the same consideration as some of the other proposed amendments.

Mr. DIRKSEN. I am sure that I made no such statement.

Mr. RUSSELL. By inference the Senator certainly made it; not directly, but by inference.

Mr. DIRKSEN. I do not believe that I even made the inference. I was merely reciting a chronology of various types of amendments which have been proposed. I had no comment on any amendment. I recognize the right of a Member of the Senate to file a notice of suspension of the rules and to offer anything he wishes to offer. I made no comment at all on any amendment.

I simply say that here was a simple endeavor on the part of the majority leader and me to have the Civil Rights Commission, which is now in being, extended for 2 years. Evidently that effort, at the moment at least, does not appear to be successful.

Mr. KEATING. Mr. President, will the Senator yield for a suggestion?

Mr. DIRKSEN. I yield.

Mr. KEATING. I hope that while the military construction appropriation bill, which is an important measure, is being discussed, it might be possible for the majority leader and other Senators in positions of authority to negotiate with the chairman and other members of the Committee on the Judiciary with respect to bringing before the Senate in the normal way a bill which I had the honor to author, which has been reported to the full committee by a divided vote, but reported, nevertheless, by the Subcommittee on Constitutional Rights of the Committee on the Judiciary. It is ready to be placed on the agenda and reported out of the full committee at any time. That, after all, is the orderly way to bring this question before the Senate.

My bill has been amended in the subcommittee to provide for a 2-year extension. I shall certainly not interpose any objection to bringing the bill before the Senate in that way, with the clear indication that an amendment will be offered to restore the original language to the bill. After all, the best way to legislate in this field is in the proper, orderly manner, rather than by offering riders to an appropriation bill. We are simply caught in a situation which I hope the distinguished majority leader and other Senators may be able to resolve.

Mr. MANSFIELD. Mr. President, the minority leader and I would be most happy to take up the request of the Senator from New York with the chairman of the Committee on the Judiciary and do what we can to have the bill reported in the orderly procedure. But my guess is that we would end with a rider to the State, Justice, and Judiciary Appropriation bill at a later date.

Mr. President, has the motion been acted on?

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

The LEGISLATIVE CLERK. A bill (H.R. 8302) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1962, and for other purposes.

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

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, today is August 22. Five appropriation bills are still to be completed. As I understand the situation, at least three of those bills will not come over from the House until well into the first week of next month. Many important bills are now on the calendar. It was announced yesterday by the leadership that the Senate would meet every Saturday from now on and that we would meet on Labor Day, as well. It is the hope of the leadership not to have late meetings, but to have the Senate convene at an early hour in the morning and adjourn or recess at a reasonable time each evening.

As majority leader, I hope we may refrain from futile debates which produce no legislation. The minority leader and I are the servants of the Senate. If Senators wish to adjourn sine die by mid-September—which I think is doubtful at best—we must proceed with the consideration of many bills on the calendar and act expeditiously.

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. MANSFIELD. Mr. President, when the Senate concludes its action on the military construction appropriation bill, which is now the pending business, it is the intention of the leadership to have the Senate consider Calendar No. 626, S. 1991, relating to the occupational training, development, and use of the manpower resources of the Nation, and for other purposes;

Calendar No. 682, S. 2000, to provide for a Peace Corps to help the peoples of interested countries and areas in meeting their needs for skilled manpower; and

Calendar No. 664, S. 1969, to amend the Federal Aviation Act of 1958, as amended, to provide for a class of supplemental air carriers, and for other purposes.

The bills will not necessarily be taken up in that order, but very likely in that order.

MILITARY CONSTRUCTION APPROPRIATIONS, 1962

The Senate resumed the consideration of the bill (H.R. 8302) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1962, and for other purposes.

Mr. STENNIS. Mr. President, I shall make a brief statement of explanation concerning the appropriations for military construction. As I understand, some amendments may be offered from the floor. They will be considered in turn. My explanatory statement will take not more than 15 or 20 minutes.

Mr. President, the Committee on Appropriations recommends to the Senate for fiscal year 1962 a total appropriation of $1,020,146,750. This is an amount of $136,787,750 over the $883,359,000 provided by the House, and $27,421,250 under the revised budget estimate.

For the Department of Defense, the committee recommends an appropriation of $27 million. This is for space and missiles as authorized under title V of Public Law 87-57. In addition, the committee has recommended an appropriation of $10 million for loran stations.

For construction for the Active Forces of the Department of the Army, the committee has recommended the amount of $176,512,000. This is an increase of $29,062,000 over the $147,450,000 approved by the House and a decrease of $18,465,000 from the budget estimate.

For the Department of the Navy, the committee has recommended an appropriation of $201,259,000. This is an increase of $19,872,000 over the $181,387,000 allowed by the House and a decrease of $3,952,000 from the budget estimate.

The Department of the Air Force has received committee approval for an amount totaling $539,243,000. This is an

increase of $59,721,000 over the $479,522,000 allowed by the House and a decrease of $21,137,000 from the budget estimate of $560,380,000.

The Reserve Forces, Navy, has received a committee recommendation of $7 million. This is the budget estimate and the same amount allowed by the House.

The committee has taken steps to substantially increase the Army National Guard appropriation to an amount totaling $21,868,750, $9,868,750 over the $12 million contained in the budget and in the House recommendation.

The Air National Guard has also received a considerable increase in its appropriation. The amount recommended by the committee is $18,275,000, $4,275,000 over the budget estimate of $14 million, the amount recommended by the House.

SUBCOMMITTEE REVIEW

Mr. President, before I go into detail in explaining the various actions of the Senate Appropriations Committee, I should like to discuss the subcommittee review of various 1,400 line items contained in this bill. The subcommittee held hearings for 10 days, in both morning and afternoon sessions; and 665 pages of testimony were taken in open session; and 250 pages were taken in executive session. In addition, numerous documents and memorandums were filed by the Department of Defense, the Army, the Navy, and the Air Force. During the hearings, each project was reviewed line by line with departmental witnesses, and discussions were held. The professional staff conducted special studies on hospitals, maintenance facilities, aircraft corrosion control projects, housing, Army aviation facilities, civil engineering and maintenance facilities, trailer courts, academic buildings, and other fields of military construction.

The committee did not wholly agree with the House in regard to a number of projects. As previously mentioned in the money tabulation of this bill, the committee saw cause to place a number of projects back into the bill; and in the same sense, we did agree with the House in its deletion of some projects. This is not to imply that the House was not justified in the decisions it made in the deletion of some of the projects from this bill; however, as I stated before, the subcommittee made its decisions on the basis of information made available by the Department of Defense and the various services. Your subcommittee meticulously studied the testimony as presented by the Department of Defense and the services, and made its decisions accordingly on the various line items.

Before I go into a detailed discussion of the appropriations for the various Departments, I should like to mention a number of large problems that faced the committee in recommending appropriations for this bill.

MISSILES AND SPACE FUNCTIONS

For the Department of Defense, the committee restored the sum of $12 million reduced by the House. This was part of a fund of $27 million requested by the Secretary of Defense that will be applied against projects for missiles and space facilities. A portion of these funds will be supplied to support the facilities for research and development for Samos, Midas, and Nike-Zeus projects at various locations. The committee felt that the Secretary of Defense should have the flexibility provided by these funds, in the event that there was a scientific breakthrough or that there was a program acceleration which would require the expenditures of additional funds in our space programs. Especially, I should like to mention that the sum of $12 million of the $27 million will be applied as a first increment against the requirement of facilities for the development of large solid propellant boosters, as recommended by the President in a budget amendment to the Congress, as contained in the House Document 179.

UNOBLIGATED BALANCES

The House made a general reduction of $27 million for the three services, and provided that the $27 million could be obtained by the services from unobligated balances now outstanding in their construction accounts. The services contend that the unobligated balances that now exist are presently committed against the projects which are now under contract or which will soon be placed under contract. It was the consensus of the committee that if the $27 million reduction was allowed to stand, the services would be seriously hampered in carrying out the construction program carried over from the fiscal year 1961. The committee is satisfied that any significant reduction in the unobligated balance might force the military departments to drop line items from their current programs, for lack of funds, although these line items were presented to the Congress and approved.

AIR FORCE HOSPITAL PROGRAM

The committee restored to the bill a reduction of $9,115,000 for four Air Force hospitals. Two years ago, the Senate Appropriations Committee investigated completely the hospital facilities for all three services. Based upon its findings, the committee established funding criteria for the Department of Defense to apply against future construction of service hospitals. Testimony received by the committee indicates that the Department of Defense has applied these criteria to the requested force hospitals. Information received also indicates that the Department of Defense applies identical design, cost, and scope criteria to all service hospitals. I know there has been some criticism that service hospitals have been built larger than was necessary in order to meet the immediate need of the existing military personnel on a specific base; but I wish to point out that dependents and retired personnel must be taken into account in building service hospitals, for under law, these people are entitled to military medical care.

MEDICARE PROGRAM

Mr. President, I am sure that the Members of the Senate will remember that 3 years ago this body, upon the recommendation of the Senate Appropriations Committee, placed a ceiling on the amount of money that the services could expend for the medicare program. By way of explanation, the medicare program is an arrangement whereby civilian dependents can get medical care in civilian hospitals and with civilian doctors. Three years ago, the Appropriations Committee was firmly convinced that the privilege of civilian medical care was being abused by the services; and we did force the services, wherever possible, to take care of dependents and retired personnel within existing service hospitals. Thus, I think it is incumbent upon the Congress, as required under the law, to take care of our service dependents and retired personnel.

TRAILER COURT FACILITIES

This is the first year that one of the services has gone into a rather extensive program to build trailer court facilities for the use of military personnel. I am referring to military personnel in the lower enlisted grades. The Air Force presented to the committee a program calling for $1,318,000 for trailer courts at nine Air Force installations. The average cost of these trailer courts would amount to approximately $2,000 per trailer pad—that is, the building of a concrete slab with attached utilities upon which a trailer could be parked. Testimony given to the committee indicated that the current charge for trailer court parking within the services is $6 a month. The committee was of the feeling that this would take far too long to amortize. Information received indicated that it would take approximately 20 years to amortize a trailer court with this charge. The committee reduced the overall figure requested to a total of $977,000, and instructed the Department of Defense to construct the trailer pads at an average cost of $1,500 a trailer pad, and to provide a plan that would amortize this cost over a 15-year period. It has been indicated in the report that the committee will watch very closely the trailer court construction program, to see how this arrangement works out in future years.

The committee thinks that perhaps use can be made of proper trailers supplied by the servicemen themselves; and the services would provide proper places for the parking of the trailers. The committee believes that a modest rental per month be charged, but enough to amortize the cost. The committee thinks that perhaps it will meet a substantial part of the need for a housing program for the enlisted men in the lower ranks. It is something that is popular with these young men and their families. A modern trailer itself has many more conveniences than trailers had some years ago, and such trailers serve in splendid fashion to answer some housing needs. We hope this program can be started on a modest basis, and experimented with, and that it will lead to solution of part of the housing problem, particularly for those of the rank that I have mentioned.

AIRCRAFT CORROSION CONTROL FACILITIES

A request was made of the committee for the construction of aircraft corrosion control facilities in the amount of $2,403,000 at six air bases. Approval was given for an expenditure of the $1,923,000 for these facilities, which amounted to roughly a reduction of 20 percent. The committee is firmly convinced that these corrosion control facilities are needed. However, there was some question as to whether the facilities should be as elaborate as now planned by the Air Force. The committee is convinced that corrosion is becoming one of the problems in maintenance of advanced weapon systems. The expanded use of dissimilar and new materials has compounded deterioration of aircraft surfaces occasioned by environmental and atmospheric conditions. The amount of salt, dirt, akaline, acids, and other agents in the atmosphere certainly cannot be controlled. The extent of corrosion damages as a result of these conditions, however, can be minimized if adequate cleaning and washing of the aircraft surfaces are provided. The committee received conclusive proof that the Air Force is incurring high maintenance cost, due to corrosion acting upon the surfaces of high-speed aircraft.

OTHER COMMITTEE ACTIONS

The committee has approved $2,167,000 for civil engineering and maintenance facilities at 16 locations throughout the Air Force. The Air Force testified to an increased requirement for civil engineering and maintenance facilities, due primarily to a need generated by increased missions and the deterioration of existing World War II facilities, which have now become uneconomical to repair. We thought some of them were without adequate facilities, and to this extent we felt the request should be approved. In particular, the committee was impressed by the need for maintenance facilities at our northern line of bases, where the missions have been expanded because of the SAC dispersal plan; and we now find that small bases which were built to handle fighter operations are supporting strategic air command tanker missions and are serving as bases for the bombers of our strategic air command.

The committee also took special notice of maintenance facilities at radar sites in Canada and the continental United States, where expensive maintenance equipment has to be left out in the open, because of lack of housing.

Approval of $19,930,000 was given for access roads for all the services. This is an increase of $1,500,000 over the budget. Public Law 87–61, approved June 29 of this year, and subsequent to the submission of this budget, sets forth that the Department of Defense must, under section 105 of this act, make available funds for the cost of repairing damage to highways caused by vehicular traffic and equipment traveling on public roads to and from classified military installations and ballistic missile bases.

The committee feels that under this law, the services will be required to repair a number of roads that hitherto have been maintained by the respective States or counties. To be more specific on this point, let me say there are many county roads or many county district roads which are public roads; but the heavy added use, due to these military installations, has torn up and has virtually destroyed the roads. That situation poses a heavy responsibility and too large a cost on the local units, in order to restore the roads. Under the bill as passed this year, providing that that damage would be taken care of by appropriated funds, we included this additional amount in order to help meet the demands of this new law.

I may say, in passing, that Senator FULBRIGHT is the author of this legislation, and it was introduced because heretofore, in the construction of large military projects, the construction vehicles have contributed appreciably to the deterioration of public roads around military bases.

The committee approved $34,600,000 for housing at 11 service bases throughout the United States. This is a result of recent action by the Congress in declaring that this is the last year in which the Capehart housing law will be in effect; and hereafter we shall have dwelling house programs for the families of the men in the services, by means of appropriated funds, or, if that should prove inadequate in the years to come, a newly enacted plan or law. This full sum has been appropriated by the House and is recommended by the Senate committee, thus carrying out the understanding which was had earlier in the session. Therefore, that item will not be in controversy in any way. I am sure that Members of this body remember the debate on the Capehart housing program on this floor and the reasons for the discontinuance of this law. I shall not go into a discussion of Capehart housing at this time; but certainly this $34,600,000 is an implementation of the congressional policy for appropriated fund housing.

DEPARTMENT OF THE ARMY

The $176,512,000 provided in this bill for construction support of Active Army Forces will provide for another increment in the program of modernization of Army installations. Installations must keep pace with new developments and improved weapon systems resulting from technological advances and our programs for modernization of equipment. Approximately $114 million, or 65 percent, of the funds in this bill are for construction within the United States.

About $50 million will provide operational training and logistical support facilities at installations of the six continental Armies. Among the major projects included for these installations is a new academic building for the Infantry School at Fort Benning, Ga., and two major health centers—one at Fort Sill, Okla., and the other one at Fort Leonard Wood, Mo.

For the technical services of the Army, the committee has provided approximately $39 million for urgent construction required in support of research and development activities and logistics management. More notworthy among items for these technical service installations are a supertoxic laboratory for the Army Chemical Center, Md.; a command headquarters building for the Ordnance Tank Automotive Command at Detroit Arsenal, Mich; a consolidated research and development facility at Redstone Arsenal, Ala.; a complex of facilities for the Quartermaster Research and Engineering Center, Natick, Mass., and the third and last increment of the Signal Corps Research and Development Laboratory at Fort Monmouth, N.J.

Other items of special interest include a new cadet library at the U.S. Military Academy, West Point, N.Y.; communication facilities at Sandia Beach, N. Mex., required for the vital missions of the Defense Atomic Support Agency; and approximately $9 million for improvements to the Nike-Hercules Air Defense System at sites throughout the United States, including Alaska and Hawaii.

For support of Army forces overseas the committe has approved construction slightly in excess of $4 million. Included in this amount is approximately $1,500,000 for facilities to be constructed on Kwajalein Island, in the Pacific missile range, for support of the development and test program on Nike–Zeus. Additional requirements in support of this program have been provided for as part of the $27 million approved for the Department of Defense for missile and space construction as authorized under title V, Public Law 87–57.

Major items for the Pacific area include facilities to improve an Army Security Agency installation in Japan, a hospital addition and high school to meet increasing requirements on Okinawa, and $10 million for projects in Korea, urgently required to improve our logistic posture and enhance our combat capability in that area.

For installations in Europe, the committee approved approximately $13 million, the bulk of which is for construction in Germany. This construction will provide for improved training, while effecting certain economies in ammunition and transportation costs; it provides for improvements to the Nike-Hercules and Hawk air defense systems deployed in support of our ground forces in that area; and it provides for improved security and more reliable communications through the construction of tropospheric scatter facilities, all of which are a part of a coordinated Department of Defense worldwide communication system.

DEPARTMENT OF THE NAVY

The committee has approved $208,259,000 for Navy construction programs. Funds have been provided for the support of the essential fleet ballistic submarines and other nuclear submarines. A large part of the money contained in the bill for fleet base facilities is to provide shore training facilities for the Polaris submarines. In fact, a large part of the appropriations made for shipyard facilities and fleet base facilities has been in support of our ever-expanding fleet of Polaris submarines.

Frequently Senators and others ask me why we have continuing costs, running around $1 billion a year, for the construction of military installations. I can give some illustration of why this large figure continues to come up every year.

In the pending bill there is a provision of $285 million for the Air Force, which is over one-fourth of the total, to go into missile base construction. It is an item that was unheard of not many years ago. There are other sums provided for in the bill for Navy construction to take care of the Polaris submarines. Special facilities must be built for them, such as special graving docks, I believe is the proper name, and various servicing docks and facilities must be constructed to take care of this special type of underwater naval vessel. Such items run into large sums of money.

A rather large sum is provided in the bill for Marine Corps facilities. Certainly, it is one of the oldest activities we have, but it is an activity that has been neglected. I do not have any hesitancy in saying here or elsewhere that it seems to me construction money for the Marine Corps goes further, and they are able to get more out of a dollar when it comes to men ready to go into battle, than any of the other services. That has been my observation. Still, while they do not have any frills connected with their installations, some of the programs have been deferred and neglected in years past. I am very glad to see that they are getting better facilities, and facilities which are needed, for recruit training as well as specialized programs.

Fine and excellent as the Polaris submarine program is—and it is ahead of schedule—it has nevertheless cost a great deal of money and has resulted in other naval facilities and programs, to a degree, having to be deferred. Almost all the major items this time for the Navy had been included in the bill and recommended for passage.

I should like to make another general remark along this line. In spite of the $1 billion figure that the bill totals, we did find that a very severe pruning knife had been applied in all the services, and that the program, when it came to the Congress, was already greatly reduced somewhat to the point that we thought was essential.

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

Mr. STENNIS. I am glad to yield to the Senator from Kansas.

Mr. SCHOEPPEL. I do not know whether the Senator has completed the appropriation phase for the Navy or not, but I wanted to ask the Senator a question. I note, with reference to the naval air station at Glynco, in the State of the distinguished Senator from Georgia [Mr. RUSSELL], there is a $600,000 item. Could the distinguished chairman of the subcommittee give me some indication as to exactly what the $600,000 is for? In other words, is that for a part of the rehabilitation or new installations that would take the place of installations that are available and already in existence and could be used at Olathe, Kans.?

Mr. STENNIS. The Senator is correct that certain training has been carried on in the State of Kansas at Olathe. That activity is being transferred to an existing naval station in Georgia. An expenditure of $600,000 is required for new facilities, or for the repair and restoration of existing facilities in this bill for Glynco, Ga.

The committee went into that question rather thoroughly, I can say to the Senator from Kansas, because such a change would have to be fully justified. A strong case was made for a saving of money in the annual operations. Six hundred thousand dollars is a relatively small sum in comparison with getting ready for this change.

Mr. SCHOEPPEL. If the distinguished Senator from Mississippi will indulge me further——

Mr. STENNIS. I am glad to yield to the Senator from Kansas.

Mr. SCHOEPPEL. It has been pointed out to the Senator from Kansas by military authorities on the naval side that the facilities were available at the Olathe, Kans., Naval Air Base and that the transfer of some of these training units would involve additional housing and additional rehabilitation or building of new, duplicating type of equipment in the station at Georgia, when those facilities presently exist in the State of Kansas. I have confidence in the judgment and wisdom of the committee and men of the Navy who have responsible decisions to make, but I did want to put before the Senator the view, in which I know my colleague from Kansas [Mr. CARLSON] joins me, that we are hopeful, in view of the present world situation, that the installations at Olathe, Kans., can be maintained, because those facilities are available.

If the Senator will indulge me a moment further, it was our information that housing facilities, which at the Olathe, Kans., base are excellent, and of which there is a surplus, are not available at the Georgia station, which prompts the query whether it is necessary to build additional housing at the station in Georgia in order to take care of the situation.

Mr. STENNIS. I think the questions of the Senator from Kansas are very timely and important. I know of the Senator's interest in this subject, as it has been expressed to the committee, and that of his colleague from Kansas [Mr. CARLSON].

We took another look at the problem, and put the burden of proof squarely on the Navy to justify the move from the viewpoint of dollars and cents as well as from other viewpoints. They very stoutly maintained they needed to make the move, that it would save money and not cost money; $600,000 exactly was requested to rehabilitate an old building already at the naval installation in Georgia, in which they were to carry on this work. The Navy insisted it would not require any substantial increase beyond that.

Mr. SCHOEPPEL. I appreciate the manner in which the Senator has approached the problem. I know the members of the committee have discussed these problems before. We did feel, from the information we had, we should present this to the members of the committee and, as is now done, before the Senate. I appreciate very much the fine courtesy extended by the distinguished Senator from Mississippi.

Mr. STENNIS. We appreciate the interest of the Senator and the very fine way in which he has brought this to an issue and has presented the side representing the status quo. There is a very good set of facts all the way around. There was nothing the matter with Kansas or the installation there. I thank the Senator very much.

Mr. President, resuming my address with reference to appropriations recommended for the Air Force, a total sum of $539,243,000 is provided. About 55 percent of this sum is for the strategic forces and related activity.

Approximately 14 percent of the Air Force construction program is to support the defense forces directly. These forces relate primarily to radar techniques in detecting the advances of enemy air force planes and missiles.

One of the large items in the Air Force appropriation is $12 million for the construction of the North American Air Defense Command Headquarters adjacent to the city of Colorado Springs, Colo. This installation will provide a combat operations center to direct the defense forces of the Nation.

The research, test, and development appropriations for this year are not as large as they have been in previous years. Approximately 5.4 percent of the Air Force budget this year will be devoted to construction of research, test, and development facilities.

As I mentioned before, the Reserve forces received our special attention. Speaking for myself, Mr. President, I think the only opportunity we have for the future to hold down the cost of the ever-increasing military program, which costs more every year per unit, in addition to the necessity for extending operations, is to put an increased emphasis on the Reserve forces in all of the services, including the National Guard and the Air National Guard, so that we may utilize the trained talent already available. The personnel can continue to live in the communities where they reside and still be a part of the civilian life. Their children can go to school in the regular schools. They can own their own homes, pay local taxes, and pay State and National taxes as well.

I do not think there is any doubt that we shall be driven to the adoption of a larger Reserve program. I think the sooner we do so the better it will be.

Mr. FONG. Mr. President, will the Senator yield to me?

Mr. STENNIS. I yield to the Senator from Hawaii.

Mr. FONG. I thank the Senator from Mississippi for yielding to me. In the item of military construction for the Air Force, I notice the committee has left

out an item of $1,299,000 for the Hickam Air Force Base high-speed taxiway. In the report of the committee it is stated:

The committee has deferred $1,299,000 for construction of a taxiway until such time as the government of the State of Hawaii and the Federal Aviation Agency finalize plans for a new runway at Honolulu International Airport.

The Governor of the State of Hawaii and the Federal Aviation Agency are in agreement that the amount of $1,299,000 should be included in the military construction appropriation for the Air Force. Plans have been finalized. I have received a letter from the Governor of Hawaii stating that by spring of 1962 the new Honolulu Airport will be finished. At the present time there is a very hazardous situation, in that to get to the taxiway an airplane must cross the runway twice. This condition will be further complicated by the use of the new airport. The Federal Aviation Agency is in agreement on the item of $1,299,000. The Air Force is very anxious to see this construction proceed.

I ask the Senator from Mississippi whether he is willing to include the sum of $1,299,000 in the request for appropriations, to be added to the $539,243,000, to make a total of $540,542,000, so that the construction may proceed this year? I understand the project has been authorized and that if we do not receive the appropriation this year the appropriation will lapse. It is an item which was included by the House committee.

Mr. STENNIS. The Senator from Hawaii is correct. The item of $1,299,000 was approved by the House. It is, therefore, in the House bill and will be in the conference when the bill goes to conference with the House.

Additional information has been made available. I should be glad to have the Senator put the letter from the Governor of Hawaii in the RECORD.

Mr. FONG. Yes. I do not have it with me, but I shall supply it for the RECORD.

Mr. STENNIS. There is also an additional map which has been made available. Since our hearings closed it seems that considerable progress has been made in getting the whole situation clarified. Information has come to us through the Senator from Hawaii [Mr. FONG] and through the other Senator from Hawaii [Mr. LONG] which makes it appear that agreements will be consummated and construction can start earlier than we thought would be possible.

We shall certainly reconsider this, and it will be in the conference. It would help us, on the basis of new information, to further consider it, rather than to agree that the item be included now as a finality. We have not really finished reconsideration of the problem. We can assure the Senator that it will have the utmost consideration, most probably favorable, in the conference.

Mr. FONG. I thank the Senator.

Mr. STENNIS. I am very glad to have the Senator's suggestions and his fine presentation.

Mr. FONG. When I present the letter written by the Governor of Hawaii, I should like also to present a sketch of the runway as it now exists, showing the hazardous situation which exists.

Mr. STENNIS. The Senator from Mississippi does not know how the RECORD would handle the sketch, but I do ask unanimous consent that the Governor's letter and a statement explaining anything thought pertinent may be printed in the RECORD at this point.

Mr. FONG. I thank the Senator.

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

STATE OF HAWAII,
EXECUTIVE CHAMBERS,
Honolulu, Hawaii, April 3, 1961.

Hon. HIRAM L. FONG,
U.S. Senate,
New Senate Office Building,
Washington, D.C.

DEAR HIRAM: This is in response to the telephone call from your office of March 23, 1961, regarding the proposed high speed taxiway at Honolulu International Airport. I referred this matter to the department of transportation and have been advised as follows:

The prevailing winds at Honolulu International Airport dictate that takeoffs and landings of military and civil jet aircraft are made on runway 8 approximately 90 percent of the time. Runway 8 is the only runway capable of handling jets and must be kept open and available for use at all times.

Under the present setup, a military aircraft on landing must either taxi back up the runway to Hickam Field or taxi on the north ramp and cross runway 8 to use the Makai taxiway, closing runway 8 in either case.

The opening of the new passenger terminal at Honolulu International Airport in the spring of 1962 will complicate this traffic flow further. Every aircraft departing from the terminal will have to cross runway 8 to get to the Makai taxiway to gain access to the Hickam Field end of runway 8 for takeoff, thus closing the runway and causing delays and a dangerous safety condition.

The State will call for bids in the very near future for its portion of the high speed Makai taxiway and we feel, with the Federal Aviation Agency concurring, that the Air Force portion shown in yellow on the attached master plan, is urgently needed to make the Honolulu International Airport and Hickam Air Force Base a safe functional facility for the ever increasing jet aircraft traffic.

Enclosed are reproductions of the two sheets of the master plan showing existing traffic conditions and the planned high speed taxiway.

The State department of defense was also requested to comment on this matter. Enclosed is a copy of their report urging prompt action to construct this high speed taxiway. If I can be of further assistance on this matter, please let me know.

Sincerely,

WILLIAM F. QUINN,
Governor of Hawaii.

STATEMENT

The committee on page 27 of the report deferred $1,299,000 for construction of a taxiway, stating that the deferral will be until such time as the government of the State of Hawaii and the Federal Aviation Agency finalize plans for a new runway at Honolulu International Airport.

These funds were requested by the Defense Department for construction of the Hickam portion of the high-speed taxiway at the Honolulu International Hickam Air Force Base complex. It was approved by the House. This item for the taxiway is entirely separate and distinct from the jet runway which has not been requested by the Air Force.

If this item is not allowed by Congress, the authorization will lapse or expire this year. It is therefore most necessary that the funds be obtained in the present military construction appropriation bill.

The Federal Aviation Agency is for the project; it is badly needed, and it is part of the overall master plan for the Honolulu Airport.

The Air Force Department is very anxious to proceed with the construction of its portion of the taxiway. It feels that there is a need for the taxiway.

The State of Hawaii is constructing a new passenger terminal at Honolulu Airport. Governor Quinn, in a letter dated April 3, 1961, states:

"The new passenger terminal at Honolulu International Airport in the spring of 1962 will complicate this traffic flow further. Every aircraft departing from the terminal will have to cross runway 8 to get to the Makai taxiway to gain access to the Hickam Field end of the runway 8 for takeoff, thus closing the runway and causing delays and a dangerous condition."

Mr. FONG. I thank the Senator from Mississippi for assuring the State of Hawaii that this will be given very fair consideration.

Mr. STENNIS. It will have our full consideration. We are glad to have these additional facts about it.

Mr. President, I believe this substantially covers the highlights with reference to the bill. The Senator from Mississippi and other Senators will be glad to answer questions.

The Senator from Massachusetts [Mr. SALTONSTALL], doing his usual good work, attended nearly all of the hearings on the bill. I should like for the Senator to express himself as to the bill. The Senator from Oklahoma [Mr. MONRONEY] also was quite diligent.

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

Mr. STENNIS. I am glad to yield.

Mr. SALTONSTALL. The Subcommittee on Military Construction, headed by the distinguished Senator from Mississippi, and particularly due to his conscientious, hard work and patient listening to many witnesses in the hearings, has brought to the Senate a bill which, in my judgment, is a fair bill. The committee did not give the services all they wanted, but we gave them what we believe are the essentials in order to carry forward our national security program for the coming year. Some projects were on the margin line. It might be said that they were in the gray area when determination had to be made as to whether they could best be left out or put in. Many of those projects in the so-called gray area were left out, because there were so many "musts" that we felt we should go forward with.

One innovation, which I know the Senator from Mississippi has mentioned, is trailer camps. Trailer camps represent an experiment on our part to help housing in areas where there is not sufficient housing, and the nearest town where service people could rent houses or apartments is a long distance away. I understand that the purpose of the trailer camp is to make it possible for service people to live in an area of a military activity. It is easy to move the trailers. The expense of a trailer house

is sufficiently small so that its cost can be depreciated in a period of 5 or 6 years.

I mentioned trailers as one experiment. We went forward with the maintenance facilities desired by the Air Force for airplanes, and we provided what we believe is a proper amount for Navy construction and Army construction.

I think a great deal of credit should go to the Senator from Mississippi for his hard work and understanding, and to Mr. Reproad, the clerk of the Committee on Appropriations, who dug up many facts and gave them to our committee as we asked for them.

I hope the bill will be passed as it was reported by the committee.

Mr. STENNIS. I thank the Senator very much. I appreciate his very close attention and help during the hearings on the bill.

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

Mr. STENNIS. I yield.

Mr. MONRONEY. I join the distinguished Senator from Massachusetts [Mr. SALTONSTALL], who is a fellow member of the subcommittee, in expressing appreciation to the subcommittee chairman, the Senator from Mississippi [Mr. STENNIS], for the very careful, detailed, and constructive work he has done on the military construction bill. The bill is not an easy measure to consider, because of the hundreds of line items that are contained in it. Each item must be carefully examined through oral testimony in an effort to report a bill from which, as it is sometimes said, the "fat" has been squeezed out—the less essential items that would yield minimum amounts of return to our national security—and to leave untouched, or to increase those parts of the military construction bill that would give a maximum yield to our present defense.

In that spirit the chairman of the subcommittee conducted the hearings, always searching for the immediate yield to our military strength and to the efficiency and effectiveness of our Military Establishment. The bill is shorn of most of the luxury items that we could detect. A few were left in for isolated posts at which the morale of the troops required such facilities. But I was amazed at the sharpness of the Senator's scalpel in removing the unnecessary items that had been brought in, and trimming down projects that were considered nonessential. Perhaps many millions of dollars were saved during the consideration of the bill that otherwise would have been spent for items wanted by the military, but items which would have very little effect on our defense posture.

I take this opportunity to say that I, as one member of the subcommittee, would sound a warning to the men who are in charge of the military construction budget to survey more carefully the urgently needed facilities of high importance on existing bases, and to be sure that they are included in the authorization bill and the budget requests for military construction. Too often I have found that many items with respect to which normal screening of their essentiality would have resulted in their being left out of the request for authorization or budget approval were included in this year's bill when it came to the committee. Those items are not included in the report or in the final bill. But greater attention has been given to "putting the grease on the squeaking wheel"—authorizing in the bill the runway construction that is necessary at major bases, the necessary experimental and research facilities, but leaving off the fluff and the fancy needlework that so often accompanies some of the requests.

I am sure, judging from the manner in which he has operated in connection with this bill, that the distinguished Senator from Mississippi has shown the generals and engineers at the posts that the committee will have little patience with requests to appropriate sums of money for projects that are not highly essential when so much money is needed for the actual cutting edge of our fighting forces.

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

Mr. STENNIS. I thank the Senator from Oklahoma for his very fine remarks. I especially thank him for his most constructive and consistent help during the hearings and the putting together of this long, many-itemed bill. The Senator from Oklahoma is a new member of our subcommittee on appropriations, and a very valuable one, indeed. His knowledge of the airways, runways, taxiways, and everything else that goes with air travel and installations of a military and civilian nature concerning air travel is amazing and highly valuable. He has made many very constructive suggestions, and solved problems not only on that subject, but in connection with many others.

We heartily welcome the Senator from Oklahoma to membership on our subcommittee and look forward to his services next year and in future years. His knowledge is not only confined to the air matters but he has excellent knowledge of other military operations.

Every year we observe that the House subcommittee which handles the bill, including its chairman, Representative HARRY SHEPPARD, of California, and the other members of the committee, do long, laborious, and constructive work on the bill during the entire year. They hold hearings, visit installations, and make a very fine contribution toward sound legislation and the saving of money. It is not the amount of money that goes into this type of appropriation bill that tells the whole story. The proposed facilities cost large sums of money to maintain and to operate. They create a need for expanded utilities, powerplants, heating plants, and all other similar facilities that go with them. In that area is the heart of the military program, especially with reference to the continuing costs thereof.

I believe what I have said about covers the high points of the bill.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. STENNIS. I am glad to yield to the Senator from South Dakota.

Mr. CASE of South Dakota. I wish to express a word of appreciation for the work of the Subcommittee on Appropriations on the bill as a whole, especially for the constructive leadership of the Senator from Mississippi.

In particular I wish to comment on the resolution of the housing problem. The military construction authorization bill, as reported by the Senate Committee on Armed Services, proposed that a certain limitation be placed upon the so-called Capehart housing. The bill provided some funds for direct military housing. The Senator from Mississippi, very properly, in my judgment, called attention to the difficulties that had arisen in the execution of the Capehart housing program over the past year or so.

The conference on the military construction authorization bill achieved a reasonable solution by proposing the authorization for some additional Capehart housing, leaving it to the Defense Department to say where that housing should be built.

I note that the bill, as indicated by the table on page 9 of the report, allocates the Capehart housing; and I assume that that is strictly on the recommendation of the Defense Department. Is that correct?

Mr. STENNIS. The Senator is correct. The Senator will remember, because he was a valued member of the conference committee on the authorization bill, that one or perhaps two installations were named in the final authorization bill, and the remainder were left to the discretion of the services. The Appropriations Committee followed absolutely the recommendation of the Defense Department with reference to military housing. Incidentally, the $34,600,000 in the bill is the exact amount called for by the housing that had been agreed to in the conference bill.

Mr. CASE of South Dakota. So there is a full funding here for the program contemplated by the authorization bill.

Mr. STENNIS. The Senator is correct.

Mr. CASE of South Dakota. I thank the Senator.

Mr. STENNIS. The Senator from South Dakota is a longtime and very active and very valued member of the Committee on Armed Services subcommittee which handles military construction, and now, under the rules of the Senate, is an ex officio member of the Subcommittee on Military Construction of the Committee on Appropriations, which handles the military construction appropriation bill. I thank him for his interest and his attention to these matters, in which he is so well versed.

Mr. President, without anyone who may wish to offer an amendment being adversely affected, I wish to propose a unanimous-consent request with reference to amendments, without prejudicing any amendment which may be offered from the floor.

Mr. President, I ask unanimous consent that the committee amendments be

agreed to en bloc and that the bill as thus amended be considered as original text for the purpose of further amendments, and that any point of order against the committee amendments be reserved.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendments agreed to en bloc are as follows:

On page 2, line 6, after the word "transferred", to strike out "$15,000,000" and insert "$27,000,000".

On page 2, line 19, after the word "expended", to strike out "$147,450,000" and insert "$176,512,000".

On page 3, line 3, after the word "expended", to strike out "$181,387,000" and insert "$201,259,000".

On page 3, line 13, after the word "expended", to strike out "$479,522,000" and insert "$539,243,000".

On page 3, line 22, after the word "expended", to strike out "$13,000,000" and insert "$14,381,000".

On page 4, line 15, after the word "expended", to strike out "$4,000,000" and insert "$4,608,000".

On page 4, line 24, after the word "expended", to strike out "$12,000,000" and insert "$21,868,750".

On page 5, line 9, after the word "expended", to strike out "$14,000,000" and insert "$18,275,000".

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

Mr. STENNIS. I yield to the distinguished Senator from Florida.

Mr. HOLLAND. I heartly compliment the distinguished chairman of the subcommittee, as well as all members of the subcommittee and the full committee, on the very fine bill which has been reported.

Mr. STENNIS. I thank the Senator.

Mr. HOLLAND. I believe he and his subcommittee are particularly entitled to credit on one point, and that is the substantial attention which the chairman of the subcommittee has given to the civilian components of all branches of the armed services. In my State, which has been growing quite rapidly, the civilian components have been increasing rapidly in number, as the Senator knows. I particularly note the careful attention which has been given to the need for armories for the Army Reserve, the Navy Reserve, the Air Reserve, for the National Guard, and for other activities affecting civilian components.

The committee is entitled to particular credit in this regard because in these days of critical need for first line Reserves, trained and ready, it is indeed fine attention which the committee has given to that branch of the problem of our Armed Forces. It is worthy of special note, and I wish to thank the chairman and the members of his subcommittee for their attention to the civilian components of our armed services, which at some times in the past have felt that they were not being given sufficient consideration. Certainly they are being given major consideration in the bill now before the Senate. I regard it as an excellent bill.

Mr. STENNIS. I appreciate the Senator's remark. I point out to the Senator from Florida and other Members of the Senate that for several years we have been trying to emphasize, both in authorizations and appropriations, the very items the Senator has referred to. To that extent, even though it did not involve large sums of money at all, we went over the budget estimates during the last 2 years and for this year, in the building of armories, providing essential facilities for the local Reserve units, and for which, so far as the National Guard armories are concerned, the local people help to pay for.

Before the Senator made his remarks the Senator from Mississippi said, a while ago, that in this fast growing and increasingly costly military program it is the only real help, as the Senator from Mississippi sees it, in holding down the cost of this program for future years.

Furthermore, it is the logical way to utilize the talents we already have for enabling us to have trained pilots and sergeants and soldiers and sailors in an effective Reserve, stationed in their own communities, with their children attending schools, and for these people to be paying local taxes and taking part in community enterprises, and in solving their local problems. This is an excellent way in which to build up our military strength. I have said frankly and I repeat now that the regular military services have been slow in giving their push, their backing, their planning to such a program. I believe the leadership will have to come largely or in part, at least, from the legislative branch of the Government.

Mr. HOLLAND. I again thank the Senator. He and his committee members are performing a very real service. I felt impelled to call particular attention to the fine emphasis they are giving to the civilian part of the program.

Mr. STENNIS. I thank the Senator. I hope to make some extended remarks on this subject before the session ends. I had originally planned to make them today, but will defer making them under the circumstances which exist today.

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

Mr. STENNIS. I yield.

Mr. DOUGLAS. First I wish to join my colleagues in the Senate in praising the Senator from Mississippi, chairman of the subcommittee which brought in the bill. We all value the Senator from Mississippi very highly, and we appreciate his desire for economy. I wish to commend him generally on his work. I am sorry to say, however, that in one instance his foot did slip, and he made a very grievous mistake, in that he proposes to transfer the Food and Container Institute from Chicago to Natick, Mass., and to provide for this purpose an expenditure of $3,812,000.

I intend to offer an amendment which will enable the Senator from Mississippi to come before the Senate with the full flush of virtue, complete and perfect in every respect, which will eliminate this blot upon his otherwise excellent record.

I offer the amendment and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 19, it is proposed to strike out "$176,512,000" and insert in lieu thereof "$172,700,000."

Mr. DOUGLAS. Mr. President, the amendment is designed to save $3,812,000 which the Senator from Mississippi and his colleagues mistakenly placed in the bill to provide for the transfer of the Food and Container Institute from Chicago to Natick, Mass.

Far be it from me to make any derogatory remarks about Natick or the surrounding countryside, because I was born a few miles from there. I have the highest opinion of Massachusetts and its people. I have not had the privilege of inspecting the establishment at Natick, but descriptions indicate that it has about 2,000 acres of woodland, three-quarters of which is swamp, and that it has as one of its priceless possessions 50 igloos equipped for arctic life. As to just what the value of those igloos may be, we are left somewhat in ignorance; whether it is intended to put New Englanders in cold storage or to put food and clothing into cold storage. In any event, this seems to me to be a great addition to the cost of taking proper care of food.

The Food and Research Institute in Chicago has been long and well established. It is located in the center of the food industry of the country. I have never thought of New England as being even near the center of the food industries of the country, with the possible exception of the codfish cakes and baked beans industries.

The largest amount of food production of the country is found in the Middle West. It is there that wheat is produced in the area bounded, on the north, by the State whence comes the present Presiding Officer, the distinguished junior Senator from North Dakota [Mr. BURDICK], and then southward through the great belt of wheat States to Oklahoma.

Chicago is in the center of the corn belt and the livestock production of the country. As a matter of fact, Chicago is also the center of the food container industry of the country. It is also the center of the candy industry of the Nation. So, on the face of it, it would be somewhat ridiculous to transfer a food research and container research institute from the area where the production of food is centered and where the food processing plants are located to the extreme northeastern portion of the country.

If by any chance the highly cultured officers of the Quartermaster Corps desire to get the cultural advantages of Boston, which are very real, we in Chicago will be glad to furnish them with tickets to the Lyric Opera and the Chicago Symphony Orchestra, and we will arrange outings on Lake Michigan to rival those on the Atlantic Ocean. Those of more mundane tastes can get outdoor pleasure by seeing the Chicago Bears play football and our White Sox and Cubs play baseball.

Mr. President, the proposal in the bill is not only absurd on its face; it is directly against the recommendation of the staff of the House Committee on Armed Services, which last year issued the following opinion:

The staff is of the opinion the Army planning in reaching its decision to deactivate the CAC has been inadequate. The

Army's claim that the closing of CAC is dependent upon the relocation of A.M.F. & C.I. to Natick does not appear sound. Quartermaster Food and Container Institute occupies only 10 percent of the total space at this facility and is but one of a number of military and civilian tenants. It is felt that the Army has not realistically computed the overall costs involved in relocating all the tenants of the CAC. The staff believes the Army should reevaluate this entire proposal and that any decision to move the Quartermaster Food and Container Institute from Chicago should be predicated upon locating that facility where it can best perform its mission.

In Chicago there is located a distinguished engineering university, the Illinois Institute of Technology. That institute has made an offer to house the Food and Container Institute on its grounds. Ever since the move was proposed they have been asking the Quartermaster Corps to show them the plans and tell them what the requirements are, so that they may submit a bid. The Quartermaster Corps has repeatedly refused to give them the plans, and it has been impossible for the Institute of Technology to get details to enable it to make a bid.

When the authorization for this move was considered by the House early this year, it struck out the authorization—on a rollcall vote—and ordered that there be a thorough hearing and investigation. After only a week's notice, the Advisory Board on Quartermaster Research of the National Security Council, on orders of the Quartermaster Corps, held a 1-day hearing in Chicago. I tried to place the text of that hearing in the RECORD, but I was prevented from doing so by a refusal to give unanimous consent. That record condemns the action of the Quartermaster Corps on its face. It makes obvious the fact that the corps was not trying to make any investigation whatsoever, but was merely seeking to put through something which the inner circle of the Quartermaster Corps and the Committee on Armed Services had agreed upon.

I should like to emphasize a number of points.

First, this proposal certainly should be held up until the Illinois Institute of Technology has had a chance to bid and until it can prepare facts and figures which we believe will show real economies for the Chicago location as compared with Natick.

Also, it should be taken into account that it is proposed to move this facility out of the food-producing areas of the country into an area which, however worthy in food consumption, has certainly never been noted for food production.

Finally, I think some account should be taken of the fact that the House of Representatives has twice considered this proposal and turned it down.

The House Committee on Armed Services, in each case, following the recommendation of the Quartermaster Corps, has recommended that the facility go to Natick. This action has been twice upset on the floor of the House, the first time by a vote of 280 to 140; the second time by a vote, I believe, of approximately 241 to 170. It is a rare occasion when a legislative body reverses the decision of one of its committees in a case such as this. While the Senate is an independent body and should not accept a decision of the House as controlling, nevertheless such a decision is, at least, persuasive.

I well recognize what we are up against. We are opposed by a determined Quartermaster Corps. We know that the Senators from Massachusetts have a natural feeling of local pride and wish to defend the interests of their State. We know that the beloved senior Senator from Massachusetts [Mr. SALTONSTALL] is the senior minority member of the Committee on Armed Services and is the second ranking minority member of the Committee on Appropriations. Naturally, he and his colleagues wish to work for the benefit of their State. However, I urge the Senate not to take a parochial interest in this question, but to assume a national point of view and consider what is best for the Nation. As I have said before on the Senate floor, I believe the national interest in this matter requires that all interested parties be allowed to bid on supplying the needed facilities—but I also believe that if a fair hearing is allowed, all the evidence will show that Chicago is the best and most economical location.

I submit that it would be just as logical to place the Institute for Research in Tropical Diseases in Alaska as it is to propose that the Food and Container Institute be moved out of the Middle West to Massachusetts. In fact, if my amendment is not agreed to, I think I shall move, in all logic, to transfer the Institute for Research in Tropical Diseases to Nome, Alaska.

Mr. STENNIS. Mr. President, I thank the Senator from Illinois, both for his remarks, which are so complimentary——

Mr. DOUGLAS. I hope to make the Senator from Mississippi deserve even more complimentary remarks.

Mr. STENNIS. And also for presenting this issue from his viewpoint on the merits as he conceives it. I have heard him make very fine presentations of this subject matter before.

He states that we should not take a parochial view of the matter. That is exactly what the committee seeks to avoid doing. The committee seeks to take a national view of the matter, for it does not relate primarily to either Illinois or Massachusetts. It relates to a most important activity—the Research and Container Center and Institute, which does some of the most important and highly urgent work done by the three services in the area of food research and packaging of food. It deals with food problems which our men encounter at posts located around the globe, as they carry out the missions assigned by our Government.

Mr. President, this proposal is to move the Food and Container Institute of the Quartermaster Research and Engineering Center from Chicago to a relatively small town in Massachusetts—Natick.

Mr. DOUGLAS. Located in a swamp.

Mr. STENNIS. This matter has been before the Congress for at least 3 years, and has been debated extensively. Extensive hearings have been held by the House authorization committee, the House Appropriations Committee, the Senate Armed Services Committee, and the Senate Appropriations Committee. This item has been placed in the bill. In previous years it was disagreed to in conference, and was lost. It has been voted both on the floor of the Senate and on the floor of the House.

Mr. President, I have before me a report from the House committee. The Senator from Illinois has referred to a staff study. This is a complicated matter; but it has been cleared up, and there is almost unanimity of view in regard to it, with an exception which I shall mention later.

I hold in my hand a formal, printed report by the House committee, dated May 24, 1960. Certainly there is nothing parochial about it. Representative CLYDE DOYLE, of California, was chairman of the subcommittee. Representative JAMES E. VAN ZANDT, of Pennsylvania—a State on the other side of the continent from California—was a member of the subcommittee. They filed a written report; and in the conference I heard the statement made by Representative VAN ZANDT. Without going into the details, let me state that they reviewed the entire matter and presented their findings. They considered all phases of the matter. Here is their recommendation:

> In view of the foregoing, it is the subcommittee's recommendation that the Quartermaster Food and Container Institute be moved from its present quarters in the Chicago Administration Center to the Quartermaster Research and Engineering Center at Natick, Mass.
>
> CLYDE DOYLE,
> *Chairman.*
> JAMES E. VAN ZANDT,
> *Member.*

Mr. President, we also have here official reports, including one by the Secretary of the Army. It is a study of the location of the Quartermaster Food and Container Institute for the Armed Services and was prepared in connection with the fiscal year 1962 military construction bill. In other words, we ordered a special study to be made; and the report I have just now mentioned recommends that the transfer to Natick be made.

I also hold in my hand a special report on the same subject, prepared by a task group of the Advisory Board on Quartermaster Research Development, filed by the National Academy of Sciences, National Research Council, at Washington, in April 1961. It recommends that this activity be transferred to Natick.

Mr. DOUGLAS. Mr. President, will the Senator from Mississippi yield for a question?

The PRESIDING OFFICER (Mr. BURDICK in the chair). Does the Senator from Mississippi yield to the Senator from Illinois?

Mr. STENNIS. I am glad to yield.

Mr. DOUGLAS. Was not that based on the so-called hearing of March 31, 1961, at the Palmer House? I hold in my hand the text of that hearing. It

is one of the most ridiculous hearings ever held. No evidence was taken. Obviously those who attended went there with their minds made up in advance, and they never permitted the Illinois Institute to see the plans or to bid. This fact in itself convicts those who held the hearing of unfairness. It is a fact that the Illinois Institute has never had a chance to bid on plans and has never been told what were to be the requirements which were supposed to be fulfilled.

The committee also neglects to consider the fact that about one-third of the experienced staff will be lost if the transition is made, and that will be a handicap.

Why disrupt something that has been going on very well, in order to move to a swamp in Massachusetts, surrounded by 50 igloos?

Mr. STENNIS. Mr. President, I was not at the hearing. But I do know the atmosphere in the conferences and in the subcommittees and in the committees which have considered this matter for 3 years. I know that on each occasion when a group representing the House or Senate has gone fully into the matter and has obtained the facts, the group has recommended that the institute be moved to Natick, Mass.

I hold in my hand a very brief special statement prepared by the staff and by the subcommittee, and I think it is worth while, both for the RECORD and for the benefit of Senators now present, for me to read the statement at this time:

FOOD AND CONTAINER INSTITUTE, QUARTERMASTER RESEARCH AND ENGINEERING CENTER, NATICK, MASS.

REASONS THAT THE LABORATORY HAS BEEN MOVED TO NATICK

The Food and Container Institute now uses a floor area of approximately 188,000 square feet spread over five floors of a 42-year-old warehouse building in the Chicago Administration Center (formerly Chicago Quartermaster Depot). Since establishment of the activity in 1936, the existing facilities have evolved through successive stages of expansion to meet increasing requirements. Additional space was provided on a "where available" basis; consequently the present layout is excessively compartmentalized with makeshift arrangements and is not functionally integrated. Inactivation of the Chicago Quartermaster Depot in 1955 changed the Food and Container Institute from a minor activity at a supply depot to a major Quartermaster Corps tenant of the Chicago Administration Center, which was established on the old depot reservation.

Savings would be achieved in the following areas through the relocation: Administrative support services are currently operative at Natick, and with some augmentation could satisfy the requirements of the relocated elements of the Institute; it would be necessary to maintain similar administrative support services at both Chicago and Natick. Likewise, technical support elements, currently being maintained at both Chicago and Natick, would be combined; e.g., the entire Food and Container Institute Technical Services offices, including its editorial branch, library, and photographic laboratory would be integrated with its counterparts at Natick. Scientific administration costs would be reduced, and definite operational benefits could be achieved in project activities.

The following specialized equipment at Natick would provide research techniques now not available at the Institute, except by rental or contract:

Vander Graaff accelerator.
Solar furnace.
Large hot and cold climatic chambers.
Mass and infrared spectrographs.
Vapor phase chromatographs.
Radiation facility (currently being built).
Electron microscope.
X-ray diffraction equipment.
Psychophysiological equipment.
Biophysical equipment.
Cartographic facilities F.
Food extraction plant.

The economies and scientific gains that will result from the move are recognized in the report (No. 70) of Special Subcommittee of the House Armed Services Committee dated May 24, 1960, which states:

"On the basis of its study, the subcommittee recommends that the Food and Container Institute be moved from its present location in the Chicago Administration Center to the Quartermaster Research and Engineering Center, Natick, Mass.

"This conclusion is based on two fundamental beliefs. The first of these is that there will be economies by reason of the move, and, second, that even were there no actual savings to be realized by the move, it should still be made for the reason that an important element of our military activity would thereby be improved.

"It is stated above that the move would be recommended even were the costs in Chicago and in Natick identical. In arriving at this conclusion, the subcommittee has placed considerable emphasis on a fiscal imponderable; that is, the advantages of a scientific atmosphere which, while existent to some extent in the present location of the Food and Container Institute, is truly pervasive at the facility in Natick.

"The subcommittee feels that in addition to the mere convenience of contact with scientific personnel in closely allied or complementary fields, there is the definite advantage of mutual stimulus which is naturally engendered by direct communication with scientific personnel housed under the same roof. The subcommittee feels that moving the Food and Container Institute from Chicago to Natick is in a real sense a uniting of child with parent.

"The subcommittee, after studying the matter, recommended the item remain in the bill.

"The Senate receded on this item on the assurances of the House conferees that they had confidence in the recommendations of the subcommittee that the move would result in greater efficiency and economy. It is the further understanding of the conferees that the Department of Defense will be expected to submit the item for consideration in the military construction bill of next year."

That, I think, is a fair summary of the hearings, studies, and conclusions, which have been almost unanimous. This year, in the conference on the authorization bill, which included the same subject matter, perhaps there was only one dissent, but after rediscussing the entire matter, with the possible exception of one person and I am not sure as to whether he might have agreed at the end there was a very strong feeling that this institute should not only be reconstructed at the place designated, but it should be settled, so work could proceed.

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

Mr. STENNIS. I yield.

Mr. DOUGLAS. First, let me admit that in Chicago we do not have 1,000 acres of swampland which is set out in the argument as an attraction for the location at Natick. Neither have we 50 "earth-covered concrete igloos," which Natick has. But every other facility which the Senator mentioned could be provided, not only at the Army installations at Chicago, but at the Illinois Institute of Technology itself.

The chairman of the subcommittee has now forced me to ask a series of questions which I had hoped I would not be compelled to ask, but which I am now compelled to propound.

I should like to ask the Senator if former Assistant Secretary Morse, who is now no longer in office, did not appoint the science group?

Mr. STENNIS. The Senator from Mississippi is not informed as to that.

Mr. DOUGLAS. I think that is correct. I think the Senator will find it accurate.

Is it not true that former Assistant Secretary Morse, who is now a civilian, was the organizer and first president of the Minute Maid Corp., and was president of the National Research Corp., which has its offices near Natick?

Mr. STENNIS. The Senator from Mississippi is not advised as to that statement.

Mr. DOUGLAS. I think that is a fact.

I will not only say I think it is correct, but it is correct that there is a distinct advantage to Minute Maid and the NRC in having this research food institute in Natick, close by. This may be a use to which they are going to put those igloos, for the storage of frozen food.

I think this matter has been prejudged by the armed services. I was skeptical about the original authorization in 1952, because they were taking some clothing research away from Philadelphia, they were taking away some activities from New Jeffersonville, Ind., and so forth. Now they are attempting to complete the process by removing the food and container research activity from the area where this work has been conducted, to the northeastern part of the country, where there has been very little of it.

I would not object to having research into baked beans and codfish carried on in Massachusetts, but I think we should have research into flour, bread, meat, candy, corn products, and all the other products which come from the teeming prairies of the Midwest, conducted in that area of the country.

Mr. STENNIS. I do not know just who ordered the investigation, but I have in my hand, for the information of the Senate, a copy of the report which was prepared by the task group of the Advisory Board on Quartermaster Research and Development, Division of Engineering and Industrial Research. It lists the following names:

Dr. Allen Abrams, industrial consultant, from Wausau, Wis., who served as chairman of the task force.

Mr. William O. Baker, vice president, research, Bell Telephone Laboratories, Murray Hill, N.J.

Mr. Malcolm Campbell, dean, Textile School, North Carolina State College, Raleigh, N.C.

Herman E. Hilleboe, commissioner of health, State Health Department, Albany, N.Y.

Wilbur A. Lazier, vice president and technical director, Sprague Electric Co., North Adams, Mass.

Emil M. Mrak, chancellor, University of California, Davis, Calif.

Harold K. Work, associate dean and director of research division, College of Engineering, New York University, N.Y.

W. George Parks, executive director, University of Rhode Island, Kingston, R.I.

Frank R. Fisher, executive secretary, National Academy of Sciences, Washington, D.C.

I should like to quote from the House committee covering this matter. For emphasis, let me restate what they said. This facility was carried on at the old Chicago depot, which has long since been moved out. The program we are discussing, research and food, is just one tenant, more or less, that is left there. It is a matter of taking it out and putting it with the rest of kindred work of this kind. This construction program involves just a little over $2 million. I do not think I have given that figure previously. This is what the House committee said as to the money part of it:

> Suffice it to say that it appears that there will be an annual savings by reason of the move something in the order of $900,000 each year, which is a figure over 25 percent below that claimed by the Army. In arriving at this figure, the subcommittee has deliberately minimized the savings claimed to what it considers to be a realistic level.

That is a deliberate judgment which is entitled to much weight. These men were on the spot. They went to Chicago and investigated the whole problem.

Mr. DOUGLAS. The House committee perhaps did go, but the science committee held a hearing of only a few hours, at the Palmer House. The only ones present were Dr. Abrams, Dr. Work, Dr. Baker, and Dr. Parks. The rest did not appear at all, and simply signed on the dotted line.

Mr. STENNIS. They had before them a huge amount of material on the pertinent facts. I can hardly believe that men of this stature would carefully sign something in which they did not believe. The report from which I was reading was the one signed by Representatives CLYDE DOYLE and JAMES E. VAN ZANDT.

Mr. SMITH of Massachussetts. Mr. President, on May 9, just 3 months ago, the Senate decided this matter. We decided to authorize the transfer of this facility to Natick. We did so on the recommendation of the Department of Defense, the Army, our committee, and 11 studies that had been made, all of which showed this would promote efficiency and save the taxpayers money. A million dollars a year.

We decided this matter, and I do not see why we have to go through this again. I hope Senators will support the committee on this issue.

Mr. DIRKSEN. Mr. President, I think the real nub of the controversy is over the treatment which was accorded in the first instance with respect to the investigation. When the House by a 2-to-1 vote adopted the amendment to provide for the investigations, it was fair to assume that the investigation would be of such moment and of such duration as to be able to be called a real investigation in every sense. As my colleague has pointed out, that was not the case. I am advised that the chairman of the task force which was to conduct the investigation, at least privately, told a very distinguished Member of the House it would take at least 30 days to make an investigation of this kind. The group addressed to it perhaps less than a week. The meeting at the Palmer House, as pointed out, was a very short meeting indeed. That, in my judgment, does not constitute an investigation, notwithstanding the other reports which have been made.

The allegation is that it was not quite fair and it was not quite in accord with the intent of the House when the item was stricken in the first instance. Now it has been stricken again. I think that vote came on the 25th of July. It was a very substantial vote, and it came notwithstanding the action which had been taken on the authorization bill.

The only request here for the city of Chicago, for the people of Illinois, for the families who are involved, is for a determination of whether this was fair, whether it was a properly conducted investigation, whether it was conducted in sufficient detail so that when a report was made it could be said that in every case it was objective, it was equitable, and it did justice to all parties to the controversy.

That is the only point about which I quarrel. Insofar as I have had an opportunity to read many of the exhibits which have already been incorporated in the RECORD, I would say a better job could have been done. I sometimes think the judgment was rendered long before the last meeting was held. At least it appeared so to me.

I intend fully to support the amendment offered by my colleague, and I think the case ought to be reopened again, notwithstanding the desire of the Army, and understandably of the subcommittee and of the full Committee on Appropriations, to get this settled once and for all. I understand that, but I believe every aggrieved party should have his proper day in court. That is the only request made. For that reason, I believe the amount involved ought to be reduced by substantially $3.8 million, that the case ought to be opened once more, and that when it is investigated there be in every sense a real investigation, with some elements to be used for contrast and for comparison; namely, what can be offered in Illinois as against what has to be done at Natick.

There has not been a substantial pressing down on the possible economies, although constantly there is an allegation to the fact that even if there were no economies involved there would still be the benefit of the scientific atmosphere in the great and good State of Massachusetts and in the community of Natick. I do not know how far Natick is from Harvard. I should have to ask my distinguished friend from Boston how far Natick is from Harvard.

Mr. SALTONSTALL. Natick is approximately 16 miles from Harvard; to be accurate, from 16 to 18 miles. It is 16 to 18 miles from the Massachusetts Institute of Technology.

Mr. DIRKSEN. That accounts for the phrase, then, that one would get the benefit of a scientific atmosphere. It is the scientific atmosphere of Harvard and of other schools which somehow, like a gentle breeze, engulfs the whole area, and evidently is conducive to better "brainsmanship," if I may coin a term.

We shall not be demeaned in that respect, because there are many institutions in Illinois and in Chicago; the University of Chicago, Northwestern University, the Illinois Institute of Technology, and a great many others. If there is required a scientific atmosphere, we can offer it and can offer a great many other things to boot. All we ask is a fair, full, impartial, objective investigation. If that takes place, and if there is a conclusion that this facility ought to go to the scientific atmosphere of Natick, then I shall have nothing more to say.

I hope the amendment offered by my colleague from Illinois will be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois.

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KUCHEL. Mr. President, I should like to ask the very able chairman of the subcommittee in charge of the proposed legislation to direct his attention to the item for the enlisted men's dormitory in the Presidio of Monterey. I am intensely interested in the extension of language studies.

Mr. STENNIS. I am glad the Senator from California has brought up that matter. I know of his interest, and how he has sponsored that project.

That project was left out, Mr. President, only with a view of achieving more unification, with reference to the several services having a proper language school. The Army asked for $958,000 for a dormitory at the Presidio of Monterey, Calif., for the purpose of supporting the language school. We urged the Department of Defense heretofore, including last year, to come forth with a concrete plan, something along the line of unifying the language schools for the three services, so that we could do more with less money.

The Department has not come forward with such a program.

We did not deny this facility, but merely deferred it, consistent with our policy of insisting on a modern plan of unification, so far as possible.

This is a very important subject and something which the committee thinks should be emphasized. We hope the services will all expand their programs of teaching languages.

This is another case in which it is indeed possible for the services to unify and to concentrate their efforts to provide better facilities for better teaching by a combining of efforts.

If the Senator will allow us time, we think we shall have a fine program in this respect. Perhaps it will be located in Monterey on an even larger scale than is now proposed.

Mr. KUCHEL. I thank the Senator. I join with him in urging the Department of Defense to respond to the requests which he has made and which I have made, and which I think, properly answered, would permit the Presidio at Monterey to serve an extremely useful and expanded function in the defense effort.

Mr. STENNIS. I thank the Senator for his efforts. I appreciate the Senator's support in getting the decision and a unified plan.

Mr. KUCHEL. If we have the cooperation of the Defense Department, may I ask the able Senator from Mississippi whether he and the members of his committee would look with favor upon the type of development of a language school proposed, whether it be in this area or in some other?

Mr. STENNIS. Absolutely. That is our policy. We are interested in getting more of a program in motion on that subject.

Mr. KUCHEL. I thank the Senator.

Mr. STENNIS. I thank the Senator from California.

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

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

The bill (H.R. 8302) was read the third time.

Mr. STENNIS. Mr. President, I wish especially to commend and thank Mr. Mike Rexroad and Mrs. Gloria Butland for their long and faithful work in preparing and investigating the 1,400 line items in this bill. Their work has been highly valuable and effective and I gladly express my deep appreciation and that of the full subcommittee.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 8302) was passed.

Mr. STENNIS. Mr. President, I move that the Senate insist upon its amendments and request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. BURDICK in the chair) appointed Mr. STENNIS, Mr. RUSSELL, Mr. MONRONEY, Mr. SALTONSTALL, Mr. BRIDGES, and Mr. BYRD of Virginia conferees on the part of the Senate.

BERLIN

Mr. PELL. Mr. President, we are presently faced with a situation in Berlin which the Soviets have deliberately sought to aggravate in order to achieve a settlement more favorable to them than was the status quo. The knowledge that, until the Iron Curtain was clanged down in Berlin a few days ago, more than a thousand East Germans a day were voting with their feet to escape Communist rule is a fact particularly galling to the Communist rulers. At the same time, the West must stand firm on the fact that the freedom of the West Berliners, themselves, is not negotiable in any way whatsoever.

In this context, the most important step and, in fact, only solution of the Berlin problem is to lift our controversy up from the consideration of Berlin, alone, onto a higher and wider all-German plane of discussion. This discussion could either be conducted at the Security Council, at a specially called peace conference, or at a meeting of the four occupying nations at either the foreign minister or summit level. While our choice of locale might be in this order, we could offer these alternatives to the Soviets, thus making it more difficult for them to decline. We would hope that out of such a meeting a statute of Berlin resulted that could be signed by all the participants and by both Germanys.

Another cooling-off proposal would be the transfer to Berlin of various United Nations specialized agencies or other multinational organizations, such as the headquarters of UNESCO at Paris, or the United Nations European Headquarters at Geneva. To increase this international cooling-off effect, the West Germans should be asked to transfer their de jure capital from West Berlin to Bonn, if the East Germans would likewise transfer theirs from East Berlin to Leipzig.

At the same time, a further, substantial strengthening of all our conventional military forces, particularly our ground forces in Germany and West Berlin, from their present below-level strength would help along our diplomatic moves.

Why this course of action? Because in the context of Berlin alone, there is no solution. We cannot retreat because of our commitments there. Nor can Khrushchev by the same token, because of the pressures of world Communist opinion.

This situation is compounded from our viewpoint in that the balance of military power favorable to us has declined from the time when the Berlin blockade was brought to a successful conclusion. Moreover, the preservation of the status quo in Berlin for a prolonged period means for us the continuation of a strategic situation where the initiative is left to the Communists and where we can only respond, or react, to Communist moves.

Also, we do not know whether Khrushchev is engaged in a test of will with us, or is genuinely interested in a real improvement of the Soviet position in Germany. Our course of action must be suited to either contingency.

In seeking a solution to the Berlin problem, too, I believe, we must not primarily look for mutual concessions. But as should always be the case in positive diplomacy, we should seek out those factors which mean more to one side than the other, and negotiate with those pieces. Successful diplomacy is when each side can give what it considers a pawn and the other considers a knight. Fortunately, if we can once get the Berlin problem discussed in the larger context of Germany as a whole, there are such areas.

For instance, the issue that means the most to us is the guarantee of ground access to and from West Berlin. This is more important to us than to the Soviets, and is, apparently, acceptable to them. So in the total picture of any general negotiations, such a guaranteed ground access might well be written into a Soviet-East German peace treaty. We would then have scored a very real gain, since we do not now enjoy such definitive legal rights.

The other area that is of major importance to us is the preservation of the freedom of the West Berliners. This is more of a problem since it is almost as objectionable from the Soviet viewpoint as it is a necessity from ours. If we only consider Berlin, this particular problem appears insoluble. But, if we consider the larger picture, we might well secure some sort of acceptance of the unified Berlin proposal Secretary Herter advanced in 1959, or that suggested by Senator MANSFIELD a few weeks ago. If we could not secure that, it would definitely appear that we could get some sort of guarantee of the freedom of West Berlin, provided we accepted some Soviet views in other parts of Germany.

There are three alternative Soviet viewpoints, any one of which we could accept. First, we could accept the Oder-Neisse boundary. This already has been accepted by General de Gaulle and the French. Two and a half million baby Poles have been born in this region. The average German is not losing sleep over it. Acceptance of this line would do a lot to increase the peace and stability of central Europe.

Or, second, we could accept a temporary recognition of East Germany as long as there were built-in safeguards vis-a-vis Berlin. The Adenauer-Acheson line, in my view, opposes this far more than does the average German. And Europe as a whole has vivid memories of three aggressive wars started by Germany within the last 90 years. The thought of two Germanys does not worry most Europeans.

Or, third, there would be a commitment on our part never to furnish nuclear weapons to West Germany provided the Soviets made the same promise vis-a-vis East Germany. From the propaganda viewpoint, this may sound like a sacrifice on our part. In fact, because of West German technological progress, the West Germans will, if they wish, soon be able to produce their own nuclear weapons.

This proposal would also give great relief to Europe and bring about the detente that is so necessary for peace and development and victory of our way of life. Why? Because where reasonable economic and educational advancement

exists, the democratic system has and always will triumph over communism in any equal competition.

The beauty of this general course of action is that it could lead to a mutual withdrawal of troops from Germany. Here we must bear in mind that it will not be U.S. ground forces that will be the deciding factor in any combat struggle on German territory. It will be a combination of the NATO ground forces and our Air Forces. But, if in return for our troops withdrawing from West Germany, the Soviets withdraw from East Germany, the Soviets are left with a real Pandora's box, since the East Germans are most restive and unhappy. Then, too, there would be no excuse to maintain Soviet troops in Poland to protect Soviet lines of supply, thus giving greater freedom to the Poles.

This course of action would mean that we would be acting, not reacting. And it would result in a Soviet defeat on either the diplomatic—if Khrushchev refused to play—or strategic front. It would also mean that, by taking the initiative, we would be taking the propaganda lead from Khrushchev. And it would get us away from our present position where, in accordance with the recent NATO decision, we are awaiting Khrushchev to come to us with his proposals and explain his position to us.

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

Mr. PELL. I yield with great pleasure to the Senator from Pennsylvania.

Mr. CLARK. I congratulate the junior Senator from Rhode Island for a very real contribution to the debate, which has been going on in the Senate, with respect to our policy regarding Berlin. The junior Senator from Rhode Island has made a very careful analysis of the situation and has studied it. As his colleagues in the Senate know, he was for many years a member of the Foreign Service of the United States and of the State Department. He recently traveled to Germany, and has made an intensive personal study of the subject.

I commend him on what he has had to say, and invite the attention of all our colleagues to his thoughtful and provocative analysis of a very difficult subject.

Mr. PELL. I thank the Senator from Pennsylvania.

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

Mr. PELL. I am glad to yield to the Senator from Montana.

Mr. MANSFIELD. In my opinion there is no one in the Senate or, for that matter, in the entire Congress, who is better versed in the field of foreign policy, based on experience and knowledge, than is the distinguished junior Senator from Rhode Island.

I am delighted that he has taken this occasion to keep alive the debate on the question of Berlin and Germany, because in doing so he has once again called to the attention of the Senate and of the country the fact that the future of West Berlin and of Germany, for that matter, is the most immediate and most pressing problem of our time.

That does not mean that Berlin is the only problem. We have problems scattered all over the globe. In fact, we have them in the Far East, in northeast Asia, in the Midle East, in southeast Asia, in Africa, in Latin America, and in Cuba, specifically. As a matter of fact, the area where we do not have problems is the rare exception to the rule at the present time.

Therefore I hope that we can keep aware of the fact that there are other problems besides the problem of Berlin and Germany, and that these problems confront the President of the United States who, in the final analysis, must make the decision as to what we do or do not do concerning them.

I am especially appreciative and grateful to the Senator from Rhode Island for bringing home to the Senate and to the American people his knowledge of the Berlin situation. He visited there not so long ago. He is a man of great integrity. He has a splendid background. Therefore we can benefit from what he has to say. He has done a great service to the country.

Mr. PELL. I thank the Senator from Montana.

Mr. PASTORE. Mr. President, will my colleague yield to me?

Mr. PELL. I yield.

Mr. PASTORE. I should like to add my voice to those of other Senators in praise of the distinguished junior Senator from Rhode Island. I join with them in associating myself with his remarks. I remind the Members of the Senate that we have in CLAIBORNE PELL a well-informed citizen and Member of the Senate who has not only an academic knowledge but also very personal, intimate, and first-hand knowledge of the problems of Europe and their impact on our land and our lives. I congratulate him for the excellent statement he has made today. I know that it will be of interest to the Members of the Senate. I hope they will read and study his able and earnest message to the people of our country.

Mr. PELL. I thank the Senator.

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

Mr. PELL. I yield.

Mr. MORSE. I have not had an opportunity to read the speech of the Senator from Rhode Island, but I read the memorandum which the Senator from Rhode Island submitted to me some time ago, which I assume was pretty well covered in his speech today. Is that correct?

Mr. PELL. The Senator is correct in his assumption.

Mr. MORSE. If the speech of the Senator from Rhode Island covered the points that he submitted to me on Berlin some days ago, I want the RECORD to show that I associate myself with the observations of the Senator from Rhode Island, because I believe what he has said to the American people through that memorandum and what he has said to the leaders of our Government through the memorandum should be very carefully heeded in this very critical hour.

Mr. PELL. I thank the Senator very much.

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

Mr. PELL. I yield.

Mr. GORE. The Senator from Rhode Island has delivered a very interesting and provocative treatise on a very important and complicated and delicate subject. In doing so, however, he has applied the benefit of his experience, his firsthand knowledge, his broad understanding. I commend his speech to the attention of the Senate. I congratulate him.

Mr. PELL. I thank the Senator very much.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 242. An act for the relief of Mary Dawn Polson (Emmy Lou Kim) and Joseph King Polson (Sung Sang Moon);

S. 333. An act for the relief of Godofredo M. Herzog;

S. 606. An act to provide for the construction of a shellfisheries research center at Milford, Conn.;

S. 705. An act for the relief of Norman T. Burgett, Lawrence S. Foote, Richard E. Forsgren, James R. Hart, Ordeen A. Jallen, James M. Lane, David E. Smith, Jack K. Warren, and Anne W. Welsh;

S. 731. An act for the relief of Charles F. Tjaden;

S. 1054. An act for the relief of Huan-pin Tso;

S. 1100. An act for the relief of Sang Man Han;

S. 1179. An act for the relief of Alicja Zakrezewska Gawkowski;

S. 1205. An act for the relief of Roger Chong Yeun Dunne;

S. 1335. An act for the relief of W. B. J. Martin;

S. 1347. An act for the relief of Georgia Ellen Thomason;

S. 1443. An act for the relief of Mrs. Tyra Fenner Tynes;

S. 1450. An act for the relief of Shim Dong Nyu (Kim Christine May);

S. 1527. An act for the relief of James D. Jalili; and

S. 1622. An act to amend the Atomic Energy Community Act of 1955.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2034) to amend the Communications Act of 1934, as amended, in order to expedite and improve the administrative process by authorizing the Federal Communications Commission to delegate functions in adjudicatory cases, repealing the review staff provisions, and revising related provisions.

The message further announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H.R. 29. An act to amend section 216(b) of the Merchant Marine Act, 1936, as amended, to permit the appointment of U.S. nationals to the Merchant Marine Academy;

H.R. 2308. An act to amend the Ship Mortgage Act, 1920, with respect to its applicability to certain vessels;

H.R. 3156. An act to make the Panama Canal Company immune from attachment or garnishment of salaries owed to its employees;

H.R. 3879. An act to authorize and direct the Secretary of Agriculture to convey to the State of Wyoming for agricultural purposes certain real property in Sweetwater County, Wyo.;

H.R. 5939. An act to amend chapter 35 of title 38, United States Code, to provide that after the expiration of the Korean conflict veterans' education and training program, approval of courses under the war orphan's educational assistance program shall be by State approving agencies;

H.R. 6732. An act to amend the Merchant Marine Act, 1936, as amended, to encourage the construction and maintenance of American-flag vessels built in American shipyards;

H.R. 6974. An act to amend section 607 (b) of the Merchant Marine Act, 1936, as amended;

H.R. 7916. An act to expand and extend the saline water conversion program being conducted by the Secretary of the Interior; and

H.J. Res. 499. Joint resolution authorizing a celebration of the American patent system.

HOUSE BILLS AND JOINT RESOLUTION REFERRED OR PLACED ON THE CALENDAR

The following bills and joint resolution were severally read twice by their titles, and referred, or placed on the calendar, as indicated:

H.R. 29. An act to amend section 216(b) of the Merchant Marine Act, 1936, as amended, to permit the appointment of U.S. nationals to the Merchant Marine Academy;

H.R. 2308. An act to amend the Ship Mortgage Act, 1920, with respect to its applicability to certain vessels;

H.R. 3156. An act to make the Panama Canal Company immune from attachment or garnishment of salaries owed to its employees; and

H.R. 6974. An act to amend section 607(b) of the Merchant Marine Act, 1936, as amended; to the Committee on Commerce.

H.R. 7916. An act to expand and extend the saline water conversion program being conducted by the Secretary of the Interior; to the Committee on Interior and Insular Affairs.

H.R. 3879. An act to authorize and direct the Secretary of Agriculture to convey to the State of Wyoming for agricultural purposes certain real property in Sweetwater County, Wyo.; to the Committee on Agriculture and Forestry.

H.R. 5939. An act to amend chapter 35 of title 38, United States Code, to provide that after the expiration of the Korean conflict veterans' education and training program, approval of courses under the war orphan's educational assistance program shall be by State approving agencies; to the Committee on Labor and Public Welfare.

H.R. 6732. An act to amend the Merchant Marine Act, 1936, as amended, to encourage the construction and maintenance of American-flag vessels built in American shipyards; placed on the calendar.

H.J. Res. 499. Joint resolution authorizing a celebration of the American patent system; to the Committee on the Judiciary.

MANPOWER DEVELOPMENT AND TRAINING ACT OF 1961

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar 626, S. 1991.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1991) relating to the occupational training, development, and use of the manpower resources of the Nation, and for other purposes.

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

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Labor and Public Welfare, with an amendment, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Manpower Development and Training Act of 1961".

TITLE I—MANPOWER REQUIREMENTS, DEVELOPMENT, AND UTILIZATION

Statement of Findings and Purpose

SEC. 102. The Congress finds that there is critical need for more and better trained personnel in many vital occupational categories, including professional, scientific, technical, and apprenticeable categories; that even in periods of high unemployment, many employment opportunities remain unfilled because of the shortages of qualified personnel; and that it is in the national interest that current and prospective manpower shortages be identified and that persons who can be qualified for these positions through education and training be sought out and trained, in order that the Nation may meet the staffing requirement of the struggle for freedom. The Congress further finds that the skills of many persons have been rendered obsolete by dislocations in the economy arising from automation or other technological developments, foreign competition, relocation of industry, shifts in market demands, and other changes in the structure of the economy; that Government leadership is necessary to insure that the benefits of automation do not become burdens of widespread unemployment; that the problem of assuring sufficient employment opportunities will be compounded by the extraordinarily rapid growth of the labor force in the next decade, particularly by the entrance of young people into the labor force, that improved planning and expanded efforts will be required to assure that men, women, and young people will be trained and available to meet shifting employment needs; that many persons now unemployed or underemployed, in order to become qualified for reemployment or full employment must be provided with skills which are or will be in demand in the labor market; that the skills of many persons now employed are inadequate to enable them to make their maximum contribution to the Nation's economy; and that it is in the national interest that the opportunity to acquire new skills be afforded to these people in order to alleviate the hardships of unemployment, reduce the costs of unemployment compensation and public assistance, and to increase the Nation's productivity and its capacity to meet the requirements of the space age. It is therefore the purpose of this Act to require the Federal Government to appraise the manpower requirements and resources of the Nation, develop and apply the information and methods needed to deal with the problems of unemployment resulting from automation and technological changes and other types of persistent unemployment.

Evaluation, Information, and Research

SEC. 103. To assist the Nation in accomplishing the objectives of technological progress while avoiding or minimizing individual hardship and widespread unemployment, the Secretary of Labor shall—

(1) evaluate the impact of, and benefits and problems created by automation, technological progress, and other changes in the structure of production and demand on the use of the Nation's human resources; establish techniques and methods for detecting in advance the potential impact of such developments; develop solutions to these problems, and publish findings pertaining thereto;

(2) establish a program of factual studies of practices of employers and unions which tend to affect mobility of workers, including but not limited to early retirement and vesting provisions and practices under private compensation plans; the extension of health, welfare, and insurance benefits to laid-off workers; the operation of severance plans; and the use of extended leave plans for education and training purposes;

(3) appraise the adequacy of the Nation's manpower development efforts to meet foreseeable manpower needs and recommend needed adjustments, including methods for promoting the most effective occupational utilization of and providing useful work experience and training opportunities for untrained and inexperienced youth;

(4) promote, encourage, or directly engage in programs of information and communication concerning manpower requirements, development, and utilization, including prevention and amelioration of undesirable manpower effects from automation and other technological developments and improvement of the mobility of workers; and

(5) arrange for the conduct of such research and investigations as give promise of furthering the objectives of this Act.

Skill and Training Requirements

SEC. 105. The Secretary of Labor shall develop, compile, and make available information regarding skill requirements, occupational outlook, job opportunities, labor supply in various skills, training activities, and employment trends on a national, State, or area of other appropriate basis which shall be used in determining the educational, training, counseling, and placement activities performed under this Act.

Manpower Report

SEC. 106. The Secretary of Labor shall make such reports and recommendations to the President as he deems appropriate pertaining to manpower requirements, resources, use, and training; and the President shall transmit to the Congress within sixty days after the beginning of each regular session (commencing with the year 1962) a report pertaining to manpower requirements, resources, utilization, and training.

TITLE II—TRAINING AND SKILL DEVELOPMENT PROGRAMS

Part A—Duties of the Secretary of Labor

General Responsibility

SEC. 201. In carrying out the purposes of this Act, the Secretary of Labor shall determine the skill requirements of the economy, develop policies for the adequate occupational development and maximum utilization of the skills of the Nation's workers, promote and encourage the development of broad and diversified training and retraining programs, including on-the-job training designed to qualify for employment the many persons who cannot reasonably be expected to secure full-time employment without such training, and to equip the Nation's workers with the new and improved skills that are or will be required.

Selection of Trainees

SEC. 202. (a) The Secretary of Labor shall provide a program for testing, counseling, and selecting for occupational training those unemployed or underemployed persons who cannot reasonably be expected to secure ap-

propriate full-time employment without training. Whenever appropriate the Secretary shall provide a special program for the testing, counseling, and selection of youths, sixteen years or older, for occupational training and further schooling. Workers in farm families with less than $1,200 annual net family income shall be considered unemployed for the purpose of this Act.

(b) Although priority in referral for training shall be extended to unemployed persons, the Secretary of Labor shall also refer other persons qualified for training or retraining programs which will enable them to acquire needed skills. Priority in referral for training shall also be extended to persons to be trained for skills needed within the State of their residence.

(c) The Secretary of Labor shall determine the occupational training or retraining needs of referred persons, provide for their orderly selection and referral for training under this Act, and provide placement services to persons who have completed their training, as well as followup studies to determine whether the programs provided meet the occupational training needs of the persons referred.

Weekly Training Allowances

SEC. 203. (a) The Secretary of Labor may, on behalf of the United States, enter into agreements with States under which the Secretary of Labor shall make payments to such States either in advance or by way of reimbursement for the purpose of enabling such States to make payment of weekly Federal training allowances to individuals selected for training pursuant to the provisions of section 202 and undergoing such training. Such payments shall be made for a period not exceeding fifty-two weeks, and the amount of any such payment in any week for individuals undergoing training, including uncompensated employer-provided training, shall not exceed the amount of the average weekly unemployment compensation payment (including allowances for dependents) for a week of total unemployment in the State making such payments during the most recent quarter for which such data are available.

For individuals undergoing on-the-job training the amount of any payment by the Secretary of Labor under this section shall be reduced by a proportion equal to the ratio that the number of compensated hours per week bears to forty hours.

(b) Such weekly training allowances may be supplemented by such sums as may be determined by the Secretary of Labor to be necessary to defray transportation and subsistence expenses for separate maintenance of individuals engaged in training under this title including compensated full-time on-the-job training, when such training is provided in facilities which are not within commuting distance of their regular place of residence: *Provided,* That the Secretary in defraying such subsistence expenses shall not afford any individual an allowance exceeding the rate of $35 per week; nor shall the Secretary authorize any transportation expenditure exceeding the rate of 10 cents per mile: *And provided further,* That where due to the unusual circumstances the maximum per diem allowance would be more than the amount required to meet the actual and necessary expenses the Secretary may prescribe conditions under which reimbursement for such expenses may be authorized on an actual expense basis.

(c) Except where the Secretary of Labor finds such training allowances are necessary to provide occupational training for youths over sixteen but under twenty-two years of age, such training allowances shall be limited to unemployed persons who have had not less than three years of experience in gainful employment and who are heads of families or heads of household as defined in the Internal Revenue Code.

(d) After June 30, 1963, any amount paid to a State for training allowances under this section shall be paid on condition that such State shall bear 50 per centum of the amount of such allowances.

(e) No training allowance shall be made to any person otherwise eligible who, with respect to the week for which such payment would be made, has received or is seeking unemployment compensation under title XV of the Social Security Act or any other Federal or State unemployment compensation law, but if the appropriate State or Federal agency finally determines that a person denied training allowances for any week because of this subsection was not entitled to unemployment compensation under title XV of the Social Security Act or such Federal or State law with respect to such week, this subsection shall not apply with respect to such week.

(f) A person who refuses, without good cause, to accept training under this Act shall not, for six months thereafter, be entitled to training allowances.

(g) Any agreement under this section, may contain such provisions (including, as far as may be appropriate, provisions authorized or made applicable with respect to agreements concluded by the Secretary of Labor pursuant to title XV of the Social Security Act) as will promote effective administration, protect the United States against loss and insure the proper application of payments made to the State under such agreement. Except as may be provided in such agreements, or in regulations hereinafter authorized, determinations by any duly designated officer or agency as to the eligibility of individuals for weekly Federal training allowances under this section shall be final and conclusive for any purposes and not subject to review by any court or any other officer.

On-the-job Training

SEC. 204. (a) The Secretary of Labor shall develop, and shall secure the adoption of programs for on-the-job training needed to equip individuals selected for training with the appropriate skills, including wherever appropriate special program for youths over sixteen years of age. The Secretary shall, to the maximum extent possible, secure the adoption of programs by private and public agencies, employers, trade associations, labor organizations and other industrial and community groups which he determines are qualified to conduct effective on-the-job training programs.

(b) The Secretary of Labor shall cooperate with the Secretary of Health, Education, and Welfare in coordinating on-the-job training programs with vocational educational programs conducted pursuant to the provisions of this title.

(c) In adopting or approving any training program under this part, and as a condition to the expenditure of funds for any such program, the Secretary shall make such arrangements as he deems necessary to insure adherence to appropriate training standards, including assurances—

(1) that wages paid to trainees are not less than those customarily paid in the training establishment and in the community to learners on the same job; and

(2) that adequate and safe facilities, personnel, and records of attendance and progress are provided.

(d) Where on-the-job training programs under this part require supplementary classroom instruction, appropriate arrangements for such instruction shall be agreed to by the Secretary of Health, Education, and Welfare and the Secretary of Labor.

National Advisory Committee

SEC. 205. The Secretary shall appoint a National Advisory Committee which shall consist of ten members and shall be composed of representatives of labor, management, agriculture, education, and training, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

Reports on Operation of Training Programs

SEC. 206. The Secretary shall develop, compile and make available information concerning—

(1) the number and types of training and retraining activities conducted under this Act;

(2) the number of unemployed persons who have secured full-time employment in fields related to such training or retraining; and

(3) the nature of such employment.

State Agreements

SEC. 207. (a) The Secretary of Labor is authorized to enter into an agreement with a State, or with the appropriate agency of the State, pursuant to which the Secretary of Labor may, for the purpose of carrying out his functions and duties under this title, utilize the services of the appropriate State agency and, notwithstanding any other provision of law, may reimburse such State or appropriate agency for services rendered for such purposes.

(b) Any agreement under this section may contain such provisions as will promote effective administration, protect the United States against loss and insure that the functions and duties to be carried out by the appropriate State agency are performed in a satisfactory manner.

Rules and Regulations

SEC. 208. The Secretary of Labor shall prescribe such rules and regulations as he may deem necessary and appropriate to carry out the provisions of this part.

Part B—Duties of the Secretary of Health, Education, and Welfare

General Responsibility

SEC. 231. The Secretary of Health, Education, and Welfare shall, pursuant to the provisions of this title, enter into agreements with States under which the appropriate State vocational education agencies will undertake to provide training or retraining needed to equip individuals referred to the Secretary of Health, Education, and Welfare by the Secretary of Labor pursuant to section 202, for the occupations specified in the referrals. Such State agencies shall provide for such training or retraining through public education agencies or institutions or, if facilities or services of such agencies or institutions are not adequate for the purpose, through arrangements with private educational or training institutions. Any such agreement shall provide for payment to such State agency of 100 per centum of the cost to the State of carrying out the agreement with respect to unemployed individuals, and 50 per centum of the cost with respect to other individuals referred under this Act, and shall contain such other provisions as will promote effective administration (including provision for reports on the attendance and performance of trainees and provision for continuous supervision of the training programs conducted under the agreement to insure the quality and adequacy of the training provided), protect the United States against loss, and assure that the functions and duties to be carried out by such State agency are performed in such fashion as will carry out the purposes of this title: *Provided,* That after June 30, 1963, any amount paid

to a State to carry out an agreement authorized by this part shall be paid on condition that such State shall bear 50 per centum of such cost. In the case of any State which does not enter into an agreement under this section, and in the case of any training which the State agency does not provide under such an agreement, the Secretary of Health, Education, and Welfare may provide the needed training by agreement or contract with public or private educational or training institutions.

Rules and Regulations

SEC. 232. The Secretary of Health, Education, and Welfare may prescribe such rules and regulations as he may deem necessary and appropriate to carry out the provisions of this title.

TITLE III—MISCELLANEOUS

Apportionment of Benefits

SEC. 301. For the purpose of effecting an equitable apportionment of Federal expenditures among the States in carrying out the programs authorized under title II of this Act, the Secretary of Labor and the Secretary of Health, Education, and Welfare shall make such apportionment in accordance with uniform standards and in arriving at such standards shall consider only the following factors: (1) the proportion which the labor force of a State bears to the total labor force of the United States, (2) the proportion which the unemployed in a State during the preceding calendar year bears to the total number of unemployed in the United States in the preceding calendar year, (3) the amount of underemployment in the State, (4) the proportion which the insured unemployed within a State bears to the total number of insured employed within such State. For this purpose, the word "State" shall be defined to include the District of Columbia, Puerto Rico, and the Virgin Islands.

Maintenance of State Effort

SEC. 302. No training or retraining program which is financed in whole or in part by the Federal Government under this Act shall be approved unless the Secretary of Labor, if the program is authorized under part A of title II, or the Secretary of Health, Education, and Welfare, if the program is authorized under part B of title II, satisfies himself that the State and/or the locality in which the training is carried out is not reducing its own level of expenditures for vocational education and training, including program operation under provisions of the Smith-Hughes Vocational Education Act and titles I, II, and III of the Vocational Education Act of 1946, except for reductions unrelated to the provisions or purposes of this Act.

Other Agencies and Departments

SEC. 303. In the performance of his functions under this Act, the Secretary of Labor, in order to avoid unnecessary expense and duplication of functions among Government agencies, shall use the available services or facilities of other agencies and instrumentalities of the Federal Government, under conditions specified in section 306(a). Each department, agency, or establishment of the United States is authorized and directed to cooperate with the Secretary of Labor and, to the extent permitted by law, to provide such services and facilities as he may request for his assistance in the performance of his functions under this Act.

Appropriations

SEC. 304. (a) There are authorized to be appropriated to the Secretary of Labor and the Secretary of Health, Education, and Welfare, respectively, such sums as are necessary and appropriate to carry out the provisions of this Act. The total of such sums shall not exceed $90,000,000 for the fiscal year 1962, $165,000,000 for the fiscal year 1963, and $200,000,000 for each of the two succeeding fiscal years.

(b) Funds appropriated under the authorization of this Act may be transferred, with the approval of the Director of the Bureau of the Budget, between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

(c) Any equipment and teaching aids purchased by a State or local vocational educational agency with funds appropriated to carry out the provisions of part B shall become the property of the State.

(d) No portion of the funds to be used under part B of this Act shall be appropriated directly or indirectly to the purchase, erection, or repair of any building except for minor remodeling of a public building necessary to make it suitable for use in training under part B.

(e) Funds appropriated under this Act shall remain available for one fiscal year beyond that in which appropriated.

Additional Positions

SEC. 305. Subject to the standards and procedures prescribed by section 505 of the Classification Act of 1949, as amended, the head of any agency, for the performance of functions under this Act, including functions delegated pursuant to section 303, may place positions in grades 16, 17, and 18 of the general schedule established by such Act, and such positions shall be in addition to the number of such positions authorized by section 505 of the Classification Act of 1949, as amended, to be placed in such grades: *Provided*, That not to exceed a total of ten such positions may be placed in such grades under this subsection, to be apportioned among the agencies by the Director of the Bureau of the Budget.

Authority to Contract

SEC. 306 (a) The Secretary of Labor and the Secretary of Health, Education, and Welfare may make such contracts or agreements, establish such procedures, and make such payments, either in advance or by way of reimbursement, as may be necessary to carry out the provisions of this Act.

(b) The Secretary of Labor and the Secretary of Health, Education, and Welfare shall not use any authority conferred by this Act to assist establishments in relocating from one area to another. The limitation set forth in this subsection shall not be construed to prohibit assistance to a business entity in the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary of Labor finds that the assistance in the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment in the area of original location or in any other area where such entity conducts business operations, unless he has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

Termination of Authority

SEC. 307(a) All authority conferred under title II of this Act shall terminate at the close of June 30, 1965.

(b) Notwithstanding the foregoing, the termination of title II shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment or other obligation entered into prior to the date of such termination: *Provided*, That no disbursement of funds shall be made pursuant to the authority conferred under title II of this Act after December 30, 1965.

DESALINIZATION OF WATER LEGISLATION AND WEATHER MODIFICATION

Mr. CASE of South Dakota. Mr. President, this morning the Committee on Interior and Insular Affairs conducted hearings on S. 2156, S. 22, and other bills relating to desalinization of water, a very important field in the development and use of water resources.

There is another field in which I am equally interested. That is the possibility of cloud modification and the increase in rainfall. Recently three or four counties in western South Dakota and counties in Wyoming have engaged in cloud-seeding operations.

Among the fliers working with aircraft directly in and below the clouds was Mr. Harold "Shag" Shelden, Jr. I have been privileged to get a log of his seeding operations. It is, so far as I know, one of the most carefully prepared records yet compiled in the field of cloud conditions, with respect to what was done and what happened. I believe the log of his several flights will be of great interest in this area of research.

I ask unanimous consent, therefore, to insert in the RECORD at this point this remarkable documentary by a World War II pilot, "Shag" Shelden, who is now a rancher in southeastern Montana.

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

AIR LOG OF HAROLD "SHAG" SHELDEN, JR., DURING CLOUD-SEEDING OPERATIONS

April 22 (5–6:15 p.m.)—Alzada area (first seeding flight): 12,000-foot seeding altitude, 3,500-foot terrain, −5° C. temperature at seeding level.

Cloud was of thunderhead appearance with unusually wide extension of base roll at around 7,000 feet; considerable lightning was in evidence and moderate turbulence was encountered.

Seeding: Entry into and breakthrough base roll was effected while on climbout to seeding area—in the clear at 10,000 feet above base roll. General buildup was in vicinity of Alzada and entry was at 11,000 feet with one burner on. Turbulence seemed to increase and lightning bolts were sharp. Twenty-minute seeding in cloud was accomplished; heavy amounts of rain and ice crystals were encountered. Cloud was moving northeast. Broke into clear at a point in line with Albion, Mont., and Belle Fourche at 6,000 feet which was about 15 miles northeast of point where initial seeding started.

Results: Heaviest amount reported was 1.57 inches in capital vicinity downwind from initial seeding area.

Crew member and observer: Verle Pierce, rancher, Alzada.

April 23 (10 to 11:30 a.m.), Hammond, Mont.: 12,000-foot seeding level, 3,500-foot terrain, −7° C. seeding temperature.

Cloud: Entire area covered by cloud layer, the ceiling being about 6,000 feet and tops at 10,000 feet. Only one buildup could be seen after breaking into clear on top, estimated to be just east of Hammond, Mont.

Seeding: Entry at 12,000 feet with one burner, air was very smooth and considered to be below minimums of stability rate required for effective seeding. Considerable ice crystals were visible with moderate frost-like accumulation on aircraft occurring. Twenty minutes circular seeding pattern was accomplished.

Results: Rancher reported hearing aircraft circling high overhead and approximately 20

minutes later slushy snow and rain started falling. H. Shelden, Sr., was in area and was 3 hours getting to surfaced highway because of a slick and muddy country road.

Crewmember and observer: Verle Pierce, rancher, Alzada.

April 25 (2 to 3:30 p.m.) Alzada area: 13,000-foot seeding level, 3,500-foot terrain, —7° C. seeding temperature.

Cloud: Entire area from Belle Fourche to seeding area was covered by overcast, base of which was 7,000 feet, tops unknown. Moderate to light ice crystals in cloud were smooth. Weather Bureau forecasted upper winds 30 knots at 300°.

Seeding: A box pattern was flown consisting of 20-minute runs from north to south, 3-minute run to the east and a 6-minute run to the north. Light accumulation of frost-like moisture visible on aircraft.

Results: Rancher on 7 Mile Drainage Creek to the Little Missouri River reported hearing aircraft approximately 15 minutes prior to beginning of precipitation. This same rancher reported an accumulation of three-fourths inch of light rain.

April 30 (8 to 10 p.m.) Alzada area: 13,000-foot seeding level, 3,500-foot terrain, —10° C. seeding temperature.

Cloud: Entire area coverage with bases at 6,000 feet, tops unknown.

Seeding: Pattern flown was changed according to suggestions by Mr. Jim Wells, climatologist for Montana Forest Service at Missoula, consisting of 10-minute legs perpendicular to the forecasted winds, with each 180° turn into the wind. Five such runs were made. Heavy amounts of ice crystals and snow crystals were visible from lights of aircraft. Moderate to heavy accumulation of ice on aircraft. Turbulence at seeding level was light.

Results: Rancher under seeded area reported hearing aircraft and reported moisture amounts of from three-fourths to 1 inch. Some water ran. On aerial check the following day with aircraft, it was found that a strip approximately 10 miles wide and 30 miles long received good measurable amounts of moisture. This area moved from south to north and indicated that the forecasted winds were in error 90°.

May 4 (2 to 4 p.m.) Belle Fourche area: 15,000-foot seeding level, 3,000-foot terrain, —10° C. seeding level temperature.

Cloud: 4,000-foot base, tops unknown, light to moderate moisture encountered throughout flight while in cloud.

Seeding: Run was made from north to south with each turn being made to the east for a total of five runs. Forecasted winds showed light winds out of the northwest, but because of the movement of the cloud cover and densities noted therein, it was believed that slight movements of upper air was from the southeast, therefore the above seeding pattern.

Results: Immediately after returning to Belle Fourche, heavy and large snowflakes mixed with light rain started to fall. Precipitation area extended from Belle Fourche to the west side of Alzada target area, in amounts ranging from one-half to three-fourths of an inch during the ensuing evening.

Crew member and observer: Verle Pierce, rancher, Alzada.

May 11 (8 to 10 p.m.) Alzada area: 14,000-foot seeding level, 3,500-foot terrain, —10° C. seeding level temperature.

Cloud: A thunderstorm type buildup with moderate sheet lightning visible from a distance. Base of cloud was at 13,000 feet, penetration was at 14,000 feet with seeding runs from north to south.

Seeding: Two passes were made. On the first run moderate turbulence was encountered with one extremely sharp lightning bolt visible. On second run turbulence was modified and no lightning was in evidence. Cloud was moving southeast.

Results: No moisture results were reported.

May 17 (7 to 8:30 p.m.) Alzada area: 15,000-foot seeding level, 3,500-foot terrain, —10° C. seeding temperature.

Clouds: Several small cumulus type buildups in area with 75 percent or more cloud coverage at base of buildups. One fair vertical build encountered but small in area.

Seeding: Three seeding runs made penetrating from north to south on this build. Turbulence light, moisture at seeding level light.

Results: Rancher in area reported sharp demarcation of precipitation area with estimated one-quarter inch of rapid accumulation.

May 30 (3 to 4:30 p.m.) Alzada area: 12,000-foot seeding level, 3,500-foot terrain, —10° C. seeding temperature.

Cloud: General overcast with bases at 8,000 feet.

Seeding: Penetration was made in line with darker part of cloud which was visible from the ground. Light turbulence was encountered, light ice crystals were visible, moderate accumulation of ice on aircraft noted—20-minute seeding run was accomplished.

Results: Alzada radio station reported cloud to appear to darken immediately upon entry of aircraft, and that its easterly movement appeared to shift and move southeasterly. Precipitation area followed relatively close behind the darkened area of cloud. One-half to three-quarters inch of moisture reported in the Bear Lodge area around Alva and Aladdin. Forecasted winds appeared reliable up until the time of seeding.

June 4 (1 to 2:35 p.m.) from 5 miles south to 20 minutes southwest Sundance: 16,000-foot seeding level, 3,500-foot to 5,000-foot terrain level, —10° C. seeding level temperature.

Cloud: 9,000-foot base with several good vertical builds in immediate front, grayish-white color in front and sides with increasing darkness toward rear. Good sized cloud. Light moisture was falling from center of cloud.

Seeding condition: Attempted run with both burners on in updraft at front of cloud; drafts were light and considered marginal; hail began to be noticeable on ground. Immediately began climb which was unusually fast due to thermal help inside of cloud. Lost one burner shortly after cloud entry. Moderate to heavy ice crystals noted with moderate formation on aircraft, moderate turbulence encountered. Perpendicular runs to cloud movements were made, penetrating from side to side and extending approximately 15 miles toward rear. Runs were less turbulent toward rear of cloud.

Evaluation (during seeding): Good.

Cloud was large, had good amount of moisture and good activity.

Results: Outside appearance of cloud after seeding undetermined. Little or no lightning noted or reported. Pilot noted heavy runoff in area directly point of breakout from cloud. Ground reports indicated 1 to 1½ inches of rain with from 2 to 3 inches of hail, the very first of which was hard but very shortly after beginning the ensuing stones were soft and considered nondestructive. Some damage to vegetable gardens reported.

Area of precipitation: Approximately 15 mile radius of Upton, Wyo., from east through north to west.

June 6 (12 noon, 1 and 20) Sundance and Warren Peak, Wyo., area: 16,000-foot, seeding level, 3,000-foot, to 6,700-foot, terrain, —10° C. seeding temperature.

Cloud: 11,000 feet, mean-sea-level base, not particularly dark, normal vertical build, several individual short cumulus in area and around base. Very light rain directly under base, not reaching ground. No lightning.

Seeding conditions: Light ice crystals visible, some heavy; light formation on aircraft; light turbulence; some strong updrafts (3,000 feet per minute); perpendicular runs with 45° banks and 180° turns upwind with full coverage of cloud from front to rear.

Evaluation (during seeding run): Fair. Cloud considered small.

Results: Other small clouds at base seemed to generate and join. Three quarters of an inch of rain reported with some soft hail 15 miles downwind. No lightning visible or reported. Area covered by precipitation undetermined.

June 6 (4:30 p.m., 1 and 20) Sundance to 20 miles S., Wyoming area: 17,000-foot mean-sea-level seeding level, 3,000-foot to 5,000-foot terrain, —11° C. temperature.

Cloud: 10,000-foot base with horizontal extension to vertical build, light updraft at this point and not considered adequate; therefore, climbed to 17,000 feet for inside seeding runs. Cloud became darker toward rear and covered much larger area with a high and dark overhang above 20,000 feet.

Seeding conditions: Moderate turbulence at front and lighter toward rear (2,000 feet per minute updrafts near front in cloud). Light and fine ice crystals visible, occasional areas of larger and heavier snow and frost-like crystals. Moderate frost-like formation on aircraft (windshield solid). No lightning noted. Continuous perpendicular passes through cloud with 45° bank and 180° turns into wind from front toward rear for approximately 20 miles, back side never reached. One burner.

Evaluation (during seeding run): Good.

Results: Cloud reaction unknown; no lightning reported; pilot estimated 1 inch plus in area under rear of cloud with good runoff noted. Thirty-one hundredths of an inch reported at Sundance 20 miles toward the front.

June 8 (4:30 a.m., 1 hour and 35 minutes). Baroid, Wyo., area: 17,000 feet seeding level, 3,000 to 3,500 feet terrain, 10° C. temperature.

Cloud: Base 10,000 feet, mean sea level, good dark color, no lightning. No thermal appearance, very light rain funnels under base.

Seeding conditions: Moderate clear ice for med; very small and light ice crystals apparent; light turbulence, one strong updraft encountered; five perpendicular passes with 45° bank and 180° turns upwind; with one burner.

Evaluation (during seeding): Poor; low moisture content; however, inside appraisal looked better than outside appearance of cloud (resembled a strato condition).

Results: Strong vertical build; sharp lightning reported; precipitation: one-quarter to one-half inch (pilot estimation) started 5 miles downwind from cloud entry. Area covered undetermined.

June 10 (3 to 4:45 p.m.) Sundance, east of Warren Peak and extending northeast 10 miles: 9,000 feet seeding level, 3,000 to 4,000 feet terrain level, 5° to 10° C. seeding level temperature.

Cloud: Relatively small cloud, though good vertical build and dark color. Cloud moving northeast along face of Bear Lodge Mountains.

Seeding condition: Fair updraft encountered just under roll of vertical build, averaging 500 to 1,000 feet per minute. Seeded for 30 minutes with one burner. Fairly successful in holding updraft during this period.

Evaluation: Cloud considered a little small, however, updraft remained constant during seeding and darker condition in and under cloud started to result almost immediately. Moderate precipitation was expected.

Results: Sundance reported 0.67 inch; one rancher reported 1 inch 5 miles north and west. Extent of area in precipitation undetermined.

June 10 (6:35 to 8 p.m.) Aladdin and Hulett area, Wyoming: 10,000 feet seeding level, 3,000 to 4,000 feet terrain, +10° C. seeding level temperature.

Cloud: Several relatively small cells in area with very light precipitation showing underneath some. Updrafts erratic and weak. Unable to hold any particular draft long during seeding operation. Clouds indicated some activity during operation but not considered to be strong.

Evaluation: Poor.

Results: Spotted reports of one-quarter to one-half inch reported in area.

June 10 (9 to 10 p.m.) Alzada, Mont., area: 10,000 feet base of cloud, 3,000 feet terrain level.

Cloud: Showed considerable electricity and considerable turbulence was encountered near cloud base. No active updraft could be found that remained reliable enough for seeding.

No seeding attempted; cloud believed to be dissipating rather than building—could have been edge of previously seeded system.

June 12 (6 to 7 p.m.) 5 miles south of Alzada to Albion, Mont., area: 12,000 feet seeding level, 11,000 feet base of cloud, +5° C. at seeding level.

Cloud: Entire sky in west by obscured by a dark, high cover; buildup was not apparent over 15 miles away. Good vertical build and quite dark, no apparent lightning; light moisture falling behind frontal roll.

Seeding: Run started with both burners just under frontal roll and above main base of cloud. Relatively large "updraft area" which was strong and constant (1,000 feet per minute). After 10 minutes of seeding "updraft area" became smaller and much stronger—(wheels down, full flaps, and no power were needed to offset strength of vertical currents) for a period of 3 minutes; from this point on a strength of updraft continued to fade until none existed about 15 minutes later. Cloud moving northeast (same as winds aloft reports).

Evaluation: Excellent, based on color and size of cloud and strength of updraft.

Results: Onground reports indicated unusually strong winds prior to precipitation, the degree of wind strength seemed to correspond in area directly under varying intensities of updrafts encountered at seeding level. Air very stable in center of updraft, becoming quite turbulent on fringe area.

Precipitation: One-half inch measured 5 miles downwind from point seeding run started; 10 miles downwind from point seeding started received heaviest amount (estimated 2 inches) which corresponded to area over which strongest updrafts were encountered; from this point on (about 15 miles) precipitation amounts diminished.

Area: 25 miles long, 2 miles wide at beginning of precipitation area and 15 miles wide at end of precipitation area.

June 13 (6 to 7 p.m.) Bear Lodge-Sand Creek area: 8,000 feet seeding level, 4,000 feet terrain level, +12° C. seeding level, 75 percent humidity or better.

Cloud: At beginning consisted of several "buildups" with no definite system in evidence—several other minor "builds" in area; some showed light moisture falling.

Seeding: Updrafts during seeding run were indefinite, erratic and light to moderate. Seeding run was about 10 miles long. Cloud developed into a strong system at point 15 miles downwind from starting point.

Results: Precipitation measured 1 inch at Spearfish (15 miles from start of seeding run), 2 inches at Whitewood (35 miles from starting point).

June 25 (5 to 6:30) Alzada, Mont., to Orman Dam: 12,000 feet seeding level, 3,500 feet terrain level, +5° C. temperature, 10,000 feet cloud base. Humidity unknown.

Cloud: Good vertical build with heavy overhang; however, did not extend to ground on back side. Light moisture was falling from center of cloud. Not considered to be exceptional during climb and approach.

Seeding run: Good steady updraft was immediately encountered just above base and under frontal roll. Almost immediately after initiating seeding run, strength of updraft started increasing, frontal area widened, and cloud became very dark in center area. At point of strongest updrafts wheels down, full flaps, and no power was not sufficient aircraft-drag configuration to offset vertical velocities of updraft. Strong winds were noted on ground during seeding runs. Area seeded was about 10 miles wide and 30 miles long.

Evaluation: Very good, based on strength and the degree of development of system during seeding operation.

Results: 2 inches of moisture reported on Morgan Ranch 7 miles down area from start of seeding run; varying amounts from 1 to 2 inches for the next 30 miles were reported.

Footnote: Arnold Kolb picked up cloud in South Dakota and continued seeding operations at higher altitudes. Over 5 inches was reported in Arpan district some 40 miles from starting point.

Crew member and observer: Fred Cobb.

July 1 (12 midnight to 2 a.m.) Baroid, Wyo., to Newell, S. Dak.: 10,000-foot seeding level, 8,000-foot base of cloud, 3,000-foot terrain level, 10° C. seeding level. Humidity: Unknown. Weather Bureau forecast reported no chance of precipitation.

Cloud: Outward appearance of cloud as evident from lightning flashes did not show particularly large vertical build. Lightness between ground and base of cloud indicated the cloud was not particularly of dense formation.

Seeding run: Upon approaching cloud considerable difficulty was encountered in locating suitable updraft, and for approximately 15 minutes after seeding started, updraft was light and unreliable. However, from that point on and for the next hour the updraft continued to increase both in strength and in depth as well as across the face of the cloud. At point of maximum updraft strength, aircraft configuration required wheels down, full flaps and no power to offset vertical strength of updraft, in order to hold proper speed and altitude. At point that seeding run was terminated, the updraft had diminished to a point where it was considered inadequate for further seeding.

Evaluation: Considered good due to the increasing strength of updraft, the growth and build of cloud both in width and vertical height.

Results: The precipitation area at beginning of seeding run was approximately 3 miles wide which increased to a widening of approximately 20 miles at end of seeding run.

Rain measurements: Baroid, 0.50; Clarence Davis, 1.50; 20 miles downwind from original starting point of seeding run—at that point several reports of over an inch were turned in; Arpan, 1.75 (5 miles further downwind); Newell, 0.30 (approximately end of precipitation area).

Summary: 1.50 inches in precipitation area.

July 1 (4 to 5:30 a.m.) Belle Fourche area: 7,000-foot seeding level, 3,000-foot terrain level, +10° C. seeding level. Humidity: Unknown.

Cloud: Numerous small vertical thunder cells in area with nearly all bases joined by a base cover. No particularly large thunder cell activity was in evidence.

Seeding run: No constant or dependable updraft was encountered. However, several individual cells in the area were seeded for a period during which an updraft could be held.

Evaluation: Even though cloud cover indicated good moisture questionable results were anticipated due to lack of satisfactory updrafts which could be found or held for any length of time.

Results: Scattered points of precipitation area reported one-fourth inch to one-half inch. No general system in evidence nor was there any general precipitation area.

Footnote: The pilot was not aware of the above existing conditions early enough to allow for the aircraft to get to seeding position in time to properly work entire area. It is felt that if time had allowed, better results could have been obtained in target area prior to dissipation and movement of clouds out of area.

Summary: 300 square miles precipitation in target area; 400 square miles precipitation area; 0.50 inch average in precipitation area.

July 5 (11 a.m. to 2 p.m.) Ridge, Mont. to Sturgis, S. Dak. (Seeding run 100 miles long and an average of 20 miles wide; 2,000 square miles approximately seeding area.)

Seeding level varied from 12,000 feet to 6,000 feet lower level at end of run.

Terrain level averaged 4,000 feet.

Temperatures ranged from +12° C. to +5° C.

Humidity at freezing level which was 14,000 feet given by Weather Bureau as 89 percent.

Cloud: Upon approaching cloud it was of small makeup in area coverage. However, vertical build was good, as well as color and density. Cloud was moving northeasterly and was on the northwest tip of target area and considered to be moving out of area.

Seeding run: All seeding passes were made on the southeast corner of the cloud with hopes of building cloud in a southeasterly direction for the purpose of pulling it into the target area. It was realized after first few seeding passes that the cloud was building in that direction and the length of each seeding run thereafter was increased until it was realized that further widening of seeding runs would be unwise due to the potential color of cloud; very evident hail was in prospect. After 30 minutes of seeding second burner was lit in conjunction with first, mainly for purpose of holding down anticipated hail conditions. Both burners were used for approximtaely 20 minutes at which time one failed. At this time, due to vicious aspect of cloud, efforts were made to secure a second plane for assistance. These efforts failed, and operation of the one plane continued until the original burner failed due to exhaustion of fuel supply. At this time, 1 hour and 30 minutes of seeding had been accomplished and the cloud had grown to a width of 15 miles on the frontal side and had extended southeasterly for a distance of 35 miles. At this point seeding airplane proceeded to base for refueling. Upon arriving back to cloud, the frontal system had moved an additional 15 miles. Continued seeding under frontal roll of leading edge of cloud with no efforts toward widening cloud for fear of extending beyond possible control as far as hail suppression was concerned. This procedure continued for the next 70 miles southeasterly direction and solely in front of the cloud movement. Strong updrafts was in evidence along entire frontal width of cloud with steady and reliable conditions prevalent. Cloud in appearance was very dark, boiling with extreme dark visual conditions and hail possibilities were believed to be extreme. Back under base of cloud, several ground reports indicated funnel formations dropping out of base

of cloud. However, no ground damage was reported.

Evaluation: Good precipitation was anticipated throughout seeding area with fear of some hail damage.

Results: The entire area seeded resulted in measurements of from 1 inch to 2 inches in precipitation. No hail or wind damage was reported.

Footnote: It is believed that under this particular condition, and similar ones, that the cloud could be seeded on any side and that immediate build and precipitation of said cloud would thereby result. It is felt that this area could have been increased further had additional aircraft been available. The last half of this seeding run was primarily for the purpose of suppressing destructive hail conditions that were visually apparent. Precipitation area consisted of approximately 3,000 square miles. As previously stated, no damage was reported under seeded area. However, some hail and wind damage was reported to the southeast and approximately 15 miles beyond seeded area. Updraft and cloud condition still strong at termination of seeding run.

Official rain measurements after seeding operation:

Belle Fourche	1.12
Newell	.41
Sundance	.31
Alzada	.30
Orman Dam	.62
Spearfish	.32

Unofficial:

Tristate milling	1.20
Frankie Pearson (9 mi. NW. Aladdin)	1.40
Bob Stumpf (4 mi. NE. Belle F.)	1.60
Art Wennberg (5 mi. NE. Belle F.)	1.20
Joe Jones (Owl Creek)	.80
Jack McClure (25 mi. NW. Belle F.)	.20
Fritts Store (Whitewood)	1.20
Cheyenne Crossing (in 15 min.)	.60
Mrs. Bob Davis (10 mi. N. Belle)	1.30
Ted Helmer (7 mi. E. Belle)	1.50
Foot of Redwater Mill on 85 S	1.20
George Kiplinger (Indian Creek)	1.20
Bondurant (Fruitdale)	1.30
Galena	1.20
Custer Peak	1.31
Black Hills Airport	.80
Kling Drive-In (5 miles east Belle Fourche)	1.50
Minnesela	1.25
Clarence Davis	1.20
Jesse Jones (1 mile north Nisland)	1.80
Ed Dick (1½ miles east Nisland)	1.40
Loren Harper	.30
Hejde (Aladdin)	.70
Gordon Mowry (17 miles northwest Belle—in 22 minutes)	1.30
Rawl Robinson (between Colony and Alzada)	.90
Bus Field Airport	1.35
Hydro I	.58
Hydro II	.26
Hannah Pumping	.42
Vyrl Norman (2 miles southeast Belle Fourche)	1.35
Ernest Gutche (7 miles east Vale)	.70
(Since June 10 has had 6.30)	
Fred Norman (Nisland)	1.50
Harry Scoggins (Seely, Wyo.)	1.50–2.00
5 miles northwest Beulah	.50
Aladdin	.50
Mrs. Roy Foster (10 miles southwest Alzada)	.75

Damage reported:

Trace of hail at Fritts Store in Whitewood.

Hail reported at one place at north end of Bear Lodge north of Aladdin.

Hail reported at Aztec Hill (west of Lead on 85). It was reported later that some wind and hail damage occurred on Dick Ackerman ranch; this would appear to correspond both in time and area of the approximate time of aircraft refueling.

Additional crew member and observer: Alan Herbert, news director and analyst, KBFS radio station, Belle Fourche, S. Dak.

Summary: 2,000 square miles seeded, 3,000 precipitation area, 1,500 square miles precipitation in target area, 1.50 inches average coverage.

July 6 (8:05 to 10:15 p.m.) Hulett to 10 miles west of Frank Cochran two individual systems:

Cloud had considerable lightning and generally good updrafts; however, first system was small and updrafts proved to be unreliable. Second system has long frontal area with light updrafts. The night was unusually dark and therefore visual valuation of cloud could be made only during lightning flashes and therefore was difficult and inconclusive.

Seeding run: First system was seeded for about 45 minutes and second system for about 20 minutes at which time burner failed due to lack of fuel. Second burner was inoperative.

Evaluation: Moisture reports did not measure up to anticipated results—during seeding runs conditions seemed to be better than actual results indicated.

Results: 0.25 Harry Scoggin and south on Belle Fourche River, good rain but no measured amounts reported at Cochrans and to the northeast.

July 7 (12 noon to 2 p.m.) Warren Peak—Sundance—to 5 miles southeast: 7,000-foot to 8,000-foot seeding level, 4,000-foot to 5,000-foot terrain level, −10° C. temperature at seeding level, 14,000-foot freezing level with 80-percent humidity.

Cloud: Several cells visible on line from Warren Peak to Inyankara Mountain to Crow Peak; generally speaking, all cells joined at base. Some cells much stronger with more vertical build than others.

Seeding run: One burner was used throughout operation, starting at Warren Peak and moving northeasterly. Worked each individual cell in an attempt to locate a major updraft for entire system. Never located any condition in which updraft was of such strength as to indicate it fed any major system. However, from all appearances, it was believed that such a system did exist. Base of cloud shifted in position several times but at no time did it indicate any general movement. There appeared to be a shear-effect on the tops of the clouds above 25,000 feet to northeast.

Evaluation: Good results were expected because of density and obvious moisture content of clouds; however, it was felt that good, effective seeding had not been accomplished due to pilot's inability to locate a strong, reliable updraft for entire system.

Note: It was later learned that Arnold Kolb of Spearfish was working the same system at approximately the same time at 19,000 feet both around and through the vertical builds, using two burners.

Results: Official rain measurements after seeding operation (Government approved measuring stations:)

Sundance	0.55
Warren Peak	1.37

Unofficial rain measurements:

G. W. Plato (12 miles southeast Sundance)	1.75
3 miles south Plato	3.
Harry Reynolds (southeast Sundance)	3.10
Cement Ridge (near Plato)	.40
Straiter Clark:	
At house	.50
At end of field	3.

Summary: 375 square miles of precipitation in target area; 2 inches average coverage.

July 8 (1 to 3 p.m.) Warren Peak: Seeding level, 10,000 to 15,000 feet; terrain level, 6,000 feet; temperature at seeding level, 0–12° C.; freezing level, 13,500 feet with 80-percent humidity.

Cloud: Appearance of cloud during climb and approach thereto were exceptionally good; all conditions such as low base, good vertical build, average density and frontal roll all seemed to be present. Cloud covered Warren Peak as well as most of Bear Lodge Mountains.

Seeding run: At no time was an updraft encountered which was adequate to effect any degree of seeding from any position outside of the cloud; even though the entire area beneath cloud was covered as well as the area around the cloud at 12,000 feet, 14,000 feet, and 15,000 feet. Penetration of cloud was not considered feasible and was not attempted. Cloud area moved very little if any during flight periods.

Evaluation: No seeding accomplished, therefore no results expected.

Results: None reported.

July 9 (7:15 to 8:45 p.m.) from Harry Scoggins Ranch on a 10-mile width for an easterly course of 30 miles.

Cloud: Difficult to evaluate cloud or determine logical up-air area due to darkness; however, lightning flashes indicated several cells along frontal line which appeared to be close enough together for development of a major system.

Seeding: After about 45 minutes of seeding several small and unreliable updrafts under various cells a general up-air area was located and seeding continued in an easterly direction for about 45 minutes at which point burner failed due to exhaustion of fuel. Second burner was inoperative. Updraft was strong, reliable and extended across entire front of cloud. Cloud was carried approximately 5 miles to the east out of target area before burner failed.

Evaluation: Good results anticipated based on strength and size of updraft area, as well as growth thereof after seeding began.

Results: 0.80 Frank Arbuckle, 0.50 George Kiplinger, 0.30 Redwater and Highway 85, 0.40 Otto Erickson, 0.73 center of Nation, 1.20 5 miles north of Newell, 1.25 George Stetter, 0.17 rain and 1½-inch hailstones at Arpan (25 miles downwind from termination of seeding run), 0.70 and hail, Dave Widdoss (10 miles northeast of point seeding run was terminated).

Summary: 0.50 inches average precipitation in target area, 1-inch average precipitation east and out of target area, 400 square-mile target area, 1,000-square-mile total precipitation area.

July 10 (2:20 to 4:45 p.m.) from Harry Scoggins Ranch across northern tip of Bear Lodge to Baroid to Sturgis, S. Dak.: 11,000-foot seeding level, 3,500-foot average terrain level, 5° to 8° C. seeding level temperature, humidity: unknown.

Cloud: Several cells throughout area some of which showed light moisture falling; all cells had a thin flattening-out layer at base, which in some cases joined other such cell bases. Due to the partial base coverage at cloud level it was difficult to locate the area of major buildup. Clouds were believed to be moving east by southeast.

Seeding: Several cells with one burner were worked in order and area as above mentioned with no particularly strong up-air area encountered. At a point 5 miles northwest of Baroid and approximately 3 miles back under the leading edge of cloud cover a dome-shaped imprint of the cloud base was noticed; this area was about 3 miles in diameter. Such a condition in cloud base indicated an up-air area even though the location was considered unusually far back from lip of cloud. Upon penetrating this area immediate up-air was encountered, the

vertical strength of which, despite the fact that all power was out, wheels and full flaps were dropped, the plane was pulled into the cloud. An immediate heading for leading edge of system was picked up and breakout was effected within 3 minutes. From this point on frontal seeding in an unusually strong up-air area was effected for the next 40 miles.

Unusually strong winds were noted under leading edge of cloud rolls; reported above 50 miles per hour at Bus Field Airport. Two funnels were reported, one noted by seeding aircraft, one by Alzada Garage, no damage resulted other than some shingles that were pulled off the garage and some trees shredded on the river.

Alzada is 15 miles northwest of the up-air area and out of precipitation area—precipitation started at Colony about 3 to 5 miles to the east from point of main up-air encounter.

Evaluation: Good precipitation was anticipated under seeded area with feeling that strong hail conditions existed; and because of this factor, continued seeding beyond target area for approximately 35 miles was effected.

Results: 0.45 Frank Arbuckle, 1.50 Albion (official), 2 Earl Gaver, 1 Alvin Walker (with 1 inch of hail reported, north and west of Albion and 15 miles north of starting point of seeding run), 0.50 George Kiplinger, 0.90 1 mile west of Arpan, 0.10 Redwater and Highway 85, 0.30 center of Nation, 1.15 compressor station, South Dakota, 0.60 5 miles north of Newell, 1.50 George Stetter.

Summary: 900 square miles seeded, 1,200 square miles precipitation area, 500 square miles precipitation in target area, 1 inch average for area.

July 11 (5:30 to 6:30 p.m.) Sundance area; Loren Harper Ranch to southeast for 15 miles to Moskee: 8,500-foot seeding level, 4,000 to 6,000-foot terrain, 10° C. temperature at seeding level. Humidity: unknown.

Cloud: Small in area but it had good dark color at base with good vertical build; however, density and color lightened considerably from middle to top of build. Some rain was falling at rear.

Seeding: System was believed to be moving southerly and climbout was toward south side of cloud. Upon reaching front edge of cloud a steady and reliable area of up-air was encountered, although it was considered light (about 500 feet per minute). This area proved to be existing in a 5-mile width across cloud front.

A 20-minute seeding run was accomplished in the up-air area just above the base roll for a distance of 15 miles.

Evaluation: Darkness of cloud increased rapidly after start of seeding run whereas the vertical strength of up-air area increased only slightly; because of this and the relatively smallness of cloud a one-half inch of moisture would have been considered good.

Results: 0.50 Loren Harper, 0.75 Hubert Matthews, 0.32 Hydro No. 1, 0.23 Hydro No. 2, 0.08 Savoy, 0.10 Spearfish, 0.04 Sundance.

Summary: 0.50 inch average precipitation under seeded area.

DR. FRANK N. D. BUCHMAN

Mr. CASE of South Dakota. Mr. President, on Friday of last week, at Allentown, Pa., funeral services were held for Dr. Frank N. D. Buchman, who had passed away in Germany last week.

Dr. Frank Buchman was a man who had true faith in God. He believed that what is right is more important than who is right. He believed that faith and ideals are the ultimate force in human conduct. His message seemed utterly impractical to realists, but in practice it solved labor disputes in several countries and caused many Communists to change to policies of good will.

I shall never cease to admire the change which his disciples wrought in the coal miners of the Ruhr or in the restless youth of Japan.

Few men of our generation have done so much to moderate tension and promote good will as Frank Buchman.

Mr. President, I ask unanimous consent that an article may be printed at this point in the RECORD and that it be regarded as a part of the tribute to the life and work of Dr. Buchman.

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

THE RED THREAT IN BRAZIL AND THE COUNTERTHRUST OF MORAL REARMAMENT

(By Al Kuettner)

World communism has a highly organized plan for Brazil. It is to win control of northeast Brazil with the eventual goal of dividing north from south and turning the country into a huge Korea of the Western Hemisphere.

The ideological battle is spreading from Recife to the Amazon.

Communists already hold a number of key public offices and control many student groups. They effectively use widespread poverty, hopelessness, and moral corruption to win masses of peasants.

The total strength of the Communists in the northeast is difficult to estimate because the party operates illegally. But all responsible leaders acknowledge it is large and on the increase.

A member of the Recife City Council estimates there are 20,000 militant Communists in the Recife area alone.

Thousands of them regard Cuba's Fidel Castro as a hero. And a university-trained lawyer named Francisco Juliao, the leader of Brazil's peasant leagues, is looked upon as a "Robin Hood of the north" by masses of sugarcane workers.

Recife is a paradox city of glitter and squalor. University students led by Communist elements recently rioted there when their rector refused to permit the mother of Cuba's Ernest Guevara to make an address.

The Federal Government rushed tanks, troops, and a cruiser to Recife to put down the demonstration. The extreme show of force was planned to discourage a linkup between students and Juliao's peasant leagues which are heavily infiltrated by Communists.

At Vasco da Gama, a poor Recife suburb of many people, the parish priest says Communists have a big foothold. He attributes this hold to what he called the tremendous hatred and bitterness of the people.

The priest says, "The good people quit and do nothing. It doesn't take many Communists to win in a situation like that."

The Government has special security forces in the northeast, operating much along the lines of the U.S. Federal Bureau of Investigation. The forces check on trouble spots and agitators.

There are reports of guerrilla bands being trained in the hills and of arms being shipped in through one of the northern States flanking the Caribbean.

Juliao is a member of the state legislature and has his eye on a federal parliamentary post. He has at least 25 leagues militantly organized. And he recently wrote an article in a Communist-front publication that blasted Brazilian lawmakers and urged peasants to strike and to march on the cities.

Juliao was a special guest of Castro in May. He has been invited to return to Cuba with 100 Brazilians for the anniversary of the July 26 movement which propelled the Cuban dictator into power.

One of Brazil's top internal security officers described Juliao's magnetism. He said, "Juliao appears to promise everything. He tells the peasants, 'The land is yours.' "

MORAL RE-ARMAMENT EFFECTIVE

That was the situation when the Moral Re-armament force came to the northeast and set up advance headquarters in Recife.

On the night of July 1, I arrived in Recife as an American reporter planning to travel with the MRA force to see what was happening. I went immediately to the Recife football stadium where Japanese students, whose rioting prevented General Eisenhower from visiting Tokyo in 1960, were presenting their play, "The Tiger." The stage drama tells how they found an ideology superior to communism when they met Moral Re-armament.

A portable platform had been constructed in midfield at the 50-yard line. A navy band was playing martial airs, a huge crowd was packed on the field and into the stands behind.

I asked the president of the stadium to estimate the size of the crowd. He looked around, calculated for a moment, and said, "About 45,000." The chief of security forces who was with him added, "There has never been a demonstration like this in Recife."

I learned later that students who had been involved in the recent rioting were sitting peacefully in the stands with soldiers who had been sent to Recife to quell their demonstration.

In the following days this force fanned out through northeast Brazil. Appeals poured in for teams to bring films and plays into the interior and up the coast. Governors, the Recife City Council, priests, and sisters in charge of convents were among those making pilgrimages to ask for ideological aid.

One of the many whose appeal was answered was Father Severino, whose parish is the incredibly destitute Recife suburb of Vasco da Gama. A crowd of 6,500 men, women, and children stood for 3 hours to watch the Rio dockers' film, "Men of Brazil." Just before the film showing some of the MRA force were being introduced from a platform when all the lights went out.

The visitors were reassured by Father Severino. He explained that 82 families in the community had decided to give the light from their own homes so that there would be sufficient illumination on the stage. Standing on the muddy hillside of Vasco da Gama, I saw other lights winking out in the distance and soon there was enough fresh power for the stage lights to come on again.

On another night the force went with "The Tiger" to Jaboatao, another Recife suburb, known as "Little Moscow." By curtain time the auditorium was packed to the walls and people were outside hanging on to the window grills.

Two blocks away in the town square more than a thousand who could not get near the auditorium were shown "Men of Brazil." They stood in a drenching tropical downpour that burst during the showing.

AN IDEA TO LIVE BY BIGGER THAN COMMUNISM

You saw there in northeast Brazil in town after town a great hunger in the people for an idea to live by. You also saw a hunger, even among the Communists, for an idea to live by that was bigger than communism, and you saw that the ideology brought to them by Moral Re-Armament was instantly appealing and challenging.

It also came crystal clear to me as an American that economic aid, while desperately needed in areas like northeast Brazil, will be completely ineffective without an ideological thrust of the boldness and dedication being demonstrated there by the advance of Moral Re-Armament.

This fact was brought home vividly to the American consul in Recife who told me, "I have seen this work of Moral Re-Armament in other parts of the world, but never with such effectiveness as here. It is without doubt the most politically significant thing that has happened in northeast Brazil in a long, long time."

On the weekend of July 8 the main MRA force boarded two Brazilian Navy corvettes and sailed for visits to coastal towns between Recife and Belem, on the mouth of the Amazon.

General Bethlem and others had an audience with President and Madame Quadros in Brasilia just before flying in Air Force planes to join the force at Joapasoa, the port of embarkation.

"It is a tremendous job you are doing—an extraordinary work," the President told General Bethlem.

PRICE STABILITY AND THE ECONOMY

Mr. GORE. Mr. President, during much of the post-World War II period our economy and our people have been plagued by persistent inflation of sizable proportions. The elderly have seen their retirement annuities decrease in value. Those who have accumulated savings in the form of life insurance policies, Government savings bonds, and bank deposits have been forced to stand by helplessly as these savings year by year represented less and less in goods and services which they could purchase. Not only have individuals suffered, but the regular savings streams have been diverted to other channels, and interest rates have been pushed up by monetary authorities with the consequence that the small enterprise has had great difficulty in obtaining funds necessary for growth.

The story is all too familiar and perhaps a recital of these facts will serve no particularly useful purpose at this time except to manifest our awareness of the fact and fear of inflation.

Of course, during a part of the postwar period there have been unusual stresses and strains on the economy. At the conclusion of World War II, the economy was highly liquid and pent-up demand was strong. The unwise, doctrinaire, and overly hasty removal of wartime controls in the face of this demand and liquidity led directly to the first big inflationary jump.

The Korean conflict and the economic dislocations associated with it posed a second rather unusual threat to price stability. Here we got our second big round of inflation.

The cold war has, of course, been very much with us since the conclusion of the Korean conflict. But it would appear that the price structure has finally pretty well adjusted to this situation, demanding, as it does, large and indefinite expenditures for defense and foreign aid, although the relative price stability we are now enjoying has been accompanied by high unemployment.

Certainly, for the last 3 years we have had relative price stability. The wholesale price index for all commodities in 1958 stood at 119.2 and in June 1961, it stood at 118.2. The consumer price index has advanced only 4 percentage points in 3 years for an average of about 1 percent per year, which is certainly not unmanageable. This is in part attributed to the fact that many commodity prices have fallen during the past 3 years, which, in turn, has put our farmers in an economic squeeze. But this latter is a subject in itself with which I will deal at another time.

This stability should be a matter for self-congratulation on the part of all of us, on the whole, although many of us are displeased over the accompanying high unemployment and high interest rates. It may seem somewhat odd, then, to some, that I and many others in Congress should now be concerned over price inflation and be here today to express our fears of a renewal of general price increases. There are, however, already, a few tremors in the various indexes and there are now coming into play certain very specific threats to continued price stability. It appears to me that the time to act to prevent these incipient forces taking hold is now. Should the U.S. Government choose to sit idly by in the face of this clear and present danger, we may find ourselves, by the early months of next year, caught up once more in the stifling coils of yet another inflationary spiral.

As I see it, there are three specific conditions which now exist and, which, acting in concert, could well begin again to push up prices sharply.

The first of these three conditions is the deficit at which the Federal Government is now operating and at which it will continue to operate through the current fiscal year. Berlin and other foreign crises may indeed push the 1962 deficit even higher than now predicted. When the Federal Government pumps more money into the economy than it takes out, particularly if these extra funds are in turn quickly respent by the companies and workers receiving them, prices are likely to be nudged upward. This upward swing will not necessarily occur, particularly during a recession when overall demand is already low, but it would appear that our recent recession is well on the way out. Of course, under current conditions of high unemployment and underutilization of productive capacity, a deficit of currently predicted magnitude, in itself, is not inflationary.

The second condition which appears now to exist, and which generally poses a threat to price stability, in a rapid recovery from recession. Most of the indicators show that the business recovery which began in the spring is continuing strongly. This recovery, together with the deficit, may well operate to increase overall demand sufficiently to push some prices up and provide the stimulus or excuse for prices which might be arbitrarily pushed up.

The third condition, which fortunately has not as yet been realized, but which could become powerful overnight, is an anticipatory or scare-buying psychology, such as was much in evidence in the early days of the Korean action. Should such a psychology become activated, demand could be erratically, drastically, and unpredictably heightened.

It now seems certain that the first two conditions I have mentioned are beginning to be felt. We may well measure their full force on the price index scales by December. Should the fact of inflation become apparent, the fear of that self-nourishing giant may bring the third condition into play, regardless of foreign developments.

There are several views of inflation, none of which are necessarily contradictory, and some of which may apply in part to the problem at hand.

Some view inflation from the standpoint of monetary policy. Certainly, there have been periods of ruinous inflation, when so-called printing press money was much in evidence. In all such cases, however, there were other factors which led to a breakdown of the economic system and usually the political system. At this time we face no problem which could remotely be attributed to an excess of money or money substitutes in circulation.

Our money supply in recent years has been allowed to increase much more slowly than it should have in order to keep pace with, and facilitate, a growing economy. In fact, this is one of our serious growth and employment problems; but this is a different subject, which I shall not pursue at this time. Suffice it to say that our money supply has been increased only about $1 billion since 1958, while the gross national product has grown by some $70 billion.

Second, there is the classical view of inflation characterized by excess demand. This is often expressed by the phrase, "Too many dollars chasing too few goods." This type of inflation may be viewed as demand-pull. As I have pointed out, conditions which now exist point toward a rise in demand to as yet unpredictable levels.

A third view of inflation, and one which has been much discussed during this postwar period, is cost-push. There are very real grounds for considering cost-push inflation the villain of the postwar price drama. More and more industries appear to have fallen under the domination of big threes, on the one hand, and powerful labor bargaining organizations, on the other. Under such conditions, costs and prices can be pushed up almost at will. In the artificially administered price area characterized by steel, aluminum, and cement, for example, prices have repeatedly been raised.

Regardless of the view which one may take of inflation, and regardless of one's feelings as to the morality, legality, or propriety of price fixing, it is not possible to minimize the effect on our economy as a whole of increases in basic commodity prices, particularly steel prices.

The influence of steel prices on all other price indexes has been demonstrated many times; but in no instance, perhaps, has this influence been more clearly demonstrated and documented than in the report on "Employment, Growth and Price Levels," prepared in

1959 for the Joint Economic Committee, under the staff direction of Dr. Otto Eckstein of Harvard. This study proved beyond reasonable doubt that administered prices played the key role in the inflation of recent years. A few nights ago it was my pleasure to have Dr. Eckstein as a guest, together with some 20 or more of my Democratic colleagues in the Senate, for a roundtable discussion of the threat of inflation posed by the conditions to which I have already referred. I think all present considered it a most rewarding evening of discussion.

Competent studies have shown that during the period 1947–58, 40 percent of the rise in the wholesale price index was due to the fact that steel prices were pushed up faster and farther than the average of all other commodity prices.

The importance of steel in our price structure can hardly be overestimated. Not only is steel a truly basic commodity upon which most of our industrial capability depends, but steel prices also have an enormous psychological effect. The price of steel is traditionally one of the bellwethers of our economy. The raising or lowering of steel prices in itself not only triggers percentage price markups all the way to the retail outlets, but it creates a psychological climate which is carried over into the price-making process in other industries.

Steel wages are a bellwether, too, and should not bound above proper and reasonable comparable levels. By refraining from raising prices of steel in October, the steel companies would improve their bargaining position when wage negotiations are again undertaken in 1962. This type of hold-the-line attitude will also be felt in other industry wage negotiations, particularly those pertaining to the automobile-manufacturing industry.

Not only is steel important to our whole domestic economic structure, but it also has played a significant part in our balance-of-payments difficulties. From 1953 to 1958, U.S. iron and steel export prices rose 20 percent more than the rise in the export prices of our foreign competitors. During the same period, our share of world exports of steel fell from 18 to 12 percent.

Perhaps no one would quarrel with the emphasis I have laid on the importance of steel and steel prices in our domestic and international economy, but some may wonder at the concern which I and others now feel and express over a threatened increase in steel prices. These prices have been steady, as I have said, for about 3 years, the last increase having occurred in August 1958.

My concern at this time stems from the fact that on October 1 of this year, an increase in steel workers' wages is scheduled to become effective. Though the size of this incremental raise may not justify a price increase, we stand warned by the fact that in the past, when steel companies have granted a wage increase, prices have more often than not been raised to a level which far more than compensated for the increased cost of production brought about by such a wage increase.

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

Mr. GORE. I yield.

Mr. MOSS. I have been following the interesting remarks the Senator is making on the problem or threat of inflation with which we are faced, and particularly his remarks concerning the price of steel.

The trade publications in the steel industry have made it rather clear, it seems to me, that there will probably be an increase in the price of steel by $4 or $5 a ton shortly after the first of October, when the wage increase goes into effect.

It might not appear that a $5 increase should be a matter for deep concern. The price of a piece of equipment or machinery which has only a few pounds of steel in it should not be materially affected by such an increase in the cost of the steel going into it. This point has been repeatedly argued by spokesmen for the steel industry.

Mr. Roger Blough, testifying before the Kefauver committee in 1957, stated that the effect of an increase in the price of steel on the general price level was slight. He stated, for example, that the cost of a farm tractor would be increased by only $5.20 as a result of the $6 per ton increase in the price of steel which had just gone into effect.

As a matter of fact, this is not the case at all. There is a snowballing effect which pushes the price of finished products far above the few dollars which might be indicated by the weight of the steel going into such products.

A very interesting article in the Wall Street Journal covered this point very well when the effect of the 1958 steel price hike was being discussed in the press.

According to this article, a manufacturer of tractors explained how a steel price increase affected one model in his line. Immediately after the steel hike, prices of stampings from a supplier went up 4 percent, too. Forging shops raised prices. Machine shops passed along the increase. Components such as wheels, hydraulic systems, and axles arrived with higher price tags. Where costs of that tractor totaled $1,800 on July 1, several months later they were $1,875. Of course, it is customary to add a markup on machinery at the dealer level.

Mr. GORE. Percentage markup.

Mr. MOSS. That is correct; percentage markup.

Taking this into account, the customer who would have paid $2,338 for this farm tractor before the steel price increase would have to pay $2,435 for it shortly thereafter.

This illustrates how a chain reaction is set off by a price increase in steel. By raising the price of steel only $6 per ton, the price the farmer had to pay for his tractor was pushed up by $97. This is not inconsequential. It is not unimportant to the overall price structure.

Mrs. NEUBERGER. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mrs. NEUBERGER. How much steel would the Senator estimate there would be in a tractor? A ton?

Mr. MOSS. Something less than a ton of steel.

Mrs. NEUBERGER. So let us estimate half a ton, which would mean an increase of only $3. Therefore, is it not a fact that for a $3 increase in the cost of steel, the farmer pays $97?

Mr. MOSS. The point is well made. It has the snowballing effect I was referring to, because steel goes into all fabricated parts. The price of each goes up. Then the price of the dealer or the salesman increases, which results in the increase of $97 to which I have referred, on a relatively small amount of steel.

Although, as I have said, steel company officials have often claimed that the price of steel had little to do with the ultimate price to the consumer of finished goods, the Wall Street Journal concluded, after making a survey of metal-using companies, that few steel users agree with the inconsequential effects of price rises for the metal.

Former Secretary of the Treasury George M. Humphrey, in testifying before the Senate Finance Committee in 1957, referred to an increase which had just occurred in the price of steel. He went on to say, "I think that that will contribute to costs pretty well over a rather large area of the economy, to an increasing cost." I would certainly agree with Mr. Humphrey on that point.

It seems to me that it would be most unfortunate if another cost-push price spiral were started at this time by a nudging upward of the price of steel.

Mr. GORE. I thank the Senator for his able observations. I own an interest in a small rural hardware store. It happened that I was by the store shortly after the last increase in the price of steel was announced. My partner, who runs the business, showed me quotations, some of them by wire, immediately after the increase in the price of steel had been announced by the steel companies. There were increased quotations on metal lawn chairs, barbed wire, nails, hammers, saws—every metal item in that store would immediately cost more to replace. As the Senator said, the price has been pyramided by the various percentage markups which are compounded. Does not the Senator think there is also a psychological effect involved; each man tends to mark up the price a little more, to keep himself whole?

Mr. MOSS. Yes. I think experience will show that when there is a break in the line, as it were—and steel is the bellwether of most of our fabricated products—as soon as the price moves up, every other fabricator and supplier takes action to move his price up, and he moves the price at a little higher level than the price below necessitated, because he sees an opportunity to expand his income a little. After all, we operate under the capitalistic system, and each manufacturer is trying to supply goods and make a profit, and he wants to make as much profit as he can within the competitive market. They all tend to move up, one pyramiding on the other, and it is the consumer, the fellow on the other end, who is confronted with a tremendous increase in price. That, as the Sen-

ator is so well expounding, is the basis of a great deal of our inflation.

Mr. GORE. I am most grateful to the distinguished Senator for his observations.

A careful review of the past shows that steel company executives have established something of a ritual when the time for administered price increases is upon them.

Repeatedly, steel company executives have begun, months in advance, to prepare the public for a price rise. As if by habit—never collusive understanding, of course—steel company executives utilize their trade publications, particularly the magazines, Iron Age, and Steel, as a medium of communications in their mock sparring to determine which company will take the lead and how far it is safe to push up the price. It almost reminds one of the mating season dances of the Gooney birds.

Consider the situation, for instance, in 1958. The buildup at that time, preliminary to the price increase which was to come in August of that year, was something to see. Moreover, it bears many disturbing resemblances to what has been going on this year.

In May of 1958, various steel company officials were interviewed by the press while attending the annual meeting of the American Iron and Steel Institute. Mr. R. L. Gray, president of Armco, said that his company would "have to raise prices when wages go up, regardless of what others do." Mr. Charles M. White, chairman of Republic Steel, said that prices should go up.

Following the annual meeting, various officials began the signaling ritual on the twin tom-toms of Iron Age and Steel. In June of 1958, the trade press speculated on a price increase. From Iron Age for June 26, 1958, we note:

> From a practical standpoint, no other major steel company can replace the United State Steel as a price leader. No other steel firm will announce a price increase July 1 if United States Steel does not.

Interestingly enough, one rather small company, Alan Wood Steel Co., tried to jump the gun. Mr. Wood announced a price increase to become effective July 7, 1958, but stated:

> We realize that our company is too small to maintain a price level different from that of our large competitors. In the event the other steel producers do not change their prices by July 7 * * * we have no alternative other than to be competitive with their prices.

It so happened that United States Steel was not ready and Alan Wood was forced to cancel its announced price increase. Steel quoted A. L. Adams, president of Jones & Laughlin, as stating that it would be "commercial suicide" to increase prices without a comparable increase by United States Steel.

Mr. Hood, president of United States Steel, then issued a statement which was interpreted by steel "as a plea that some other company should take the pricing initiative."

Just a week later, steel passed the word up or down as the case may have been, that if United States Steel did not increase prices by mid-September, one of the other big companies would. On July 29, Armco did. On July 31, United States Steel and the others announced that they would move up prices to match the increased prices that had been announced by Armco. The dance was over. Time for the customers to pay, and to pay identical prices to every steel manufacturer.

What has happened now in 1961? Events and actions have closely paralleled those of 1958.

In May of 1961, at the annual meeting of the American Iron and Steel Institute, we find somewhat the same pattern of discussion as occurred in 1958. Referring to the wage increase scheduled for October, Mr. Arthur B. Homer, chairman of Bethlehem Steel, said, "That will be the time when things will come to a head." Mr. Thomas F. Patton, president of Republic Steel, Avery C. Adams, chairman of Jones & Laughlin, and Alwin F. Franz, president of Colorado Fuel & Iron, according to the New York Times, spoke of the need for price increases.

Again, in 1961, statements subsequent to the meeting followed the 1958 pattern.

Iron Age for June 8, 1961, spoke of "outright statements and persistent rumors from industry sources that rising costs require a price hike." Steel, in its July 10, 1961 issue, warned steel buyers to be on the lookout this fall for "a probable increase averaging $4 to $5 a ton in base prices of selected forms around October 1."

The Wall Street Journal on August 7 stated that "steel men recently have been implying they are determined to try some price increases this fall."

The pattern of 1958 is thus being repeated in 1961. It is often said that history does not repeat itself, but the weight of the evidence makes it all too clear to me that the steel companies will push up their prices by about $5 per ton shortly after the first of October unless something is done to restrain such action.

Such a price push would, as I have stated, coming at a time of increased overall demand, sizable deficits and world tension, have a most undesirable effect on our whole price structure.

One question which often arises, and which might logically arise at this point in this discussion, concerns the equity involved in steel pricing. Do the companies now require an increase in price to earn a fair rate of return? Is a price increase justified from the viewpoint of the stockholders of the steel companies?

Of course, as soon as anyone asks the above questions, he perforce admits that steel prices are, in fact, not set by competitive forces of the market, but by arbitrary arrangements made among the managers of the large companies. Adam Smith's unseen hand does not guarantee a fair return on investment, or even an equitable price.

But what are the facts? Given the existing situation which does, indeed, allow the steel company managers to set prices, do existing and projected circumstances require or warrant a price increase?

The most obvious place to begin is with the wage increase. Will the October 1 wage increase mean that the companies will make less money during the fourth quarter than they are now or have been making during the past two quarters?

According to information which has been furnished me by the Council of Economic Advisers, at my request, the rate of return for the steel industry during the fourth quarter of 1961 will likely be equal to the average of the last 14 years, which is 10.5 percent, after taxes. This figure is projected on the basis of the scheduled wage increase but with no price increase at all.

An examination of all the facts up to this point convinces me that there is a plan afoot for the steel companies, acting in concert, as they have acted in concert many times in the past, to raise the price of steel by an appreciable amount sometime this fall. Furthermore, it would appear that market forces will not bring about, nor will they justify, this increase. The steel companies are already getting a good rate of return on low levels of production. They neither need nor deserve higher prices and greater rates of return.

This leads directly to the conclusion that a price rise should be prevented. The public welfare demands its prevention. The real question is how to prevent such a rise within the framework of our free enterprise system.

The Government of the United States is not helpless, by any means. There are several possible courses of action which ought to be, and can be, pursued.

First, the President of the United States is possessed of great powers, both legal and moral, if he will but use them. Much can be done by a President who is determined to protect the public interest. Backed by the majority of the Congress, as President Kennedy is, much can be accomplished by moral persuasion alone. Few leaders of industry or labor will defy a determined and positive President. Should the President, speaking for the national interest, meet recalcitrance, he may pursue several courses of action, including bringing to bear the vast weight of public opinion.

Second, the Federal Trade Commission, with a vigorous new Chairman, could move to police the steel industry according to the mandate laid down for it by the Congress. There is now in effect an order handed down by the FTC in 1951 which, it seems to me, would be violated by a uniform price increase, and which has been, in fact, violated repeatedly in the past. I say this order is in effect, and should be in effect. This order has been promulgated, and it should be enforced. No specific Presidential action should be necessary to activate the Commission, but Presidential direction would help.

Third, the Antitrust Division of the Department of Justice can get busy, or be activated by Presidential direction. During the past several years, the Division has not been overly active in the steel area, although its conduct has been praiseworthy in some other respects. It has been claimed that Justice needs additional powers to require companies to

produce certain records. If so, let the administration request it. The Congress can grant such authority, and I believe it can do so quickly. It may well be that the large steel companies can and should be broken up into smaller units so that true competition, including price competition, may be restored. Such action may well prove necessary to restore the existence of free enterprise in the steel industry.

Lastly, if all else fails, steel prices can be brought under utility-type regulations much as various Government agencies now regulate prices in other fields characterized by monopoly control such as railroad, air, truck, and bus transportation, pipelines, and many other fields. Few would want to do this, but it may be necessary. The public and Government must not stand idly by and be victimized by either big business or big labor, or both.

A stable price structure is essential to our strength and progress. This stability cannot be maintained if the price of basic metals is pushed up.

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

Mr. GORE. I yield.

Mr. DOUGLAS. I congratulate the Senator from Tennessee for his very able speech, in which he has pointed to perhaps the greatest economic danger in the months which lie ahead.

I have had prepared two charts based on the studies of the Temporary National Economic Committee prior to World War II, and also the hearings before the Kefauver investigating committee, which in turn are based upon figures drawn from the reports of the Federal Trade Commission, Moody's Industrials, Financial Reports, and a publication of the United States Steel Corp. itself. I think the results are quite interesting. If Senators will consider the United States Steel Corp., which is indicated in the first chart, the lower line indicates the relationship between the rate of return on investment after taxes and the percent of capacity which is operated. That line shows in general that so far as United States Steel is concerned, its break-even point prior to 1950 was somewhere around 38 or 40 percent of capacity. That is, if it produced up to 38 or 40 percent of capacity, it did not lose money, and thereafter, of course, its profits increased as the operating rate increased. If it was operating at 70 percent of capacity, the rate of return was approximately 6½ to 7 percent. If it was operating at 80 percent of capacity, the return was approximately 9 percent, and if at 90 percent of capacity, about 11 percent.

Since the Korean war there has been a very great increase in the efficiency of United States Steel, which is shown by the second line, covering the years 1955 through 1960, because at the same rate of utilization the profit rate tends to be 3¾ percent higher. For example, at 60 percent of capacity, the profit rate prior to the war was less than 5 percent—around 4½ percent—but if Senators will note, after the Korean war, profit was over 8 percent at 60 percent of capacity. At 70 percent capacity, the rate of profit, instead of being 7 percent as before the war, was over 10 percent in the recent period. At 80 percent capacity, instead of there being a 9-percent rate of profit, it would be over 12 percent, and so on.

So there is no dispute that United States Steel has been much more efficient during the past 10 years than it was prior to the war. Prior to the war perhaps it was not the most efficient company in the steel industry, but certainly now it is much more efficient than the average.

I invite the attention of Senators to the second half of the year 1959. That was the year of the great steel strike.

The company was almost completely shut down for a period. Yet during the second half the company broke even. If Senators will take the average for the last half-year as a whole, it will be seen that the company was operating at only 30 percent of capacity, and at zero capacity for the last months in the year. The average for the 6 months as a whole was only 30 percent of capacity. Yet the company did not lose money, which indicates that the break-even point, which was around 38 to 40 percent prior to the war, has probably shifted back to 30 percent or even less. In fact, the 1955–60 experience would indicate a break-even point below 28 or 30 percent of capacity.

Senators will note also from the chart the relatively high profits during the postwar period. For example, in 1955, after taxes, operating at 90 percent capacity, the profit rate for United States Steel was between 14 and 15 percent on invested capital. Not only was there more invested capital, but the rate of return was higher.

In 1957 the profit rate after taxes was over 14 percent, with approximately 85 percent utilization. So there is every indication that big steel or United States Steel has been doing extremely well, even though there has not been full use of its capacity.

If Senators will turn to the second chart, which deals with the steel industry as a whole, they will notice that on that chart, as well as on the chart previously referred to, the horizontal axis measures the percentage of capacity and the vertical axis covers the percentage rate of return on the invested capital, and that that rate of return is computed after taxes. Senators will notice on that chart that the probable break-even point before the war was around 40 percent—which is very similar to the experience of United States Steel—and that when the plants were at 70 percent of capacity, the rate of profit was around 7 percent; at an operating rate of 80 percent of capacity profits after taxes were a little over 9 percent. But notice that after the Korean war there was an increase, though not as great an increase as in the case of United States Steel. At 60 percent capacity prior to the war, as I have said, the profit rate was a little less than 5 percent, but after the war it has been around 7 percent.

In other words, at the same percentage of capacity, the profit rate moved 2 percentage points up on the scale, indicating that the steel industry as a whole and not merely United States Steel has advanced.

My own conclusion from these charts—and incidentally I am indebted to the staff of Senator KEFAUVER's committee for their work in preparing these charts—is that the steel industry has been doing extremely well in the last 10 years and its profit rates after taxes have been quite high. If they wish to get more profit, I would suggest to them that they might cut prices and get a greater degree of plant utilization. However, this they do not seem to want to do.

United States Steel has been the price leader in this industry. It will lead off, and the others will follow, under the basing point system that exists all over the country.

While they got Armco to lead off in 1958, no one was fooled as a result. Armco knew that if they led off, the steel industry would follow. So that was really a disguise intended to conceal the real initiative.

The Senator from Tennessee has performed a real public function by bringing these matters to the attention of the country. My only regret is that the charts cannot be reproduced in the CONGRESSIONAL RECORD. I hope what the Senator has said may be given wide circulation.

Mr. GORE. I thank the Senator for his able interpretation of the charts, which, as he has said, have been prepared by the staff of the subcommittee headed by my distinguished colleague, the senior Senator from Tennessee [Mr. KEFAUVER]. These charts indicate that with the increased demand anticipated for the last quarter of this year and next year, increased plant utilization is inevitable. I ask the distinguished Senator whether that would not indicate, at least to the owners of the steel mills, a most desirable situation.

Mr. DOUGLAS. That is quite true. It seems to me to be true that a 10 percentage points increase in utilization will raise the rate of return by about 2 percent. So that if their earnings have been 8 percent, a 10 percentage points increase in the utilization of their capacity would raise the profits to 10 percent, and a further 10 percentage points increase in utilization would raise the profits to 12 percent.

Mr. GORE. I thank the Senator.

Mr. CLARK. I wish to congratulate the distinguished Senator from Tennessee and the Senator from Illinois for the clear exposition they have given of the importance to our economy of steel prices and production. The relative prosperity of the steel industry and recent production trends throw doubt on the justification for any increase in steel prices this fall.

We are all aware that of the administered price industries, steel is the most important and most significant. It is also the most powerful.

We are all aware of the importance of price stability as laid down in the Employment Act of 1946. We are all aware of the great importance of not getting into another wage-price spiral, which

could undermine the recovery that we are now enjoying, and send us off on another inflationary binge.

The two Senators have made a great contribution to clarifying the thinking on this subject, not only in this body but also throughout the country in general.

There are a few points which I would like to add to the argument, though I would be happy to yield to the Senator from Missouri if he cares to have me do so. I ask unanimous consent that I may yield to the Senator from Missouri so that he may propound an inquiry to the Senator from Tennessee, without my losing my right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered.

Mr. SYMINGTON. I would have been glad to ask the same questions of the Senator from Pennsylvania.

Mr. CLARK. I probably could not answer them as well.

Mr. SYMINGTON. I wish to congratulate the Senator from Tennessee for the able way he has brought this subject to the floor of the Senate and in that way to the attention of the American people.

As I understand, cost which is fundamentally what we are talking about consists of labor, material, overhead, and profit, and sometimes a royalty. To the best of my knowledge that is what costs consist of; and with rare exceptions, theoretical cost is figured on the basis of overhead, variable overhead combined with fixed overhead, being a percentage of direct labor.

In general, fixed overhead remains the same regardless of volume—but variable overhead naturally changes per ton of steel produced—I have produced many tons of steel in my life. The more the production, the more units are available over which to spread the actual dollars of fixed overhead—and therefore, the lower the actual cost as against estimate.

That being true, a manufacturer often can make just as much money by overabsorbing his estimated overhead as he can by raising his prices. Is that not correct?

Mr. GORE. I dare not undertake to express views on large successful business operations, as may my distinguished colleague from Missouri, who, before disposing of his investments in private industry, was a marked success.

Mr. SYMINGTON. The Senator is very kind, as well as able. I understand he has not done so badly.

My point is that, inasmuch as we know we are entering a recovery and we know, therefore, that any theoretical estimate of fixed overhead per unit of production, as volume increases, will be reduced; therefore, an amount of the estimated overhead will actually turn into profit.

I am sure that my distinguished and experienced friend from Illinois would agree, with his vast knowledge of the subject of economics.

The point I want to make is that, whereas there might be some justification, if business were sliding off in any serious fashion, for raising prices, there is no justification to raise prices when there is assurance of at least as much, if not more, future volume.

Mr. GORE. May I put it another way?

Mr. SYMINGTON. I wish the Senator would. I am impressed by his presentation.

Mr. GORE. If a manufacturer is operating at a low rate of utilization of his plant and facility, he may find it desirable, in a monopoly controlled situation such as steel, to increase the price, rather than lose money. However, when there is in prospect a greatly increased demand, as there is in the next quarter and in the next year, then there is no justification for increasing the price in order to avoid a loss. Indeed, increasing the price on top of an increase in production multiplies the profit.

Mr. SYMINGTON. No question about it.

Mr. DOUGLAS. It seems to me to be true for the industry as a whole and for United States Steel that if their percentage of capacity utilized increases by 10 percent, the rate of profit, after taxes, upon invested capital, rises by 2 percent from approximately 8 to 10 percent to 10 to 12 percent. This seems to be, roughly, the quantitative law.

Mr. President, I ask unanimous consent to have printed at this point in my remarks a table entitled "Steel: Relationship Between Operating Rate and Rate of Return on Net Worth After Taxes."

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

Steel: Relationship between operating rate and rate of return on net worth after taxes

Year	Steel industry		United States Steel	
	Operating rate	Rate of return	Operating rate	Rate of return
1920	76.7	12.1	86.2	11.5
1921	34.9	2.2	48.3	4.3
1922	61.7	3.8	70.9	4.6
1923	77.3	9.4	89.1	10.9
1924	64.6	6.5	72.2	8.4
1925	75.4	7.6	81.7	8.6
1926	84.1	9.3	89.1	10.1
1927	75.4	6.6	79.8	7.4
1928	84.6	8.4	84.6	9.0
1929	88.7	12.1	90.4	12.6
1930	62.8	5.1	67.2	5.8
1931	38.0	−.3	37.5	0.7
1932	19.7	−4.5	17.7	−4.1
1933	33.5	−2.2	29.4	−2.2
1934	37.4	−.7	31.7	−1.3
1935	48.7	1.4	40.7	.1
1936	68.4	4.8	63.4	3.8
1937	72.5	7.2	71.9	7.0
1938	39.6	.3	36.4	−.6
1939	64.5	4.2	61.0	3.1
1940	82.1	8.2	82.5	7.5
1947	93.0	11.8	96.7	10.0
1948	94.1	14.4	93.8	10.6
1949	81.1	11.8	82.5	9.6
1950	96.9	15.3	98.2	12.3
1953	94.9	11.2	98.4	9.9
1954	71.0	9.4	73.2	8.3
1955	93.0	14.7	90.8	14.8
1956	89.8	13.2	85.2	12.8
1957	84.5	12.4	85.2	14.3
1958	60.6	8.1	59.2	9.7
1959	63.3	8.1	58.3	8.0
1959, 2d half	(1)	(1)	30.0	0
1960	66.8	7.8	65.1	9.2

[1] Not available.

Sources: Joint Committee on the Economic Report, "Basic Data Relating to Steel Prices," 81st Cong., 2d sess., 1950; AISI, Annual Statistical Reports; Federal Trade Commission; United States Steel, "Basic Facts" (pamphlet); Moody's Industrials.

Mr. SYMINGTON. Mr. President, the comments and the figures of the able Senator from Illinois are most interesting. Some 2 years ago, I suggested to the head of United States Steel that he state the industry did not intend to raise prices, and that at the same time he ask there be no wage increase. He said he did not feel that could be done, because to do so, in effect, would be price fixing. I could not follow his reasoning at that time; now today, if there is to be general agreement on increasing prices, it seems to me there would be as much danger of a violation as would an agreement not to raise prices, because an agreement is an agreement. That is another reason why I am particularly pleased the able Senator from Tennessee has raised this question.

Everyone knows the core of the American economy, the greatest industrial complex in world history, is the steel industry. If prices of steel are raised, prices of automobiles, that industry which comprises the largest production in dollars, must go up; and the prices of just about everything else will go up. The junior Senator from Tennessee today has performed a public service.

Mr. GORE. I thank the Senator from Missouri. I may say that before he entered the Chamber, I had called attention to a study which showed that 40 percent of the general price increase in the 1955–58 period was attributable to the fact that the price of steel increased at a greater rate than the price of all commodities. We have that study and those statistics and facts to go by. Also, as the distinguished Senator from Utah [Mr. Moss] has pointed out, a study showed that a $5 increase in the cost of a ton of steel resulted in a $97 increase in the cost of a tractor which used, perhaps, half a ton of steel.

Mr. SYMINGTON. I look forward to reading that part of the colloquy.

Nothing is more influential than the record. In Philadelphia in June of 1959, I presented the dangers incident to raising the price of steel in a period of what might be called good business. I believe the figures will show that despite the fact that there was no strike in the steel industry in 1958, but a strike of some 109 days in that industry in 1959, the profits of the group of leading steel corporation in 1959, even though they were struck for more than a quarter of a year, were greater than the profits of the same companies in 1958.

I thank the able Senator from Pennsylvania for yielding.

Mr. CLARK. Mr. President, I ask unanimous consent that I may yield to the Senator from Wyoming [Mr. McGEE] and then to the Senator from Minnesota [Mr. McCARTHY], in order that they propound questions to the Senator from Tennessee, without losing my right to the floor.

Mr. SYMINGTON. Mr. President, I noticed yesterday that the able Senator from Pennsylvania is quite capable of preserving his right to the floor. Again my thanks.

Mr. CLARK. Mr. President, may my unanimous-consent request be acted on?

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

Mr. McGEE. Mr. President, I suggest at this point in the very able discussion which has transpired on a sometimes highly technical question that my only real connection with the steel industry in a direct way is that I drive one of its products around on four wheels. Therefore, my understanding of the steel industry is not as deep as that of the Senator from Tennessee, the Senator from Missouri, or the Senator from Pennsylvania.

However, it seems to me that the point which ought to be stressed above all others in this discussion is the warning light that is being flashed to a major segment of private industry in the public interest. This is being done on behalf of the consumer, the fellow who does not really understand the intricacies of the problem, the financial intertwinings of the system, or its other ramifications, but who does experience each new inflationary impulse which is set loose by a seemingly small, reputedly harmless price increase in a major industry; in this case the steel industry.

For that reason, I believe that what has transpired here this afternoon comes as good news to the average individual as a consumer, even though some of its detail may remain beyond the total comprehension to those of us who have not been involved in the interplay of these forces.

I commend the Senator from Tennessee for initiating this whole operation. I think it ought to serve as another kind of warning, too. The history of Government has not been the history of the people who withdraw to a room and in isolation think up a new bureau. Rather it is the irresponsibility of selfish groups who try to take advantage of others, which has forced intercession on the part of the Government, representing all the people, to try to protect the broader public interest.

I hope that restraint and responsibility will become the major guidelines for big steel in the months ahead, rather than an attempt to take advantage of a new and glowing market possibility.

What the ultimate solution might be will depend, I believe, on the responsibility that private industry shows. If there is an inclination to take advantage, to exploit, and to gouge, I think this will inevitably produce greater and greater demands for stringent Government regulation, of the type that we do not like, but which sometimes has to be resorted to in the public interest.

Therefore, the Senator's presentation serves as good news to the consumer. A warning has been raised. It gives an opportunity to industry to meet its responsibility at this time.

Again, I commend the Senator from Tennessee.

Mr. GORE. I thank the Senator from Wyoming for his generous, fine statement.

Mr. McCARTHY. Mr. President, will the Senator from Pennsylvania yield?

Mr. CLARK. I yield.

Mr. McCARTHY. I should like to comment on the remark which was made by the distinguished Senator from Missouri that really implicit in the whole discussion is the acceptance of the fact that if prices are to go up, they will go up by a kind of common consent among the steel companies; and if they stay down, they will stay down by common agreement among the steel companies.

That would indicate that this particular industry leads a kind of autonomous economic life. It has reached the point where it defies the laws of economic gravity. It can make a profit while operating at 30 percent of capacity, at 40 percent of capacity, at 50 percent of capacity, at 85 percent of capacity, or at 100 percent of capacity. This points up the fact that the steel industry has a very special kind of responsibility, because it is making decisions, to a large extent, independent of any kind of economic pressure.

What we are calling upon the steel industry to do in this discussion is to exercise a very special kind of responsibility which grows out of the fact of its power in our economy, and of the very special kind of control which it exercises over the economic life of the Nation and the economic activities of its own industry.

Mr. GORE. The Senator from Minnesota has stated the case very well.

Mr. CLARK. Mr. President, I resume my discussion of the dangers of recent and projected trends in steel prices and production, to fill in further the picture which has been painted so effectively by the Senator from Tennessee and other Senators who have participated in the colloquy.

It is important for us to appreciate how great is the dependence of our economy on the future production of steel and on future employment in the steel industry. We know that production has not reached satisfactory levels in the immediate past. We know that employment in the steel industry has decreased drastically, and that it shows few signs of improving.

In my State, thousands upon thousands of steelworkers have been laid off during the last 2 years, and will never—I repeat, never—get their jobs back. This is due in large part to the progress of automation in the steel industry.

We cannot quarrel with automation; we must welcome the development of new techniques which make it possible to produce goods more cheaply by reason of the introduction of new machinery. But I am seriously concerned with the implications of decreasing employment in the steel industry, and it really shocks me to think that at a time when men are being laid off and have been laid off, as I have stated, by the thousands, we are faced with the possibility of a further increase in the price of steel, despite the labor-saving and cost-saving factors which automation is constantly creating in the steel industry.

Let us understand clearly how important the steel industry is. It is our basic materials industry. Steel ranks second among all manufacturing industries in terms of employment, and ranks third in terms of the value added by manufacturing.

Mr. President, the figures I have just cited come from the census of manufacturers.

In 1959 the United States Steel Corp. had total assets of $4,700 million and total sales of $3,600 million. That made that company the third largest manufacturing corporation in the United States, in terms of assets and invested capital, and also in terms of employment. These figures come from the directory published by Fortune magazine.

Senators may be interested to know that the largest company in the United States is General Motors, and the second largest is the Standard Oil Co. of New Jersey.

In the Commonwealth of Pennsylvania steel is an even more important factor in the economy than it is throughout the country as a whole. Pennsylvania ranks first in terms of steel production. The steel plants in Pennsylvania have 39 million tons of ingot capacity, and that is 26 percent of the national total. These figures come from the American Iron & Steel Institute.

These 3 million tons of ingot capacity are distributed among 46 plants scattered throughout the State, and they are widely scattered, Mr. President. Norristown, Johnstown, Pittsburgh, Bethlehem, Allentown, and a score of other Pennsylvania communities depend to a very great extent for the jobs of their citizens on steel production within their city and county limits.

The steel industry accounts for 13 percent of the entire value added by manufacturing in all plants in Pennsylvania. This statistic also comes from the census of manufacturers.

Mr. President, it is not for me to say to what extent labor and management are responsible for the price increases in the steel industry. I do not attempt to make any analysis of that most controversial matter. But one fact is quite clear, and it is that there has been an extraordinary increase in steel prices, as compared with the prices of other manufactured products. Between 1947 and 1960 the price of steel more than doubled. Actually, in those 13 years it increased 105½ percent. During this same period, the all-commodity price index rose by only 24 percent. So when we compare the 105½-percent increase in the price of steel with the 24-percent increase in the prices of all commodities, we get a fair understanding of how far steel prices were out of line with the prices of other commodities during the years between 1947 and 1960. If we were to confine the comparison to the figures for manufactured goods, the differential would not be so great, but it would still be very substantial indeed.

Mr. President, while this increase in the price of steel was occurring during the postwar years, it was accompanied by declines in steel production. For the last 3½ years, for example, the operating rate, in terms of steel production as a percentage of capacity, has averaged less than 70 percent. This is clearly unusual, because our traditional concept of a free market in a free economy is that when production declines, prices decline as well, in order to induce businessmen to order; and when an industry is operating close to or at its capacity and demand is strong, one would expect, through the normal operation of the law of supply and demand, that prices would rise, because in that situation too

few goods would be chased by many more orders than could be cared for by the industry's normal production capacity.

However, that has not been the case as regards steel; and this situation lends a great deal of validity to the thought that administered prices in the steel industry, rather than the law of supply and demand, are a significant factor in governing the economy in that industry. By that, I mean to say that a small number of companies can set prices in the interest of what they think is the maximum profit they can make.

Mr. President, this is a long, long way from what we like to consider the normal operation of our free economy.

Mr. MONRONEY. Mr. President, will the Senator from Pennsylvania yield?

The PRESIDING OFFICER (Mr. MUSKIE in the chair). Does the Senator from Pennsylvania yield to the Senator from Oklahoma?

Mr. CLARK. I yield.

Mr. MONRONEY. I appreciate very much what the distinguished Senator from Pennsylvania is saying. Does not the action of the giant steel industry very closely resemble, is it not almost identical to, the action of the cartel system which for so long laid a blighting hand on the major industries of Europe?

Mr. CLARK. Yes. In fact, it is very difficult for me to see any distinction, although I do not pretend to be an expert in this field.

Mr. MONRONEY. Except that the existence of the cartel system was well advertised, and had governmental blessing, despite the fact that it tended to gnaw away at the vitals of the competitive free enterprise system, because the attitude under it was "all for one, and one for all; and why should we bother to compete, when we can do very well under the cartel system?"

The administered price system, which has been so ably described by the distinguished Senator from Tennessee, is not the competitive free enterprise system in which the American people take such pride—because they tend to leave out of that definition the essential element of the American philosophy, that is that it be a competitive system. Without the competitive part, the free enterprise system can become as obsolete, disastrous, and rigged as was the old cartel system, which today our own giant steel industry seems to be trying to resemble.

Mr. CLARK. I thank the Senator from Oklahoma for his helpful interjection in the debate. I would point out to him what I am sure he knows, that the cartel system was legal in the countries where it existed. It was supported by the governments of those countries.

I see the distinguished senior Senator from Tennessee [Mr. KEFAUVER] on the floor. He is an expert in this body on this subject. I ask him whether the periodic action of a small group of large companies in raising prices, in apparent disregard of production trends, followed almost immediately by like action on the part of all other producers in the industry, does not raise a grave question as to whether the antitrust laws are being violated.

I yield to the Senator from Tennessee.

Mr. KEFAUVER. I thank the Senator from Pennsylvania for his generous reference to me, even though they may be undeserved. If the prices are agreed upon, of course, by the various companies, that is prima facie evidence of violation of the antitrust laws and the Sherman Act.

Mr. CLARK. That agreement could be implicit as well as explicit; could it not?

Mr. KEFAUVER. If there is an identity of prices, it may be substantial evidence that there may be a conspiracy in connection with price fixing.

Mr. CLARK. I know that the distinguished Senator, who is chairman of the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, will keep his eagle eye on any proposed increase in prices in the steel industry, and will work closely with the Department of Justice, and will do what can be done under the law to protect the interests of the consumers against unjustified price increases this fall.

Mr. KEFAUVER. Members of our committee and our excellent staff have been keeping quite current on what has been going on in connection with the steel industry and the proposals for possible increases in prices at a later time. Later, after other Senators speak, I shall have something to say about this subject.

Mr. CLARK. I shall not detain the Senate much longer, other than to point out a series of five charts, illustrating the point I have attempted to make, which have been erected at the rear of the Chamber.

Each one of these 5 charts refers to 2 of 10 major products of the steel industry. Each one of the charts shows production of a major steel product over the period 1947–61. Each of the charts also shows the level of prices of that product during those years. Most but not all, of the charts show an extraordinary fact, and that is, as I said earlier, that, generally speaking, prices have gone up as production rates have fallen off. This again, I would think, is pretty clear evidence that the traditional law of demand and supply is not operating in the steel industry.

Senators will note, with respect to cold-rolled sheets, that the statement I have made does not apply. Prices and production, although production has fluctuated very much throughout the years, begin and end in reasonable relation to each other.

However, in relation to cold-rolled strip, there has been a substantial increase in price while production has decreased somewhat. The same comment applies in the case of pipe and tube.

Prices of rails have almost doubled, while production has fallen off to one-third or less of prior output.

In the case of hot-rolled sheets, structural shapes and plates, and hot-rolled bars, production has gone down or remained stable while prices have gone up.

To complete the picture it should be pointed out that in the case of reinforcing hot-rolled bars, and tinplate, and terneplate, my comment does not apply, because, although there were violent fluctuations in production and a constant and steady increase in price, nevertheless, in the end production and prices tended to rise together.

Mr. President, I ask unanimous consent that a series of statistics indicating the relative price and production trends in each of the 10 major steel products in the steel industry—constituting almost 80 percent of all steel output—and figures showing the principal industrial consumers of each of the steel products may appear in the RECORD at this point in my remarks.

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

TEN MAJOR STEEL PRODUCTS

TRENDS OF PRICE AND PRODUCTION, 1947–61

(Index number, 1947–49=100)

(Month at end of quarter)

Cold-rolled sheets

Year and month	Price index [1]	Production (thousand short tons) [2]	Production index (average, 616.4)
1947—March	88.2	659.4	107.0
June	88.2	633.6	102.8
September	96.5	633.1	102.7
December	96.5	698.5	113.4
1948—March	96.5	622.7	101.0
June	94.1	575.0	93.3
September	107.3	600.6	97.4
December	107.3	651.8	105.7
1949—March	107.3	727.3	118.0
June	107.3	630.8	102.3
September	107.3	697.0	113.1
December	110.8	701.2	113.8
1950—March	114.4	862.6	139.9
June	114.4	870.6	141.2
September	114.4	851.6	138.2
December	120.4	924.8	150.0
1951—March	120.4	949.3	154.0
June	120.4	852.3	138.3
September	120.4	758.7	123.1
December	120.4	779.3	126.4
1952—March	120.4	797.7	129.4
June	120.4	Strike	Strike
September	125.7	812.6	131.8
December	125.7	913.8	148.2
1953—March	125.7	989.0	160.4
June	130.2	978.0	158.7
September	134.6	947.0	153.6
December	134.6	871.0	141.3
1954—March	130.1	771.0	125.1
June	129.9	860.0	139.5
September	133.9	661.0	107.2
December	133.9	1,124.0	183.3
1955—March	133.7	1,292.0	209.6
June	133.7	1,312.0	212.8
September	142.3	1,262.0	204.7
December	141.7	1,395.0	226.3
1956—March	141.7	1,327.0	215.3
June	141.7	1,277.0	207.2
September	151.4	1,046.0	169.7
December	151.4	1,130.0	183.3
1957—March	154.8	[3] 1,026.0	166.5
June	154.8	984.0	159.6
September	161.6	979.0	158.8
December	161.6	911.0	147.8
1958—March	161.6	710.0	115.2
June	161.3	852.0	138.2
September	166.4	965.0	156.6
December	166.4	1,253.0	203.3
1959—March	166.4	1,559.0	252.9
June	166.4	1,607.0	260.7
September	166.4	Strike	Strike
December	166.4	1,599.0	259.4
1960—March	166.4	1,608.0	260.9
June	166.4	1,319.0	214.0
September	166.4	1,026.0	166.4
December	166.4	866.0	140.4
1961—March	166.4	847.0	137.4
June	166.4	1,079.0	175.0

[1] Bureau of Labor Statistics wholesale price series, "Finished Steel Products," (Code 10-14-47).

[2] From Department of Commerce, Business Statistics, 1951, 1953, and 1955 and Survey of Current Business. Data for 1947–52, inclusive, represent estimates based on yearly division of shipments of all sheets as between hot-rolled and cold-rolled sheets—taken from annual statistics, American Iron and Steel Institute, 1950 and 1956 editions. Index of shipments is based on average monthly shipments for the 36-month 1947–49 base period (1947–49 average noted at column head).

[3] Enameling sheets omitted.

Cold-rolled strip

Year and month	Price index [1]	Production (thousand short tons) [2]	Production index (average, 13.5) [3]
1947—March	86.6	132.0	97.8
June	86.6	138.0	102.2
September	96.1	136.0	100.7
December	96.1	134.0	99.3
1948—March	96.1	158.0	117.0
June	93.4	152.0	112.6
September	108.3	150.0	111.1
December	108.3	155.0	114.8
1949—March	108.3	170.0	126.0
June	108.3	121.0	89.7
September	108.3	122.0	90.4
December	110.3	137.0	101.5
1950—March	112.4	151.0	111.9
June	112.4	157.0	116.3
September	112.4	159.0	117.8
December	125.9	178.0	131.9
1951—March	125.9	189.0	140.0
June	125.9	180.0	133.4
September	125.9	162.0	120.4
December	125.9	154.0	114.1
1952—March	125.9	156.0	115.6
June	125.9	62.0	45.9
September	138.1	156.0	115.6
December	138.1	179.0	132.6
1953—March	138.1	205.0	151.9
June	147.0	190.0	140.7
September	152.7	191.0	141.5
December	150.1	140.0	103.7
1954—March	150.1	112.0	83.0
June	149.8	107.0	79.3
September	155.6	110.0	81.5
December	155.6	128.0	94.8
1955—March	155.3	153.0	113.3
June	155.3	152.0	112.6
September	165.6	148.0	109.6
December	167.7	163.0	120.7
1956—March	170.8	*156.0	115.6
June	170.8	*149.6	110.8
September	183.2	*126.2	93.9
December	183.2	*135.8	100.6
1957—March	183.2	*123.4	91.4
June	183.2	*120.3	89.1
September	191.5	[4] 103.6	76.7
December	191.5	[4] 93.6	69.3
1958—March	191.5	[4] 72.0	53.3
June	190.9	[4] 83.9	62.1
September	196.6	[4] 100.4	74.4
December	196.6	[4] 100.5	74.4
1959—March	196.6	[4] 134.1	99.3
June	196.6	[4] 179.6	133.0
September	196.6	Strike	Strike
December	196.6	[4] 152.9	113.3
1960—March	196.6	[4] 156.4	115.9
June	196.6	[4] 91.0	67.4
September	196.6	[4] 99.6	73.8
December	196.6	[4] 79.4	58.8
1961—March	196.6	[4] 93.1	69.0
June	191.0	[4] 116.2	86.1

[1] BLS wholesale price series, "Cold-Rolled Strip, Carson" (code 10-14-51), prior to July 1948 on basing point basis and thereafter on f.o.b. mill or shipping point basis.

[2] Department of Commerce, Business Statistics, 1951, 1953, 1955, and Survey of Current Business. *Indicates estimates necessitated by a revision of grouping of tonnage data in survey. A 1955 relationship between cold-rolled strip and "sheet and strip" was used to compute these figures (cold-rolled strip was an average 5.362 percent of sheet and strip during the 1955 overlap period).

[3] Computed from shipment tonnage data using average for 36-month 1947-49 period, noted in column head, as the base.

[4] A15-10 (American Iron and Steel Institute), when compared with estimate calculated as noted in footnote 2, these figures agreed within 5,000 tons.

Pipe and tube

Year and month	Price index [1]	Production (thousand short tons) [2]	Production index (average, 553.66) [3]
1947—March	83.1	502.0	90.6
June	83.1	527.0	95.2
September	93.1	497.0	89.8
December	93.1	558.0	100.8
1948—March	100.1	613.0	110.7
June	98.0	565.0	102.0
September	108.1	583.0	105.3
December	110.1	637.0	115.0
1949—March	110.1	721.0	130.2
June	110.1	623.0	112.5
September	110.1	655.0	118.3
December	112.5	653.0	117.9
1950—March	115.1	658.0	118.8
June	115.1	807.0	145.7
September	115.1	770.0	139.0
December	122.9	717.0	129.5
1951—March	122.9	824.0	148.8
June	122.9	770.0	139.0
September	122.9	719.0	129.9
December	122.9	777.0	140.3

Footnotes at end of table.

Pipe and tube—Continued

Year and month	Price index [1]	Production (thousand short tons) [2]	Production index (average, 553.66) [3]
1952—March	122.9	872.6	157.4
June	122.9	182.0	32.9
September	129.9	797.0	144.0
December	129.9	857.0	154.8
1953—March	129.9	902.0	162.9
June	133.5	847.0	153.0
September	138.8	833.0	150.5
December	138.8	714.0	129.0
1954—March	138.8	748.0	135.1
June	138.8	786.0	142.0
September	144.0	694.0	125.3
December	144.0	497.0	89.8
1955—March	144.0	795.0	143.6
June	144.0	967.0	174.7
September	157.1	873.0	157.7
December	158.4	885.0	159.8
1956—March	163.2	952.0	171.9
June	163.2	1,000.0	180.6
September	176.5	831.0	150.1
December	176.5	915.0	165.3
1957—March	181.4	1,034.0	186.8
June	181.4	989.0	178.6
September	190.3	860.0	155.3
December	190.3	653.0	117.9
1958—March	190.3	454.0	82.0
June	190.3	740.1	133.7
September	196.9	561.0	101.3
December	190.9	527.0	95.2
1959—March	190.9	930.0	168.0
June	190.9	1,261.0	227.8
September	190.9	Strike	Strike
December	190.9	859.0	155.1
1960—March	190.9	698.0	126.1
June	190.9	576.0	104.1
September	187.0	543.0	98.1
December	187.0	407.0	73.5
1961—March	187.0	544.0	98.3
June	187.0	739.0	133.4

[1] Bureau of Labor Statistics' wholesale price series, "Pipe, Standard, Carbon," (code 10-14-56) on basing point prior to 1948 and f.o.b. mill or shipping point thereafter.

[2] Department of Commerce, Business Statistics, 1951, 1953, 1955, and Survey of Current Business.

[3] Computed from tonnage data; based on monthly average (noted at column head) for 36-month 1947-49 period.

Rails

Year and month	Price index [1]	Production (thousand short tons) [2]	Production index (average, 180.66) [3]
1947—March	85.7	181.0	100.2
June	85.7	205.0	113.5
September	94.3	182.0	100.7
December	94.3	211.0	116.8
1948—March	94.3	206.0	114.0
June	92.6	189.0	104.6
September	109.7	184.0	101.9
December	109.7	190.0	105.2
1949—March	109.7	207.0	114.6
June	109.7	211.0	116.9
September	109.7	162.0	89.7
December	113.2	141.0	78.0
1950—March	116.6	125.0	69.2
June	116.6	186.0	103.0
September	116.6	154.0	85.2
December	123.5	140.0	77.5
1951—March	123.5	160.0	88.6
June	123.5	161.0	89.1
September	123.5	139.0	76.9
December	123.5	146.0	80.8
1952—March	123.5	162.0	89.7
June	123.5	11.0	6.1
September	129.5	148.0	81.9
December	129.5	153.0	84.7
1953—March	129.5	168.0	93.0
June	140.2	162.0	89.7
September	148.9	162.0	89.7
December	148.9	185.0	102.4
1954—March	148.9	166.0	91.9
June	148.9	108.0	59.8
September	153.2	63.0	34.9
December	153.2	40.0	22.1
1955—March	153.2	122.0	67.5
June	153.2	127.0	70.3
September	162.5	95.0	52.6
December	162.5	98.0	45.2
1956—March	162.5	*137.6	76.2
June	162.5	*107.4	59.5
September	174.3	*112.0	62.0
December	174.3	*113.8	63.0
1957—March	181.1	*124.1	68.7
June	181.1	*130.7	72.3
September	189.5	[4] 90.4	50.0
December	189.5	[4] 54.0	29.9

Footnotes at end of table.

Rails—Continued

Year and month	Price index [1]	Production (thousand short tons) [2]	Production index (average, 180.66) [3]
1958—March	189.5	[4] 53.9	30.9
June	189.5	67.6	37.4
September	197.2	27.4	15.2
December	197.2	42.7	23.6
1959—March	197.2	101.3	56.1
June	197.2	103.7	57.4
September	197.2	Strike	Strike
December	197.2	59.1	32.7
1960—March	197.2	89.3	49.4
June	197.2	74.8	41.4
September	197.2	19.8	11.0
December	197.2	22.6	12.5
1961—March	197.2	54.1	29.9
June	197.2	57.7	31.9

[1] BLS wholesale price series, "Rails, Std." (code 10-14-01).

[2] Department of Commerce, Business Statistics, 1951, 1953, and 1955, and Survey of Current Business. * Indicates estimates necessitated by a revision of data grouping in the survey which resulted in "Accessories" being added to "Rails" to form the aggregate "Rails and accessories." Using an overlap of 1955 it was found that "Rails" represented, on the average, 57.833 percent of "Rails and accessories" and this percentage was applied to the aggregates given in 1956 and 1957 to get the above figures.

[3] Computed from shipments data in short tons by using the monthly average (noted at column head) for the 36-month 1947-49 period as a base.

[4] AIS-10 (American Iron & Steel Institute), when compared with estimates calculated as noted in footnote 2, these figures agreed within 5,000 tons.

Hot-rolled sheets

Year and month	Price index [1]	Production (thousand short tons) [2]	Production index (average, 574.2) [3]
1947—March	85.3		110.9
June	85.3		106.6
September	94.6		106.5
December	94.6		117.7
1948—March	94.6		96.0
June	93.1		88.6
September	108.6		92.6
December	117.7		100.5
1949—March	117.7		110.9
June	108.6		96.2
September	108.6		106.3
December	117.7		107.0
1950—March	114.8		117.3
June	114.8		118.4
September	114.8		115.8
December	122.5		125.8
1951—March	122.5		136.2
June	122.5		122.3
September	122.5		108.9
December	122.5		111.8
1952—March	122.5		104.2
June	122.5		7.8
September	128.0		106.1
December	128.0		119.4
1953—March	128.0	687.0	119.6
June	133.5	660.0	119.4
September	137.8	631.0	109.9
December	137.8	557.0	97.0
1954—March	137.8	475.0	82.7
June	137.5	534.0	93.0
September	141.1	429.0	74.7
December	141.1	652.0	113.5
1955—March	140.9	829.0	144.3
June	140.9	773.0	134.6
September	148.8	768.0	133.7
December	148.8	887.0	154.4
1956—March	154.6	853.0	148.5
June	154.6	816.0	142.1
September	164.7	705.0	122.8
December	164.7	826.0	143.8
1957—March	172.0	753.0	131.1
June	172.0	716.0	124.7
September	179.2	579.0	100.8
December	179.2	521.0	90.7
1958—March	179.2	416.0	72.4
June	178.7	574.4	100.0
September	183.8	617.0	107.4
December	183.8	694.0	120.9
1959—March	183.8	928.0	161.6
June	183.8	1,154.0	201.0
September	183.8	Strike	Strike
December	183.8	956.0	166.4
1960—March	183.8	942.0	164.1
June	183.8	579.0	100.8
September	183.8	585.0	101.9
December	183.8	450.0	78.4

Footnotes at end of table.

Hot-rolled sheets—Continued

Year and month	Price index [1]	Production (thousand short tons) [2]	Production index (average, 574.2) [3]
1961—March	183.8	491.0	5.85
June	183.8	650.0	113.2

[1] BLS wholesale price series, "Sheets, Hot-Rolled, Carbon Steel" (Code 10-14-46).

[2] From Department of Commerce, Business Statistics, 1951, 1953, and 1955 editions and Survey of Current Business. Data for 1947 to 1952, inclusive, represent estimates based on percent of shipments of all sheet for year represented by hot-rolled sheets—the percent figure for each year taken from American Iron and Steel Institute, Annual Statistical Report, 1950 and 1956 editions. The index of shipments is based on average monthly shipments for the 36-month 1947-49 base period (1947-49 average monthly shipment in tons noted at column head).

[3] Computed from shipments data in short tons using monthly average for 36 months, 1947-49, noted in column head as a base.

Tinplate and terneplate

Year and month	Price index [1]	Production (thousand short tons) [2]	Production index (average, 315.33) [3]
1947—March	85.1	293.0	92.9
June	85.1	308.0	97.7
September	85.1	304.0	96.4
December	85.1	370.0	117.4
1948—March	100.6	393.0	124.6
June	99.1	334.0	105.9
September	100.6	334.0	105.9
December	100.6	400.0	126.9
1949—March	114.7	333.0	105.6
June	114.7	387.0	122.7
September	114.7	394.0	124.9
December	114.7	326.0	103.4
1950—March	111.0	363.0	115.1
June	111.0	438.0	138.9
September	111.0	424.0	134.5
December	111.0	401.0	127.2
1951—March	128.7	397.0	125.9
June	128.7	425.0	134.8
September	128.7	358.0	113.5
December	128.8	352.0	111.6
1952—March	128.8	478.0	151.6
June	128.8	104.0	33.0
September	132.5	412.0	130.7
December	132.5	373.0	118.3
1953—March	132.5	448.0	142.1
June	132.5	441.0	139.9
September	132.5	340.0	107.8
December	132.5	266.0	84.4
1954—March	132.5	475.0	150.6
June	132.5	690.0	218.8
September	132.5	580.0	183.9
December	134.0	270.0	85.6
1955—March	134.0	514.0	163.0
June	134.0	651.0	206.5
September	134.0	588.0	186.5
December	140.3	328.0	104.0
1956—March	140.3	*618.6	196.2
June	146.6	*547.2	173.5
September	146.6	*471.9	149.7
December	148.2	*355.1	112.7
1957—March	148.2	*273.2	86.6
June	148.2	*342.3	108.6
September	153.7	[4] 375.0	118.9
December	153.7	[4] 235.8	74.8
1958—March	153.7	[4] 455.9	144.6
June	153.7	472.6	149.9
September	153.7	568.9	180.4
December	158.7	166.8	52.9
1959—March	158.7	644.1	204.3
June	158.7	736.8	233.7
September	158.7	Strike	Strike
December	158.7	495.6	157.2
1960—March	158.7	576.3	182.8
June	158.7	600.0	190.3
September	158.7	384.6	122.0
December	158.7	256.4	81.3
1961—March	158.7	482.2	152.9
June	158.7	558.7	177.2

[1] BLS wholesale price series, "Tinplate" (code 10-14-66).

[2] Department of Commerce, Business Statistics, 1951, 1953, and 1955 and Survey of Current Business. * Indicates estimates necessitated by a revision of data grouping in the survey which resulted in tinplate and terneplate being put in an aggregate called "Tin mill products." Using an overlap covering 1955 it was found that tinplate and terneplate accounted for an average of 87.55 percent of tin mill products and this percentage was applied to 1956 and 1957 data to get the above figures.

[3] Computed from shipments data in short tons using monthly average for 36 months, 1947-49, noted in column head, as a base.

[4] AIS-10 (American Iron & Steel Institute), when compared with estimates calculated as noted in footnote 2, these figures agreed within 5,000 tons.

Structural shapes

Year and month	Price index [1]	Production (thousand short tons) [2]	Production index (average, 343.66) [3]
1947—March	80.3	390.0	113.5
June	80.3	364.0	105.9
September	89.9	360.0	104.7
December	89.9	380.0	110.5
1948—March	97.9	382.0	111.0
June	96.3	372.0	108.2
September	112.4	334.0	97.2
December	112.4	394.0	114.6
1949—March	112.4	394.0	114.6
June	112.4	327.0	95.1
September	112.4	309.0	89.8
December	116.4	341.0	99.2
1950—March	120.4	331.0	96.3
June	120.4	361.0	105.0
September	120.4	355.0	103.2
December	128.4	365.0	106.2
1951—March	128.4	452.0	131.5
June	128.4	409.0	119.0
September	128.4	386.0	112.3
December	128.4	409.0	119.0
1952—March	128.4	431.0	125.6
June	128.4	36.0	10.5
September	134.9	386.0	112.3
December	134.9	422.0	122.8
1953—March	134.9	416.0	121.0
June	133.8	397.0	115.5
September	141.9	393.0	114.4
December	141.9	481.0	140.0
1954—March	141.3	437.0	127.2
June	141.3	373.0	108.5
September	146.2	346.0	100.7
December	146.2	347.0	101.0
1955—March	146.2	407.0	118.4
June	146.2	378.0	110.0
September	157.5	426.0	124.0
December	157.5	449.0	130.7
1956—March	157.5	*484.9	141.1
June	157.5	*496.8	144.6
September	170.5	*501.5	145.9
December	170.5	*520.9	151.6
1957—March	183.4	*606.9	176.6
June	183.4	*581.8	169.3
September	192.3	[4] 555.4	161.6
December	192.3	[4] 509.9	148.4
1958—March	192.3	[4] 284.5	82.8
June	192.3	387.7	112.8
September	199.6	314.8	91.6
December	199.6	352.0	102.4
1959—March	199.6	519.2	151.1
June	199.6	596.4	173.5
September	199.6	Strike	Strike
December	199.6	525.9	153.0
1960—March	199.6	536.2	156.0
June	199.6	402.2	117.0
September	199.6	293.6	85.4
December	199.6	298.5	86.9
1961—March	199.6	361.9	105.3
June	199.6	386.3	112.4

[1] BLS wholesale price series, "Structural Shapes" (code 10-14-81).

[2] Department of Commerce, Business Statistics, 1951, 1953, 1955, and Survey of Current Business. * Indicates estimates necessitated by a revision of data grouping in the survey which resulted in "Steel piling" being included in with structural shapes. Using overlap covering 1955, it was found that structural shapes accounted for an average of 92.357 percent of the combined "structural shapes and piling" and this percentage was applied to 1956 and 1957 data to get the above figures.

[3] Computed from data on short tons shipped by using as a base the monthly average for the 36-month 1947-49 period rated at column head.

[4] AIS Form 10 (American Iron and Steel Institute), when compared with estimates calculated as noted in footnote 2, these figures agreed within 5,000 tons.

Plates

Year and month	Price index [1]	Production (thousand short tons) [2]	Production index (average, 530.66) [3]
1947—March	[4] 86.8	527.0	99.3
June	85.6	563.0	106.1
September	94.9	495.0	93.3
December	94.9	591.0	111.4
1948—March	94.9	630.0	118.7
June	93.4	592.0	111.6
September	109.0	572.0	107.8
December	109.0	658.0	124.0
1949—March	109.0	684.0	128.9
June	109.0	517.0	97.4
September	109.0	467.0	88.0
December	112.8	519.0	97.8
1950—March	116.7	441.0	83.1
June	116.7	447.0	84.2
September	116.7	482.0	90.8
December	123.6	551.0	103.8

Footnotes at end of table.

Plates—Continued

Year and month	Price index [1]	Production (thousand short tons) [2]	Production index (average, 530.66) [3]
1951—March	123.0	681.0	128.3
June	123.0	685.0	129.0
September	123.0	657.0	123.8
December	123.0	708.0	133.4
1952—March	123.0	784.0	147.7
June	123.0	110.0	20.7
September	129.2	649.0	122.3
December	129.2	720.0	135.7
1953—March	129.2	707.0	133.2
June	133.8	614.0	115.7
September	139.9	586.0	110.4
December	139.9	633.0	119.3
1954—March	139.9	544.0	102.5
June	139.9	421.0	79.3
September	143.8	379.0	71.4
December	143.8	421.0	79.3
1955—March	143.8	543.0	102.3
June	143.8	600.0	113.1
September	152.2	619.0	116.7
December	152.2	678.0	127.8
1956—March	159.9	707.0	133.2
June	159.9	754.0	142.1
September	170.7	747.0	140.8
December	170.7	607.0	114.4
1957—March	181.4	881.0	166.0
June	181.4	870.0	164.0
September	189.1	778.0	146.6
December	189.1	636.0	119.9
1958—March	189.1	471.0	88.7
June	189.1	501.7	94.5
September	195.3	394.0	74.2
December	195.3	500.0	94.2
1959—March	195.3	651.0	122.7
June	195.3	788.0	148.4
September	195.3	Strike	Strike
December	195.3	754.0	142.1
1960—March	195.3	755.0	142.3
June	195.3	484.0	91.2
September	195.3	373.0	70.3
December	195.3	378.0	71.2
1961—March	195.3	478.0	90.1
June	195.3	489.0	92.1

[1] BLS wholesale price series, "Plates, Carbon" (code 10-14-26), prior to July 1948 on basing point basis and thereafter on f.o.b. mill or shipping point basis.

[2] Department of Commerce, Business Statistics, 1951, 1953, and 1955, and Survey of Current Business.

[3] Computed from tonnage shipments data using monthly average for 36-month period 1947-49 noted at column head as the base.

[4] New series.

Hot-rolled bars, carbon

Year and month	Price index [1]	Production (thousand short tons) [2]	Production index (average, 625.66) [3]
1947—March	85.8	720.0	115.1
June	85.8	658.0	105.2
September	95.1	621.0	99.3
December	95.1	664.0	106.1
1948—March	95.1	733.0	117.2
June	93.6	679.0	108.5
September	109.2	689.0	110.1
December	109.2	745.0	119.1
1949—March	109.2	757.0	121.0
June	109.2	564.0	90.1
September	109.2	524.0	83.8
December	110.7	606.0	96.9
1950—March	112.3	652.0	104.2
June	112.3	693.0	110.8
September	112.3	689.0	110.1
December	120.1	732.0	117.0
1951—March	120.1	792.0	126.6
June	120.1	734.0	117.3
September	120.1	712.0	113.8
December	120.1	748.0	119.6
1952—March	120.1	801.0	128.0
June	120.1	123.0	19.7
September	127.9	787.0	125.8
December	127.9	865.0	138.3
1953—March	127.9	894.0	142.9
June	136.7	843,0	134.7
September	142.6	72370	115.6
December	143.2	586.0	93.7
1954—March	143.2	546.0	87.3
June	143.2	532.0	85.0
September	147.7	471.0	75.3
December	147.0	619.0	98.9
1955—March	147.0	764.0	122.1
June	147.0	770.0	123.1
September	157.3	739.0	118.1
December	157.3	834.0	132.3
1956—March	161.7	877.0	140.2
June	161.7	826.0	132.0
September	174.2	756.0	120.8
December	174.2	788,0	125.9
1957—March	178.6	768,0	122.8
June	178.6	689.0	110.1
September	188.9	545,0	87.1
December	188.9	455,0	72.7

Footnotes at end of table.

Hot-rolled bars, carbon—Continued

Year and month	Price index [1]	Production (thousand short tons) [2]	Production index (average, 625.66) [3]
1958—March	188.9	399.0	63.8
June	188.9	541.9	86.6
September	196.2	518.0	82.8
December	196.2	579.0	92.5
1959—March	196.2	825.0	131.9
June	196.2	969.0	154.9
September	196.2	Strike	Strike
December	196.2	901.0	144.0
1960—March	196.2	883.0	141.1
June	196.2	479.0	76.6
September	196.2	465.0	74.3
December	196.2	392.0	62.7
1961—March	196.2	471.0	75.3
June	196.2	576.0	92.1

[1] BLS wholesale price series "Hot-Rolled Bars, Carbon" (code 10-14-39).

[2] Department of Commerce, Business Statistics, 1951, 1953, 1955, and Survey of Current Business.

[3] Production index is based on the average monthly shipments in short tons for the 36-month 1947-49 period—which is noted at the column head.

Reinforcing hot-rolled bars

Year and month	Price index [1]	Production (thousand short tons) [2]	Production index (average, 126.66) [3]
1947—March	84.3	114.0	90.0
June	82.7	123.0	97.1
September	92.5	124.0	97.9
December	92.5	128.0	84.5
1948—March	92.5	138.0	109.0
June	90.8	127.0	100.3
September	111.9	129.0	101.8
December	111.9	136.0	107.3
1949—March	111.9	150.0	118.4
June	111.9	141.0	111.3
September	111.9	162.0	127.9
December	113.6	138.0	109.0
1950—March	115.2	116.0	91.6
June	115.2	138.0	109.0
September	115.2	151.0	119.2
December	123.3	152.0	120.0
1951—March	123.3	161.0	127.1
June	123.3	152.0	120.1
September	123.3	160.0	126.3
December	123.3	162.0	127.9
1952—March	123.3	193.0	152.3
June	123.3	28.0	22.1
September	131.4	181.0	142.9
December	131.4	211.0	166.6
1953—March	131.4	173.0	136.6
June	140.7	157.0	124.0
September	147.6	163.0	128.7
December	146.9	125.0	98.7
1954—March	151.5	125.0	98.7
June	151.5	211.0	166.6
September	156.4	151.0	119.2
December	156.1	123.0	97.1
1955—March	153.4	161.0	127.1
June	153.4	209.0	165.0
September	164.3	186.0	146.8
December	164.3	194.0	153.2
1956—March	164.3	217.0	171.3
June	164.3	275.0	217.1
September	177.4	234.0	184.7
December	177.4	240.0	189.5
1957—March	178.9	240.0	189.5
June	178.9	233.0	184.0
September	189.6	182.0	143.7
December	189.6	100.0	79.0
1958—March	187.3	141.0	111.3
June	187.3	273.5	215.9
September	195.0	193.0	152.4
December	195.0	143.0	112.9
1959—March	195.0	217.0	171.3
June	195.0	346.0	273.2
September	195.0	Strike	Strike
December	195.0	213.0	168.2
1960—March	195.0	145.0	114.4
June	195.0	210.0	165.8
September	193.4	208.0	164.2
December	193.4	148.0	116.8
1961—March	193.4	189.0	149.2
June	190.4	238.0	187.9

[1] BLS wholesale price series, "Bars, Hot-Rolled, Reinforcing," (code 10-14-41).

[2] Department of Commerce, Business Statistics, 1951, 1953, and 1955, and Survey of Current Business.

[3] Computed from shipments data in short tons by using the monthly average for 36-month (1947-49) period noted in column head as a base.

Relative importance of, and largest consuming industries for, 10 major steel products

COLD-ROLLED SHEETS

Percentage of total finished steel	Percentage consumed by major industries	
Percent		*Percent*
Total 20	Autos	46
	Appliances	8
	Domestic and commercial equipment	7
	Contractors' products	6
	Containers	4
	Warehouses	13
	Total	84

COLD-ROLLED STRIP

Total 2	Autos	24
	Containers	9
	Domestic and commercial equipment	9
	Contractors' products	8
	Appliances	7
	Warehouses	8
	Total	65

PIPE AND TUBE

Total 8	Construction	34
	Machinery	5
	Warehouses	40
	Total	79

RAILS

Total 1	Rail transportation	73
	Construction	10
	Warehouses	2
	Total	85

HOT-ROLLED SHEETS

Total 11	Autos	40
	Contractors' products	9
	Containers	5
	Construction	5
	Warehouses	15
	Total	74

TINPLATE AND TERNEPLATE

Total 8	Containers	86
	Warehouses	2
	Total	88

STRUCTURAL SHAPES

Total 7	Construction	60
	Rail transportation	7
	Warehouses	20
	Total	87

PLATES

Total 9	Construction	29
	Machinery	18
	Rail transportation	11
	Warehouses	14
	Total	72

HOT-ROLLED BARS

Total 10	Autos	29
	Machinery	11
	Construction	9
	Warehouses	14
	Total	63

Relative importance of, and largest consuming industries for, 10 major steel products—Continued

REINFORCING HOT-ROLLED BARS

Percentage of total finished steel	Percentage consumed by major industries	
Percent		*Percent*
Total 3	Construction	46
	Wareshouses	20
	Total	66

Mr. CLARK. Mr. President, I shall yield the floor, but before doing so, I wish to thank the members of the staff of the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, of which the Senator from Tennessee [Mr. KEFAUVER] is chairman, for the very great assistance they rendered in preparing these charts and figures.

Again, I should like to congratulate the junior Senator from Tennessee [Mr. GORE] for the leadership he has shown in raising this question with a number of his colleagues, in bringing to Washington experts in this area who helped educate us in this field—impartial experts, I may say—and generally in taking the leadership in bringing this matter to the attention of the Congress.

Mr. MONRONEY. Mr. President, will the Senator yield so I may ask a question of the distinguished Senator from Tennessee?

Mr. CLARK. I would like to yield the floor, if I may.

Mr. McCARTHY rose.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. CLARK. I shall be happy to yield to the Senator from Connecticut [Mr. BUSH], although I understand the Senator from Minnesota has the floor.

Mr. McCARTHY. Mr. President, I yield to the Senator from Connecticut with the understanding that I do not lose the floor.

Mr. BUSH. Mr. President, the Senator from Pennsylvania and I were cooped up all morning. I did not have an opportunity to put something in the RECORD by way of morning business, if the Senator will indulge me.

EXHIBITION IN FOREIGN COUNTRIES OF AMERICAN PRODUCTIONS

Mr. BUSH. Mr. President, a few weeks ago I brought up on the floor of the Senate the question of the export by private interests in the United States of filthy exhibitions on the stage, through moving pictures, and otherwise, in countries of the world; and I specifically regretted the fact that there had been in Connecticut, just previously, an exhibition which was objected to very widely by the people in my State and in the neighborhood in which I live.

I was joined by other Senators in this protest against the uncontrolled, unapproved export of this type of entertainment, which injures us so much abroad, at the same time we are trying our best,

through USIA and other ambassadors of good will, to win the minds and the hearts of people in the free world.

The sponsors of the particular plays which were mentioned at that time took grave exception to the "attack," as they called it, which I made upon their productions.

In justification of my position, and in further protest against the uncontrolled export of so-called entertainment which alienate affections of our people by foreign people, I shall ask unanimous consent that I may place in the RECORD following these remarks a news clipping from the New York Times of August 21, which is headlined, "U.S. Stage Troupe Is Blasted in Rio—New York Repertory Unit Ends Unsuccessful Week."

The article says, in part:

The New York Repertory Co. or Actors Studio, as it is variously billed, today ended a financially and culturally unfortunate week in Rio de Janeiro.

This is the same group. The article further says:

Criticisms of their performances here—

In Rio de Janeiro—

ranged from savagery through scorn to only some of the usual kindness shown to persons and things foreign.

The article also says:

Henrigue Oscar, critic for Diario de Noticias, expressed disgust over the Williams plays in general and with the "abnormality" in particular.

In part, Mr. Oscar is quoted as saying:

It is sad to think that Williams represents a country which is Western and Christian, whose style of life they want to convince us should be defended against the Communist threat.

I shall not read further, Mr. President. I have already overstayed my time.

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

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

U.S. STAGE TROUPE IS BLASTED IN RIO—NEW YORK REPERTORY UNIT ENDS UNSUCCESSFUL WEEK

RIO DE JANEIRO, August 20.—The New York Repertory Co. or Actors Studio, as it is variously billed, today ended a financially and culturally unfortunate week in Rio de Janeiro.

The group directed by Tad Danielewski and including Betty Field, Rita Gam, Viveca Lindfors, Ben Piazza among its performers decided to change its routine in the coming week in São Paulo stand with "I Am a Camera" instead of Tennessee Williams' "Sweet Bird of Youth" and "Suddenly Last Summer." They started with the Williams plays and wound up with the happier "Camera" here. Criticisms of their performances here ranged from savagery through scorn to only some of the usual kindness shown to persons and things foreign. The public filled the municipal theater for the openings of the productions, but stayed away from succeeding performances.

Henrigue Oscar, critic for Diario de Noticias, expressed disgust over the Williams plays in general and with the abnormality in particular.

"People bearing vices can be presented provided they suffer from them," he said. "Their suffering may redeem them and arouse our understanding if not sympathy. The morbid world of Tennessee Williams has nothing of this. With him aberration is presented complacently, with all the author's tenderness, as if it were the best thing in the world.

"It is sad to think that Williams represents a country which is Western and 'Christian,' whose style of life they want to convince us should be defended against the Communist threat. Positively this rotted world does not seem worthy of defending and, on the contrary, needs to be reformed or extinguished so that something many survive to preserve man's intrinsic dignity."

After criticizing the performances heavily, Senor Oscar added that the worst was the scenery. He said the group was a disappointment.

Barbara Heliodora, writing in the Jornal de Brasin, said that "Sweet Bird" and "Suddenly Last Summer" were the worse things the American repertory could present. "All theatrical forms and currents find the author who best represents them. In the case of decadent theater there is no doubt that Tennessee Williams deserves a title role—to the point of becoming only decadent and no longer theater."

Paulo Francis wrote in Ultima Hora that the plays amount to gratuitous excursions in such themes as castration, cannibalism and bad English.

He added that the colored-paper scenery is trampish, like that of a cheap company in interior Brazil.

The company will open its São Paulo performances on Tuesday.

Mr. JAVITS. Mr. President, I have heard the remarks of my distinguished colleague from Connecticut. Of course, I have seen reviews which blasted plays in New York, in Chicago, in Los Angeles, in Paris, in London, in Tokyo, and in about every other place in the world. It is the privilege of play critics to blast plays.

It so happens that the Actors Studio, to which the Senator referred—the studio of Lee Strasburg, if I remember correctly—has produced some of the greatest talent of our time.

While I agree that many of the Williams' plays are decadent and that I do not like them—I am sure the people in Rio who saw them did not like them, either—Mr. Williams also has written some of the greatest plays of our time.

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

Mr. JAVITS. I yield.

Mr. BUSH. I do not object to the export of great plays. I object to the export of plays which are filthy, immoral, and misrepresent life in the United States.

Mr. JAVITS. I am coming to that point. I should like to know who is going to be the judge of whether the plays are filthy, immoral, and depict wrongly the life in the United States.

Mr. BUSH. I shall tell the Senator.

Mr. JAVITS. If the Senator will permit me to finish, who will decide what the people wish to see? I have no desire to "tangle with" my friend from Connecticut, whom I love and respect, on this subject.

The Senator is a man of excellent taste. Despite that, I should not wish to have the Senator, or anybody else, be the arbiter of what represents the best in American art.

My purpose in getting the floor, if the Senator will bear with me, was not to take issue with the Senator at all. I respect the Senator's desire to keep us apprised of what is thought of our artistic output in the other countries of the world.

I invite the attention of the Senator to the fact that we are unique in the world in having no authority, in terms of the Federal Government, which deals with our oversea cultural program except the most informal kind of arrangement, under what is called the President's Emergency Fund, which goes through a private organization, though it is a nonprofit organization, called the American National Theater Academy, ANTA, in New York.

I point out to my colleague that what we ought to be doing—whether one would agree with his point is not material to this presentation, though I have the greatest of respect for his point of view—is to be working on some way of developing an agency analogous to the agencies of the United Kingdom and in Canada, which have arts councils, or in many other civilized countries, which would really give us at the very top level an authoritative look as to what goes out of this country.

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

Mr. JAVITS. I yield.

Mr. BUSH. I agree with the Senator that that is what we need.

I assure the Senator that I am at the present time working on exactly that idea. I intend to show my work to my colleague.

Mr. JAVITS. I thank the Senator.

Mr. BUSH. If the Senator from New York likes it and wishes to join me in sponsorship, I shall be highly honored. I appreciate the Senator's kind remarks.

Mr. JAVITS. For many years I have been backing the idea of a U.S. Arts Foundation, in various forms.

Mr. BUSH. I have heard the Senator do that eloquently on this floor.

Mr. JAVITS. I hope we shall be able to collaborate on this subject. I thank the Senator from Connecticut.

ADDRESS BY W. THEODORE PIERSON ON RESPONSIBILITY IN BROADCASTING

Mr. MILLER. Mr. President, on August 3 and 4, 1961, there was a national symposium on freedom and responsibility in broadcasting at Northwestern University School of Law, Chicago, Ill. At that national symposium a very excellent paper was delivered by Mr. W. Theodore Pierson, a recognized authority in commission law. I ask unanimous consent that his comments be printed in the RECORD.

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

COMMENTS OF W. THEODORE PIERSON, MEMBER OF THE LAW FIRM OF PIERSON, BALL & DOWD, WASHINGTON, D.C., NATIONAL SYMPOSIUM ON FREEDOM AND RESPONSIBILITY IN BROADCASTING, NORTHWESTERN UNIVERSITY SCHOOL OF LAW, CHICAGO, ILL., AUGUST 3–4, 1961

I commend Dean Barrow on the very excellent paper he has just presented. It capsules the current criticism of television programing, the alleged causes and the postulated cures. I will not cavil over the criticisms and causes, not only because I believe them to be substantially correct, but because my principal disagreement is with the cures he postulated. Indeed, I believe that the greatest threat to television's achievement of its proper role in our free society is the restrictions and restraints that the censors and controllers have placed and would place upon the medium, most of whom appear to have the complete support of Dean Barrow.

Perhaps my disagreement with Dean Barrow is really a threshold one, i.e., the role that mass media can properly play in a free society, which in turn may stem from lack of agreement on the principles upon which our society was built. To avoid needless capering in the leaves and branches of the controversy, perhaps I should state my understanding of the roots and trunk of the matter.

The principle of freedom upon which our society was built, as I understand it, starts with the premise that man is imperfect, whatever his station in life, and holds that he will become a more perfect moral and social creature through liberty, and that attempts to coerce cultural or political perfection through governmental or other concentrated power merely conforms the subject to the imperfections of the central power.

Such conformity destroys new ideas at gestation, prevents reexamination of the standards and rules by which we live, perpetuates the mistakes of those in power, reduces political intelligence and degrades human dignity. Media of communication, being manned by imperfect beings, are bound to be imperfect, but in a free society the value of their service is proportional to the degree to which they can resist conformity to centralized control.

Contrast this to the Marxist-Leninist ideology with which we are now locked in a deadly and terminal combat. Our antagonist starts as we do with the premise that man is imperfect but, contrary to our beliefs, holds that he cannot be allowed freedom until he has been recast, remolded, and reconditioned by the Communist apparatus, which is presumed to be perfect, to the end that the individual has no will to do anything other than what the state requires. Under Marxism-Leninism, media of communication are presumed to be perfect because they are dictated by a perfect authority. New ideas, reexamination of standards, correction of mistakes, political intelligence, and the dignity allowable to individuals can originate only at the top of this monolithic society. Under this ideological concept, mass media are valued in proportion to their conformity to centralized control.

If this layman's analysis of one important part of the ideological conflict between ourselves and the Communist world is substantially wrong, in Dean Barrow's view, then argumentation between us on the efficacy of the various proposals to improve television would avail little, since we are headed in opposite directions. But I will assume substantial agreement by him, if for no other reason than to serve my exhibitionist impulse to say more. It is your misfortune that a lawyer rarely stops talking when he is given time to say more.

Dean Barrow's paper, in summary, pointed out what's wrong and why and what to do about it. He emphasized throughout the great capacity of television for good or evil, with which I agree.

He alleged that television, as now practiced, is an imperfect instrument for the political, cultural, and educational improvement of our American society. With this, also, I agree. I will go further than he. It will always be unless we develop a perfect machine that requires no imperfect human being to perform tasks or make judgments. The pall of imperfection that is cast on commercial television shrouds all human activity, including above all, governmental action. We are constantly deluged with exposures by our intellectual elite of imperfections in education, politics, economics, government, the arts, and the sciences.

Where Dean Barrow and I disagree is that he seems to believe that we will come nearer to perfection if we centralize program control in a rather closely knit combination of seven members of the FCC, the Board of Directors of NAB, and a small select advisory group of outstanding citizens. He heads toward more centralization of control over programing. I would go the other way. He seeks conformity of television program schedules to centralized ideas of balance. I would seek balance in the total output of the industry through maximizing the diversified imbalance of individual licensees. I believe that a balanced fare from the industry as a whole can ultimately be accomplished, without the censorship or centralized control that Dean Barrow postulates, by the proliferation of television stations under conditions that permit any station to unbalance the types of programs they broadcast at will and with abandon. The sum of such specialized program formats would result in overall balance in the industry output.

I cannot disagree with the Barrow assignment of the principal cause for the present caliber of television fare. Since, except for the noncommercial or educational stations, we have a free enterprise television system, which by definition is motivated by profit, it ought to, and does, follow that considerations of profit will substantially influence the programs broadcast. To expect otherwise is to ignore the natural and inevitable consequences of our choice of a system.

Every medium of communication that operates under a free enterprise system is influenced in overwhelming degree by the profit motive. That the objective of profit substantially influences its product can be demonstrated conclusively with respect to any commercial medium one desires to name—newspapers, magazines, books, motion pictures, or theater. And they have their Comstocks, too—Comstocks who are every bit as critical as any that television has.

Wherever free enterprise operates, its product or service is substantially influenced by the profit motive. The styling of clothes, automobiles, and household appliances are thus governed. The architecture and construction of homes, factories, and office buildings feel the ever-present influence of the profit motive. Indeed, it is not unusual for the eggheads and intellectuals to seek opportunity to conform their output to the necessities of the profit potential. If the profit motive is evil, it is a virulent and contagious one, because it infects many of its loudest and most snobbish critics.

While I appreciate that, in Washington, to investigate is the thing, I really do not think we needed the costly Barrow investigation to establish that the profit motive influences television programing. This was and is one of the most open and notorious facts within my knowledge.

The investigation went further than this, however. It sought to determine where the control of programing lay. It found no single or concentrated repository. Rather, as Dean Barrow has just pointed out, it found that control was dispersed among many advertisers and their agents, three competing networks and their hundreds of competing affiliates and a few talent agencies. Compared to centralized control in the Commission, the NAB and an elite advisory council, as Dean Barrow postulates, this is a tremendous fragmentation of control.

But it does not seem to be a principal Barrow complaint that too few private enterprisers were in the act. It is that they are all posssessed by the same motives—to earn a profit. And that all too frequently the profit goal is better served by catering to mass audiences. It is this parallelism among enterprisers that seems to gall him most. Could he have been surprised to learn that a mass medium supported by the suppliers of mass consumption seeks a mass audience a great deal of the time?

What did he postulate as means of curtailing this appeal to mass tastes? First, greater self-regulation through the NAB, which he did not believe would suffice because, being an industry organization, in spite of the enlightened leadership of Governor Collins, it might be quite contaminated with the profit motive.

Second, more extensive and intensive program policing by the Commission, which solution he seems to adore most.

Third, an advisory committee "composed of eminent Americans" to advise the Commission in its police work. This would nationalize in a truly effective fashion the methods used by Comstocks in any communities to employ the police power to restrain books, periodicals, and motion pictures in unabashed cultural censorship.

Whatever success these measures might have in reforming television to meet the tastes of Dean Barrow, Chairman Minow, Governor Collins and their admirers, I care not to argue. I would pray they would fail, because it is a complete formula for centralized cultural censorship and control.

Dean Barrow said that it was not his purpose to discuss the censorship issue raised by his paper. He professed no real concern with the problem. Well, I do have concern and I am constrained to discuss it.

In the past Commission efforts at program control and censorship have been quite submerged and, while always lurking in the deep, they have been hard to surface and catch. To change the metaphor, Chairman Minow's program of action, announced first before the NAB and publicly many times since, offers a rare opportunity to grapple with more than a ghost. To demonstrate the nature of Dean Barrow's proposals, I wish to turn to the program of Chairman Minow.

Chairman Minow in his NAB speech bluntly told the broadcasting licensees that he had no confidence in their product. This, of course, after observing the amenities expected of a guest by telling them that they were nice chaps. He was very specific about the types of programs that he thought should not be broadcast or should be broadcast less frequently. He said, "The old complacent unbalanced fare of action-adventure and situation-comedies is simply not good enough." He further observed that next season will be little better because "of 73½ hours of prime evening time, the networks have tentatively scheduled 59 hours to categories of action-adventure, situation-comedy, variety, quiz and movies."

He also was specific in certain areas as to the types of programs that should be broadcast. He declared quite specifically the for-

mat and purpose of children's shows and implied the time that they should be broadcast. He named his favorite shows by specific title. Mr. Minow exhibited impatience with the imperfect tastes of the masses and the broadcaster's imperfect response to public tastes.

Mr. Minow's description of what he approves and disapproves was sufficiently explicit to enable any normally intelligent broadcaster to choose and select programs that will satisfy Mr. Minow's standards. The message was loud and clear. The broadcaster can throw out some programs completely, change the formats of others and get some new ones that fit the Minow specifications. No problem.

Thus far, on the basis of my summation, Mr. Minow's NAB speech could be characterized as just an example of clarity in the exercise of freedom of speech, albeit somewhat less restrained than normal for regulatory officials. It, after all, is nothing more than has been said by many television columnists, critics, and viewers.

But Chairman Minow went further. He said:

1. That the broadcaster owes to the public the type of programing that he, Minow, specified.

2. That he intends in his official capacity to see that the broadcaster pays the debts he, Minow, stated.

3. And that he intends to accomplish this through the licensing power of the Commission.

Here he is not playing the role of citizen Minow, but the dispenser of the privilege to live or die as a broadcaster.

Now it seems to me that, considering these vigorous words, the Chairman simply said to the broadcaster, "Unless you broadcast or propose to broadcast what I favor and have specified, you will not be permitted by our Commission to broadcast anything." This, in my opinion, is a prior restraint upon broadcast communications, it is censorship and it violates the first amendment.

In the same speech that he said the things I have just described, he disavowed censorship in these words: "I am unalterably opposed to governmental censorship. There will be no suppression of programing which does not meet with bureaucratic tastes. Censorship strikes at the taproots of our free society." He has been reported as having repeated this disclaimer many times since.

But, in the speech, what did he say he would do but suppress programing which does not meet with bureaucratic tastes? If you are a bureaucrat and you tell a broadcaster that he may operate if he broadcasts what you favor and may not operate unless he suppresses what you disfavor, what are you doing but requiring broadcasters to conform to your taste?

Did Chairman Minow mean that refusing to permit applicants to broadcast is not a suppression of what they propose to broadcast? Did he mean that in his few months as Chairmar he has been able to discern what no one else has ever known or been able to define—public interest in programing? Or is this some kind of exotic philosophy that reconciles logical irreconcilables by the mere assertion that they are reconcilable?

Perhaps it could be said that the Chairman did not intend to cause broadcasters to conform to his taste. But his speech had no professed or discernible purpose but to reform television programing after his pattern. I understand he has received several thousand letters commending him on his efforts in this regard, i.e., the use of his powers as a Government dispenser of licenses to suppress some programs that he and his correspondents dislike and to engender others that he and they like. The widespread changes in television programing that will result from his efforts must surely have been intended by him. His perspicacity is demonstrably too great to conclude otherwise.

I am proceeding, therefore, not only on the basis that he intended to use governmental power to change television programing, but that he will—the other members of the Commission and the courts willing—be eminently successful in obtaining widespread conformity with his expressed ideas on programing. The trade press, since the Minow polemic, has depicted frantic activity among producers, networks, syndicators and station licensees to conform as quickly as possible to Minow's program format. Make no mistake about it—if you tell any businessman that you can and will put him out of business unless he conforms his product to your standards, few will commit business suicide—most will conform.

I submit that, if the Commission pursues the Minow plan for program reform, it will be the direct cause of the suppression of many programs and the release of many others that would not otherwise have reached your television screen, all tending to be stereotyped after the Minow pattern. Whether each of us would like the Minow format better than what we now have is a matter of personal taste for each individual. I personally would like it better than present fare. But what price do I pay for receiving the Minow format for the period that he holds sway?

It seems to me that the price is my concession that the Chairman and his fellow members at any time have the right and the power to set and enforce the format and structure of television program schedules—what they do to please me today can be undone tomorrow. They can prohibit violence today and editorials tomorrow—as they have prohibited editorials in the past.

More bluntly, the price I pay is acceptance of a high degree of centralized governmental control of television fare. Still more bluntly, it is censorship.

Constitutionally it must violate the first amendment; otherwise, that supposed protection against control over speech and press by Government is inapplicable to the most effective means of communication yet devised by man.

It would mean that free speech and press are only for the less efficient and most ineffective modes—books, newspapers, magazines, handbills, and movies. It would mean admitting that technological advance inevitably and progressively takes its price in loss of liberty.

Would it not be better to prohibit radio and television absolutely than to embrace it at the cost of liberty? If not, should we not be more honest with ourselves and cast off the facade of freedom and accept the governmental control of communications that has been so effectively and efficiently used by the ideology we despise but the power and success of which we cannot gainsay?

I say, Mr. Minow cannot have it both ways—brilliant, articulate, and sincere person that he is—he cannot free us from our own imperfect tastes by binding us to his imperfect tastes without denying the principle of freedom upon which our society was built; that is, diversity and liberty instead of conformity and restraint.

Any real and impending danger that lies in present television programing, much as I personally dislike much of it, is, in my opinion, of insufficient magnitude to justify Mr. Minow's substituting his imperfect personal tastes through governmental coercion for the imperfect tastes of the public or the imperfect responses of the broadcaster. The success of his endeavors would bring governmentally induced conformity, not the diversity which is the intended goal of liberty and competitive enterprise. There are glaring imperfections in our present efforts, but to substitute governmentally induced conformity (to borrow a phrase from Mr. Justice Frankfurter) "is to burn the house to roast the pig." Hence, I believe the course upon which he has embarked is illegal, unconstitutional, and violates basic principles upon which our American society has been built.

I wish to be very precise about the area in which I believe Chairman Minow's proposed course of conduct offends against liberty of speech and press because, in many other areas, I not only agree with the Chairman, but have nothing but admiration for his intelligent and vigorous approach.

I believe freedom is abridged whenever a licensee broadcasts a program or a series of programs, or fails to broadcast a program or a series of programs, not because in his judgment his public is thus served, but because unless he does so, the Commission can and will put him out of business.

Congress took great care to lodge program control in the only place it can be lodged in a really free society—outside of Government. Control was to be dispersed among the large number of licensees competing for public patronage. The natural forces of the marketplace, not Government, were to determine the program fare, just as in every other medium of communication.

Congress could not have hoped that its efforts would uniformly yield a perfect product any more than freedom and competition had done so in the other media. No perfect human institution or system exists, but the free system was chosen as the best of the alternatives.

Congress sought to insure service to the public by limiting licenses to those who the Commission found qualified and of good character. The Commission can deny licenses when the licensee lacks the qualifications of a public trustee, and a determination of those qualifications does not require the Commission to review or restrict his judgment as to programs. It can require the trustee to be financed, equipped, organized and disposed to make an informed judgment of the public's needs and desires. I have no quarrel with the Commission refusing a license where the licensee does not demonstrate that he will make reasonable efforts to inform himself on the needs and tastes of his public, in order that his judgment is an informed one.

But I do quarrel with the Commission's attempt to substitute its judgment for that of the licensee. It was the wide variety of judgments by competing licensees, not stereotyped formats from Government, that was to determine program fare. It is precisely because Mr. Minow seeks to impose his judgment as to program structure upon the licensees that I doubt the legality of his course—however, subtly this is done and no matter how many times he denies that he is doing it.

There have been numerous justifications and excuses offered for Commission intrusions into broadcast programing. They range from denials that what the Commission does constitutes program interference to implied admissions that it does interfere, but that the interference necessarily results from the Commission's performance of its statutory functions. Mr. Minow did not invent these contentions; most of them are old and hackneyed. But he has resurrected and repeated most all of them at one time or another during the short period that he has been Chairman. In spite of the added endorsement of Mr. Minow, I am still convinced that they are nothing more than euphemisms for censorship.

It is contended that the Commission in its program investigations and review does not censor because it only examines and weighs "overall programing." This is one of those phrases, the utterance of which seems to invoke some mystical power that changes restraint to liberty. An official accused of censoring needs only to utter these words and the evil spirit of censorship is supposedly exorcised. An otherwise impure act by this incantation becomes pure and holy.

But mysticism to one side, how in logic can one consider total programing without considering its parts? This is an esoteric rite that I have always wanted to witness but never have been so privileged.

Mr. Minow's talk before the NAB was no revelation of the secret. He dealt with specific types of programs of which he approved and disapproved. With his speech as a guide, one could examine the whole program spectrum and easily classify the favored and unfavored—which I believe was his intention. For him to have classified all programs by title would have been redundant and wholly unnecessary to his purpose of reforming television programing.

Moreover, I defy anyone to find one meaningful discussion of "overall programing" in any Commission decision that did not deal with specific programs or specific categories of programs.

If the Commission restrains or requires a whole category, is that acceptable, whereas to condemn or approve only one in a category is unacceptable? I cannot understand why it is censorship to require a station to broadcast a single educational program, for example, but it is not censorship to require several. Or why it would be censorship to interdict one program of violence but not censorship to silence many.

Nor, in weighing a station's "overall programing," have I ever understood how small are the parts into which it can be broken before it ceases to be mere consideration of "overall programing" and becomes consideration of particular programing. What is the location and size of the barrier erected by section 326 and the first amendment? I cannot believe that the barrier against infringement of speech and press is a small corral for a single program that disappears as if by witchcraft when it is joined with one or several others. I refuse to believe that our sacred rights to liberty can be destroyed by such sorcery.

I submit that the area of Commission consideration of overall programing is but a vast wasteland of withered liberties that should not be preferred over the "vast wasteland" Mr. Minow found in one long boring day and night before his television screen.

Closely associated with the "overall programing" alibi for Commission interference with programing is the term "balanced programing." Balance would seem, on the surface, to refer to some proper mixture of program types—entertainment, religious, educational, agriculture, public affairs, discussion, live, etc.

In actual practice it has been used to coerce licensees into carrying types of programs the Commission favors at the expense of programs that it disfavors or favors less. For example, I have never heard of a station being challenged for having too much educational, public affairs or discussion programs and too little entertainment, even though its performance of the favored shows exceeded its promise. If the mixture is the thing—then imbalance in one category should be as bad as any other. A performance of 10 percent educational against a promise of 5 percent would seem as much a broken promise as a similar variance in entertainment.

The fact is that the balanced programing concept, where it has been applied, has generally been used to coerce stations into carrying relatively unpopular programs at the expense of the relatively popular ones. It has been used to protect so-called minority tastes—never majority tastes.

Now I am willing to concede that broadcasting fails as an effective democratic instrument if it serves only majority tastes. The question is: Can a wide variety of program types be obtained only by the Commission requiring conformity to its stereotyped formats? If so, perhaps it is better that television remain ineffectual than make this concession to censorship and conformity. Moreover, if station formats are going to be stereotyped through conformance to Commission formulas, why do we need a great multiplicity of stations to merely repeat the same formulated fare on a variety of channels. Frequencies are too scarce for this waste.

There is a way established and intended by the act that tends to diversity rather than conformity and does so without endangering our liberties. With a multiplicity of stations competing with each other, each must constantly search out unsatisfied wants. The more stations there are, the more assiduously each must search. With a relatively few stations competing, the majority tastes constitute a large and rewarding market that tends to satisfy the few competitors. As stations increase, the majority audience must be shared by more stations and the point is ultimately reached where a station's small share of a majority audience can be less rewarding than a large share of a minority audience. Hence, some competitors forsake mass tastes and specialize in some unrequited minority desire. As more stations specialize, more special tastes are satisfied. This is not mere theory—it is demonstrated by a glance at the radio fare in many of our markets—which has resulted wholly from the proliferation of radio stations in the last decade and a half.

I submit that the balanced programing guideline is but an instrument of conformity and censorship; freedom to specialize as competition in the market dictates is the opposite. The choice is between conformity through censorship and diversity through liberty.

Of course, we have not as yet in most television markets reached the point in television growth where stations are forced by economic imperatives to look far beyond the majority tastes. But television is further advanced on this road now than radio was at the same age. We will arrive at this goal of diversity and total accommodation of tastes if the Commission and the industry work together to increase the economic support, the program sources and the available channels for television. However tough some of these problems may be, the hope of success is not so dismal that we should accept censorship and conformity as a substitute.

Perhaps the most false and yet high-sounding excuse that the Commission has given for interference in programing has been that it is only seeking to require the licensee to perform what he has promised. The supporting contention that makes this sound so fair and proper to the uninitiated is that, if a licensee voluntarily promises something to get his license, he ought not to complain when the Commission exacts performance. There are two things wrong with this contention: First, the applicant has not made and cannot make a promise; second, his program representations were not in any real sense voluntary.

The form that requests him to submit a breakdown of his expected programing as to type and source states as follows: "It is not expected that licensee will or can adhere inflexibly in day-to-day operation to the representation here made." It goes on to state that it should "reflect accurately applicant's responsible judgment of his proposed program policy." Program representations under this caveat simply do not rise to the dignity of a promise to specifically perform as represented.

And the caveat was not just softheartedness on the part of the Commission; it was rather a recognition of the reality that it is beyond human prescience to predict program performance 3 years in advance without casting the licensee in an inflexible mold that itself would prevent him from serving his public.

The type of programs one broadcasts results from a judgment of the public needs and tastes at the moment and an attempt to implement that judgment from the programs available at that moment. The only predictable certainty about public needs and tastes is that they are eternally and constantly changing. Program sources, likewise, are constantly opening and closing.

A commitment over 3 years to an inflexible mixture of types and sources of programs is not only a commitment that would be impossible to perform, but, if possible, would commit the licensee to ignoring the changing needs and tastes of his public. Thus, the promise-versus-performance dictum places the licensee in the hopeless dilemma of embracing inflexibility which, per se, should disqualify him as a licensee.

Nor, in view of Mr. Minow's threats to deny applications where the program structures do not conform to his specifications, can it be said that the program representations in an application are uncoerced and voluntary. A quixotic few might propose program structures that Mr. Minow has said he will suppress by denying the license, but most will take the expedient and practical approach and conform to his format. Thus, the Commission coerces a promise and then demands performance of the promise it has coerced. This mode of getting the programing the Commission wants is not sufficiently devious, under analysis, to conceal its true nature—it is an instrument of censorship.

I do not wish to imply that under all circumstances it would be improper for the Commission to weigh program representations versus performance. Where the Commission seeks to determine whether the licensee willfully and fraudulently misrepresented his intentions and therefore has character defects, I believe the Commission can properly consider his performance as evidence of an intent not to perform what he represented at the time he filed the application. This has nothing to do with whether his programs were good or bad or what programs he proposes for the future; the only question is whether he intentionally deceived the Commission.

If the evidence establishes that he did, then the Commission must weigh this along with other evidence on character, to determine whether he is a qualified licensee. In considering the character issue, it is irrelevant that he is now willing to make a new representation or to "upgrade" his programs. If his character is found to be bad, what good are new "promises"? If his character is found to be good, in spite of the misrepresentation to the Commission, that ends the inquiry, for it adds nothing to his character for him to make a new "promise" or to say that he will "upgrade" his programs.

But the Commission has not used the promise-versus-performance standard as a mere test of character; it has been used principally to force a licensee to change his program proposals. The recent *KORD* case (KORD, Inc., docket 14003, July 12, 1961) is an example.

In 1960 KORD filed an application for renewal of license and proposed a program

structure that contained no educational, discussion, talk or local live programs. The application disclosed that this was essentially its past performance.

The Commission wrote a so-called McFarland letter indicating that a hearing would be required because a 1957 application had proposed a program structure that included programs in the categories that were not carried. KORD amended its application to propose programs in the favored categories and reduce its entertainment and recorded programs. The Commission designated the application for hearing, but upon petition for reconsideration, granted the application without a hearing.

The decision contains no real discussion of the character issue and relies heavily upon KORD's new "promises" to "upgrade" its programs by adding the favored categories. That the Commission is directly responsible for many programs that KORD will broadcast in the next 3 years and for the absence of others that, but for the Commission restraint, it would have broadcast cannot be in doubt. KORD is merely an example; many similar cases can be found. In fact, in the KORD decision the Commission boasted that it had been doing this since 1946.

Other justifications for Commission interference with programing are that it must interfere because broadcasters use the public domain and operate pursuant to a license. These justifications stand up under neither analysis nor analogy.

I had always understood that one of the primary purposes of public facilities was to promote commerce and communication among our people. I have never understood that our liberties depended upon our avoiding use of the public domain.

If use of public domain deprives a communication medium of its right to be free from Government censorship, then what medium today has the right to be free? All use the publicly owned postal system; many besides broadcasting use radiofrequencies; all to a greater or lesser degree use public highways, streets, and airways; all do this under Government regulation and many pursuant to licenses.

With the explosion of electronic and space satellite developments, it is not too far-fetched to suggest that in a few years no substantial communications medium will be able to function without using the public's radiofrequencies to a substantial degree.

I never have understood that, where government uses the licensing mode as its instrument of regulation, its power in areas circumscribed by the Constitution is increased. The printed media operates in large measure pursuant to a permit to use second-class mails. City streets, parks, and halls in many cities cannot be used for meetings or speeches without licenses from the city authorities. In a number of States and cities, motion pictures cannot be exhibited except pursuant to government license.

Under no precedent that I can find has the fact that they were licensed been used as a justification to whittle away their rights under the first amendment. As a matter of fact, in nearly all of the cases, the very fact that the licensing mode of regulation was used, which by definition is a prior restraint, has caused the courts to be extraordinarily diligent in making certain that the instrument was not used to abridge liberty of press, speech, or religion. If communication media cannot use the public domain pursuant to a license and still maintain their freedom from government dictation of the things they communicate, then, we have to say that the first amendment died at the beginning of the radio and space age; that these liberties were intended only for the days when communication was infrequent, difficult, and relatively ineffective; that such liberties cannot be indulged in this modern world of technology. If we believe these things to be true, it seems to me that we have accepted a major element of the philosophy of Marx and Lenin.

The foregoing reasons for Commission interference in programing have been legally justified by the contention that the Commission has judicial approval for what it has done and is doing. I have to concede that it has the better of it in the precedents. The Federal Radio Commission's power to deny renewals of licenses because it disapproved of past program performance was approved by the court of appeals in two cases, now 30 years old.[1]

In one case Dr. Brinkley used his radio as a business adjunct and to prescribe for his patients. In the other case a Reverend Shuler used the facilities to obstruct justice and make defamatory attacks. Mr. Shuler had a newspaper counterpart, by the name of Near, who had been doing about the same thing at about the same time in Minnesota, but through a newspaper instead of a radio station. A year before the Shuler case was decided by the court of appeals, the Supreme Court denied, as unconstitutional, an injunction against Near's continued publication of the newspaper[2] and this decision was cited in the Shuler briefs and cited in the Court's decision. What Minnesota did was held, by the Supreme Court, to be a prior restraint, but what the Commission did was held by the court of appeals not to be a prior restraint.

I cannot reconcile Near and Shuler except on the grounds that the first amendment applied to newspapers but not to broadcasting. At that time this belief was quite generally held. Not until 1948 did the Supreme Court unequivocally state that broadcasting was within the protection of the first amendment.[3]

Both of the applications, Brinkley and Shuler, could have been denied on grounds that would have raised no question of censorship.

In other court of appeals cases, the court has upheld the Commission's right to use its evaluation of programing proposed in comparative applications as one of the deciding factors.[4] But the questions have never been squarely presented to the Supreme Court, although there is dictum to support my contention and other court expressions which can be interpreted contrary to my position.

I do not believe that, in the light of the first amendment cases decided in the last score of years, the precedents upon which my opponents rely are trustworthy. That is to say that, if broadcasting is protected by the first amendment, as the Supreme Court says it is, then by analogy to cases in other media, the Commission cannot use its licensing power to previously restrain broadcast communications in the manner that the Commission has been doing and proposes to do. I believe the court would so hold in a case squarely presenting the issue upon a complete record.

Moreover, I believe that attempts to achieve standardization of public tastes and broadcaster's response through centralized control by the NAB is only somewhat better than censorship by the Commission. Each seeks the concentration of control over programing and the standardization of tastes that is an anathema to diversity and liberty. NAB is more acceptable because it lacks the coercive power of government, and there is always the probability that there will be some nonconformists in the industry.

It should be apparent to all at this point that I am not speaking for the industry. Indeed, many in the industry probably find censorship and control a more comfortable way of life than being constantly confronted with competitors who just do not conform to the standard pattern.

These are only my opinions—ill-qualified ones at that, compared to the qualifications of some of those who hold contrary views. But, at a time when we are locked in a life-and-death struggle with the Communist world, when that external threat is going to require many sacrifices, including the loss of many of our peacetime liberties, should we concede that the enemy's creed of cultural censorship and control must at long last replace our historic and yet to be perfected liberties of speech and press? If these American liberties are thus to be blithely discarded, what is there left to fight for except narrow, selfish, materialistic and nationalist ambitions?

[1] *KFB Broadcasting Assn.* v. *F.R.C.* (47 F. 2d 670 (1931)); *Trinity Methodist Church South* v. *F.R.C.* (62 F. 2d 850 (1932).

[2] *Near* v. *State of Minnesota* (283 U.S. 697 (1931)).

[3] *U.S.* v. *Paramount Pictures, Inc.* (68 S. Ct. 915, 933 (1948)).

[4] *Johnston Broadcasting Co.* v. *F.C.C.* (175 F. 2d 351 (1949)).

FACILITATION OF CONDUCT OF BUSINESS OF FEDERAL COMMUNICATIONS COMMISSION—CONFERENCE REPORT

Mr. PASTORE. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2034) to amend the Communications Act of 1934, as amended, in order to expedite and improve the administrative process by authorizing the Federal Communications Commission to delegate functions in adjudicatory cases, repealing the review staff provisions, and revising related provisions. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of Aug. 18, 1961, pp. 16585–16587, CONGRESSIONAL RECORD.)

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

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

Mr. PASTORE. Mr. President, in my judgment, this legislation will serve to increase the efficiency of the FCC as well as permit the utilization of new procedures that may serve as a guideline for other administrative agencies.

In view of the procedures developed in this legislation, I intend to obtain an early report from the FCC as to its effects.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

AMENDMENT OF WATERSHED PROTECTION AND FLOOD PREVENTION ACT

Mr. ELLENDER. Mr. President, I ask the Presiding Officer to lay before the Senate the House amendment to S. 650.

Mr. CLARK. Mr. President, reserving the right to object—and I shall not object—does the Senator desire to set aside the pending bill for a conference report?

Mr. ELLENDER. I simply wish to request that the Senate concur in a House amendment.

Mr. CLARK. I have no objection.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 650) to amend the Watershed Protection and Flood Prevention Act to permit certain new organizations to sponsor works of improvement thereunder, which was, to strike out all after the enacting clause and insert:

That the last paragraph of section 2 of the Watershed Protection and Flood Prevention Act is amended by inserting immediately before the period at the end thereof the following: "; or any irrigation or reservoir company, water users' association, or similar organization having such authority and not being operated for profit that may be approved by the Secretary".

Mr. ELLENDER. Mr. President, on June 12 the Senate passed the bill to amend the Watershed Protection and Flood Prevention Act to permit certain organizations to sponsor works of improvement thereunder. The House substituted for our bill an amendment. The associations we included were the irrigation or reservoir companies, the water users' associations, or similar organizations, and the House added the words "and not being operated for profit."

The new organizations would be permitted to promote and foster these works, provided they were not being operated for profit.

I have taken this up with the distinguished ranking minority member of the Committee on Agriculture and Forestry.

Mr. President, I move that the Senate concur in the House amendment.

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

The motion was agreed to.

FARM CREDIT

Mr. McCARTHY. Mr. President, among the provisions of S. 1927, passed by the Senate, is an amendment to section 22(a) of the Farm Credit Act of 1933. It requires production credit associations to set aside from annual earnings an amount equal to one-half percent of their outstanding loans for a bad debt reserve, until this reserve reaches 3½ percent of outstanding loans. After this percentage is reached, increases in the reserve are permitted but not required.

This amendment applies only to PCA's, the cooperative credit institutions organized under Federal statute. I believe the RECORD should show, however, that there are other farm credit institutions which also perform a valuable service in extending credit to farmers and ranchers.

These OFI's, as they are called, deal almost exclusively with farm credit. They are generally organized under State laws, but they are entitled to rediscount with and to borrow from the Federal intermediate credit banks in the same manner as PCA's. For practical purposes they operate much like the PCA's and their need for a reasonable bad debt reserve is similar.

At the beginning of this year 92 of these agricultural credit associations were rediscounting loans at the Federal intermediate credit banks.

I am hopeful that whatever action may be necessary will be taken to provide similar treatment for these other financial institutions in their effort to serve the credit needs of the farmers of the United States.

THE STEEL INDUSTRY

Mr. McCARTHY. Mr. President, since at least July of this year, the press has been speculating concerning a possible steel price increase, which it is anticipated, or at least proposed, will average between $4 and $5 a ton. The explanation advanced by the steel industry, for whatever increase is contemplated, is generally the fact that wage rates will rise approximately 14 cents an hour on October 1. An increase in the price of steel, if it is to be justified, can be justified on the basis of four or five considerations. One of these would be the fact, if it could be determined, that wages are outrunning productivity.

The second justification might be that other costs which go into the production of steel had risen in some significant way, and that such increased costs had to be included in an increase in the price of the finished steel.

A third reason might be that the profits that were paid to those who had invested in the industry—those who had bought stocks—had not represented an adequate return on their investment, and so a price increase would be needed in order to increase profits.

An additional consideration would be an increase in the cost of capital if the facts showed that the steel industry was borrowing a great deal of money or was having to pay higher interest rates on its own borrowings. It might say, "For these reasons, we must increase the price of the finished steel."

It might also be argued that management in the industry had not been properly rewarded, and if that fact could be established, the industry might say that in order to reward management properly, it should increase the price of steel.

Let us look to each of those arguments, so far as we can, to determine whether there is any significance or substance to any one of them. Consider first the question of whether or not wages are outrunning productivity. This is the argument which is given most attention within the steel industry itself, and one which would be most deserving of consideration if it could be established.

Under the existing contract, the October 1 wage increase, previously negotiated, represents a basic rise of slightly over 8 cents per hour. Because of fringe benefits, actual payments will exceed this amount. The union's estimate of the total cost effect per man-hour is 10.5 cents. The newspaper accounts of the industry estimates are only slightly higher. A roughly similar increase went into effect last year, making a total for the 2 years of around 20 cents. A conservative estimate of the average increase in productivity in the steel industry is 3 percent a year. Average hourly earnings run slightly more than $3 an hour. The increase in productivity thus amounts to slightly more than 9 cents a year—18 cents for 2 years. This is only fractionally more than the cost of the wage advance at a productivity rise of 3 percent which may well prove to be an underestimate.

So if we were to use such an argument, an examination of the record—accepting the view that those arguments are true—would indicate that the increase in productivity over those 2 years would be roughly proportionate to the increase in wages to be paid under the existing contract.

I ask unanimous consent to have printed in the RECORD at this point further discussions and some excerpts from the hearings on administered prices. These items relate to the question of the increase of productivity in the steel industry, and the bearing of that increase upon the question which we are now considering as to whether or not price increases of finished steel are necessary or justifiable.

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

HEARINGS, ADMINISTERED PRICES, PART 3, PAGE 1132

In the steel report of the subcommittee, Mr. Cooper's estimate was analyzed: "Since United States Steel itself has taken the position that 1956 is not a representative year for this type of estimate, it is desirable to eliminate that year in calculating the growth in productivity. On the basis of Mr. Cooper's figures (exhibit III of his statement), it appears that output per thousand man-hours rose at an average rate, compounded annually, of 3.5 percent a year, from 1950 through 1955." (S. Rept. 1387, 85th Cong., 2d sess., "Administered Prices: Steel," p. 41.)

Dr. Gardiner C. Means, an independent economist, estimated from BLS data that the productivity increase from 1953 to 1955 in the steel industry was around 4.3 percent high production in the industry. (Hearings, Administered Prices, pt. 9, pp. 4764–4765.) 1955. (Hearings, Administered Prices, pt. 2, p. 446.)

Mr. Otis Brubaker, research director, United Steelworkers of America, estimated that the productivity rise averaged about 3.1 to 3.2 percent a year over the period 1939 to 1955. (Hearings, Administered Prices, pt. 2, p. 446.)

The Bureau of Labor Statistics, using hours paid (including time for paid vacations, holidays, etc.), has published its series (as corrected May 6, 1959) for index of output per production worker man-hour. The subcommittee staff, using the same production index as the BLS, but using the American Iron and Steel Institute data on hours worked, constructed an index of output per

man-hour worked. Both of these are shown below, together with the operating rate for the industry.

The Council of Economic Advisers estimates that productivity in the steel industry advances at about 3 percent per year.

Steel productivity indexes

[1947=100]

Year	BLS (hours paid)	Subcommittee (hours worked)	Operating rate
1947	100.0	100.0	93
1948	100.4	100.9	94
1949	102.8	103.0	81
1950	111.9	112.9	97
1951	113.0	110.8	101
1952	117.6	113.9	86
1953	118.8	116.1	95
1954	115.9	115.8	71
1955	129.4	129.4	93
1956	130.4	131.9	90
1957	128.9	132.1	85
1958	126.6	132.0	61
1959	141.8	146.9	63

Mr. McCARTHY. The second consideration deserving attention is whether or not other costs which enter into the price of steel have somehow increased, which would be a basis for increasing the price of steel. Have the costs of materials that go into steelmaking increased significantly within recent years? So far as I can determine, they have not to the extent that any increase in the cost of steel would be justified. It is not justifiable on the record which is available with reference to the cost of materials. Most of the materials consumed in the making of steel are produced by the steel companies themselves. Most of the mines, for example, are captive mines.

An increase in labor costs resulting from higher wages paid to workers engaged in the production of iron ore, if treated as an increase in the cost of steel, would not be regarded as also an increase in the cost of materials. To count them so would be to count them twice.

The steel companies have failed to demonstrate that there have been any significant increases recently in the cost of producing their own steelmaking materials. Moreover, since 1956, there has taken place a sharp decline in the cost of one important steelmaking material, which is the purchase of scrap.

I ask unanimous consent to have printed at this point in the RECORD a statement from the publication "Administered Prices," pages 42 to 44, from Senate Report 1387 of the 85th Congress, which deals with changes in the price, the declining price, and the declining cost of steel scrap.

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

The principal materials used in steelworks and rolling mill operations are pig iron ($2.1 billion worth in 1954) and scrap ($551 million worth of purchased scrap was used in 1954). The next largest items shown in the 1954 census were ferromanganese, valued at $146 million, and iron ore, $94 million. The cost of other materials used was small in comparison to these items. United States steel secures its pig iron and ferromanganese from its own blast furnaces, and mines its own ore. Thus for both blast furnace and steel-making operations, the major element of purchased materials appears to be iron and steel scrap.

The price of scrap to United States Steel and Bethlehem was estimated to be about $34 a ton in September 1957. This figure was determined by applying the percentage decline in open market scrap prices from the 1956 average to September 1957 to the average price paid by United States Steel in 1956. On this basis, the cost of scrap per ton of finished steel in September was $8.69, in comparison to an average cost per ton of $12.56 in 1956. In other words, the estimated reduction in the cost of purchased scrap ($3.87 per ton of finished steel) from 1956 to September 1957 has been more than enough to offset even a generous estimate of the increased labor costs incurred through the July 1 wage adjustments. Subcommittee on Antitrust and Monopoly, S. Rept. 1387, 85th Cong., 2d sess., "Administered Prices: Steel," pp. 42 and 44.)

Mr. McCARTHY. It may be contended that there has been an increase in the cost of iron ore. Such contention is extremely difficult to establish. It would be of great value to us if we could discover what the steel industry actually pays for the iron ore which is produced in Minnesota, Michigan, Wisconsin, and other parts of the United States, and also what it costs the steel industry of this country for ore that it obtains from Canada, Venezuela, and Brazil. The facts with reference to this question are not readily available, and there is no indication on the part of the industry that it wants to tell us, or to declare very clearly and positively that these prices have increased.

The third consideration which might justify an increase in the cost of finished steel would be that profit rates have been too low. An examination of the record of the steel industry would indicate that such is not the case. In analyzing any change in profit rates, it is necessary to recognize the existence of a close historical relationship in the steel industry between profit rates and operating rates. Production is a percentage of capacity. Since 1955 the rate of return on net worth has risen above the historical relationship which has existed since 1920. For the industry as a whole the profit rate now runs about 2 percentage points above the historical relationship between operating rates and its profit rates. For United States Steel it runs 3¾ percentage points above the historical relationship.

If there is any basic reason why this historical relationship is not an adequate return upon which to form a judgment, it seems to me the burden of proof is upon the steel industry. Or if there is any reason why profits and the rate of return on investments in the steel industry should be much higher than they are in other industries, the burden of proving this necessity also rests on the steel industry before it makes an argument for price increases.

I ask unanimous consent to have printed at this point in the RECORD a table showing the relationship between the operating rate and the rate of return on net worth after taxes in the steel industry.

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

Steel: Relationship between operating rate and rate of return on net worth after taxes

Year	Steel industry		United States Steel	
	Operating rate	Rate of return	Operating rate	Rate of return
1920	76.7	12.1	86.2	11.5
1921	34.9	2.2	48.3	4.3
1922	61.7	3.8	70.9	4.6
1923	77.3	9.4	89.1	10.9
1924	64.6	6.5	72.2	8.4
1925	75.4	7.6	81.7	8.6
1926	84.1	9.3	89.1	10.1
1927	75.4	6.6	79.8	7.4
1928	84.6	8.4	84.6	9.0
1929	88.7	12.1	90.4	12.6
1930	62.8	5.1	67.2	5.8
1931	38.0	−.3	37.5	9.7
1932	19.7	−4.5	17.7	−4.1
1933	33.5	−2.2	29.4	−2.2
1934	37.4	−.7	31.7	−1.3
1935	48.7	1.4	40.7	.1
1936	68.4	4.8	63.4	3.8
1937	72.5	7.2	71.9	7.0
1938	39.6	.3	36.4	−.6
1939	64.5	4.2	61.0	3.1
1940	82.1	8.2	82.5	7.5
1947	93.0	11.8	96.7	10.0
1948	94.1	14.4	93.8	10.6
1949	81.1	11.8	82.5	9.6
1950	96.9	15.3	98.2	12.3
1953	94.9	11.2	98.4	9.9
1954	71.0	9.4	73.2	8.3
1955	93.0	14.7	90.8	14.8
1956	89.8	13.2	85.2	12.8
1957	84.5	12.4	85.2	14.3
1958	60.6	8.1	59.2	9.7
1959	63.3	8.1	58.3	8.0
1959, 2d half	(1)	(1)	30.0	0
1960	66.8	7.8	65.1	9.2

[1] Not available.

Sources: Joint Committee on the Economic Report, "Basic Data Relating to Steel Prices," 81st Cong., 2d sess., 1950; AISI, Annual Statistical Reports; Federal Trade Commission; United States Steel, "Basic Facts" (pamphlet); Moody's Industrials.

Mr. McCARTHY. The fourth consideration deserving of attention is the question of whether or not the cost of capital has increased for the steel industry. Does it have to borrow more money, or does it have to pay more for what it borrows now than it did in the past? On this point the record shows quite clearly that the steel companies have obtained most of their financing requirements from retained earnings. For the most part, they have not had to go into the open market and have not been affected significantly by increases in interest rates or, on the other hand, by a decline in interest rates. In 1959 a prominent investment house issued the following statement:

Since the beginning of 1946, United States Steel has spent $4 billion on facilities for property improvement, replacement, and modernization—or the equivalent of nearly $75 per share of the 53.8 million common shares. For the period of 1946 to 1958 $3.9 billion of cash throwoff (i.e., cash retained from operations) has come from retained earnings, depreciation, and amortization and this has been almost sufficient to finance this major capital expenditure program. ("Investment Comment on United States Steel," Goldman, Sachs & Co., June 1959.)

For the steel industry as a whole there have been several bond issues since 1958, but these are not convertible to stock. The proceeds of six publicly

offered security issues of steel companies, according to the SEC, totaled $689 million.

Consolidated industry financial statements, as compiled by the American Iron and Steel Institute, showed that retained earnings increased $834 million in these 3 years.

This evidence shows that the industry has not had to go to the open market and has not had to pay increased interest rates in order to secure capital for expansion.

There is one further fact which might receive consideration, and that is the question as to whether the management of steel industry is underpaid, and consequently price increases might be necessary to bring them up somewhere near the average.

I believe that most Members of the Senate know that steel management is not underpaid. However, in order to make the RECORD complete and to answer this question, I ask unanimous consent to include in the RECORD at this point table 12 from the report on administered prices, which lists 18 of the highest paid officers in U.S. industry today. The report shows that of the 18, 11 or 12 come from one steel company; not from the entire industry, but from one company. I may say that this is the Bethlehem Steel Co. Perhaps they should be commended for paying their executives wages and salaries which are subject to income taxes. The common practice in some of the other large steel companies is to pay salaries relatively much lower than those paid by Bethlehem, and to make up for the deficiency, if it can be called that, with stock options and other special considerations.

I ask unanimous consent that excerpts from the report dealing with stock options also be included in the RECORD at this point.

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

TABLE XII.—*18 highest paid men in U.S. industry*

1. Eugene G. Grace, chairman, Bethlehem	$809,011
2. Harlow H. Curtice, president, General Motors	695,100
3. Arthur B. Homer, president, Bethlehem	669,176
4. Crawford H. Greenewalt, president, Du Pont	600,886
5. Frederic G. Donner, executive vice president, General Motors	577,625
6. Stewart J. Cort, vice president, Bethlehem	529,340
7. Louis C. Goad, executive vice president, General Motors	521,000
8. Robert E. McMath, vice president-secretary, Bethlehem	514,340
9. Norborne Berkeley, vice president, Bethlehem	499,340
10. Joseph M. Larkin, vice president, Bethlehem	499,340
11. Daniel D. Strohmeir, vice president, Bethlehem	444,424
12. Arthur F. Peterson, vice president, Bethlehem	434,424
13. J. W. Schwab, president, United Merchants & Manufacturers	386,588
14. Harry C. Crawford, vice president, Bethlehem	374,507

TABLE XII.—*18 highest paid men in U.S. industry*—Continued

15. Paul S. Killian, vice president, Bethlehem	$374,507
16. Ernest R. Breech, chairman, Ford Motor	370,000
17. Henry Ford II, president, Ford Motor	370,000
18. Jesse V. Honeycutt, vice president, Bethlehem	364,589

Source: American Institute of Management, Corporate Director, August 1957, p. 4.

United States Steel has earmarked 5 percent of its outstanding common stock for stock options, Bethlehem, 5.5 percent, and National, it is believed, a similar amount.

United States Steel's stock-option plan, adopted in 1951, limits the offering of stock options to 30,000 shares to any one participant. A total of 722,250 shares has been purchased under this plan. The potential profit to be made through stock options can be seen in that in 1951 options on 768,000 shares were granted at an effective price of $20.50 a share. Options were exercised for the purchase of 722,250 shares in subsequent years while the market price for such shares has ranged as high as $73.75 per share. In 1953 the option price for 787,400 shares was set at $18.50, and in 1955, an option price of $48 was set on 286,200 shares.[3]

Since 1951, United States Steel has granted stock options at a face value of $48,960,000. The market value of these shares on August 8, 1957, the day Mr. Blough testified before this subcommittee, was $133,232,100.

National Steel has granted stock options to its officers and directors at various times in recent years. In 1951, 17,800 share options were granted at a price of $42 per share. When these options were exercised the market price was as high as $69.25. In 1954, 7,400 shares were optioned at $40.50, and in 1955, 34,500 shares at $62.50, and prices upon exercise were as high as $75.25. The bulk of options granted in 1955 have not been exercised as the market price in 1957 has declined to below the option price. This raises the question as to whether, if incentive is desired rather than nontaxable income, a stock bonus plan would not be preferable.

Bethlehem's stock option plan offers stock at 95 percent of the market value of the stock on the option date. No maximum number of options is included in the Bethlehem plan other than that no more than 10,000 shares can be issued to any one participant in any one year.

The Bethlehem stock option plan, approved September 17, 1957, is clearly the result of a long look at the tax laws. Bethlehem has reduced the fund from which bonus payments are made by one-third in favor of stock options. The provisions of the stock option plan are in brief:

(a) All directors and selected persons chosen by a stock option plan committee are included;

(b) Each director can purchase a number of shares having an aggregate option price equal to his current aggregate compensation;

(c) The period during which the option may be exercised is 10 years;

(d) The option price is 95 percent of the market value at the time the option is granted.

Because of the difference in taxation rates upon regular income and capital gains, the one-third less in incentive bonus can be compensated for by a much smaller increase in the capital value of the stock.

[3] United States Steel Corp., stock option rights granted and exercised, ibid., appendix, pp. 989–990.

Mr. McCARTHY. Other Members of the Senate have spoken about the significance of steel prices in the operation of our economy. They have spoken about the importance of the increase in steel prices with reference to possible inflation and other factors in our national economy.

I wish to speak about the probable effect of such increase on our foreign trade position and on the balance-of-payments situation.

For the past 2 or 3 years the United States has been faced with a difficult balance-of-payments situation, one which resulted in a serious gold drain from 1958 through the early part of this year. At the moment the pressure tending to weaken the dollar in international exchange and to cause a gold outflow has been relieved, but the present balance is exceedingly delicate. It could be easily upset, to our great disadvantage, by any rise in steel prices.

The problem has two phases, as I see it. In the first place, steel exports will fall below what they would be without a price rise, and this will reduce our favorable merchandise balance of trade. In the second place, it may be safely predicted that a steel price advance will trigger price increases in a number of steel-using industries, a development which would have much more serious effects on our international trade position than the decline in steel exports alone.

The record with reference to steel exports and imports has a significant bearing at this point.

One effect of the steady increase in steel prices has been to curtail steel exports and spur imports. Indeed, the American steel industry appears to be in the process of pricing itself out of the world markets and inviting expansion of imports. In sharp contrast to our historical pattern of steel exports substantially exceeding imports, steel import tonnage this year, as in the past 2 years, is again running ahead of exports. Imports of certain fabricated goods made largely of steel, such as automobiles, have also surpassed exports in recent years.

I ask unanimous consent to have printed in the RECORD at this point a table showing the change in the exports and imports of steel in the years since 1952. This table was prepared by the U.S. Department of Commerce. I also ask unanimous consent to insert in the RECORD at this point a comment on the table.

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

Year	Exports	Imports
1952	4,171	1,614
1953	3,082	2,335
1954	2,869	1,167
1955	4,228	1,352
1956	4,640	1,795
1957	6,336	1,499
1958	3,026	1,998
1959	1,808	5,323
1960	3,199	3,907
1961 (5 months)	952	1,108

Source: U.S. Department of Commerce, Office of Business Economics.

Mr. McCARTHY. Reporting on steel mill products alone for June 1961, the Wall Street Journal of August 18, 1961, pointed out that imports were at a 14-month high and that June exports were lower than in any previous June back into the 1930's:

The Commerce Department said the U.S. export decline stemmed partly from slower demand abroad and partly from expanded foreign producing capacity. Shipments to Canada, this Nation's biggest steel customer, have declined because of "the large expansion of steelmaking capacity in Canada in recent years, and competition from Western Europe and Japan," the agency said. U.S. sales of steel to Britain are being hurt by lower auto production there "and increased local availability" of steel, the report added.

The report also listed the major foreign sources of steel bought by U.S. customers. In the first 5 months of 1961, the Department said, combined shipments from Belgium and Luxembourg accounted for 34 percent of total U.S. imports. The main products shipped from these countries were concrete-reinforcing bars, structural steel, pipe and tubing, barbed wire, and wire nails.

Mr. President, in 1959, for the first time in more than half a century, imports of steel mill products into the United States exceeded our exports; imports reached an all-time high of 4.4 million tons, while exports were 1.7 million tons. The long steel strike of that year provides a very convenient rationalization for this. Of course, 1959 steel shipments were much higher than those of 1958, and there was no indication of any general steel shortage, despite the strike. Nevertheless, it seems to make some sense that exports would fall and imports rise in a major strike year.

There was no steel strike in 1960. The average operating rate of the industry was 67 percent of capacity. Indeed, if we leave out the first 3 months of the year when inventories were being rebuilt after the strike, we find that the average operating rate for the remaining 9 months was only 56 percent of capacity. Foreign markets were good, and most foreign mills operated at full capacity with mounting backlogs. Under the circumstances we would expect that all of our domestic requirements could have been met with plenty of steel left over for export. But in 1960, for the second consecutive year in more than half a century, imports of steel mill products into the United States exceeded exports. It is true that exports were above those of 1959, while imports were somewhat below the 1959 figure; but the fact remains that in a year with no strikes and with plenty of idle capacity we were a net importer of the products of one of our most basic industries.

I find nothing very heartening in the figures so far available for 1961. In the first five months of this year, the industry utilized less than 60 percent of its available capacity. Despite this, imports of steel mill products are still running far ahead of exports.

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

Mr. McCARTHY. I yield.

Mr. GORE. Does not the Senator believe that a further increase in the price of U.S. steel would aggravate the Export-Import balance-of-payments problem?

Mr. McCARTHY. There is no doubt that it would aggravate the problem and make it more difficult to maintain a balance of payments.

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

Mr. McCARTHY. I yield.

Mr. GORE. Professor Eckstein, at our forum and study group, stated that statistics show that within the past 6 or 7 years the export price of German-made steel has increased 9 percent, that the export price of Belgian steel has decreased 3 percent, while the export price of U.S. made steel had increased 36 percent.

Mr. McCARTHY. The Senator is correct.

Mr. GORE. If the trend continues, how will the United States play in this international economic league?

Mr. McCARTHY. The result can only be a further decline of the U.S. position in the steel markets of the world. This decline has been in progress for several years.

In 1954 steel accounted for 19 percent of the total value of exports from the United States and from Western allied nations, including Japan.

The result of these developments has been a marked decline of the U.S. position in the steel markets of the free world. In 1954, this country accounted for 19 percent of the total value of exports from the United States, the United Kingdom, West Germany, and other OEEC countries, and Japan. Between 1954 and 1957, there was a sharp rise in the world demand for steel, and exports from the countries mentioned nearly doubled. The United States more than held its own in this expansion; our share in the total rose to 23 percent. But in 1958 and 1959, the market receded from the earlier peak. In this period, exports from the United States declined far more than exports from Western Europe and Japan.

These are the same years in which an unfavorable balance of trade began to plague us, and our market shares were 15 percent in 1958 and only 10 percent in 1959.

I am certain that the principal factor which explains the changes in our market shares from 1954 to 1959 is price. During the 1954–57 expansion in the world demand for steel, we would have expected steel prices to rise everywhere, and they did. If anything, the relative increase in U.S. steel export prices was somewhat less than that in British, German, other European, or Japanese export prices. This effectively gave U.S. producers an advantage which enabled them to increase their share of the world market.

In the period when we maintained our position and improved it, we had a price advantage. In the years since then, with the slackening of the market in 1958 and 1959, we might have expected that competition for business would bring steel prices down.

This expectation proved perfectly correct in the case of British, Western European, and Japanese export prices. By 1959, the export prices of each of these areas had fallen back to or even substantially below the 1953 level. In the case of the U.S. steel industry, however, as Senators have pointed out, our expectation as to the logical behavior of producers in the face of falling demand would have betrayed us. Contrary to what we should have expected, contrary to what are supposed to be the laws of economics, the falling demand did not result in a reduction in the price of U.S. steel in the world market. Despite the severe decline in both domestic and foreign demand for steel, the American industry continued to raise its prices. By 1959, the U.S. steel manufacturers were no longer competitive in much of the world market. Someone has described it as falling free in space. The laws of economic gravity did not affect the U.S. steel industry. It could move upward, downward, or sideways without being influenced in the world market.

I am aware that the steel strike may raise some questions about any 1959 comparison of steel exports. Unfortunately, the United Nations data on which market share statistics are based will not be available for 1960 until late September. I am confident that the 1960 figures will show some improvement in our market position over 1959, but I am afraid that even with this improvement, our market share in 1960 will turn out to be lower than in any recent year except 1959.

To the extent that our position did improve in 1960, the importance of price is underscored. The foreign market for steel revived and, as order backlogs for European mills rose, foreign steel prices began to move back up. Meanwhile, for the first time in years, the upward trend of U.S. steel prices was halted; indeed, to the extent that average unit values are a guide, there appear to have been significant export price reductions in some of the important product categories which contributed most of the tonnage increase, a clear indication that the price of steel is a significant factor in the amount of steel exported. The slowdown or the stopping of the increase, even though our position, relatively speaking, was one of higher prices than those of our foreign competitors, had the effect of improving our position in the world market, without any reduction in the prices which U.S. companies were charging for that steel.

In short, there is nothing inevitable about the loss of export markets to the American steel industry. But to avoid this loss, American companies must be willing to meet the prices of foreign steel producers who believe in active competition on the basis of price, rather than in the sanctity of an 8-percent return on investment, after taxes, at 60 percent of capacity.

What of the future? Can we count on a sufficient rise in the world demand for steel to keep American prices competitive by pulling up foreign prices? I think not. According to Steel magazine (July 21, 1961), the world's steel production outside the United States and Canada in 1960 amounted to 276 million tons, with most foreign mills operating at full capacity. Projects

under construction or in final planning will raise foreign capacity to more than 400 million tons by 1965. This suggests very strongly that world steel markets will become more, rather than less, competitive in the next few years.

For this reason I believe that the projected rise in U.S. steel prices will be suicidal so far as our foreign trade is concerned. And this appears to be a particularly irrational form of economic suicide, with heavy unemployment in the steel industry and with company executives talking hopefully about their chances of getting production all the way back up to 70 percent of capacity.

It may be argued that what happens to steel prices and to steel exports is not very important. Steel mill products contributed only about 3 percent of the total value of our merchandise exports in 1960, and a change of a few hundred million dollars, one way or the other, will have no great effect on our balance-of-payments problem. I cannot agree with this argument. A decline in steel exports would not be very serious if our market position were improving in most other export categories. But if some of these other categories behave in the same way as steel mill products, our balance-of-payments situation will become critical.

There is good evidence that this is what has been happening. As examples, let me show you the declines which took place from 1954 to 1959 in the U.S. share of total exports from the United States, Western Europe, and Japan in several product classes which, together with steel, add up to a serious deterioration in this country's foreign trade position.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table entitled "U.S. Share of Total Exports From United States, Western Europe, and Japan."

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

U.S. share of total exports from United States, Western Europe, and Japan (percent)

	1954	*1959*
Agricultural machinery	51.4	44.4
Tractors	58.9	51.8
Electric machinery and appliances	28.7	24.3
Industrial machinery	39.2	36.1
Motor vehicles	41.2	29.7

Mr. McCARTHY. Mr. President, similar patterns can be observed with other commodities, such as metalworking machinery, power-generating equipment, office equipment, and railway equipment. All of these categories of exports have one factor in common: they use substantial quantities of steel.

The world market for these products, which we like to think can be produced better in the United States than anywhere else, is growing. Why, then, do we find it so difficult to maintain our share in this growth?

The question can be answered on the basis of reports from a number of foreign countries. Several factors are suggested as affecting our competitive position, among them refusal to extend credit, poor salesmanship in terms of local customs and language that slow deliveries, and other minor objections. But the dominant reason given is price. For many products in the groups mentioned above, we are no longer competitive pricewise. By being competitive, I do not mean that we have to sell as cheaply as foreign firms. American quality is widely accepted as the world standard. For this quality, foreign customers are willing to pay premiums of 10 percent, 15 percent, or 20 percent more than they would have to pay for goods of adequate, if not comparable, quality from foreign suppliers. However, they are unwilling, and in most cases cannot afford to pay premiums of 30 percent, 40 percent, 50 percent, or more for American quality alone.

It is in this context that I find a possible resumption of the upward trend of steel prices most disturbing. As a basic raw material in many industries in which our foreign trade position is most rapidly deteriorating, a steel price increase can have an important effect on costs, prices, and exports. Several years ago the Subcommittee on Antitrust and Monopoly found that the 1957 increase of $6 a ton would directly raise the costs of steel users by $540 million. It was recognized at the time that, considering indirect costs and the pyramiding of markups at various stages of production and distribution, price increases in finished products made of steel could ultimately cost buyers several times that amount.

This points up one of the characteristics of administered price industries which has become all too familiar to the members of the Antitrust Subcommittee. One of the problems faced by price leaders in concentrated industries is to devise justifications for their policies.

Because they have autonomy, because they have a power over which there is no effective competitive control, they have a very special obligation to conduct their business in the pubic interest.

In other years, steel price increases have provided a wonderful excuse for price increases in the steel-using industries. With the past as a guide, I expect that any increase in steel prices will not only directly raise costs and prices in steel-using industries, but will also serve as excuses for these industries to raise their prices by amounts which far exceed any cost increases. The inevitable result will be a further loss of export markets to the United States, a rise in imports, and a resumption of the decline in our favorable merchandise balance of trade position.

Mr. KEFAUVER. Mr. President, will the Senator from Minnesota yield?

Mr. McCARTHY. I yield.

Mr. KEFAUVER. I think the Senator from Minnesota has brought out a very important point, namely, that the increases in the prices of pots, pans, automobiles, and other articles made of steel are not actually due in their entirety to the increase in the price of the amount of steel which is used in the manufacture of those products. Instead, by the time those products reach the market, the increase in the price of steel has been pyramided several times, so that the total increase in the prices of those products becomes very, very substantial, even though the amount of steel used in their manufacture is not very great. I think that is a matter which the public, the steel companies, and all who have responsibility in connection with this matter should keep in mind.

Mr. McCARTHY. I thank the Senator from Tennessee for his comment.

Mr. LONG of Louisiana. Mr. President, will the Senator from Minnesota yield?

Mr. McCARTHY. I yield.

Mr. LONG of Louisiana. Let me congratulate the Senator on his magnificently prepared speech. He has provided us with information which many of us have needed very badly in order to be able to judge whether the proposed increase in the price of steel is really justified.

Did I correctly understand the Senator to say that an increase of a certain amount in the price of steel would amount to an increase of approximately $500 million in the price of steel as it left the mills ?

Mr. McCARTHY. Approximately so; yes, in terms of the costs of steel users.

Mr. LONG of Louisiana. Will the Senator from Minnesota repeat the exact figures he gave?

Mr. McCARTHY. I stated that it was found that the 1957 increase of $6 a ton would directly raise the costs of steel users by $540 million; and it was recognized at the time that, considering indirect costs and the pyramiding of markups at various stages of production and distribution, price increases in finished products made of steel could ultimately cost buyers several times that amount.

Mr. LONG of Louisiana. Did I also understand the Senator from Minnesota to say that the increase in the prices of such commodities to the ultimate consumers will amount to several times the increase in the price of steel itself?

Mr. McCARTHY. Yes, in the case of the increase in the prices to the ultimate consumers of products which are composed in part of steel. This is shown by what happened to the economy after the last substantial increase in the price of steel. There was then an increase not only in the prices of products which used substantial amounts of steel, but also in the prices of commodities which used very little steel. In short, the increase in the price of steel served as a kind of alarm bell which resulted in a pattern of price increases.

Mr. LONG of Louisiana. So we can correctly state, can we not, that an increase in the price of steel tends to work in this way: As a direct result of the increase in the price of steel, manufacturers who use considerable amounts of steel decide, when they are faced with the necessity of increasing the prices of their products in order to cover the increase in the price of steel, that that situation gives them a chance to increase the prices of their products even more than the steel price increase requires, and thus increase their profits?

Mr. McCARTHY. Yes.

As the Senator from Louisiana knows, in the past when the increases in the prices of various commodities were said

to be justified on the basis of the increase in the price of steel, the increases in the prices of the ultimate products were far greater than the increases required by the increase in the price of steel.

Mr. LONG of Louisiana. So because of that psychological situation, the various manufacturing companies decided to increase the prices of their products at that time because, as a result of the increase in the price of steel, everyone seemed to be expecting a price increase; and that psychology also applies to other businesses, which thus feel that that situation gives them a wonderful opportunity to increase the prices they charge, and thus to increase their profits. Is that correct?

Mr. McCARTHY. The Senator from Louisiana has stated the matter exactly correctly.

Mr. LONG of Louisiana. In that event, such a price increase results in an increase of billions of dollars in prices, insofar as the ultimate consumers are concerned, does it?

Mr. McCARTHY. Yes, I believe one would have to estimate the total in terms of billions of dollars.

Mr. LONG of Louisiana. I thank the Senator from Minnesota.

He has also pointed out that in addition to the price increases brought about by the manufacturers of products which require substantial quantities of steel, steel price increases also tend to make all manufacturers price-increase conscious, and to believe that that is the time for them to increase the prices they charge for the goods they manufacture. So, in a way, that situation sets off a spiral of price increases, with the result that all manufacturers will begin to increase the prices of their products.

Mr. McCARTHY. Yes. In the case of companies which are competitive I can understand that there would be some excuse for that situation.

But when an industry has such complete control of the market as does the steel industry, there is much less excuse for such price increases. Their situation is not the same as competitive companies which have to move quickly if they are to survive.

Mr. LONG of Louisiana. Then when the major administered-price industry, or the largest of these—which I believe steel is—increases the price of its product, that tends to make producers in other industries which are limited to a relatively small number of producers, such as aluminum, think, that that is a good time for them, as well, to increase the prices they charge?

Mr. McCARTHY. Yes, that is the general relationship.

Mr. LONG of Louisiana. So they say, "If the price of steel is going to be raised, and is not going to cause any great complaint, we can pretty easily raise the prices we charge, without having too much protest made."

Mr. McCARTHY. Yes, that is true.

Mr. LONG of Louisiana. Is not the price of steel a large factor in the price of oil?

Mr. McCARTHY. That is correct.

Mr. LONG of Louisiana. So when the price of steel rises, do not the oil producers feel that the situation gives them some justification for increasing the prices they charge?

Mr. McCARTHY. Yes, because of the effect of the price of steel on the cost of drilling for oil and producing oil.

Mr. LONG of Louisiana. And also because of the effect of a steel price increase on the cost of transportation, which is one of the major items in connection with the delivery of oil to the market and to the processing points?

Mr. McCARTHY. That is correct.

Mr. LONG of Louisiana. So not only at the producing end, but also at the processing end, an increase in the price of steel tends to set in motion price increases in the petroleum industry, and in the coal industry?

Mr. McCARTHY. Yes; in fact, in almost every industry which provides a source of power or a source of fuel.

Mr. LONG of Louisiana. Once again, when that process begins to work and when those who use steel in their industries see an increase in the price of steel coming, they view that as an opportunity for them to increase the prices they charge; but they increase prices much more than the amount justified by the increase in the price of steel?

Mr. McCARTHY. There seems to be very clear evidence of that.

Mr. LONG of Louisiana. I thank the Senator from Minnesota.

Mr. McCARTHY. Mr. President, let me point out some of the very serious implications of any further weakening of our merchandise trade balance. Fifteen years ago, 10 years ago, or even 5 years ago, we were principally worried about the apparent "chronic dollar shortage" in the world. Our ability to compete in foreign markets was limited only by the scarcity of dollar exchange with which other countries could buy our goods. For the past few years, however, our concern has been a growing dollar surplus condition, caused primarily by a failure of our exports to grow sufficiently to absorb the dollar exchange created by rising imports, a heavy outflow of private capital, and our continuing program of foreign economic aid. Two possible consequences follow: either we sell gold, or foreigners accept U.S. demand deposits and short-term assets in lieu of gold.

Since the end of 1957, we have seen both results of our balance-of-payments deficit. Throughout 1958, 1959, and early 1960, there was a net reduction of more than $5 billion in the Treasury gold stock. In addition, U.S. liabilities to foreign governments, central banks, and nonofficial creditors rose to $17 billion. These liabilities, which are directly or indirectly convertible into gold, are very nearly equal to the remaining Treasury gold stock.

There has been improvement in our balance of payments position and a halt in our gold drain since the first quarter of 1960. The fear has been expressed that this improvement may be only temporary, caused by nonrecurring shipments of aircraft and cotton and some other commodities.

I hope that this is not the case and that we are on the way to solving the problems of the past 2 or 3 years.

Two proposals which have been offered as so-called solutions to our balance of payments and gold problems are, I feel, completely unacceptable from the standpoint of this country's best interests. The first is an increase in tariff barriers to reduce our imports. Since the United States is the most prosperous market in the free world, we must continue to encourage imports. If we do not, the only alternative for our foreign suppliers is to increase their trade with nations behind the Iron Curtain, the other great market of the world, or to retaliate against us with higher tariffs and trade barriers. Such a course of action can only weaken our own position and strengthen our cold war enemies. And since foreign tariff retaliation will follow any such move by the United States, the resulting drop in our exports would leave us no better off economically than before.

The second proposal, advanced from some very persuasive quarters, is that our foreign aid programs must be cut back or eliminated on the ground that we can no longer afford commitments on the scale of the past.

I submit that a reduction in foreign aid is one thing which we cannot afford at this critical period in our history. So long as there are nations which need our help, we cannot refuse it, for again, the alternative to U.S. aid and friendship is Soviet aid and domination.

In my mind there is a third solution which is consistent with both the economic and the political welfare of our country. This is a growth in U.S. exports which matches the growth in world markets. Such an export growth is entirely possible, particularly now that our major foreign customers have eliminated most of their restrictions against U.S. imports—such as quotas, nonconvertibility of currency, and so forth—designed to ration scarce dollar exchange. But a growth in exports can hardly be expected if companies in our concentrated industries keep on raising prices in order to hit predetermined profit targets while operating substantially below their full capacities.

The challenge we face has been described as a total challenge, and I believe we can respond to the challenge only with a total response, and that this response can be successful only if everybody participates—not only those in Government positions but those in the financial and industrial structure of our Nation.

I believe the proposed increase in steel prices, which certainly appears unwarranted in view of the industry's present low operating rate, would further reduce our share in the world's steel market. More than this, it would lead to a series of price increases in products made from steel and this could only lead to a deterioration of our export position in the whole area of steel products. Unless our export position improves, it is likely that we shall very soon again be facing the problems of balance of payment deficits, a weakening of the dollar in international exchange, a resumption of the gold drain from the United States, further arguments in favor of establishing tariff walls, and along with that, continued attacks upon our necessary foreign aid program. In this sense the question of

the proposed increase in steel prices has significance in terms of our foreign policy as well as upon our national economy.

Mrs. NEUBERGER. Mr. President, I was interested in the colloquy between the Senator from Louisiana [Mr. LONG] and the Senator from Minnesota [Mr. MCCARTHY] because they made a point which I would like to make; namely, that any increase in the price of steel is borne by the consumer. Regardless of whether he is buying a tractor, an automobile, or a toaster, he feels the effect of this increase.

I should like to point out that the consumer was adversely affected by the rapid rise in the price of steel during the 1953–58 period. On the other hand, all of us have been benefited by the stability in the price of steel during the past 3 years. The consumers' price index for durable commodities has remained approximately unchanged during the past 3 years, and this is of interest to all consumers, especially the housewife.

I think this is a good time to reiterate some words of the Senator from Tennessee [Mr. KEFAUVER], who, back in June of 1958, made some pertinent remarks to this body, in which he said:

> Steel is a raw material—the most important raw material. As such, it enters directly or indirectly into the cost of nearly every commodity or service in the land. Consumers do not buy steel as such. But in one way or another the price of steel affects nearly everything that the consumer has to buy. The importance of steel to the increase in living costs is now being discounted in some quarters * * *. But steel is an important cost item at each stage of the process of production and distribution of food, for example. When the price of steel rises, so also do the prices of farm machinery, fencing, nails, roofing, and other farm supplies. Higher prices for steel mean higher prices for machinery and equipment used in processing, freezing, canning, preserving, and storing. A price increase for steel, in itself, forms a justification for higher transportation charges, which of course represents an important element in the final price of food. Higher prices for steel mean higher prices for tin cans—

And I do use the word "tin" advisedly there, in a way, because many cans contain more steel than tin—

> and it is a fact that for a number of imported canned vegetables the cost of the can is as much as, or even greater than, the cost of its contents. The stainless steel in the supermarket, the steel in the wire baskets of the carts that housewives push in the supermarkets, the steel in the delivery trucks—all these and many other items affecting the cost of food go up when the price of steel is raised.

I well remember that when I was running my brother's dairy farm during the war, when he was away in Okinawa, I became very much aware of the cost of things. I especially remember one day when we received news that there was an increase in the price of steel. On that day we were putting up wire fencing to keep in some recalcitrant cows. It was necessary for me to go to town to buy several pounds of staples. I had bought staples a few days before. By the time I got in town, the very same staples that I had bought a few days before had gone up several cents a pound because merchants had received news that the price of steel had gone up.

The point I want to mention is that to the housewife it is more of an indirect than a direct cost. Its effects on a manufacturer's costs are must greater than what he might estimate if he considered only what he himself bought from the steel companies. The machinery needed to produce our electrical appliances, which, incidentally, have to be replaced or repaired all too often, as well as all the materials and parts that make them up, goes up in price because steel is more expensive.

So follows the chain of events which I shall attempt to show to Senators, as I have worked it out.

If the appliance company has to borrow money to buy its new machinery, interest costs will be higher, because more must be borrowed in order to purchase the more expensive machinery. Then, owing to the rise in machinery prices, the appliance manufacturer may decide that the money put aside for the eventual replacement of all his existing machinery will be insufficient. The tax laws do not allow him to increase his depreciation charges, so he will raise his profits, most probably through price increases to the consumer, to get the necessary additional funds.

Other manufacturers will do the same thing, to keep pace with higher machinery prices, and so the appliance company will find that the prices of wire, of insulation, and so forth go up.

There has been a lot of talk around this Chamber recently about schools, and especially schools which need to be built. These schools have become more expensive to build, and that is one of the reasons we see a need for some Federal help in some school districts. In part, the schools are more expensive to build because of the higher cost of structural steel and construction machinery. If the cost of steel rises, as we anticipate it may rise, the school buildings will cost even more to build. Then the local taxes will have to be increased to pay for the increased cost of building the schools. That will mean that the taxes paid by the appliance company may rise.

Automobiles cost more for the same reasons that appliances do, and therefore the expense of the appliance salesman will go up. Printing presses will be more expensive, so more will have to be paid for advertising.

As Senators know, we could multiply these examples of indirect effects almost indefinitely. None of them is very large, but together they amount to a considerable sum.

The point that I am making, of course, is that the consumer is the person who ultimately must pay for the increase in the price of steel.

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

Mrs. NEUBERGER. I am glad to yield.

Mr. GORE. The distinguished Senator has made the point that the increase may be small as to individual items, but the Senator has established by her illustrations that practically no one could escape.

Mrs. NEUBERGER. The Senator is correct.

The point is that each of the industries which must buy steel from the big steel manufacturer is in a way, in itself, a sort of quasi-monopolistic unit. It can pass the increased cost of steel on to the consumer.

I thought it was an interesting statistic that the value of finished steel shipments since the last half of 1955 is $62½ billion. The same shipments, if valued at the average price in the second quarter of 1955, would have had a value of almost $52 billion. In 6 years there has been a cost rise of $10 billion in steel. Somebody has paid for it. I contend that the consumer has paid for it.

Mr. President, I shall give one more example before I close. Studies have shown that such things as radios and television sets are affected by a rise in the price of steel even though we think of these as electronic gadgets removed from automobiles and heavy machinery. A television set which cost $200 in 1953 went up in price to $220 by 1958. Of course, prices of all commodities were going up during that time, but the price of steel was going up faster than that of most of the other commodities, and so about $4 or one-fifth of the increase in price of the television set, would have been saved by the consumer if steel prices had gone up no faster than the prices of other commodities.

Mr. President, I close with an example which was given earlier by the Senator from Utah and also mentioned by the Senator from Minnesota; that when the farmer buys a tractor after the price of steel has gone up $6 a ton the cost of the tractor has gone up $97, although there is not even a ton of steel used in the tractor. Let us assume, as was stated earlier, that a half ton of steel is used. A $3 increase in the cost of the steel will result in a $97 increase to the farmer in the cost of the tractor.

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

Mrs. NEUBERGER. I yield.

Mr. GRUENING. I wish to concur with the Senator from Oregon on the fine, logical, and eloquent presentation of the facts she has made on this very important issue.

Mrs. NEUBERGER. I thank the Senator.

Mr. KEFAUVER. Mr. President, I am certain we all join in congratulating the Senator from Oregon [Mrs. NEUBERGER] upon expressing the interests of the consumer, who is so often forgotten in the handling of the Nation's business and who so often is forgotten in connection with price increases. The Senator from Oregon has pointed out the devastating effect a price increase in steel will have upon every citizen, because every citizen in the United States is a consumer. I join in congratulating her.

Mr. President, I think we owe a great debt of gratitude to my colleague from Tennessee [Mr. GORE], who so ably led off the discussion and gave the factual background of what would happen to our economy and what would happen to us in the foreign field as well in the event there should be another increase in the

price of steel this fall. I congratulate my colleague from Tennessee [Mr. GORE] upon his very fine presentation.

The Senator from Illinois [Mr. DOUGLAS], the Senator from Utah [Mr. MOSS] the Senator from Pennsylvania [Mr. CLARK], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Oregon [Mrs. NEUBERGER], and the many others who have spoken on this subject have performed distinguished service.

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

Mr. KEFAUVER. I am glad to yield to my colleague.

Mr. GORE. I thank my distinguished colleague for his generous comments. As the distinguished Senator knows, I have been deeply concerned about what appears to me to be a threat of another inflationary spiral in prices, which will mean an increase in the cost of living and greater hardship for untold millions of people.

I have talked to a number of my colleagues about this, and have sponsored roundtable discussions with leading scholars and authorities. I must say the debate and the presentations this afternoon—some of which has been most carefully prepared and some of which has been impromptu—have exceeded my fondest expectations in quality and in interest, in the discussion of this subject.

I thank the distinguished Senator for making available the services of the staff of his committee. I appreciate the assistance of the staff of the Joint Economic Committee. My own staff, led by Mr. Jack Lynch, along with the administrative assistants of several of my colleagues, has done excellent work. This working staff group has, in my opinion, performed a public service of a high order.

It is my earnest hope that, as a result of the presentation on this subject, the steel companies will think long and hard, a second and a third time, before triggering another inflationary spiral. It is my hope that President Kennedy will become active and increasingly interested in this subject.

However, I rose to thank my friend and to express appreciation to Senators and staff members of my colleagues for their fine work, among whom is Mr. John Blair, who sits at the right of the Senator from Tennessee [Mr. KEFAUVER], and who has contributed splendidly to this study.

Mr. KEFAUVER. I wish to thank my colleague, and to say that in connection with increases in the price of steel in years past, which have been inflationary, and which have contributed greatly to the increase in the price level, it has been important that the essential facts have been brought to light so that there could be an understanding of the basic issues by the public, by officials of Government who must deal with the problem, by heads of labor unions, and, of course, by leaders of industry.

The speeches and discussion that I have heard this afternoon have been excellent. They have contained a great deal of information and will be widely studied. They will, I am sure, bring about much wider public understanding of the entire problem. So I again wish to congratulate my colleague for leading this discussion, other Senators who engaged in it, and the members of the staff. I know that Jack Lynch has done a great deal of work on this subject, as has Dr. Blair, Dr. Wayles Browne, Dr. Walter Measday, Mr. Winslow Turner, Mr. Bernard Fensterwald, who are members of the staff of the Antitrust and Monopoly Subcommittee.

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

Mr. KEFAUVER. I yield.

Mr. HUMPHREY. I shall be very brief in my comment, because I wish to speak in my own right on this very issue.

First, I commend the distinguished junior Senator from Tennessee [Mr. GORE] on his leadership on this subject. I wish to commend indeed his colleague, the senior Senator from Tennessee [Mr. KEFAUVER] for his persistent and continuing leadership in exploring the administered price structure of some parts of American industry. I feel that my own colleague from Minnesota [Mr. MCCARTHY] has made a distinct contribution to the discussion. It was a very well documented, detailed, and scholarly discussion of the impact of a price increase upon our foreign trade, upon the balance of payments and foreign relations. I believe the record will demonstrate that the public interest has been well served by opening up a full discussion of the economics of the steel industry.

The Senator from Oregon [Mrs. NEUBERGER] has surely brought to our attention what we might call the grass roots aspect of the price rise in steel by its effect upon the little consumer, the homeowner, the housewife, the small merchant, the farmer, and others who ultimately bear the cost of price increases.

I should like to add, as a Senator who comes from a State which produces, or at least has the potential for the production of vast quantities of iron ore and what we also call taconite, that we in the State of Minnesota are keenly interested in this discussion. All the pertinent facts have been brought to the forefront.

Senators may recall that my colleague said we were having difficulty obtaining information as to the cost of iron ore. What are the factors that go into determining the price of iron ore? We have not even been able to find out the holdings of the steel companies, so that we would have some way of knowing what company owns what parcel of land in our own State of Minnesota. I say without rancor, and yet I say with great sincerity, that one of the most difficult assignments that I have had as a public official is to gain full information on the economics of the steel industry, and yet iron ore production in the State of Minnesota is vital to our entire economy. We have been suffering very seriously because of some of the depression in the steel industry. We have suffered, we feel, because of the willingness of the steel industry to go outside the boundaries of the United States for vast quantities of ore, and to stockpile it, when there was the possibility of domestic development in domestic mining. We are suffering today because of the unwillingness of the United States Steel Corp. to make appropriate investments for the development of taconite ore through what we call direct reduction of iron ore, which is the most modern processes.

We want that investment. We have a favorable climate for taconite investment. But we have had little or no cooperation.

I wish to say to Senators who have participated in the discussion today that in my memory this is one of the most illuminating, informative, and educational discussions that we have had on a complex issue in the Senate. We are indebted to the staff, which made it possible in terms of research, and the Senators themselves, who have discussed the subject with such knowledge of the subject, and particularly to the Senator from Tennessee [Mr. GORE], who set up one of the first study sessions on this problem, and brought into the study sessions experts who could discuss the complex economics of the steel industry in a manner that would be understandable and that we could interpret to Congress.

When the Senator has completed his address, I hope to make some more comments with reference to the situation.

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

Mr. KEFAUVER. I am delighted to yield to the Senator from Ohio.

Mr. YOUNG of Ohio. I wish to commend the distinguished senior Senator from Tennessee [Mr. KEFAUVER] for the statement he is making and for the position which he has taken. I extend my congratulations not only to him but to the others who have spoken today. I am also grateful to the distinguished junior Senator from Tennessee [Mr. GORE], who organized the seminar that has been referred to, and who invited me to attend. I attended and profited by my attendance at the sessions.

I have known the senior Senator from Tennessee over the years, having served with him in the other body years ago. I have followed his career in behalf of the people of this country. Today, in his characteristic manner, he has rendered a real and needed public service to the people of this Nation, which include the nearly 10 million people of my State of Ohio. Ohio is a great steel-producing State in which consumers would be vitally injured if the heads of the United States Steel Corp. and others should have their wishes prevail and do what it is feared they propose to do. On the basis of testimony reported today by those of my colleagues who have spoken, surely an increase in steel prices at this time would be an unconscionable action on the part of officials of the big steel companies.

The distinguished senior Senator from Tennessee has the confidence of the country above most public servants because throughout his career in the other body and in the Senate of the United States he has always laid the facts on the table and informed the people of them, as he is doing today. I am delighted to serve with him in the Senate. I am very happy for the sake of the citizens of the State of Ohio, whom I am

trying to represent, that I have heard today in the Chamber important statements such as the Senator from Tennessee [Mr. KEFAUVER] is now making. Their effect will be of great benefit to unemployed men and women, the consuming public, and the steelworkers of this Nation.

Mr. KEFAUVER. I thank my colleague from Ohio, with whom I have been associated for so many years in such a pleasant capacity, both in the Senate and in the House. He is very generous in his remarks.

I wish to call attention to the fact that while I have long been concerned with trying to prevent inflation, a subject on which the Antitrust Subcommittee has held a number of hearings, this particular effort and presentation has been led off by my colleague from Tennessee. It is he and other Senators, including the able Senator from Ohio, who deserve a large part of the credit for putting into the record important facts about the steel industry and the ruinous effects of any further increase in steel price. I am grateful to the Senator.

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

Mr. KEFAUVER. I yield.

Mr. SPARKMAN. I wish to say to my esteemed friend and neighbor that I shall not be able to stay and listen to the speech he is about to make. I know the purpose of it, and I rather suspect what the content of the speech will be. I have read in the newspapers and I have heard comments about the drive, if I may call it that, which is being made to try to head off an increase in the price of steel this fall.

I commend the Senator from Tennessee for his efforts in this matter. He and his colleague, Senator GORE, have both spoken out on it in no uncertain terms. Of course we all know that steel is one of the basic industries. It is basic not only as an industry giving employment to people, but also as setting guidelines for commodity prices in this country. Often in the past I have felt that steel prices have been set higher than was justified under the circumstances. I say that based upon hearings which have been held on several occasions over the last 15 years by the Joint Economic Committee, of which I have been a member ever since it was established. I remember back under the chairmanship of Senator Taft of Ohio and under the chairmanship of Senator O'Mahoney of Wyoming and under the chairmanship if I remember correctly, of Senator DOUGLAS, of Illinois, and also under the chairmanship, I believe, of Representative WRIGHT PATMAN—I am not sure whether Representative Walcott was at one time chairman of that committee—and under the chairmanship of practically every man who served in that capacity we held hearings and studied the steel price increases.

I remember some which certainly convinced me that the price increases were completely out of line.

Then I have seen the hurtful effects of these price increases on the prices of other commodities and on the cost of living generally.

Of course, following that here come spirals of all kinds. It is perhaps the greatest incentive to inflation of any one increase that could be made in this country.

I have not seen the figures, and I do not know what the facts are. I do not know whether a price increase of any kind can be justified. My contention is not necessarily against a price increase when the facts justify it. I believe, however, that a price increase, whenever it is necessary under the circumstances, ought to be held to just what is necessary in order to make it a profitable operation. I have felt that that has not always been true in the past.

I wish to commend the Senator for the time and attention and study he has given to this subject and for his presentation.

Mr. KEFAUVER. I am very grateful to my colleague from Alabama. There is no Member of the Senate who is in any better position, by virtue of the fact that he is chairman of the Small Business Committee of the Senate, to know the adverse effect upon all segments of small business from inflation or from an increase in the price of steel.

Mr. SPARKMAN. Anything that throws the economy awry has an adverse effect on small business. Small business is the first of any business to be hit.

Mr. KEFAUVER. Mr. President, the Subcommittee on Antitrust and Monopoly, of which I have the honor to be the chairman, has held a number of hearings on and issued a report on the steel industry. During the hearings, the subcommittee secured facts from the steel industry and also from the United Steelworkers Union.

In June 1959, a strike was authorized, which we all hoped would not occur. On June 17, 1959, President Eisenhower stated that in trying to talk with representatives of both management and labor in his efforts to avert the proposed strike, more facts about the steel industry were needed—facts about profits, prices, productivity, and related matters. So at that time—in June 1959—I instructed the staff of the Subcommittee on Antitrust and Monopoly to prepare a fact sheet on steel. This work was done under the direction of the chief of our Economics Division, the very able Dr. John Blair. The information was placed in the CONGRESSIONAL RECORD, volume 105, part 9, page 12264. It deals with many aspects of the steel industry, including profits, foreign business, productivity, the effect on exports, and related subjects.

With the trade journals now predicting a $4 to $6 a ton increase in steel prices and with Senators expressing concern over the prospect, I again asked the economics staff of the Subcommittee on Antitrust and Monopoly to bring the fact sheet up to date.

This has been done and it has been supplied to interested Senators. A number of the items with which the fact sheet deals have been discussed by other Senators in their very able presentations today.

The first subject I wish to discuss concerns unit labor cost and prices.

Trends in unit labor cost and price of steel: Between 1947 and 1959 average hourly earnings in the steel industry, as reported by the Bureau of Labor Statistics, rose 113 percent. The increase in man-hour productivity, according to the Bureau of Labor Statistics, based on hours paid was 42 percent. Deflating the increase in hourly earnings by the rise in productivity yields an increase in unit labor costs between 1947 and 1959 of slightly more than 50 percent. The latest year for which Bureau of Labor Statistics productivity figures are available is 1959.

In connection with this subject, a table has been prepared showing the wholesale price index of steel. With 1947 as the base year the price of steel had risen 109.7 percent by 1959. The unit labor cost index had risen during this period by 50.8 percent. There has been a 109.7 percent increase in the price of steel, and a 50-percent increase in the unit labor cost, which is, of course, the average hourly earnings adjusted by the increase in productivity.

Mr. President, I ask unanimous consent that this table and other tables which will follow may be printed at the appropriate places in the RECORD.

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

The table entitled "Steel (1947=100)" is, as follows:

Steel

[1947=100]

	Wholesale price index	Unit labor cost	Productivity (hours paid)	Average hourly earnings
1947	100.0	100.0	100.0	100.0
1948	113.7	109.3	100.4	109.7
1949	123.1	111.4	102.8	114.6
1950	129.3	104.0	111.9	117.4
1951	139.7	116.1	113.0	131.2
1952	142.8	117.5	117.6	138.2
1953	153.6	126.3	118.8	150.0
1954	160.3	131.8	115.9	152.8
1955	167.8	127.2	129.4	164.6
1956	181.9	134.2	130.4	175.0
1957	199.2	144.4	128.9	186.1
1958	206.2	158.0	126.6	200.0
1959	209.7	150.8	141.8	213.9

Source: BLS; unit labor cost derived from productivity and average hourly earnings.

Mr. KEFAUVER. Mr. President, for the purpose of comparing the trend of unit labor costs with that of prices, some allowance must be made for those specific fringe benefits—pensions, insurance, and supplemental unemployment benefits—a part of which are conceptually a cost of labor borne by the employer but which are not statistically quantified by the BLS. If these costs were quantified and incorporated in the index, however, the rise in unit labor costs would still be well below—perhaps slightly more than half—the 110 percent increase in finished steel prices which has taken place between 1947 and 1960.

The cost of wage increase called for under the contract: The October 1 wage increase, previously negotiated, represents a basic rise of slightly over 8 cents per hour. Because of fringe benefits actual payments will exceed this amount. The union's estimate of the total cost effect per man-hour is 10.5

cents. The newspaper accounts of the industry estimates are only slightly higher. A roughly similar increase went into effect last year, making a total for the 2 years of around 20 cents. A conservative estimate of the average increase in productivity in the steel industry is 3 percent a year. Average hourly earnings run slightly more than $3 an hour. The increase in productivity thus amounts to slightly more than 9 cents a year—18 cents for 2 years. This is only fractionally more than the cost of the wage advance at a productivity rise of 3 percent which may well prove to be an underestimate.

That a productivity increase of 3 percent a year is nearly equal to the cost of the wage increase called for under the present contract is also indicated by a report issued by former Secretary of Labor Mitchell entitled, "Collective Bargaining in the Basic Steel Industry," which says:

> The settlement represented a 3.7 percent annual increase in total employment costs (p. 307).

The annual increase in productivity: The average annual rate of increase in man-hour productivity in the steel industry appears to lie in a range of from 3 to 4 percent. In recent years the rate of increase appears to have been somewhat greater for the United States Steel Corp. than for the remainder of the industry.

Various estimates of productivity in the steel industry may be found. These vary with the data and concepts used. The principal estimates are as follows:

Mr. R. Conrad Cooper, vice president of United States Steel, said in a prepared statement for the 1957 hearing that output per man-hour—which he carefully does not call productivity—in the corporation showed:

> From 1950 through 1956, a progressive increase of 2.9 percent annually. (Hearings, "Administered Prices," pt. 3, p. 1132.)

In the Steel Report of the subcommittee, Mr. Cooper's estimate was analyzed:

> Since United States Steel itself has taken the position that 1956 is not a representative year for this type of estimate, it is desirable to eliminate that year in calculating the growth in productivity. On the basis of Mr. Cooper's figures (exhibit III of his statement), it appears that output per thousand man-hours rose at an average rate, compounded annually, of 3.5 percent a year, from 1950 through 1955. (S. Rept. 1387, 85th Cong., 2d sess., "Administered Prices: Steel," p. 41.)

Dr. Gardiner C. Means, an independent economist, estimated from BLS data that the productivity increase from 1953 to 1955 in the steel industry was around 4.3 percent a year. These were both years of relatively high production in the industry—hearings, "Administered Prices," part 9, pages 4764–4765.

Mr. Otis Brubaker, research director, United Steelworkers of America, estimated that the productivity rise averaged about 3.1 to 3.2 percent a year over the period 1939–55—hearings, "Administered Prices," part 2, page 446.

The Bureau of Labor Statistics, using hours paid—including time for paid vacations, holidays, and so forth—has published its series—as corrected May 6, 1959—for index of output per production worker man-hour.

The subcommittee staff, using the same production index as the BLS, but using the American Iron and Steel Institute date on hours worked, constructed an index of output per man-hour worked. Both of these are shown below, together with the operating rate for the industry.

The Council of Economic Advisers estimates that productivity in the steel industry advances at about 3 percent per year:

Steel productivity indexes

[1947=100]

	BLS (hours paid)	Subcommittee (hours worked)	Operating rate
1947	100.0	100.0	93
1948	100.4	100.9	94
1949	102.8	103.0	81
1950	111.9	112.9	97
1951	113.0	110.8	101
1952	117.6	113.9	86
1953	118.8	116.1	95
1954	115.9	115.8	71
1955	129.4	129.4	93
1956	130.4	131.9	90
1957	128.9	132.1	85
1958	126.6	132.0	61
1959	141.8	146.9	63

Because productivity varies directly with the rate of production, the most significant comparisons are for years of roughly comparable operating rates. With the same operating rate—93 percent of capacity—productivity in 1955 can be compared directly with that in 1947. A rise of 29.4 percent in 8 years represents a compound annual rate of 3¼ percent in both series. In the BLS figures the apparent decline from 1956 to 1958 reflects the effect of the sharp reduction in operating rate, as well as the increase in paid holidays and vacations. The latter are included in the hours paid series but excluded from the hours worked index. Unfortunately, no BLS figure is available for 1960. Using the hours-worked index, the rise from 1954 to 1958, when operating rates were roughly comparable—although still showing a significant decline—represents an annual rate of increase of 3.3 percent. It should be noted that the 1959 productivity figures register an unusually sharp increase. This may reflect the scramble for steel both before and immediately after the strike, which would have made it possible for the mills to schedule the most efficient rollings.

Changes in materials costs: To the extent that it has exceeded the increase in labor costs, the increase in steel prices does not appear to be due, except in small part, to increases in materials costs. Most of the materials consumed in the making of steel are produced by the steel companies themselves. Increases in labor cost resulting from higher wages paid workers engaged in production of iron ore and other steelmaking materials, if treated as an increase in the steel industry's labor costs, cannot also be regarded as an increase in its materials costs. Apart from the increase in labor costs, the steel companies have failed to demonstrate any significant recent increases in the costs of producing their own steelmaking materials. Moreover, there has taken place since 1956 a sharp decline in the cost of one important steelmaking materials—purchased scrap:

> The principal materials used in steel works and rolling mills operations are pig iron ($2.1 billion worth in 1954) and scrap ($551 million worth of purchased scrap was used in 1954). The next largest items shown in the 1954 census were ferromanganese, valued at $146 million, and iron ore, $94 million. The cost of other materials used was small in comparison to these items. United States Steel secures its pig iron and ferromanganese from its own blast furnaces and mines its own ore. Thus for both blast furnace and steelmaking operations, the major element of purchased materials appears to be iron and steel scrap.
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> * * * * *
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> The price of scrap to United States Steel and Bethlehem was estimated to be about $34 a ton in September 1957. This figure was determined by applying the percentage decline in open market scrap prices from the 1956 average to September 1957 to the average price paid by United States Steel in 1956. On this basis, the cost of scrap per ton of finished steel in September was $8.69, in comparison to an average cost per ton of $12.56 in 1956. In other words, the estimated reduction in the cost of purchased scrap ($3.87 per ton of finished steel) from 1956 to September 1957 has been more than enough to offset even a generous estimate of the increased labor costs incurred through the July 1 wage adjustments. (Subcommittee on Antitrust and Monopoly, S. Rept. 1387, 85th Cong., 2d sess., "Administered Prices: Steel," pp. 42 and 44.)

It will be noted that the above calculations were based upon the decrease in the price of steel scrap between 1956 and October 1957. The average price of scrap in 1960 and 1961 remained at even lower levels than those which prevailed in October 1957. Thus, there seems to be little or no basis for the industry's often-repeated assertion that an increase in employment costs is accompanied by an equal increase in nonemployment costs.

Mr. President, most of the charts which are displayed in the rear of the Chamber have already been explained; but I wish to direct attention to the chart displayed on the far right. The upper part shows the level of steel production from 1947 to 1961, the middle part shows the wholesale price of pig-iron, which, of course, is one of the most important of steelmaking materials. It will be seen that when the price of pig iron rises, it remains at an even level for varying lengths of time, and then rises again. The line looks like a staircase. When steel production fell off, the price of pig iron either remained unchanged, as in 1954, or actually increased, as in 1958. This is the behavior of an administered-price product. The price is set, not by the law of supply and demand, but by the dictation and prescription of the corporate managers, and there maintained, regardless of market forces.

The bottom part of the chart shows the price behavior of steel scrap, also an important steelmaking material. However, it is a competitive product, subject to the law of supply and demand. When

demand falls off, the price declines. People often ask, "What is an administered price?" The contrast between the price behavior of these two products, both of which are used for the same purpose, is the best quick answer I can think of.

In terms of the cost of steel scrap—which is most important in connection with the cost of production of steel—in August 1957, the price of steel scrap was $55 a ton. Yesterday steel scrap was selling for $36 a ton. So the price of one of the chief components of steel has fallen from $55 a ton to $36 a ton since August 1957, the price of steel scrap consideration to bear in mind when we consider the question of whether today there is need for an increase in the price of steel.

Mr. President, the increase in profit rates has been very adequately dealt with by several Senators, particularly the Senator from Minnesota [Mr. McCARTHY] and the Senator from Illinois [Mr. DOUGLAS].

The pace-setting nature of the steel price rise: The price advance in steel has been substantially greater than that of the rest of the economy. Steel has not merely participated in the general price rise; it has been easily the front-runner. This is shown by a comparison of the increases to 1960 of finished steel prices with the advances in the other BLS commodity groups from various base years. The price increase was greater in finished steel than in any of the BLS wholesale commodity groups from 1947 to 1960, from 1953 to 1960, and again from 1956 to 1960. The increase in the price of finished steel was more than four times the increase in the all-commodity index from 1947 to 1960, as well as from 1953 to 1960, and more than three times as great from 1956 to 1960. From 1958 to 1960 the steel price index rose only 2.2 percent, which, however, was still greater than the rise in the all-commodity index, which moved upward by only 0.3 percent.

I ask unanimous consent that the following table be printed at this point in the RECORD.

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

Major commodity groups and finished steel: Percent changes in wholesale prices to 1960

Groups	Percent increase to 1960 from—				
	1929	1947	1953	1956	1958
Finished steel	+170.6	+105.5	+37.1	+15.7	+2.2
All commodities	+93.2	+24.1	+8.6	+4.6	+.3
Farm products	+51.5	−11.2	−8.5	+.4	−6.4
Processed foods	+84.1	+9.7	+3.0	+5.9	−2.9
All commodities other than farm and foods	+95.9	+34.6	+12.5	+5.0	+1.8
Textile products and apparel	+49.7	−4.0	−1.2	+.8	+2.8
Hides, skins, leather, and leather products	+86.0	+9.2	+12.0	−1.1	+9.6
Fuel, power, and lighting materials	+62.1	+25.2	+3.9	+2.3	+1.0
Chemicals and allied products	----------	+8.7	+4.3	+2.8	−.2
Rubber and rubber products	+73.3	+46.2	+15.8	−.8	−.2
Lumber and wood products	+280.3	+29.4	+.9	−3.3	+3.1
Pulp, paper, and allied products	----------	+35.1	+14.7	+4.7	+1.7
Metals and metal products	+129.6	+68.4	+21.2	+3.6	+2.3
Machinery and motive products	----------	+65.8	+24.7	+11.3	+2.4
Furniture and other household durables	+77.6	+28.8	+7.8	+3.4	−.1
Nonmetallic minerals, structural	+90.1	+47.0	+16.8	+6.4	+1.4
Tobacco manufacturers and bottled beverages	+52.2	+35.6	+13.9	+7.8	+2.8
Miscellaneous products	----------	−8.6	−5.8	+1.2	−2.2

Source: Finished Steel: Joint Economic Committee, "Productivity, Prices and Incomes," materials prepared for the Joint Economic Committee by the committee staff, 85th Cong., 1st sess. 1957, p. 222; Iron Age, Jan. 5, 1961. Other groups: Bureau of Labor Statistics.

Mr. KEFAUVER. Mr. President, against the background of the economic facts which I have been discussing, I wish to raise an important legal question.

ARE STEEL PRICE INCREASES IN VIOLATION OF THE FEDERAL TRADE COMMISSION ACT?

In recent months trade and financial journals have reported that the steel industry plans to increase its prices once again this fall. The consensus seems to be that the increase will take place sometime shortly after October 1, on which date wage and fringe benefit increases estimated at around 14 cents an hour are scheduled to go into effect. For example, the Wall Street Journal of August 7 reports:

> Steel men recently have been implying they are determined to try some price increases this fall though the general view is that the increases will not come all at once, will be selective, and will be confined to big-tonnage lines, rather than spreading across-the-board to all products, as pre-1958 price boosts usually did.

But if a price increase is made, it will be in the face of substantial excess capacity. According to the same article:

> The steel industry, which only a few weeks ago was looking for a sharp and early rebound from its summer sag, appears headed for disappointment. * * * Only 3 weeks ago, many steel companies also were forecasting that August would be the industry's best production month so far this year, with output rising to around 70 percent of capacity. * * * Now many steel men are saying August production may average as low as 65 percent of capacity, and probably no higher in any week than 68 percent. * * * The failure of August business to rebound as quickly as originally hoped is beginning to cast some doubts on the entire third quarter.

The proposition which I wish to advance is that if the steel companies do raise their prices in a manner similar to their advances of recent years, and if there exists at the time a substantial volume of unused capacity, such action under the circumstances which I shall describe would raise the serious question of whether there had been a violation of the consent order entered into in 1951 by the steel industry under section 5 of the Federal Trade Commission Act.

It is well established that the requirements as to evidence are less under the Federal Trade Commission Act than under the Sherman Act and are less in establishing a violation of an existing order than in proving an initial violation. And it is a fact that in 1951 the steel industry entered into a consent order with the Federal Trade Commission, under which its members were ordered to cease and desist from entering into any "planned common course of action, understanding or agreement" to adopt, establish, fix, or maintain prices. My position is that the evidence which I shall describe is sufficient to present a serious question as to whether that order had been violated.

It should be stressed that the evidence which I shall present concerns price increases, and does not relate to other types of identical price actions. When one firm lowers its prices, it is often necessary for its competitors to lower theirs, in order to meet competition. With a fine disregard for logic, the same rationale is used for price increases; prices must be raised, it is contended, in order to meet competition—a type of action referred to by former Senator O'Mahoney as "upside-down competition."

Mr. GORE. Mr. President, will my colleague yield?

The PRESIDING OFFICER (Mr. PELL in the chair). Does the Senator from Tennessee yield to his colleague?

Mr. KEFAUVER. I yield.

Mr. GORE. If the distinguished senior Senator from Oregon were in the market to purchase a thousand tons of steel, and if he got quotations from the Bethlehem Steel Co. and from the United States Steel Corp., and if it turned out that the quotation from the United States Steel Corp. was $10 a ton higher than the quotation from the Bethlehem Steel Co., by this logic the only way that Bethlehem Steel Co. could then compete for the Senator's business would be by raising its quotation $10 a ton?

Mr. KEFAUVER. Yes; and that is what in effect Mr. Homer, the head of Bethlehem Steel Co. testified in 1957. It is indeed "upside-down competition."

Also what is not involved here is the forbearance by large producers or "oligopolists" from reducing their prices because of their anticipation that any price reduction which they made would be immediately matched by their rivals, thus giving them the same share of the market but at a lower price. Indeed, this line of argument should operate against the making of price increases since each producer would be concerned lest his rivals might not raise their prices at all or at least by lesser amounts. In other words the rationale for noncollusive price matching which theories of imperfect competition have set forth does not explain identity of action when that action is in the nature of a price increase.

AFFIRMATIVE EVIDENCE

I base my argument on a number of different types of affirmative evidence which in a speech I can only briefly summarize, but which are documented in considerable detail in four volumes of hearings and the report of the Subcommittee on Antitrust and Monopoly. After describing the evidence, I shall discuss the principal arguments in opposition to my position.

1. UNUSED CAPACITY

When demand is in excess of supply, it is of course anticipated under competitive conditions that prices will rise. Moreover, if there exists a price leader in the industry, a plausible argument can be made that the other producers will not charge more than the leader, and, since they can sell all of their output at the higher price, none will charge less. But this rationale ceases to have validity when there exists a substantial volume of excess capacity. During a buyer's market, producers in an industry such as steel would have a strong incentive to try to get additional orders, thereby increasing their volume of production, and thus their profit rate. Nonetheless, the price of steel has been increased during each of the three postwar recession years—1948, 1954, and 1958.[1]

2. THE UNIFORMITY OF THE INCREASES

In both good times and bad the increases made by the steel companies have been by the same amount and to the same level. Exceptions usually turn out to be more apparent than real. For example, while Inland Steel followed United States Steel's lead in July 1957, on most products, it announced an increase of only 60 cents a ton for structural shapes—a negligible amount compared to United States Steel's increase of $5.50 a ton. Inland, however, had already raised its prices for structural shapes by $5 a ton. Such instances, plus a few additional cases of the narrowing of premiums, account for the few exceptions to the uniformity of the increases in both 1956 and 1957.[2]

3. UNIFORMITY OF INCREASES BY MORE EFFICIENT COMPANIES

The steel industry is not one in which the leader possesses such outstanding efficiency that all other producers must avoid incurring his displeasure, since in the event of a price war he could drive them out of business because of his lower costs. Whether he could drive them out of business based not on superior efficiency but on monopoly power is a separate issue which would raise questions possibly involving section 2 of the Sherman Act. Although United State Steel's efficiency has been markedly improved in recent years, out of 12 major producers, 8 enjoyed profit rates on stockholders' investments in 1959 either above or less than 1 percentage point below that of United States Steel. Several of these companies consistently enjoy higher profit rates than United States Steel. Moreover, these more efficient firms are substantial enterprises and should experience no difficulty in securing their capital requirements. The question obviously arises as to why firms whose efficiency is on a par with or exceeds that of United States Steel invariably feel it necessary to go along with the leader's increases.

4. PRODUCTS WITH THE GREATEST CAPACITY HELD BY LESSER PRODUCERS

There are a considerable number of steel products in which United States Steel is not the largest producer. For example, in 1957 there were six steel products, including such important items as heavy structural shapes, universal plates and concrete reinforcing bars, in which Bethlehem held greater capacity than United States Steel; yet on these, as well as all other products, Bethlehem has invariably followed the leader. The predominance of lesser companies is even more pronounced in the individual regional areas which to a considerable extent comprise separate markets for steel products.[3] The question is, why do companies which in particular products in particular markets are the dominant producers invariably fail to exhibit any independence of price behavior.

Another case in point is cold-rolled sheets, which in 1957 represented 17 percent of all shipments of carbon steel. Here, National, which since World War II has followed United States Steel's price changes, outranks United States in terms of capacity. Yet, National has not always played the role of price follower. According to one of the leading studies of the steel industry, National during the NRA period cut prices and refused to conform to the increases initiated by the other steel companies:

> At least in the pricing of the products studied, National Steel Corp. appears to have played an independent role in the code period, a part which, after all the initial price increase in 1933 (in which it cooperated with other important integrated firms), was contrary to the pricing policies of other important firms. It became an exponent of lower steel prices in a most effective way, for it initiated price declines and refused to conform to price increases initiated by others at the most important basing points.[4]

5. THE RELATIONSHIP BETWEEN OPERATING RATE AND PROFIT RATE

The failure of any major producer on any occasion to raise its price by less than the uniform amount to less than the uniform level becomes particularly inexplicable in view of the close relationship existing between the profit rate and the operating rate—production as a percent of capacity. This close relationship has been demonstrated for United States Steel and for the steel industry as a whole. Under the price-cost relationships of 1955–60, an operating rate of 50 percent for the industry is associated with a profit rate on net worth after taxes of around 6 percent; an operating rate of 70 percent with a profit rate of around 10 percent; and an operating rate of 90 percent with a profit rate of around 14 percent. By simply not participating in a general price advance any major steel producer would, in a very short time, secure a sufficient volume of orders to significantly raise its operating rate and thus its profit rate. Yet in the recession year of 1958, when all of the leading firms were operating below 60 percent of capacity, none availed themselves of this opportunity—not even Republic with an operating rate of only 44 percent and Youngstown with 49 percent.

6. THE ABSENCE OF WORKABLE COMPETITION

In view of the above considerations, including particularly the close relationship between operating rate and profit rate, the absence of independent pricing suggests the nonexistence of even the workable competition which the Attorney General's National Committee To Study the Antitrust Laws was content to accept.

Rejecting the traditional and more stringent concepts of "pure" or "perfect" competition as no "basis for antitrust policy,"[5] that conservative group urged as a substitute what it referred to as "workable" or "effective" competition, the presence of which would be determined by whether the industry met certain recommended standards. Thus where "workable" competition is present, there should be some exploration of the possible gains of not participating in a general price advance. Any firm following such an independent policy should for a time reap a commensurate reward:

> In general, and outside of such specialized markets as organized exchanges and others of similar character, effective competition may hinge on the condition that the initiator of a competitive action can expect a gain in volume of business at least for a time.

To the argument that the other producers would then rescind their increase, the committee notes that this may not occur with sufficient rapidity to prevent the independent from gaining a substantial increase in business:

> One circumstance that favors a time interval for gain through innovation or price reductions or other competitive moves is the fact that the initiator of a competitive move may gain business at the expense of all his competitors, thus gaining more than any one of them loses, so that they do not have the same decisive need to retaliate.[6]

Where evidence of such independent behavior is lacking, the committee would view the industry with suspicion:

> But a rigid uniformity over periods of changing supply and demand, or a persistent failure by firms to increase or decrease prices when their independent self-interest would seem to dictate such a move, is not usually compatible with workable competition.[7]

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[1] Cf. 85th Cong., 2d sess., hearings before the Senate Subcommittee on Antitrust and Monopoly, Committee on the Judiciary, "Administered Prices; 1958 Steel Price Increase," pt. 8, pp. 4389–4402.

[2] Report of the Senate Subcommittee on Antitrust and Monopoly, Committee on the Judiciary, "Administered Prices: Steel," S. Rept. 1387, 1958, pp. 14–15.

[3] S. Rept. 1387, op. cit., pp. 90–92.

[4] S. Rept. 1387, op. cit., p. 93.

[5] Report of the Attorney General's National Committee To Study the Antitrust Laws, 1955, p. 316.

[6] Ibid., pp. 329–330.

[7] Ibid., p. 332.

It would be difficult to summarize more aptly the behavior of the steel industry since World War II.

There are many—and I include myself among them—who feel that the Attorney General's Committee went too far in easing the standards of acceptable competitive behavior. Certainly any industry which fails to meet these relaxed standards falls far short of meeting the traditional norms which have long served as benchmarks for antitrust policy and enforcement.

ARGUMENTS IN REFUTATION

Mr. President, I realize that there are arguments in opposition to the position which I have taken. It is now my purpose to recognize, and I hope, satisfactorily dispose of these arguments. This is not the first occasion in which I have raised this question of whether the steel industry's price behavior is the result of a conspiracy in violation of the antitrust laws.

A few days after the price increase in August 1958 was announced, the Assistant Attorney General in charge of the Antitrust Division—Judge Victor R. Hansen—and the Chairman of the Federal Trade Commission—Judge John W. Gwynne—appeared before the Senate Subcommittee on Antitrust and Monopoly. I outlined the purpose of the hearings in these terms:

In view of the fact that there have been identical raises in steel prices in 1957, and again now, and various other times, by all of the companies following a leader—giving notice of what action they would take if somebody else took certain action, which has been particularly true in the latest increase—where they have different costs of production, even though they might be operating at about the same rate of capacity, where they have different rates of return on their investment, where the rate of production in the plants is down somewhere between 55 to 60 percent of capacity—where under those circumstances there is a violation of the Sherman Act, the Federal Trade Commission Act, particularly section 5, or of the order of the Federal Trade Commission of 1951.[8]

Contending that the price increases were not evidence of unlawful behavior, the heads of the antitrust agencies advanced in effect two arguments, which I should like to refer to as the "cost" defense and the "proof of agreement" defense. Since any future failure of the antitrust agencies to act against a steel price increase may well be based upon the same arguments, I should like to examine them in some detail. A third defense consists of two limiting provisos to be found in the FTC consent order, which I also propose to discuss.

THE COST DEFENSE

The essence of the cost defense is that the different steel companies could all be expected to make the same increase in price because they had all been subjected to the same increase in wage costs. To Judge Hansen, the price increase appeared as a natural, inevitable consequence of the wage increase:

The trade press has asserted publicly that the increase in wages required a price increase of at least $5 per ton, and that accordingly the present average increase of $4.50 does not even cover the recent direct increase in labor cost.[9]

Dr. Simon Whitney, then Chief Economist of the FTC, was of the same opinion:

I believe the price increase was in this case about equal to the wage increase—perhaps more, perhaps less, but not very much. And it was so clearly a response that it did not surprise me. Therefore, I saw no prima facie reason to believe there was a conspiracy when the costs of all of the companies are increased July 1 about the same percentage. There is a union contract with all of them.[10]

The same reasoning is to be found in a memorandum to the Commission from its Assistant General Counsel for Compliance, dated December 9, 1955. In this memorandum the Assistant General Counsel, Mr. Moorehouse, was examining into the question of whether the Commission's consent order with the steel industry of 1951 may have been violated. In finding no evidence of collusion he wrote:

The parallel increase in prices might suggest collusion, but the increase can be explained without any agreement among the respondents. Almost the entire steel industry agreed to a wage settlement on about the same terms as United States Steel. United States Steel announced its expected average price increase on June 30. On July 2, it issued its list of prices. The other companies were faced with comparable increase in cost. United States Steel was absorbing about $1 per ton of the increase in cost, roughly estimated. To increase prices more than United States Steel in a year of weak demand would mean that a company could not sell its steel. To absorb more of the increased cost was not desirable due to the sinking margins of profits in the steel industry in 1954.[11]

Apart from the dubious undocumented assertions concerning the "absorption" of the cost increase and the "sinking" margins in steel, the fallacy in this argument is that while it may explain the uniformity of the increases, it does not explain the identity of price levels after the increases. Even if the wage increases were the same for each company, the costs bases to which they were applied were not, and are not, uniform. Far from explaining identical price levels, the addition of a constant increment to varying costs only serves to maintain the variations, but at a higher level.

The fact that there is a wide variation in costs among the major steel producers has been established by statistical data and conceded by industry spokesmen. In 1960, for example, the profit rates for the major companies varied from highs of 10.8 percent for Armco and 10 percent for Inland to lows of 5.2 percent for Youngstown and 3.9 percent for Wheeling. In hearings before the subcommittee, Mr. Roger M. Blough, chairman of the United States Steel Corp., acknowledged that—

Each producer has a different efficiency * * * I have already told you that the costs of no single company in the steel industry are going to be identical. The data you are asking for will simply establish that the costs are not identical. Now, let us concede that.[12]

THE PROOF OF AGREEMENT DEFENSE

Enforcement of the antitrust laws is always simplified if evidence is turned up indicating a meeting or express agreement to fix prices. It is the type of evidence which makes unnecessary the inferring of conspiracy from a careful analysis of its operations and effects. It is also extremely difficult to come by.

Chairman Gwynne acknowledged that he could recall in his 5 years of experience at the Commission only "one case, where the Commission, and the staff, was ever able to prove an absolute agreement to fix prices, and that was a fairly recent case where, believe it or not, these people in a written contract agreed to fix prices, allocate the business, and made a complete case." He went on to say:

In other words, it is true as you all know that conspiracy is a crime of darkness. It is usually now, a case not proved by any definite agreement but inferred from facts which lead logically and naturally to the conclusion that they did have an agreement.[13]

Seeking to define the issue as precisely as possible, I stated:

All companies acted at the same time, all to the same extent, all with different operating costs, all with different plant capacities; certainly in the last year and a half the use of plant capacity has been going down and it is different in various companies.[14]

I then asked, "What other precise type of evidence do you think is required to show violation of the 1951 order?"

Mr. Earl Kintner, then General Counsel, replied:

Well, the most helpful type of evidence, of course, is an exchange of correspondence or minutes or, as in so many of these cases, when a price rise followed, a uniform price rise followed a meeting which we are able to document, the existence of the meeting just before the prices were raised. That is the most helpful type of evidence.

Indeed, it would be helpful.

It would establish a per se violation of the Sherman Act, to say nothing of an order under the FTC Act. It is also the very type of evidence which the Chairman of the Commission had conceded is rarely to be found. Neither Mr. Kintner nor any other representative of the Commission suggested any other type of evidence which would also be helpful and more likely to be found.

Judge Hansen, of the Antitrust Division, also acknowledged the difficulty in establishing proof of agreement, but offered the interesting suggestion that the steel companies might be communicating with each other as to a change in steel prices through the newspapers and trade journals. This suggestion, however, has never been followed up by an action.

The thought that it is necessary to have express proof of agreement in order to establish a violation of section 1 of the Sherman Act, to say nothing of section 5 of the Federal Trade Commission Act, flies in the fact of a long series of

[8] Hearings, "Administered Prices: 1958 Steel Price Increase," pt. 8, 1959, p. 4455.

[9] Hearings, pt. 8, op. cit., p. 4388.

[10] Ibid., p. 4450.

[11] Ibid., pp. 4569–4570.

[12] Administered Prices: Hearings, pt. 2, pp. 299–301.

[13] Hearings, pt. 8, p. 4426.

[14] Ibid., p. 4430.

holdings[15] by the Supreme Court which I need not recite here. For example, in the well-known Interstate Circuit case the Supreme Court held:

Acceptance by competitors, without previous agreement, of an invitation to participate in a plan, the necessary consequences of which, if carried out, is restraint of interstate commerce, is sufficient to establish an unlawful conspiracy under the Sherman Act (59 Sup. Ct. 467, at 474).

The doctrine was reiterated in American Tobacco Co. against United States, in which, without direct evidence of meetings or agreements, the Court found a conspiracy from the parallel business behavior of three major cigarette manufacturers:

No formal agreement is necessary to constitute an unlawful conspiracy. Often crimes are a matter of inference deduced from the acts of the person accused and done in pursuance of a criminal purpose. * * * The essential combination or conspiracy in violation of the Sherman Act may be found in a course of dealings or other circumstances as well as in any exchange of words. * * * Where the circumstances are such as to warrant a jury in finding that the conspirators had a unity of purpose or a common design and understanding, or a meeting of minds in an unlawful arrangement, the conclusion that a conspiracy is established is justified (66 Sup. Ct. 1125, at 1139).

It has been held by some that in a more recent decision, Theatre Enterprises, the Supreme Court has reversed its long-sustained line of thought on this issue. In that case, which was a triple-damage action, the Court in a decision by Justice Clark held:

But this Court has never held that proof of paralleled business behavior conclusively establishes agreement, or, phrased differently, that such behavior itself constitutes a Sherman Act offense. Circumstantial evidence of consciously parallel behavior may have made heavy inroads into the traditional judicial attitude toward conspiracy, but conscious parallelism has not yet read conspiracy out of the Sherman Act entirely (74 Sup. Ct. 257, at 258–260).

This decision, however, is not a reversal of the Court's historical position on the evidentiary requirements of conspiracy cases. What was at issue was not whether conspiracy can be inferred by indirect evidence stopping short of proof of meetings and agreements, but whether the complainant had made an adequate showing in terms of such evidence. Moreover, "conscious parallelism," as those of us who participated in the "basing point" controversy well remember, is a term originally and usually applied to actions brought under the Federal Trade Commission Act, including most specifically count II of the Rigid Steel Conduit case. Count I charged conspiracy, but under count II parallel behavior by each member of the industry, done "with the knowledge that each did likewise with the result that price competition between and among them was unreasonably restrained,"[16] was held to constitute an unfair method of competition in violation of section 5 of the Federal Trade Commission Act. Hence, in stating that "conscious parallelism" has not yet read conspiracy out of the Sherman Act entirely, the Court was merely saying that rulings under the FTC Act and Sherman Act have not read out of the Sherman Act the responsibility of establishing conspiracy, and conspiracy can continue to be proved by the types of evidence employed in the past. According to Dean Eugene V. Rostow, of the Yale Law School, Theatre Enterprises does not change the rule of law:

The emphasis given to the limited decision of the Supreme Court in the *Theatre Enterprises* case should not be misinterpreted. It in no way weakens the authority of Interstate Circuit, Cement Institute, Paramount Pictures, or American Tobacco.[17]

In any event, however, Theater Enterprises is not relevant to my argument. What I am contending is that the circumstances of the steel price increases constitute a substantial body of evidence indicating a "planned common course of action, understanding, or agreement" in violation of a specific consent order issued under section 5 of the Federal Trade Commission Act. In its Cement decision the Court held:

Individual conduct, or concerted conduct, which falls short of being a Sherman Act violation may as a matter of law constitute "an unfair method of competition" prohibited by the Trade Commission Act. A major purpose of the act, as we have frequently said, was to enable the Commission to restrain practices as "unfair" which, although not yet having grown into Sherman Act dimensions would, most likely, do so if left unrestrained (*FTC* v. *Cement Institute* (333 U.S. 683, 708)).

THE PROVISOS IN THE FTC ORDER

In 1948 the FTC issued a complaint alleging price fixing against virtually all members of the steel industry, resting entirely upon the use of indirect or economic evidence. The Government's presentation consisted of 1,237 exhibits and a transcript of testimony numbering 5,458 pages. The principal points in the argument were summarized by the Commission's trial counsel in charge of the action, Mr. Lynn Paulson, as follows:

There are three basic allegations in the complaint, each with several subparagraphs. The three basic allegations are:

(1) They have collusively composed, established and announced prices;

(2) They have directly and indirectly through the offices and organization of respondent Institute, and otherwise, collectively furthered their designs and plans to restrain, suppress, frustrate and lessen competition in the sale of steel products;

(3) They have collusively acted to present deviations from their collusively announced prices.

In the particulars under the first allegation, the complaint described the maintenance and use of basing point practices, the collective compilation of pricing factors, and collective action toward pricing of extras.

In the particulars set forth under the second allegation, it is alleged that respondents have attempted to reach a meeting of minds to forestall increases in steel production facilities, have collaborated on the making of quotations to railroads, have acted together to promote resale price maintenance through jobbers and otherwise, and have taken collective action to establish and maintain uniform terms and conditions of sale.

Under allegation three, it is stated that respondents have attempted to prevent diversion of shipments in transit, to forestall and prevent reductions in railroad freight rates, to curtail fabrication in transit, to curtail price quotations on an f.o.b. mill basis, and, the joint action charge as to extras set forth in allegation one is repeated here.[18]

As is evident from these allegations, the case was primarily concerned with the operation of the basing point delivered price system. The theory was that the members of the industry had carried out certain activities the result of which was the elimination of differences in delivered prices at any given point of destination. To achieve this objective, the producers commonly recognized certain geographical centers as the locations at which base prices were established, jointly used the same base price at each basing point, commonly employed the same freight rate factors—which were not always the same as actual freight charges—in arriving at delivered prices, refused to quote or to sell f.o.b. mill to any buyer who wished to make delivery himself, and so forth.

But neither the complaint, the evidence, nor the order itself was limited solely to the delivered price aspects. This is most important, since the order unfortunately contains two provisos, both of which have been interpreted as seriously weakening its force and effect.

In order to avoid prolonged litigation, the Commission, upon motion of the steel companies, accepted on June 15, 1951, a consent order. Most of the provisions of the order are directed against certain specific practices which, when jointly carried out, result in identical delivered prices at any given destination. But in addition to its prohibitions relating to the basing point aspects, the order contained a general prohibition under which the steel companies are prohibited from jointly "adopting, establishing, fixing or maintaining prices, or any element thereof at which steel products shall be quoted or sold, including but not limited to base prices." The significance of this general prohibition is that it is not affected by the weakening provisos, which read as follows:

(1) The Federal Trade Commission is not considering evidence of uniformity of prices or any element thereof of two or more sellers at any destination or destinations alone and without more as showing a violation of law.

* * * * *

(3) The Federal Trade Commission is not acting to prohibit or interfere with delivered pricing or freight absorption as such when innocently and independently pursued, regularly or otherwise, with the result of promoting competition.

The first proviso, it will be seen, is irrelevant to the question of base prices because it relates to uniformity at any destination or destinations, in other

[15] Early cases include *American Column and Lumber Co.* v. *U.S.*, 257 U.S. 377, 42 Sup. Ct. 144, 66 L. Ed. 284 (1921), and *U.S.* v. *American Linseed Oil Co.*, 262 U.S. 371, 43 Sup. Ct. 607, 67 L. Ed. 1035 (1923).

[16] 168 F. 2d, 175, 176.

[17] Report of the Attorney General's National Committee To Study the Antitrust Laws. Op. cit., p. 40.

[18] Memorandum for the Commission: Recommendation of counsel in support of the complaint in docket 5508, American Iron and Steel Institute, et al., in regard to respondents' offer to waive defense and accept cease and desist order.

words, delivered prices. Likewise, the second proviso is limited to delivered pricing or freight absorption, neither of which is involved in the establishment of base prices. When the steel industry raises its prices, the change almost invariably takes the form of an increase in the base prices. Since changes in base prices are not touched by the provisos, they are subject without qualification to the order's prohibition against any planned common course of action, understanding or agreement. It is my position that the evidence presented earlier indicates that the steel price increases can be explained only as a result of such prohibited conduct.

SUMMARY

Mr. President, once again I raise the question of what types of evidence the Federal Trade Commission regards as necessary to establish a violation of its orders against price fixing. Certainly, while express proof of agreement would be more than helpful, it was not to rule on such simple points of law that Congress established the Commission as a "body of experts" and equipped it with a trained staff and broad investigatory powers. Evidence indicating intent to monopolize or the use of predatory practices is not necessary in a price-fixing case. Identical bids usually reflect the operation of some form of delivered price system which may or may not be a handy instrument of a price-fixing conspiracy. While identical bids have not been absent from the record of the steel industry in recent years.[19] I realize that in the steel industry this type of behavior might be regarded as sanctioned by the Commission's order. If, as I think it should, the Commission regards evidence of meetings and direct evidence of agreements, predatory practices and intent to monopolize as unnecessary to prove an unlawful conspiracy, but at the same time feels that something more is needed in addition to the types of evidence outlined earlier, the Commission has a responsibility to determine on the public record what that something more is. Either we face up to this problem of evidentiary requirements or the law against conspiracy will become a nullity, no longer able to adapt itself to the changing conditions of the times. We will be back to the days of the turn of the century when the value of a new invention known as the telephone was being extolled as a means of evading the antitrust laws. In 1901 the report of the Industrial Commission on Transportation contained a discussion on the simultaneous increase in the price of coal. Mr. Conger, of the Commission, was questioning Mr. Saward, editor of the Coal Trade Journal:

Mr. CONGER. Is it or is it not a fact that on a certain day all of these producers raise their prices to the wholesalers and to the jobbers? How can you explain this uniform action. Is there no agreement?

Mr. SAWARD. Oh, I don't know. It is the advance in civilization, I guess. Possibly it is the hypnotism that prevails—the unity of minds; all think alike. I do not know but there is a telephone that might be used by somebody to ask, "What are you going to ask for coal? I have my circulars all at the printer's, and I am ready to send them out. I am going to ask so-and-so." "All right," might be the response; "I will ask the same."

Mr. CONGER. This communication by telephone or wireless telegraphy, whatever you might call it, answers the same purpose as the combination would, does it not?

Mr. SAWARD. It seems to be a wonderful invention; it beats writing on a piece of paper and putting a signature to it.

Mr. CONGER. In what way does it beat it?

Mr. SAWARD. No record kept.

Mr. CONGER. In other words, if there were a record kept, would it be an illegal combination, conspiracy, or something of that kind?

Mr. SAWARD. So construed by a good many lawyers in Congress, you know.

Mr. CONGER. It might be conspiracy in restraint of trade?

Mr. SAWARD. It might be.

Mr. CONGER. But if it is done by telephone or wireless telegraphy, it is not? That is the advantage, I suppose.

(No reply by the witness.)[20]

ORDER FOR ADJOURNMENT UNTIL 10:30 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate adjourns tonight, it adjourn to meet at 10:30 tomorrow morning.

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

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, for the information of the Senate, there will be no rollcall votes tonight. It is my understanding that there are to be several speeches; that the Senator from Pennsylvania [Mr. CLARK], who is handling the retraining bill, will make opening remarks; that the Senator from New York [Mr. JAVITS] will have comments to make, and perhaps an amendment to offer, on which there will be no votes tonight. There will be no rollcalls tonight, and we shall take up the bill at the conclusion of the morning hour tomorrow.

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

Mr. MANSFIELD. I yield.

Mr. CLARK. The Senator mentioned that there would be no yea and nay votes tonight on the retraining bill. That is of course true, but the Senator from New York will propose an amendment which is satisfactory to the committee, which will not require a yea and nay vote. I take it the brief statement made by the majority leader did not mean there could not be a voice vote.

Mr. MANSFIELD. The Senator is correct. If any yea and nay votes are suggested, I hope the Senator will see that they go over until tomorrow.

Mr. CLARK. I shall be happy to do so.

Mr. MANSFIELD. Mr. President, for the benefit of the Senate I make the announcement that at the conclusion of consideration of the retraining bill it is the intention of the leadership to have the Senate consider the proposed Peace Corps legislation.

TRIBUTES TO VICE PRESIDENT LYNDON B. JOHNSON

Mr. MANSFIELD. Mr. President, in today's papers there appear several editorials and articles dealing with the recent mission of the Vice President, LYNDON B. JOHNSON. The editorials and articles are uniformly glowing in their tribute to the effectiveness and the constructive contribution of the Vice President's visit to Bonn and Berlin.

These tributes, Mr. President, are well deserved. It was a most delicate and difficult mission that President Kennedy asked the Vice President to undertake. The Vice President discharged the responsibility as he was assigned with a high sense of dedication to the Nation, with great tact and diplomacy, and with a deep perception of the complexities of the situation into which he was sent. The Vice President boosted the morale of the Berliners and at the same time strengthened the base of our foreign policy respecting the Berlin situation. In the apt words of the President, it was a "remarkably successful" achievement in every way.

Mr. President, this is the third time in recent months that President Kennedy has seen fit to entrust major international responsibilities to Vice President JOHNSON. In every instance, the Vice President has responded to these challenges in a fashion which reflects great credit on the Nation. He has added to our stature as a responsible power striving for peace, freedom, and friendship and, in so doing, he has added to his already great standing as one of the outstanding leaders of this Nation.

Mr. President, I ask unanimous consent that the articles and editorials previously referred to be included at this point in the RECORD.

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

[From the Washington Post, Aug. 22, 1961]

REPORT ON BERLIN

Vice President JOHNSON and General Clay appear to have served the purpose of their quick trip to Berlin and West Germany admirably. If reassurance was needed to emphasize the undiluted determination of the West to preserve the freedom of West Berlin, Mr. JOHNSON'S statements should have given it in ample measure.

The arrival of 1,500 additional American troops underscores the point. Mr. Khrushchev is likely to understand the purpose of this gesture. Soviet propaganda notwithstanding, this move cannot be considered provocative; the total Allied garrison in Berlin now amounts to only a little more than 10,000 men.

These men are symbols of the Western will to fight if necessary. But the basic objective is not to fight; rather it is to guarantee Western rights and freedoms without a clash. In the wake of these symbolic moves, is not now the appropriate time for the West to call for actual negotiations with the Soviet Union?

[19] Cf. hearings, "Administered Prices: Steel," pt. 3, op. cit., pp. 964–965.

[20] Cited in hearings, "Administered Prices," pt. 8, pp. 4413–4414.

The vacuum seal that Mr. Khrushchev has constructed around East Germany may appear in one sense to be a sign of strength. To the extent that it is enforced by Communist soldiers that may be the case. But, military backing apart, politically the closing of the border is a sign of weakness. Messrs. Khrushchev and Ulbricht have confessed to the world that barbed wire and machineguns are necessary to keep East Germans from fleeing. This is an acknowledgment which must have been difficult to make.

Thus there is a major weakness on the Communist side. There also is a weakness on the Western side. The status of Berlin, deriving from a four-power occupation agreement, is by no means ideal. Mr. Khrushchev is perhaps more uncomfortable than the West under this arrangement and has deliberately stirred up trouble. But the West also has something to gain from a more satisfactory definition of legal rights, including specific guarantees of access.

This is what makes the prospect of negotiations at the proper time meaningful. The West can grant some things that Mr. Khrushchev and his colleagues want: formal confirmation of the Oder-Neisse line as the eastern border of Germany, and some sort of de facto recognition of East Germany. Mr. Khrushchev can grant some things that the West wants: treaty confirmation of the status of West Berlin, including rights of access.

Obviously the Soviet free city proposal would not meet this criterion. But if the position of West Berlin and Allied rights could be safeguarded beyond question, it is possible that the Soviet peace treaty with East Germany would not be an insurmountable obstacle. At least the elements are present for a mutually beneficial negotiation.

Understandably Secretary Rusk and the administration do not wish to disclose details of the Western position in advance. But as a sequel to the moves and countermoves of the past 2 weeks, now may be the psychological moment for Allied initiative.

[From the Washington Evening Star, Aug. 22, 1961]

HAS JOB, WILL TRAVEL

Mr. Kennedy's tribute to LYNDON JOHNSON's "remarkably successful and important trip" to West Germany and West Berlin was fully deserved.

The success of the trip, of course, was not due primarily to anything Mr. JOHNSON did or said in Germany. It is attributable, rather to the fact that his presence there, at the President's direction, plus the modest reinforcement of our small Berlin garrison, was properly interpreted by the Germans as a manifestation of American resolve not to be pushed out of the beleaguered city. Mr. Kennedy underscored this when he said we are going to pass through difficult weeks and months in maintaining the freedom of West Berlin, but "maintain it we will."

This is not the first trip the Vice President has made to assert the American "presence" in troubled areas of the world. Nor is it likely to be the last. But he can be depended upon to do what needs to be done. We do not imagine that LYNDON JOHNSON has found it easy to assume the role of presidential emissary. As majority leader of the Senate, he had been accustomed to lead, not to follow. And his willingness to play ball as a team member has been something of a surprise to many. When he accepted the vice presidential nomination after his bid for the first prize had failed, however, he made up his mind to take the assignments that came his way and to make the most of his opportunities. The "remarkably successful" trip to Germany is but one chapter in that story.

[From the Washington Evening Star, Aug. 22, 1961]

JOHNSON DOES MASTERFUL JOB

(By Gould Lincoln)

Vice President LYNDON JOHNSON did the job he was sent to do in West Berlin—and he did it well. His mission was the most important ever assigned to a Vice President of the United States, in view of the tension which had built up over the Berlin situation. It was touch and go whether the effort of the Kremlin leaders to convince the West Berliners, the countries of the free world and the so-called neutralist nations that the United States was indeed, a "paper tiger" would succeed. The Vice President's visit to reassure the West Berliners this country was prepared to stand firm in their defense, plus the immediate strengthening of the American military forces in West Berlin, has been of great value. In the first place, it has restored the morale of the West Berliners, which had been sadly strained by the slow approach to the situation caused by the Communist East German blockage of the border between East and West Berlin. In the second place it has, or should have, convinced the Kremlin that President Kennedy was not speaking idly when he told the American people and the peoples of the world that this country would not be forced or bullied out of its rights in West Berlin. And third, it has placed the cause of the present crisis right where it should be placed—in the lap of the Communists, for all the world to see and understand.

The reaction of the Kremlin and its satellites and Red China has been just what would have been expected. They have attempted to picture the Johnson visit, the Vice President's firm statements, and the assignment of added military forces to the area as attempts of this country to increase tension between the East and the West almost to the brink of war. The fact is that the tension already had been increased by the Russians and their puppet government in East Germany. This should not be difficult for the allied free nations and the neutralists to grasp.

CONFERENCES EXPECTED

The Johnson visit has been salutary, but it still leaves the Berlin problem where it was before, and has been for the last 16 years. Unless the Reds intend to force us to military action, the next step seems to be diplomatic conferences. Secretary of State Dean Rusk said Sunday in a televised broadcast ("Meet the Press") that he did not believe the Soviet Government wished war over Berlin. He also said he believed the Berlin issue would be discussed by the interested powers, though he did not undertake in any way to be specific as to time, place, or character of the expected conference. Russian Premier Khrushchev, meanwhile, has not backed away at all from his declared purpose to sign a peace treaty with his puppet East German government. Also he has now suggested that whatever rights the United States, Britain, and France claim they have as a result of agreements at the time of the cessation of hostilities—the end of World War II—are no longer existent.

REDS BLOCK SOLUTION

The West has made frequent suggestions to the Soviet Government for a solution of the Berlin and the divided Germany problems. In every case they have been rejected. What is clear is that the Kremlin has been stalling any adjustment, believing that in the end they will be able to take over all Berlin. They have been putting the pressure on now and again, while building up their military strength. They have believed that finally they could scare the United States and its allies into making concessions which could lead to the engulfment of the 2.5 million West Berliners in the Communist state of East Berlin. It will be interesting to see what further lines of pressure the Kremlin exerts before they go to the conference table.

Vice President JOHNSON, who was accompanied to West Berlin by Gen. Lucius Clay, the commander of U.S. forces in that area in 1948 when the Communists attempted a blockade of West Berlin and failed because of our successful airlift, has reported to President Kennedy what he found in Berlin, as well as the result of his talk with West German Chancellor Adenauer.

The Kennedy administration has been engaged in conferences with the British, French, and the West German Governments and NATO regarding the course to be followed over Soviet attempts to take over the West Berliners. So far, there has been solidarity of purpose on the part of the Western allies. The Reds have tried and will try again to break this solidarity. They are clever maneuverers. They will do what they can to obtain their goals without war. There remains the question whether they will use armed force finally. That is the problem the Kennedy administration faces, and will continue to face, unless the Kremlin has a change of heart.

Vice President JOHNSON said, indeed, no more than President Kennedy himself had said earlier—that we would never give up on West Berlin. His appearance on the scene of the crisis at this particular time, however, was more effective. He brought with him a promise of action that changed the atmosphere.

[From the Washington Daily News, Aug. 22, 1961]

REMEMBER MR. THROTTLEBOTTOM

A Vice President can be only as useful as the President will permit him to be, and only as effective as his own talents, experience and judgment guide his actions.

LYNDON JOHNSON's mission to Berlin, within the limits of what it was expected to accomplish, was an unqualified success. Mr. JOHNSON did the right things, uttered the right words, conveyed to the German people the firm determination of the United States to stand with them in their crisis, lifted their morale and their confidence. He did it without involving either himself or our country in the spirited election contest between his two hosts, Chancellor Adenauer and Berlin's Mayor Brandt.

It was better than if the President himself had undertaken the mission. It accomplished the same purpose, because the Germans and the world knew Mr. JOHNSON carried Mr. Kennedy's credentials to speak and act. Meanwhile, Mr. Kennedy could stay at the White House in charge of our whole Government operation, where his presence was of more importance.

The problems of divided Berlin remain the same—the concrete and barbed wire barricades still sunder the city—but the resolute posture of the free world in the face of this outrage has been dramatized for all to see.

Mr. JOHNSON's performance, under Mr. Kennedy's direction and delegation, points up what has happened to the role of the Vice Presidency since George S. Kaufman's play, "Of Thee I Sing," in which the Vice President, a Mr. Throttlebottom, out of frustration and loneliness and with nothing else to do, wandered around Washington's parks trying to strike up a conversation with the pigeons.

The Vice Presidency has become important only in recent memory.

Mr. Coolidge's Vice President Dawes is remembered primarily as the man who didn't wake up from a nap in time to break a tie in an important Senate rollcall.

Mr. Hoover's Vice President Curtis is remembered only because his hostess sister, Dolly Gann, quarreled with Speaker Longworth's wife over who sat higher at the table above the salt.

Mr. Roosevelt called on Vice President Garner to help only when he wanted to get a controversial measure through Congress, and sometimes Cactus Jack didn't help. Mr. Roosevelt gave Vice President Wallace a chore or two to do in the executive department, but often wished he hadn't. Mr. Roosevelt didn't even brief Vice President Truman on the conduct of the war, which was a terrible mistake because Mr. Truman had to take over and finish it.

Mr. Truman was very considerate in taking his old pal, Vice President Barkley, into high state councils, but never gave him steady work.

Mr. Eisenhower was the first President who really made his Vice President, Mr. Nixon, a functioning member of the high command, giving him the experience and training to take over in an emergency. But even there the relationship was not close, and, perhaps because of the towering Eisenhower personality, Mr. Nixon did not always seem to carry the Eisenhower credentials.

The Kennedy-Johnson relationship appears more sympatico, with the President elevating the Vice President to the actual role of second in command. Perhaps that has been made possible by their years together in the Senate when Mr. JOHNSON was Mr. Kennedy's leader, and because they understand each other and know how to work as one. Anyhow, it seems a healthy relationship, and good for the conduct of our Government.

[From the New York Herald Tribune, Aug. 22, 1961]

THE EDUCATION OF A VICE PRESIDENT

(By Rowland Evans, Jr.)

WASHINGTON.—In Vice President JOHNSON's office are five photographs, conspicuously displayed on or near the marble mantle. Each of them is inscribed to LYNDON JOHNSON, and the signatures belong to Sukarno, of Indonesia; Adenauer, of West Germany; Chiang Kai-shek, of National China; Prasad, of India; and John F. Kennedy, of 1600 Pennsylvania Avenue.

The photographs tell the dramatic story of the metamorphosis of an American politician into a skilled Presidential envoy charged with conducting diplomacy at just below the highest level anywhere on the globe. The photographs will multiply in the months ahead. In 7 months Mr. JOHNSON has been dispatched to Sierra Leone, Geneva, the Philippines, Formosa, Japan, Thailand, Vietnam, India, Pakistan, and now Berlin.

It is becoming almost commonplace for the American Vice President to pack up at a moment's notice and fly off to distant parts of the world. At last a Vice Presidential responsibility of real significance seems to be developing. Mr Eisenhower sent Vice President Nixon around the world on fact-finding and diplomatic-political journeys. Nothing so much as these highly publicized trips kept Mr. Nixon in the headlines, and without headlines a politician cannot survive. And nothing thus far in the new administration has given Mr. JOHNSON the weight and authority now building up his political stature at home as have his flying trips abroad.

The Vice President, any Vice President, has one advantage over all other Presidential envoys. This, of course, is the simple fact that he is the constitutional heir apparent, and the heir apparent is a personage second only to the President himself. Foreign countries aren't familiar with the subtleties of our constitutional system. They aren't aware that the Vice Presidency is an uncommonly useless constitutional office. They wouldn't understand what Vice President John Adams meant when he said that as Vice President he was "nothing." But they would know the meaning of his words that followed—"* * * but tomorrow I may be everything."

As a personage abroad, then, the Vice President has no equal and only one superior. Add to that the fact that the present and past Vice Presidents happen also to be strong personalities, colorful, chesty and ambitious to do well, and it is no wonder that Eisenhower and Kennedy have used them for difficult diplomatic chores.

Representing the President abroad is no job for a novice. Mr. Nixon was almost killed in Latin America. In Moscow he jumped into a debate with Premier Khrushchev, who has one of the fastest verbal draws in the world. One serious misstep could have ended his political career.

When Vice President JOHNSON went to the Far East, his highest object was to convince the skeptics that the United States was not preoccupied with Europe and would play no favorites as between Europe and Asia, Berlin and Laos. And then, just as he stepped off his plane in India, the dramatic news of President Kennedy's trip to Paris, Vienna and London was announced. It took some explaining.

But with the occupational hazards comes political glory to the Vice President who knows what he is about. Mr. Nixon took the offensive in his highly touted debate with Khrushchev and became a sort of national hero overnight. In Berlin last weekend, the eyes of the world were on Mr. JOHNSON. He came to West Berlin, as someone remarked, in the role of a sheriff on the American frontier. He played his part to the hilt—the symbol of law and order, the people's guardian.

The possibilities now open to Mr. JOHNSON as President Kennedy's superplenipotentiary are quite breathtaking. Whether he will be able to make good on them depends both on the President's inclination and on the Vice President's performance.

After these first 7 months, Mr. Kennedy has shown the inclination and Mr. JOHNSON has shown the performance. He has studied punctiliously for long hours. He was somewhat concerned about his trip to Asia because, as he said privately, he didn't know much about that area and had no precise knowledge about the politicians and leaders there. Nevertheless, those who went with him gave him high marks.

Sudden immersion in foreign policy is the one strikingly new aspect in the life and times of LYNDON JOHNSON, and it has smoothed the harsh transition from top political leader in Congress to the relative obscurity of the Vice Presidency, Mr. JOHNSON's talk in private these days is an odd mixture of contentment and excitement about his new job, not resignation. The furnace of his energies still burns fiercely and he drives himself unsparingly. His relationship with the President and the Kennedy policymakers is cordial and to the point. He has always known how to listen and he listens much today in the inner councils of the administration. As Vice President, this extraordinary man is coming of age quickly and with an almost prescient adaptability.

[From the New York Mirror, Aug. 22, 1961]

ACT OF COURAGE

President Kennedy has proved himself courageous in the handling of the Berlin situation. He challenged Khrushchev by sending 1,500 men in 250 trucks into Berlin to reinforce our troops there. These American soldiers rode 110 miles through East German territory where the people could see the Americans challenge the might of Soviet Russia.

It was an exhibition of power, of might, of daring, of courage.

If Khrushchev wanted to fight that was his chance.

He has been boasting of all the things he will do to us. Well, he had a chance and he did not do anything. He yapped but he dared not act.

The world is becoming accustomed to his yapping and may no longer take him too seriously. He has suffered a major defeat.

This march through to Berlin was a brilliantly conceived maneuver. The President made no threats; he did what had to be done, quietly, effectively.

Every man who was in one of those trucks was a hero, because every one of them knew that his life could be in danger every inch of that 110 miles.

If the Russians doubt that our men have courage, they now know exactly what stuff our people are made of.

It took the Kaiser and Hitler longer to find out than it has taken Khrushchev.

Sending LYNDON JOHNSON to greet the American troops was a stroke of genius. The people of all the Iron Curtain countries realize now that the United States is pledged to defend Berlin from Russian aggression and that nothing can stop us. Poland and Czechoslovakia, Hungary and Yugoslavia realize today that there is no more monkey business in dealing with the United States.

Vice President JOHNSON exhibited himself in every possible way, so that he could be heard and seen by all the people, not only in Berlin, but wherever there was doubt that the United States would act if need be.

The United States has acted valiantly.

Soviet Russia has issued an ultimatum which comes due in October.

Before the end of this year, Soviet Russia plans to sign a separate treaty with East Germany.

Should Soviet Russia sign such a treaty, it could be that East Germany would try to prevent us from moving into West Berlin. We might have to fight our way in and out.

The Russians are taking advantage of the good nature of Roosevelt at Yalta and Truman at Potsdam where the partition of Germany was decided upon and where we failed to arrange for corridors of access for our troops.

We trusted the Russians and that was a mistake. Well, we trust them no more and we proved by one expedition that we shall do what we want to do and what we need to do, come what may.

We are no longer in a mood for long and meaningless conferences.

Mr. DIRKSEN. Mr. President, when the mission of the Vice President was first suggested I gave it my unequivocal blessing, when my opinion was asked. I thought we had reached a point where cold print and words on paper lacked the necessary dramatic quality to do the job in Berlin at a time when so much fever and excitement were in the air. I thought nothing short of a living, human symbol, clothed with the authority of this country and the blessing of the President, could bring a degree of composure and serenity to that country and restore a degree of confidence, raising the morale of the people, an attribute so necessary to a people who are in a beleaguered city.

I am delighted that the Vice President went. I thought he performed superbly and did a great job for the President and for his country.

Mr. MANSFIELD. Mr. President, the distinguished minority leader is always kind, always understanding, and always forthright.

STEEL PRICES

Mr. HUMPHREY. Mr. President, in the next few moments I wish to join in

the discussion of the economics of steel, and particularly of the threatened price increase in the steel industry.

Earlier today I commented upon the outstanding work done by the Senator from Tennessee [Mr. GORE] and his illustrious colleague [Mr. KEFAUVER], as well as by my own able and scholarly colleague [Mr. MCCARTHY], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Illinois [Mr. DOUGLAS], the Senator from Pennsylvania [Mr. CLARK], and other Senators who participated in the discussion.

I wish to add some words of support for the message which has been given today by those Senators, to indicate my deep concern over the threatened price increase in the steel industry. I hope that the leaders of the steel industry, the management executives, will read the RECORD very carefully and understand that the comments and statements have been made in a spirit of understanding and of public interest, not in a spirit of unfair criticism or acrimony.

The Senator from Tennessee [Mr. GORE] in his address in three concise and succinct paragraphs stated the basic issue before us. He said:

> The importance of steel in our price structure can hardly be overestimated. Not only is steel a truly basic commodity upon which most of our industrial capability depends, but steel prices also have an enormous psychological effect. The price of steel is traditionally one of the bellwethers of our economy. The raising or lowering of steel prices in itself not only triggers percentage price markups all the way to the retail outlets, but it creates a psychological climate which is carried over into the price-making process in other industries.
>
> Steel wages are a bellwether, too, and should not bound above proper and reasonable comparable levels. By refraining from raising prices of steel in October, the steel companies would improve their bargaining position when wage negotiations are again undertaken in 1962. This type of hold-the-line attitude will also be felt in other industry wage negotiations, particularly those pertaining to the automobile manufacturing industry.

Finally, the Senator from Tennessee said:

> Not only is steel important to our whole domestic economic structure, but it also has played a significant part in our balance-of-payments difficulties.

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

Mr. HUMPHREY. I am happy to yield.

Mr. DIRKSEN. I wish to interpose at this point in the steel discussion to say that, as a member of the Subcommittee on Antitrust and Monopoly, I sat through all of the steel hearings. I believe I heard nearly all of the testimony. I believe it is important that both sides be presented. I discovered, in the course of the hearings, that by bringing out salient facts one can get a complete and objective story.

I am glad this question has arisen. Probably within the next few days, or early next week, we shall also wish to address ourselves to this question, to make sure that we do not leave it in an ex parte status and that all the story will be told.

Mr. HUMPHREY. I thank the Senator. I wish to have the whole story told and to have a discussion of both points of view.

One of the points I hope to raise in my discussion is the importance of a full inquiry, giving management, the workers, the consumers, and the Government—all interested parties—an opportunity to state their respective points of view and to assert the economic facts as they relate to the economics of the steel industry.

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

Mr. HUMPHREY. I yield.

Mr. CARROLL. I am also a member of the Subcommittee on Antitrust and Monopoly. I sat through the steel hearings. I spent many days and many weeks in the hearings.

For the record I wish to say, if it has not already been said, that prior to the last steel strike the able Senator from Tennessee [Mr. GORE] invited the leaders of the great steel industry in to speak to a group of Senators in the Old Supreme Court Chamber.

Mr. HUMPHREY. I well recall that.

Mr. CARROLL. After that, some of the leaders of the Steelworkers of America were invited to come in to express their views. We were at that time trying to reach some accord, to see if we could get the opposing sides together. I think the Senator from Tennessee has once again rendered a signal service, not only to the Senate but also to the people of the country, by bringing to consult with some of us this year, a distinguished economist, who discussed with us the prospective wage increase in October in the steel industry, which subsequently may be followed by another in July.

The question we were most concerned about, in our meeting with the junior Senator from Tennessee [Mr. GORE], was whether there will be an additional price increase by the industry. If a steel price increase comes in October and another in July, we shall again be on the inflationary spiral.

This is a vitally important industry. If a price spiral begins in October, with another price increase in July, using the words of Roger Blough himself, this will create economic ripples which will travel clear through our entire economy.

For that reason the able Senator from Minnesota [Mr. HUMPHREY], the Senators from Tennessee [Mr. KEFAUVER and Mr. GORE], the Senator from Pennsylvania [Mr. CLARK], and others have spoken on the issue. What we are trying to do here today is alert the American people, the steel industry, and the steel unions to the dangers that lie ahead. We were told the other evening at the conference called by the junior Senator from Tennessee [Mr. GORE] that there is relative stability in the heavy industries. However, we were told that there is generally an inflationary trend in the soft industries, transportation, and medicine. If we can hold the line on steel in October and next July, in view of the fact that we have passed a defense budget of almost $48 billion, and with other Government expenditures continuing, we will certainly be helping the country. This is the time for all of us to ring the gong of alarm with respect to the inflation dangers that lie ahead, and I intend in the near future to speak at some length on this matter of wage-price spiraling increases. I agree with the able Senator from Illinois [Mr. DIRKSEN]. We want to hear all sides of the issue. It is vital to the Nation and our economy in this very difficult period which we will go through in the near future. I thank the Senator from Minnesota and other Senators who have made contributions to this very important discussion.

Mr. HUMPHREY. I thank the Senator from Colorado for his remarks and observations on this problem.

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

Mr. HUMPHREY. I yield.

Mr. JAVITS. It has always been my belief that we could best serve our country, the public interest, and business if we flag our economy as a consumers' economy. Unfortunately, during the day I have had only episodic bits of the presentation, but I shall read the RECORD with the deepest interest. I am delighted that the minority leader, the Senator from Illinois [Mr. DIRKSEN], has seen fit to say that we on this side of the aisle, after examination—even critical examination—will have our say on this subject for the following reason. The thrust of the argument appears to be that if industrial price makers will hold fast, such action by them is called for both by public interest and by the dynamics of their own economic situation in terms of the reasonableness of what they have any right to expect as to a profit. There may be other things which must be done by other segments of the economy in order to make good upon this concept which has been discussed today so eloquently. I feel that if we can make some contribution to that discussion in a constructive, positive and affirmative way, so much the better.

So I only wish to state that I am grateful to the Senator for yielding, and I really think that those who complain about Senate debate and the fruits of our labor here will have reason to rejoice if we can develop this question together from all points of view. Surely, we are the party of business, and we ought to be proud of it. We should make our contribution to business in the public interest. I hope very much that we shall have the privilege of doing so in the course of the discussion.

Mr. HUMPHREY. I thank the Senator from New York. I am confident that any contribution he makes to the discussion will be worth while, and not only well intentioned, but well documented.

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

Mr. HUMPHREY. I yield.

Mr. GORE. I have not sought to speak from the standpoint of either the steelworkers or the steel-mill owners. I have sought to speak from the standpoint of the public interest. I welcome the contributions which we can anticipate, because this subject should have no partisan connotation. An increase in the cost of living affects the housewife in Brooklyn, the housewife in Boston, and the housewife in Memphis, Tenn.

I suggest one additional fact that I do not think has yet gone into the RECORD. I have sought information from a number of sources, including the Council of Economic Advisers. They supplied to me, at my request, profit estimates for various levels of operation. Assuming no change in steel prices, but taking into account the wage increase already scheduled to take effect on October 1, the profit picture in the steel industry appears to be as follows: A rate of capacity utilization of 70 percent would be expected to yield, in the fourth quarter of 1961, a profit of 7 percent to 9 percent of equity after taxes.

An 80-percent capacity utilization is estimated to yield from 10 to 12 percent profit, after taxes.

A 90-percent utilization is estimated to yield from 13 to 15 percent profit, after taxes.

I am bringing out these facts because debate in the U.S. Senate can deal with no more important domestic issue than the cost of living for the American people.

Mr. KEATING. Mr. President, will the Senator yield for the purpose of my proposing a question to the Senator from Tennessee?

Mr. HUMPHREY. I yield to the Senator from New York.

Mr. KEATING. The Senator from Tennessee, in stating his figures, started with 70 percent. Does he have the figures with respect to a 60-percent and a 50-percent utilization?

Mr. GORE. Yes. I believe the Senator from Minnesota has those figures.

Mr. HUMPHREY. Will the Senator bear with me for a moment?

Mr. KEATING. My understanding is that a good number of steel plants are now working at a rate of about 50 to 60 percent.

Mr. GORE. I think the rate of production is now about 66 percent of capacity, with a considerable increase in demand in the last quarter anticipated. For example, automobile changeovers have caused some slack in demand recently, but new model production of automobiles will call for an increase in steel production.

Mr. HUMPHREY. At an operating rate for the entire industry of 65 percent, the rate of return on net worth after taxes would be 8 percent.

Mr. KEATING. I was asking the figure based on 60 percent and 50 percent utilization.

Mr. HUMPHREY. We had the figures down to 60 percent. I do not have available figures on a 50-percent utilization, because in no year since World War II has the operating rate fallen below 60 percent. I believe that the question of the Senator is one to which there should be a response, and I shall ask the staff that has been working with other Senators to prepare an estimate for us.

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

Mr. HUMPHREY. I yield.

Mr. CLARK. While those figures are not available in extenso, it is nonetheless the fact—and I ask members of the staff to advise me privately and I will correct the statement if it is not correct—that United States Steel Corp. can now operate at some profit at 40 percent capacity or even less, and, this capability is due in part to the fact that within the past few years the United States Steel Corp. has put into operation the most modern steel mill in the world at Morrisville, Pa., where operations can be conducted on a vast scale and at a very much more economical rate than in other presently unused plants of the United States Steel Corp., which are high cost, and to some extent obsolete.

While it is true, generally speaking, in the case of many companies that as the rate of operation goes up and overhead is spread more widely, profit rises, this is not entirely true with respect to the steel corporation and several of its competitors, because they include in productive capacity some capacity which is high cost because of obsolescence.

Mr. HUMPHREY. The question of the Senator from New York will be specifically answered. I know he is asking for information, and I am also very much interested in getting the information. However, as I have stated, fortunately, steel capacity throughout the Nation has not gone below 60 percent as an average. The rate of steel capacity in some companies fell below 60 percent. However, the operating rate of 60.6 percent of capacity existed in 1958, and that was the low point since 1938. I ask unanimous consent to have a table on profit rates and operating rates printed at this point in the RECORD.

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

Steel: Relationship between operating rate and rate of return on net worth after taxes

Year	Steel industry		United States Steel	
	Operating rate	Rate of return	Operating rate	Rate of return
1920	76.7	12.1	86.2	11.5
1921	34.9	2.2	48.3	4.3
1922	61.7	3.8	70.9	4.6
1923	77.3	9.4	89.1	10.9
1924	64.6	6.5	72.2	8.4
1925	75.4	7.6	81.7	8.6
1926	84.1	9.3	89.1	10.1
1927	75.4	6.6	79.8	7.4
1928	84.6	8.4	84.6	9.0
1929	88.7	12.1	90.4	12.6
1930	62.8	5.1	67.2	5.8
1931	38.0	−.3	37.5	9.7
1932	19.7	−4.5	17.7	−4.1
1933	33.5	−2.2	29.4	−2.2
1934	37.4	−.7	31.7	−1.3
1935	48.7	1.4	40.7	.1
1936	68.4	4.8	63.4	3.8
1937	72.5	7.2	71.9	7.0
1938	39.6	.3	36.4	−.6
1939	64.5	4.2	61.0	3.1
1940	82.1	8.2	82.5	7.5
1947	93.0	11.8	96.7	10.0
1948	94.1	14.4	93.8	10.6
1949	81.1	11.8	82.5	9.6
1950	96.9	15.3	98.2	12.3
1953	94.9	11.2	98.4	9.9
1954	71.0	9.4	73.2	8.3
1955	93.0	14.7	90.8	14.8
1956	89.8	13.2	85.2	12.8
1957	84.5	12.4	85.2	14.3
1958	60.6	8.1	59.2	9.7
1959	63.3	8.1	58.3	8.0
1959 (2d half)	(1)	(1)	30.0	0
1960	66.8	7.8	65.1	9.2

[1] Not available.

Sources: Joint Committee on the Economic Report, "Basic Data Relating to Steel Prices," 81st Cong., 2d sess., 1950; AISI, "Annual Statistical Reports"; Federal Trade Commission; United States Steel, "Basic Facts" (pamphlet); Moody's Industrials.

Mr. KEATING. Will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. KEATING. Last fall I heard some figures given to the effect that the steel industry was operating at only 50 percent of capacity. That has stuck in my mind since then. Sometimes, of course, there are slight inaccuracies with respect to such figures in September or October in an election year.

Mr. HUMPHREY. The Senator is correct in that the steel industry has operated at certain times at 50 percent of capacity, or even lower, but the average for an entire year has not been below 60 percent since World War II.

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

Mr. HUMPHREY. I yield.

Mr. CLARK. I should like to amplify what I stated before as a result of the information furnished me by the staff. With respect to the statement I made a moment ago, the actual break-even point for United States Steel is 30 percent of capacity, as of now. At 40 percent the corporation would make a small profit. At 60 percent it would make an 8 percent return on its invested capital.

Mr. HUMPHREY. I believe that the current exchange of views increases the value of Senate debate, as the Senator from Tennessee has said. We really look more like a senatorial body when we have this frank and, I trust, informed discussion, and when we are not attempting merely to express a biased or partisan view, but rather to engage in a solid economic discussion.

Out of all this we can draw different conclusions. That is why men come to different points of view from the same facts. However, I think it is important to have this kind of discussion. I wish it could take place with respect to other issues also. I compliment Senators who have engaged in the debate today.

My purpose in speaking today is really to provide a summary statement. I have commented upon the succinct, concise, and comprehensive manner in which Senator GORE discussed the situation in his able address. I have quoted three paragraphs from his speech. I believe those three paragraphs bear upon the basic economics of the steel industry, as well as upon the public welfare.

I am sure the Senator from Tennessee feels as I feel: that as representatives of a political party we should speak for the public interest and discuss what is in the public good, as we see it.

The rise in steel prices of $4 or $5 a ton—and these are the figures that have been used—predicted in the trade journals for October, will, if it materializes, be a very bitter pill for our economy to swallow.

Steel is by far the most widely used commodity in industrial use, and price rises will be touched off in all the major steel-using industries if there is a rise of $4 or $5 a ton, as is threatened for October.

Our balance-of-payments situation, now in fair shape, will deteriorate as our competitive position in machinery and other steel-using commodities is injured or as it deteriorates.

The Senator from Minnesota [Mr. McCarthy] spent some time today on the issue of the balance of payments and the competitive situation in respect to foreign commerce.

As so often in the past, steel fabricating industries can be expected, following a price rise in steel, to raise their own prices in order to maintain and perhaps increase their own margins. An open season for inflation will have been unmistakably signaled. If the past is any guide, the rise in the price level will lead to the imposition of tighter monetary and credit conditions, which will act as a brake on our still incomplete achievement of full recovery.

In other words, a rise in steel prices sets off a chain reaction that can be as destructive or as costly to the American economy as a nuclear explosion itself.

We would like to have confidence that the steel companies, when they make their price decision, will feel a responsibility to the public interest. Indeed, if our free economic system is to survive and work successfully, the exercise of the discretionary power held by big industry must be tempered by a sense of the public interest.

The only substitute for public regulation is a sense of public duty and public interest. If the private sector of our economy will constantly keep in mind and use as its yardstick of measurement and as a guideline the public interest, it will obviate the necessity for public regulation.

There is at this time an opportunity for the steel companies to promote the general welfare, an opportunity which is unique, because it can be seized without substantial detriment to their economic interests.

The costs of forgoing a price increase at this time are far smaller than the steel industry seems to think. In the first place, as recovery proceeds—and it is proceeding rapidly, thank goodness—the profits of steel companies, even in the absence of any price increase, will be substantial.

This is documented by the facts which have been presented in this debate. The facts clearly demonstrate that as the percentage of operating capacity increases the percentage of profit on net worth after taxes increases. For the steel industry as a whole, if the operating rate is 90 percent, as it was in 1955, the rate of return after taxes, is about 14 percent. In 1957, when the operating rate was 84.5 percent, the net return after taxes was 12.4 percent. In 1960, when the operating rate was 66.8 the rate of return was 7.8 percent. What these figures demonstrate is that with prosperity in the economy, with a greater demand for steel, with a fuller utilization of plant capacity, the rate of return on net worth after taxes substantially increases.

Therefore a price increase, even if there is a modest wage increase, would not be necessitated primarily because the rate of return upon the volume of production continues to go up as we increase the use of plant facilities.

So, as I have said, in the first place, as recovery proceeds, the profits of the steel companies, even in the absence of any price increase, will be substantial. In the second place, the very high profits which would result next year from price rises would encourage demands for a parallel wage increase next year, and so would not remain for long in the hands of the companies. An out-of-line rise in steel wages would in turn set an example for wage negotiations everywhere and so intensify the weakening of the dollar. Let me elaborate.

The profits of the steel companies at any time depend on the wages and prices they must pay and on the level of operations which they sustain. This has been clearly documented throughout the discussions of today. After allowing for the wage increases which will take place on October 1, the steel companies will earn a rate of return on equity, after taxes, at from 10 to 12 percent, if they operate at 80 percent of capacity. That is a very good percentage of profit. If retailers and wholesalers in this country could make that rate of profit, they would consider themselves very fortunate.

Of course, higher levels of operation would result in even higher rates of return. A rise in the price of steel of the amount mentioned in the trade journals, a rise of $5 to $6 a ton, would fatten profit margins at any level of operation —perhaps by June 1962, or even earlier. At 80 percent of capacity, they would then be earning no less than 12½ to 14½ percent on equity. Further, as the recovery progresses, steel operations may well reach 90 percent of capacity, perhaps by June 1962—and again we hope earlier.

At those levels, the profit rate after taxes should reach 13 to 15 percent with no increase in prices at all. In other words, if steel were operating at 90 percent of capacity, the profit after taxes should reach 13 to 15 percent of net worth.

If there is a $5 or $6 a ton price rise—a figure which has been bandied around, a figure predicted or, as some persons say, threatened—the profit rate will rise to 15½ to 17½ percent of equity. And I wish to emphasize that these profit rates are often taken.

When we ask the steel companies for restraint, we are merely asking that these fatter margins be foregone, not that substantial cost increases be absorbed, because all the cost increases which would come from the projected wage increase called for under the present formula would be more than absorbed. The industry, in estimating its cost increases, seems to rely very heavily on the invalid rules of thumb. For example, Steel magazine of July 10, 1961, gives the following account of the industry's thinking: They note that between the last price increase in 1958 and October 1 of this year, wages will have gone up about 40 cents an hour. The industry assumes, according to Steel magazine, that for every 1 cent in wage increases, other costs go up 1½ cents. Thus the 40 cents an hour for wage increases has 60 cents an hour added onto it, making, in all, a $1 an hour increase in costs.

This is according to the steel industry, as expressed in the magazine, Steel. Since about 12 man-hours are required to produce a ton of finished steel, the cost increases are on the order of $12 a ton since the last price increase. Again, this is an expression on the part of the industry in the magazine, Steel.

If this were the true state of the matter, a mere $4 to $5 increase in the price of a ton of steel could itself be described as highly sacrificial behavior on the part of the steel companies. But this analysis does not stand up under objective research. First of all, an increase in wages does not necessarily mean an increase in labor costs per ton of steel produced. Basic productivity increases, since the 1958 price rise, have already been sufficient to absorb not only the first-round wage increase at the end of 1960, but also all or nearly all of the wage rise coming in October 1961.

I shall not burden the Record any further with statistics, because the Senator from Tennessee [Mr. Kefauver] placed in the Record the important data relating to productivity and labor costs. I believe that was found in the staff analysis which was prepared for the Senator from Tennessee; and according to my information, the material has already been placed in the Record. Briefly it showed that since 1947 while hourly earnings in the steel industry have outstripped productivity increases, with the result that unit labor costs have risen, the increase in labor costs has been far less than the increase in steel prices. As a result profit margins have become much larger.

As far as the present contract is concerned, the increases in wage costs called for last year and this year appear to be only slightly, if at all, greater than the increase in productivity.

Certainly we would wish to take into consideration, as the Senator from Illinois [Mr. Dirksen] has said, the factors of wage costs and other prices of items before we came to any conclusive judgment as to the necessity of any increase in the price of steel. Nonetheless the evidence seems to be rather strong that the increase in labor costs per ton of steel produced in 1961 will have been about zeroed out because of productivity increases.

As to the costs of other goods and services purchased by the steel industry, it is far from true that they rise automatically when wage rates rise in the steel industry. In point of fact, the costs of purchased materials and services per ton were running in 1960 about on a par with costs in 1957 and were actually down somewhat from costs in 1958. Certainly the depreciation which must currently be taken per ton has not the slightest relationship to changes in the wage rate for steel workers. Thus, the $12 a ton increase in cost quoted by Steel magazine evaporates on closer examination. We would hope that the account given of costs by Steel magazine is not representative of industry thinking in these matters. But if the executives of the industry, through its trade press, are

going to engage in specious reasoning of this sort, the hope for reason, restraint, and good behavior in the question of wages and prices is a rather forlorn one.

Here we find a conflict of information. On the one hand, Senators today, with the assistance of competent staffs and the cooperation of executive agencies, such as the Council of Economic Advisers, have presented statistical information and economic data which is in contradiction to that presented by the steel industry through its trade journal or magazine, Steel.

From the evidence which has been presented here, it seems clear that the purpose of a price increase this October would be, not to meet an increase in costs, but to increase profits beyond the already adequate level which can be foreseen as the recovery progresses.

If the steel companies do not show restraint, can we expect that the Steelworkers' Union will show restraint at the bargaining table next year? That is the critical year, as it is next year when the negotiations for a new contract will be opened. Let us assume that the union is inclined to respond to President Kennedy's pleas for noninflationary conduct. If the steel companies do increase their prices, then as we have seen by the time of the 1962 wage negotiations, the steel companies will enter with their pockets bulging. This will make it extremely difficult for the union to answer a call for restraint on their part. They will think it unfair that, since the managers of the business have not restrained themselves from extracting additional cash out of the general public, the workers should be called upon to restrain themselves from asking for a share of this extra cash. Even if the leadership of the union were so disposed, it would be unlikely that the membership would put up with such complacency on the part of their leaders.

If steel prices rise in October it would be naive of the steel companies to believe that the advance in profit margins which result will last much longer than the end of the next series of labor-management negotiations in mid-1962.

In the meantime, the public will be taken for an expensive ride. Between now and next October—1962—the Government of the United States, representing the people of this country, will be spending billions of dollars for steel products for the defense of the Nation.

During this particular period of time every effort should be made to hold the line, so as to stabilize the price structure. We must arrest the inflationary forces not only because of their effect on the private sector of our economy, but also because of their impact in the defense bill. All Senators know that even though Congress appropriates more money, the result is not necessarily increased defense if the prices of defense items move upward. Without price stability, there will be an unnecessary, additional cost to the billions of dollars the taxpayers are asked to provide for the security of the country.

I think the record shows quite clearly that if in June 1962—which would be some months before the October 1962 negotiations on wages—the steel industry were operating at 90 percent of capacity, with no price increase, profits on net worth after taxes would range around 14 percent. I do not think anyone would starve at that level of profit, nor do I think the stockholders would find that their dividends had been curtailed.

Of course, the companies should make profits and must make profits; profit-making is the motive under our free-enterprise competitive system. But if the steel industry can break even when operating at 30 percent of capacity and if when it is operating at 60 percent of capacity it has profit rates of from 7 to 8 percent, one can wonder what has happened to the competition which is supposed to protect the public interest.

Mr. President, in concluding my remarks I wish to observe that if a price increase is justified this October, then another one will inevitably be justified next October, because next October will reveal unbelievably increased profits as a result of price increases this October. Therefore, let the Nation be on the alert. Let the warning go out that if price increases take place in the steel industry in the coming month of October, then, just as surely as we are here in the Senate Chamber tonight, U.S. consumers will be exploited in the coming months, the steel industry will have fattened profit margins, the prices of goods processed from steel will rise, the amount of defense obtained for our defense dollars will be diminished, our balance-of-payments situation will grow worse, our exports will continue to dwindle, and in October 1962, there will be another round of price increases, wages increases, and inflation which could spell real economic danger to the United States.

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

Mr. HUMPHREY. I yield.

Mr. GORE. I apologize for entering the debate again.

Mr. HUMPHREY. The Senator from Tennessee need not apologize at all. He is the most informed of the participants in this debate, and we welcome his participation.

Mr. GORE. I thank the Senator from Minnesota, but I do not think I am entitled to that compliment.

The Senator from Minnesota has said that in this last contract the increase in productivity had about equated the increase in wage costs.

Mr. HUMPHREY. That is correct.

Mr. GORE. I wish to cite a study prepared by the former Secretary of Labor, Mr. James P. Mitchell, "Collective Bargaining in the Basic Steel Industry." In it, the recent wage increase of 1959 is referred to. I now read from that study:

> The settlement represented a 3.7 percent annual increase in total employment costs, as compared with an 8 percent annual increase under the 1956 agreement, and only about 1 percent higher than the offer the industry made before the Board of Inquiry.

Earlier in the debate, several references were made to the fact that the annual increase in productivity is about 3 percent. So we see there is less than 1 percent—seven-tenths of 1 percent—difference between the annual increase in productivity and increased employment costs as a result of the last wage increase.

Considering productivity increases, costs rose only seven-tenths of 1 percent; and when we measure that alongside the anticipated increase in demand and, thus, the greater utilization of capacity, in the last quarter of this year and in all the quarters of next year, we see a very bright picture, indeed. I daresay the drugstore which is operated by the family of the distinguished senior Senator from Minnesota would be delighted to have the percentage of profit which the steel industry is likely to earn—even without increasing prices—in the next quarter and in the next year.

Mr. HUMPHREY. In fact, I think almost any businessman would be quite pleased with that.

I have just now examined again the analysis presented by the Senator's colleague [Mr. KEFAUVER]. He directed the staff of the Antitrust and Monopoly Subcommittee to compile a fact sheet in steel, and which was made available to all Senators who are interested in this problem. That material has been placed in the RECORD. Those of us who make any conclusive statements or try to draw conclusions for the purpose of this debate should of course back them up with the statistical data and the economic information that are required in order to lend validity to our comments. I believe we have done so thus far; but I wish to say that if there is any doubt about the matter, additional facts should be compiled.

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

Mr. HUMPHREY. I yield.

Mr. GORE. I know the Senator from Minnesota has traveled over his State and has had experiences similar to those I have had when I have traveled through Tennessee. People point to nails imported from Belgium, barbed wire imported from some other country, and various other steel products which have been imported.

Mr. HUMPHREY. Indeed they do.

Mr. GORE. Earlier in the debate, when the Senator was temporarily out of the Chamber, I stated the statistics which Professor Eckstein gave us. Incidentally, he has not only made a study of the steel industry in the United States, but he has also made a study of the steel industry in Europe. Those statistics were to the effect that although the export prices of Belgian steel had decreased 3 percent since 1953, the export prices of U.S. steel had increased 36 percent during the same period.

I ask the Senator, since he referred just a few moments ago to our balance-of-payments difficulties and our export-import trade problems, How does he think we can continue to play the role of economic leader in the free world if we continue up this ladder, as has happened in the past 12 or 13 years?

Mr. HUMPHREY. We cannot continue. I might add that it seems to me

what is really needed is a spirit of competition, a spirit of international trade, of getting out and selling, and trying to utilize the amazing plant capacity that has been built in this country—and much of it under very favorable tax laws, accelerated depreciation, and other means of encouraging industry—at least to 90 percent of capacity. That would provide an opportunity for competitive prices, because then profit margins could be reduced, and our industry could compete a little better—not necessarily pricewise. Our industry does not compete solely on price. Quality and design are very vital. I believe I heard one of our colleagues say here today that one of the factors in our favor has been the high quality of steel products manufactured in American plants; but if we get high quality and unusually high prices, we price ourselves out of the market.

Mr. GORE. The classic, and I think worthy, motive and purpose of our free enterprise system are large volume at low unit prices.

Mr. HUMPHREY. That has been the theory.

Mr. GORE. That does not seem to prevail in the steel industry.

Mr. HUMPHREY. It is like Sunday religion. It is used to lend an image of economic piety, without all the character that is required. I would say one of the great accomplishments of the Senator from Tennessee [Mr. KEFAUVER] in the Antitrust and Monopoly Subcommittee of the Committee on the Judiciary has been his exploration of what we call administered prices. That inquiry has done no injury to competitive business. It champions free enterprise. It fortifies the competitive system. The greatest enemies of the competitive system are those who engage in administered prices and monopolistic practices, who combine in a manner that does no justice to our economic philosophy, our total economy, and our Nation. They lend aid and comfort to our enemies, so to speak.

Mr. GORE. If the drugstore operated by the family of the distinguished Senator from Minnesota found itself competing with a drugstore in the next block, which had higher prices, by this theory the Humphrey Drugstore could not compete unless it increased prices, too. That is hardly the competition the family of the Senator faces; is it?

Mr. HUMPHREY. No. The Senator has given a hypothetical instance which has no relationship to reality or fact, but at least for the moment the Senator encouraged me. I assure the Senator that the circumstances he alluded to do not exist; but I get the point very well. What we have seen happen is not genuine competition in terms of profit reduction, but a kind of follow-the-leader policy in price increases, and the result has been anything but beneficial to the American economy.

As I said a moment ago, if a price increase takes place this October, as is indicated by the trade journals, then another one will take place next October. Under those circumstances, the outlook for price stability would be dismal, indeed.

The example of not one but two major increases in steel prices in less than a year would be taken by all as an earnest of further inflation. Other businesses would rush to raise their prices to secure profits in anticipation of cost rises.

If, on the other hand, the price line is held by the steel industry, a very powerful example of good behavior will have been given to other managements and to unions throughout our economy. The steel industry now has a chance to exercise great influence for the good. It can exhibit what is often talked about—industrial statesmanship, great industrial responsibility. An affirmation at this point that steel prices would not rise in October would be taken throughout the country as a hopeful sign of a new era, an era of less danger for the dollar, an era of less economic hardship for people living on fixed incomes, and, most importantly, an era in which American industry and labor recognize their social responsibility to contribute to the maintenance of price stability.

I add this thought for those who worry about the safety and value of the dollar. The managers of our big steel companies can contribute greatly to the safety of the dollar. Here is their chance to match words with action.

I thank the Senators for their patience, and I again commend the Senator from Tennessee for his leadership in this discussion of industrial economics.

PRESIDENT KENNEDY'S COMMENTS ON THE CLARK BILL TO AUTHORIZE FEDERAL AID FOR STATE AND LOCAL PUBLIC WORKS

Mr. CLARK. Mr. President, on February 20 I introduced two bills to deal with the serious unemployment problem in the Nation. One was a bill for a vocational retraining program; the second was a bill to authorize an emergency program of State and local public works. Both were referred to the Subcommittee on Employment and Manpower of the Senate Labor and Public Welfare Committee, and I subsequently held hearings on these and other measures designed to cope with our unemployment problem.

As Senators know, the administration has given its support to the vocational retraining program, and S. 1991 is now before the Senate. The majority leader has already presented it for Senate consideration, and I am hopeful that the Senate will pass it shortly. It is important and much-needed legislation.

S. 986, however, which would authorize $500 million in Federal grants to State and local governments to cover 45 percent of the cost of capital improvements of all kinds, and which was supported during the hearings by the AFL–CIO, a panel of economists and representative spokesmen for the States, counties, and cities of America, has not been given equal priority by the administration. President Kennedy has written me a letter endorsing the "principle of the Clark bill"—S. 986—and asking me to carry on the work which the subcommittee has done on this subject.

The President has written—

> Barring unforeseeable national security developments which might force a deferral of this action, I intend to embody the principle of standby authority for capital improvements projects in my legislative program for 1962, along with such other measures as would be needed to protect our economy against unacceptably high levels of unemployment.

Mr. President, in view of the continuing unemployment in the country, despite the general economic pickup, I regret that President Kennedy has decided against asking for S. 986 now; but I am happy to have his support for such legislation in January 1962, and I will certainly continue the work of the subcommittee with a view to working out a bill with the administration which we can pass early in the next session. I point out that, according to the Labor Department's monthly report on the labor force issued August 1961, "the unemployment rate has been at a standstill for 8 months—from December 1960 to July 1961"—and that long-term unemployment "tends to lag even more than total unemployment during the recovery phase of the business cycle." The total number of people without jobs for more than 6 months actually rose by 100,000 in July to a peak for the year of 1 million. This is the same pattern of previous postwar recessions, and the picture is getting darker each time.

I am in complete agreement with President Kennedy when he says:

> I have no intention of "learning to live with" prolonged and severe unemployment, with all that means in human misery and economic waste. I will certainly not be satisfied by a recovery which fails to restore the American economy to prosperity and full employment.

The Employment Act of 1946, as my colleagues know, requires us to make genuine full employment a national goal. While I had hoped that the administration would agree with me that the time to pass this emergency employment acceleration bill was this year, I have suggested to my colleagues on the subcommittee that studies go forward at the staff level during the fall in order to make changes in S. 986 as seem desirable to bring it more closely in accord with the President's letter. In this way, we should be able to hold formal hearings in January shortly after the Presidential messages to the Congress dealing with the subject matter of the bill, and thus get the revised bill on the calendar for passage early next year. Needless to say, if, in the remaining weeks of this session, the President decides that we should pass S. 986 before we adjourn I will be more than happy to lend all my support to that effort. As the President himself has said, the bill—

> would add to our arsenal of automatic stabilizers a new and desirable element of discretionary flexibility and speed. It is sound economics to use periods of economic slack to build and rebuild badly needed community facilities, and to assist hard-pressed States and localities at a time when the pressure on their financial resources strains their capacity to tax and to borrow.

Mr. President, I ask unanimous consent that the complete text of the letter

from President Kennedy to me be printed in the RECORD.

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

THE WHITE HOUSE,
Washington, August 7, 1961.

DEAR SENATOR CLARK: As you know, I am not satisfied with the unemployment situation in the United States. The latest figures show that as of mid-July, employment was at record levels but unemployment was still excessive. There were over 5 million persons unemployed. For the eighth straight month, the seasonally adjusted rate of unemployment—6.9 percent in July—has remained near 7 percent.

I have no intention of "learning to live with" prolonged and severe unemployment, with all that it means in human misery and economic waste. This is a matter of the deepest personal concern on my part. I will certainly not be satisfied by a recovery which fails to restore the American economy to prosperity and full employment. I am convinced that our free enterprise economy has the dynamism and basic strength to provide employment for those willing and able to work. Basically, the private sector of the economy must provide the stimulus for economic growth. Government must, however, be prepared to assist. The dedication of the Federal Government to high levels of employment has been demonstrated repeatedly by the Congress, and is specifically recognized in the Employment Act of 1946.

In recent months, we have taken many steps that will directly or indirectly stimulate economic growth and relieve the burden of unemployment. Among these are: the Temporary Extended Unemployment Compensation Act of 1961; the Temporary Extended Railroad Unemployment Insurance Benefits Act of 1961; the Area Redevelopment Act; amendment of the Social Security Act to provide aid to dependent children of unemployed parents; the Social Security Amendments of 1961, increasing minimum benefits and aged widows' benefits and providing reduced retirement age for men; the Omnibus Housing Act of 1961; Fair Labor Standards Amendments of 1961, extending coverage and increasing benefits; the acceleration of the Federal-aid highway program; advance payment of veterans' life insurance dividends; acceleration of farm price support payments; reduction in the interest rate on FHA-insured loans and on new loans by the Community Facilities Administration; the speedup by HHFA in the initiation of already approved projects; the action by the Federal Home Loan Bank Board to loosen housing credit; and the speedup in Farmers Home Administration farm housing loans.

As part of the new Housing Act, large additional sums will be available for loans for the construction of community facilities. The projects helped by this measure will be very similar to those envisaged by your proposals in this field.

In addition, I have recommended to the Congress other actions which it is now considering, including the Manpower Development and Training Act of 1961; the Youth Employment Opportunities Act of 1961; the Employment Security Amendments of 1961, establishing a permanent program of additional unemployment compensation; extension of the National Defense Education Act; aid to education; programs in the health area; and proposals for tax revisions.

These and other actions, both executive and congressional, have resulted in substantial additions to purchasing power. I expect further stimulation to come from our proposed acceleration of the space program. In addition, in response to the Soviet threat to Berlin and to the free world I have asked Congress to authorize a further $3.5 billion of defense expenditures, involving an addition of $2.7 billion to the fiscal year 1962 budget. These expenditures, which are necessary as a matter of national survival, will have a further expansionary effect on our economy and will speed our approach to full employment. All this has taken place in the context of an urgent and promising effort to protect our balance-of-payments position, and a commitment to submit a balanced Federal budget for the fiscal year 1963.

The economic impact of these measures on a rising economy in the second half of the year should be helpful in improving the unemployment situation. But if they were to prove inadequate, further measures would be necessary.

The Clark bill, S. 986, provides one important approach to this problem. The principle of the Clark bill is excellent. It would add to our arsenal of automatic stabilizers a new and desirable element of discretionary flexibility and speed. It is sound economics to use periods of economic slack to build and rebuild badly needed community facilities, and to assist hard-pressed States and localities at a time when the pressure on their financial resources strains their capacity to tax and to borrow. It also seems most desirable to expand the scope of the bill to cover a more general capital improvements program, including direct Federal outlays for resource conservation, civil public works, and other programs of high priority which can start or expand quickly and be completed or cut back on short notice. The principle of the Clark bill offers a way of limiting or ending the paradox of idleness coexisting with unfilled national needs. (I have been gratified to note that the recent report of the Commission on Money and Credit makes a similar recommendation, under which there would be executive flexibility in the timing of certain expenditure programs.) I very much favor legislation embodying this principle.

But, as I am sure you realize, we are faced with difficult problems. In my message of May 25, I asked Congress to refrain from adding unnecessary expenditures or new programs to the budget. The budget deficit for fiscal year 1961 was nearly $4 billion, largely as a result of the recession-induced reduction in revenues, but partly as a result of programs to stimulate purchasing power and employment. These factors, and the recent expansion of our military efforts, foreshadow a further substantial deficit in fiscal year 1962. In addition, the leap to a $515 billion gross national product in the second quarter reflects both the strength of the regenerative forces in our economy and the impact of our present programs. It also suggests that the pace of recovery—and the rate of absorption of the unemployed—may exceed earlier expectations. For all these reasons, I have come to the conclusion that I should not recommend legislation along the lines of the Clark bill at this session of Congress.

But, barring unforeseeable national security developments which might force a deferral of this action, I intend to embody the principle of standby authority for capital improvements projects in my legislative program for 1962, along with such other measures as would be needed to protect our economy against unacceptably high levels of unemployment. If such authority is granted, I would use it resolutely against unemployment and economic recession. The Clark bill principle can make a permanent and powerful contribution to the stability and prosperity of a free economy.

I would like to ask that you carry on the excellent work which your subcommittee has done on this subject. It would be most helpful if your subcommittee would continue to review the problem as well as to develop proposals for dealing with it. This is a responsibility of both branches of the Government. I am determined that working together we will meet this responsibility, and I am most conscious of the degree to which our success will depend on your continued advice and cooperation.

Sincerely,

JOHN F. KENNEDY.

FEDERAL AID TO EDUCATION

Mr. MORSE. Mr. President, I announce that I shall be glad to answer questions when I conclude my remarks, but I intend to make this speech without interruption.

Under date of today, Tuesday, August 22, the Very Reverend Monsignor Timothy J. Flynn, of the Archdiocese of New York, Bureau of Information, issued a press release. The title of the press release reads as follows:

STATEMENT OF HIS EMINENCE, FRANCIS CARDINAL SPELLMAN, REGARDING FEDERAL AID TO EDUCATION IN REPLY TO SENATOR WAYNE MORSE'S COMMENTS DELIVERED IN PHILADELPHIA ON AUGUST 14 AT THE 45TH ANNUAL CONVENTION OF THE AMERICAN FEDERATION OF TEACHERS

Mr. President, the press release of Cardinal Spellman reads as follows:

I was distressed to read Senator MORSE's recent attack on the stand of Catholic leaders regarding Federal school aid. In the past Senator MORSE had done much to protect and promote the embattled rights of Catholic Americans. It is disappointing that now an old friend has turned against us. Reluctantly I reply to his charges because he singled me out by name among the Catholic leaders whose position he attacked.

Senator MORSE said that we are opposed to the public school system. This is not true. With gratitude I recall my own early training in public grade and high schools.

We do not, as he alleges, look upon them as "competitors," but as partners in the great work of educating America's children. We recognize their essential place in American life. But we are also deeply concerned for the protection of our Catholic schools. We do not believe that the best interests of this Nation can be served by making public school education a monopoly. Yet that would be the eventual outcome if Federal aid is granted solely to the public schools, for the weight of triple taxation on Catholics would become impossible to bear.

It is our conviction that the administration's proposal, put into legislative form by Senator MORSE, is actually if not intentionally discriminatory, unwittingly anti-Catholic, and indirectly subversive of all private education. We have no choice but to oppose it, and we have been heartened in our opposition by the vast numbers of Catholic and non-Catholic citizens who appreciate this position as eminently fair and completely American.

Any impartial person who has studied this controversy must be disturbed by the pressures that have been exerted against Catholics to obtain their approval of the administration's bill. One of the most unfair pressures was Senator MORSE's ill-conceived and ill-timed warning that continued opposition will cause a flare-up of bigotry. Are Catholics no longer free, then, to speak their minds? Are they to be persecuted for exercising their American citizenship? Are they to be penalized for asserting their constitutionally protected right to educate their children in schools which teach religion as part of the curriculum?

In the last war courageous Catholics fought side by side with their fellow Americans. They placed a costly sacrifice on the altar of freedom. Shall they now be denied

their own precious freedom—the right to choose religious schools for their children without incurring an insupportable financial burden?

If Senator MORSE feels that the economic needs of our schools call for a program of Federal aid, let him propose legislation which will solve our educational problems in conformity with constitutional principles and provide equal justice for all America's children. If, however, the Senator's convictions or sense of political expediency will not permit him to do this, then we beseech him at least to refrain from fanning the embers of religious discord, for now is the hour of crisis when all Americans should stand together and safeguard our free and beloved Nation.

Mr. President, I do not propose to let His Eminence put words in my mouth, and I do not propose to let His Eminence escape consideration of what I said at Philadelphia. Although the speech has been placed in the RECORD before, I ask consent to make it a part of this speech tonight, because it is the document which brought forth the press release of His Eminence this morning. I therefore ask unanimous consent that my speech in Philadelpha on August 14, delivered before the American Federation of Teachers, AFL–CIO, annual convention, be printed in the RECORD as a part of my remarks.

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

SPEECH OF SENATOR WAYNE MORSE BEFORE THE AMERICAN FEDERATION OF TEACHERS, AFL–CIO, ANNUAL CONVENTION, PHILADELPHIA, PA., AUGUST 14, 1961

President Megel, Reverend Gunther, Mayor Dilworth, Miss Pincus, Miss Claffey, Mr. Burke, Mr. Obermayer, and fellow teachers and guests, you have paid me a great honor by inviting me to address this convention of the American Federation of Teachers. It is a particular honor to stand on this hallowed, historic ground which symbolizes the birth of American liberty and democratic self-government for the American people.

As we lawyers say in addressing a court, "May it please the court," so I am moved to say, "May whatever comments I make on this occasion about strengthening education in the United States please our Founding Fathers who have trod before us these historical precincts."

It is also a great honor to appear on the same platform with the distinguished mayor of Philadelphia, Richardson Dilworth. He well knows that serving as an elected representative of a free people calls for the exercising of an honest independence of judgment in accordance with the facts as a public servant finds them.

I also deeply appreciate being here on the platform with Carl Megel, the president of the American Federation of Teachers, who has just given me a most gracious introduction. I want Carl Megel's constituents to know that the president of the American Federation of Teachers has never failed to give to the Subcommittee on Education of the Senate, of which committee I am privileged to serve as chairman, wonderful cooperation and very important assistance in helping us find and present the facts in respect to the educational needs of America as they relate to legislation on schools.

Also, I want to express my public thanks to Miss Celia Pincus, president of the Philadelphia Federation of Teachers. Her testimony before my committee this year proved to be of great help to the committee, and parts of it were quoted in debates both in committee consideration of S. 1021, the major Federal aid to education bill, and also in the debate in the Senate.

Likewise, your very able legislative representative in Washington, Miss Selma Borchardt, is always present whenever a committee hearing is held on any legislative proposal that affects the welfare of American schools or teachers. My committee is greatly indebted to Miss Borchardt for her tireless and able service which she always renders in behalf of the American Federation of Teachers.

Permit me also to tell you how much I appreciate the reception committee which met me at the airport this morning, headed by Miss Phyllis Hutchinson and Mr. Dale Henderson from Portland, Oreg. The assistance which I have always received from the Oregon members of the American Federation of Teachers has been a source of encouragement and strength to me in the performance of my duties in the Senate.

As a member of the Foreign Relations Committee of the Senate, I wish to join you in welcoming the large number of foreign students who are guests at this meeting this morning. We welcome all of you. Particularly, I would like to express a word of special greeting to those who come to us from many of the new independent countries of Africa. Last fall, for 3 months, I was one of the delegates in the U.S. delegation at the United Nations. I came to know very well many of the delegates from the new African nations. In reporting my experience to my colleagues in the Senate, I have made clear on many occasions that my associations with the delegates from the new African nations convince me that the cause of human liberty and human rights will be vigorously supported and defended and fostered by the leaders and the people of the new nations of Africa. I am convinced that their desire to further the welfare of their people will assure the free nations of the world that they can be counted upon to give to their people a governmental system based upon precious principles of self-government similar to those guarantees of the Bill of Rights which this hallowed ground in American history on which we assemble today so clearly symbolizes for all mankind.

To our foreign student guests, I would call attention to the fact that there is located in Philadelphia an international house serving foreign students which is one of the most outstanding international houses in the United States. In all probability, most of the foreign student guests at this meeting have already visited Philadelphia's wonderful international house. Under the direction of one of the outstanding members of the Philadelphia bar, Mr. Frederick Rarig, and all the other dedicated members of the board of directors of the Philadelphia International House, this institution is setting a wonderful example in the international house movement throughout the United States. For many years, I have been very much interested in the good work of international houses. They have done much to present the United States and its better life to hundreds of foreign students who visit the United States each year. The international house movement has made a very worthwhile contribution to U.S. foreign relations. I cannot recommend it too highly, and therefore, I hope that all teachers in the United States will take advantage of every opportunity to be of assistance to the international house movement. I consider international houses to be part and parcel of our system of American education in respect to helping our foreign exchange students and visitors from foreign universities come to know and understand the United States during their sojourn among us in a way that they might never understand us if it were not for the help and assistance that they receive from the international house program, such as the one located here in Philadelphia.

Your program committee asked me to discuss in my address this morning some of the problems that confront Federal aid to education legislation in the Congress. I have reduced some of my views to manuscript which I will read shortly, although undoubtedly as is my custom, I shall digress from the manuscript from time to time.

There are two major tenets that I wish to lay down at the very outset upon which all of my remarks will be based. You are all familiar with the famous quotation from Thomas Jefferson, "A democracy can be no stronger than the enlightenment of its people." That quotation presents the first basic tenet of my remarks. When all is said and done, it is that tenet which raises the crying need for Federal aid to education. The enlightenment of our people can be no stronger than the educational facilities and opportunities presented by the American school system.

The second tenet I will stress is that we must stop wasting the most valuable resources this Nation has, namely, its human resources. It is bad enough when we waste God's gift of natural resources which we are doing at a plundering rate in our forests, mountains, streams, fast eroding lands, and falling water tables in many parts of our country. However, the waste of human resources in the United States today is nothing short of tragic.

Part of the waste is to be found in the underdeveloped intellectual potential of thousands upon thousands of American children in the elementary and secondary schools and in the tens of thousands of young men and women who the American taxpayers are cheating out of a college education because they are requiring so many thousands of boys and girls to go to elementary and secondary schools so low in their standards that the students can never qualify for admission to college.

This waste of human resources is the most serious threat to the security of our Nation. We should recognize that we cannot keep ahead of Russia in manpower, but we must do everything we can to see to it that we keep ahead of Russia in brainpower. Unfortunately, our failure to give adequate support to the schools of America makes us guilty of failing to keep our national security strong.

If you will keep these two basic tenets in mind throughout my discussion of the Federal aid to education problem, then I am sure you will have a better understanding as to why I have no intention of compromising the principles of Federal aid to eduction with any pressure group, political group, or private school group in America, who seek to take Federal aid to education legislation into the political trading mart.

I need not, to an audience such as this, elaborate upon the importance of teaching, nor the dignity and worth of the teaching profession. Each man and woman here today, is here because of a dedication to an ideal of service to city, State, and Nation that is characteristic of a great profession. Rather today I would like to talk with you about some three or four main points involved in the great national debate over Federal participation in the educational process.

Let me recall to you the words of Thomas Jefferson, when in 1818 he wrote to Joseph C. Cabell: "A system of general instruction, which shall reach every description of our citizens from the richest to the poorest, as it was the earliest, so will it be the latest of all of the public concerns in which I shall permit myself to take an interest. Nor am I tenacious of the form in which it shall be introduced. Be that what it may, our descendants will be as wise as we are, and will

know how to amend and amend it, until it shall suit their circumstances. Give it to us then in any shape, and receive for the inestimable boon the thanks of the young and the blessings of the old."

Jefferson speaks to us today as strongly and as lucidly as he did 143 years ago to Cabell. The legislation which this Congress took up—Federal aid to public elementary and secondary schools, the National Defense Education Act amendments, and the higher education scholarship and construction bills—represents an attempt to turn Jefferson's vision of a "system of general instruction" available to all into an actuality. These programs should receive support because they are right, because they are practical, and because the alternatives to enactment mean a deterioration of our educational system corrosive to the basic democratic political principles which buttress and sustain our society.

We, and our children, are citizens of the United States as well as citizens of our respective States. Federal assistance to the States for educational purposes is, not only a legitimate activity of the Government under the general welfare clause of our Constitution, but to my mind the evidence is overwhelming that such assistance is necessary.

That proposals to provide this assistance have become embroiled in controversy over the details, the amounts, the degree to which it is politically expedient to provide this financial aid, in the long run, is beside the point. As a nation, if we are to survive, we must find the means to assure every boy and girl an opportunity, through education, to develop to the maximum his or her talents, abilities, and skills.

As a nation we cannot afford the waste inherent in an undereducation of our children before their potentialities are realized. We dare not console ourselves with the thin hope that all will work out for the best. We must husband our human resources, we must nurture them and provide education to them to the degree that they are capable of being educated. Money spent for this purpose is an investment far more important than that we make in missiles or dams or highways. These latter serve the purposes of men. Education forms the purposes of men and provides the tools with which to realize these purposes. In Proverbs 8:17–20 we are told of wisdom that:

"I love them that love me and those that seek me early shall find me.

"Riches and honor are wtih me, yea, durable riches and righteousness.

"My fruit is better than gold, yea, than fine gold; and my revenue than choice silver.

"I lead in the way of righteousness, in the midst of the paths of judgment:

"That I may cause those that love me to inherit substance; and I will fill their treasures.

"The Lord possessed me in the beginning of His way, before His works of old."

Your job, the inculcation of wisdom through education, is a sanctified work. When those of us in the Congress through legislation try to equip you with the necessary environment, we feel we, too, are working in the vineyard of the Lord.

As members of a great labor union, a vital part of the proud tradition of the American labor movement, you have natural and proper concern to see that all teachers receive decent wages, earned through working under safe, sanitary, and appropriate working conditions for reasonable periods of time.

Permit me to express my appreciation again, as chairman of the Senate Subcommittee on Education, for the good work that this great labor union has done and is doing for the improvement of educational standards in the United States and for the improvement of working conditions for the teachers of America. There isn't a teacher in the school system, public or private, who isn't a beneficiary, directly or indirectly, of the dedicated work performed for the teachers and the school children of America by the American Federation of Teachers. I have no hesitance in saying that I think the membership of this union should be increased by many thousands of teachers who, I suspect, have never really taken the time to carefully consider and evaluate the contributions which this great union has made to American education and particularly to American teachers.

I am particularly appreciative of the great help that the Senate Subcommittee on Education received from this union through its support of S. 1021. This bill, known as the Morse-Thompson bill for public aid to public schools, has passed the Senate. The Senate recognized the need for Federal aid to schools and specified that the purposes of the aid were for improvement of teachers' salaries, construction funds, and operation and maintenance costs. It was designed to permit the States to allocate their resources to meet areas of greatest need and thus to equalize educational opportunities for all children. It was a general aid bill, free, by design, from any element of curriculum control or Federal direction as to operation at the local level.

The National Defense Education Act amendments of 1961 were specific in application and designed to strengthen those areas of education in the fields of science, mathematics, English, and modern foreign languages which the Congress felt to be particularly identified with the national defense interests of our Nation. S. 2345 contains much that is immediately helpful, but of the two pieces of legislation over the long haul, the public school aid bill is the more crucially important.

Why was and is this controversial legislation? In all frankness I feel that we should face up to the fact, in all of its implications, that there are those in this country who do not believe in our system of free secular education.

In some there is a distrust of the wisdom of the ordinary citizen and his capacity to judge wisely, when informed, about public issues. Fortunately, there are not too many in this group.

Another group, and I would hope it, too, is a small one, does not see the value of education to the Nation and the community. The members of it fear that a broadening of educational opportunities would deprive them of a tractable and plentiful labor force. To them money spent on public education is doubly wasted; first because of its effect on their wish to exploit labor, and, secondly, because it is financed from taxation upon their income and properties. I certainly exempt from this category most enlightened employers, because I know that the intelligent manager appreciates the savings to him of publicly financed education of semiskilled and skilled workmen.

A third category of opponents of Federal aid is, unfortunately, a much larger one. These people, and they include highly influential churchmen such as Cardinal Spellman, look upon the public schools as competitors. They feel that pressures for improvement in teachers salaries and reduction in pupil-teacher load in the public schools will result in a draining away of their own lay teachers. They are feeling the impact of a high birth rate upon limited school facilities, and they fear that the children of their parishioners will be given a secular rather than a religious education.

This group has been articulate and able in presenting its point of view. I appreciate the magnitude of the problem with which they are faced, but I say, in all sincerity, that the adamant opposition of the higher Catholic clergy to an improvement to our public educational system, except upon their own terms, will lead to most unfortunate results. If they succeed temporarily in blocking the legitimate aims of a majority of our people through pressure tactics, they are sowing a wind of discord which will result in a whirlwind of resentment when the people of this country learn the facts.

In all earnestness I say again to the Catholic bishops, do not insist adamantly in this matter upon an all-or-nothing-at-all policy, for if you do, the latent religious quarrels of past history will be brought to life again, and the fabric of our civil society will be stretched once more to the breaking point. This, not one of us, nor in fairness to the bishops, I must say, do they, wish to have happen. I believe, however, that they have misjudged the temper of the people, and I plead with them to modify their course.

I have a right to speak on this subject of private school opposition to Federal aid to public schools, because I conducted the hearings of the Senate committee on S. 1021. I was deeply disappointed when spokesmen for the Catholic bishops took the position that they would have to oppose Federal aid to public schools unless the same or very similar Federal aid to private schools was included in S. 1021.

The record is clear that I insisted that aid to public schools should be kept separate and distinct from any consideration of the educational problems that confront the private schools. As you know, we succeeded in limiting S. 1021 to a Federal aid to public schools bill. I have not changed my mind as to the soundness of that approach to the Federal aid to education problem, and I have no intention of compromising the principles involved.

I say I have the right to speak on this matter, because on the record, I am a proven friend of the needs of private schools. In 1959, I offered the Morse proposal in the Senate which would have provided nonsubsidy interest-bearing loans to private schools as an aid to helping them meet some of the serious educational problems that confront their schools, too. It is not good politics, at least for me to follow that course, but the obligation I owe the people of my State and country is to follow where the facts lead, and if the politics are not going in the same direction on some issue, I still have the duty, as I think every Member of Congress has the clear duty, to continue to follow where the facts lead, irrespective of the direction in which the politics may be leading.

This year, I am one of the coauthors of the Clark-Morse Federal aid bill, by way of nonsubsidy interest-paying loans to private schools. I am also the author of a section of the National Defense Education amendments bill which provides for nonsubsidy interest-bearing loans to private schools to help them provide the facilities and services in those fields of the curriculum in which it is so important that we train to educate students and train teachers to help the Nation meet some of its critical defense and security needs.

However, I take the position that the private school advocates have no moral right to use whatever political power they may have in an attempt to block the passage of a public school aid bill, such as S. 1021, unless and until the Congress passes a Federal aid bill for private schools to their liking. This is an issue and a tactic they never should have raised, and if they persist in it, then it must be met in accordance with the democratic processes that form our system of self-government. I say that as one who stands ready to be of assistance to the meeting of the legitimate rights and needs of the private schools of America.

I well know, as you do, the great contribution that the private schools make every day

of the school year to all the taxpayers of the United States. In my debates on this subject matter in the Senate, I frequently point out to my colleagues that if on a given day all the private schools of America were automatically closed and the next day all their students appeared at the doors of the public schools for admission, then the taxpayers would have a very clear understanding as to the great contribution that the private schools make to our educational system, both in dollars and in service, every day of the school year.

However, there is no escaping certain constitutional limitations that confront the private school administrators of the country. The first amendment isn't repealed simply because private school administrators would like to wish it away. I think we all know very well that the first amendment isn't going to be repealed. As for me, let me make clear that as an old constitutional law teacher, I agree that it should not be repealed. Neither should it be circumvented or ignored. However, the first amendment, with its separation of church and state doctrine, was never intended to prevent governmental assistance to legitimate public services of private schools.

I do not intend to walk out on my understanding and teachings of constitutional law just because I walked into politics. I am satisfied that the Federal Government can be of assistance to nonreligious activities of private schools within the framework of our recognized constitutional limitations if all groups in our society will face up to the constitutional realities involved and substitute their obligations of citizen-statesmanship for personal feeling, selfish interests and religious bias.

To that end, I shall continue to work for a program of sound Federal aid to education legislation, such as is encompassed in S. 1021, S. 2345, and S. 1726. But once again, I wish to make clear that I am not going to trade off the rights of the school boys and girls in the public schools of America and the taxpayers who support those schools for any political demand in respect to taking action first or concurrently on legislation affecting private schools.

I point with great pride to the educational statesmanship of a group of great Catholic Senators in the U.S. Senate. It is my advice and recommendation that advocates of private school education follow the leadership and statesmanship in this field of Federal aid to education so clearly charted by such Catholic Senators as MANSFIELD, of Montana; MUSKIE, of Maine; MCCARTHY, of Minnesota; MCNAMARA and HART, of Michigan; SMITH, of Massachusetts; PASTORE, of Rhode Island, and CHAVEZ, of New Mexico. They all supported the public school Federal aid to education bill, S. 1021, and let me say that their objectivity and statesmanlike assistance to my committee has not only been helpful, but I think presages well for ultimate success in the passage of a Federal aid to education program in this or the next session of Congress that will encompass sound legislation for public schools in a separate bill, sound legislation for a national defense education program in a separate bill, sound legislation for higher education in a separate bill, and sound legislation for private schools in a separate bill.

It is for such an education program that I shall continue to work in the Senate, refusing to be diverted from the course of trying to meet the needs of the schoolchildren and taxpayers of America, irrespective of the proposals for compromise of principles for political expedience and political surrender that may be dangled as legislative bait before our eyes. I shall continue on the course that I have chartered, because I am convinced that the facts support me, sound constitutional principles support me, the best public interest supports me, and further, the best way to stop the shocking waste of the intellectual potential of thousands of American boys and girls demands the enactment of such an educational program.

Further, let me make clear that the program which I have outlined to you is the program which this administration has clearly outlined and promised to the American people. I have every confidence that eventually the administration will be sustained as it deserves to be sustained by the passage of legislation that will implement the program. Strengthening of the public schools does not weaken the private religiously oriented schools; on the contrary, it provides a standard by which the contribution of the private schools to our plural society can be measured and properly evaluated. It may mean a careful rethinking on the part of many parents as to when and for what period children should be placed in the religiously oriented schools, but it cannot mean the demise of the private school for the reason that a great many parents are devoted to the private school values and are willing to make the financial sacrifices necessary to preserve these values.

But because these religious values are peculiar to each denomination, it is most inappropriate, and in my judgment, unconstitutional for the State to subsidize, through grants, any church related educational institution.

Loans to special interest groups which do not involve an element of subsidy, I would make freely available, but if and only if, such loans are repaid with interest. I support these loans on the same basis as I support farm credit loans, or rural electrification loans, for worthwhile production purposes. But as long as the first amendment stands, as now interpreted, grants from the public funds should not be given by the Congress.

As you know, the Senate Committee on Labor and Public Welfare has reported the National Defense Education Act Amendments of 1961 to the Senate.

Significant modifications and extensions of the NDEA programs have been recommended in an effort to achieve the purposes of the Act. Among these changes are several which may be of particular interest to many of you, since they bear upon the tools you use in the classroom.

The committee, for example, was impressed by the need to add the subject of English to the existing science, mathematics, and modern foreign language purposes of the act.

The effect of this will be to permit English teachers to buy for use in the classroom equipment and teaching aids which are not now, in many instances, available because of budgetary considerations. In addition, such teachers may attend short summer institutes to improve their skills and in so doing, they are eligible to receive stipends of $75 a week plus $15 per week for each dependent.

Again, a new title, added to the act, should mean a significant start can be made to increase the library services of our elementary and secondary public schools. You share with the committee, I am sure, the belief that good school libraries are an essential ingredient of any teaching program. It is a sad commentary upon our national support for public education that over 10 million elementary students and 600,000 high school students are enrolled in schools with no school libraries at all. Costs of library materials have increased rapidly making it evident that support from public funds for this purpose is urgently needed. The $30 million a year, 4-year program of S. 2345, it is our hope, will provide a substantial impetus to this program.

Many of you may be interested in the title II provision, governing the student loan program. The committee has broadened the scope of the program to permit teachers to borrow money to attend summer schools and to participate in the loan forgiveness feature of the act now applicable to full-time students only. It is our belief that by extending this financial aid and incentive to teachers, you will be encouraged in your programs of professional development. Many other areas of NDEA operation were strengthened by the committee including the guidance and testing section, the audio-visual training programs, its authorization for the purchase of test-grading equipment as well as areas of particular interest to institutions of higher education.

In my judgment you will find S. 2345 worthy of your support. It is my hope that you will communicate your support for it and for the public school bill to your Congressmen, impressing upon them the value of these bills to your own schools and school districts.

Do not forget that the opponents of our school systems are vigorous, articulate, and well financed. They seek through the press and through letterwriting campaigns to create an atmosphere inimical to this legislation. You as teachers, individually and through your organizations can do much to counter the attack by speaking and acting to convince and persuade in your home towns and cities the great bulk of our citizens who are in favor of these programs but who have not voiced their beliefs to the Congress.

It has been said that America is a melting pot, an open society, and an exponent of plural values. This is, in part, the strength of our political, social, and economic system. We do, however, place primary value upon the general agreement we share which lies beneath our surface differences.

It is a commitment to the belief that ideas and ideals are important; that every man and woman has the God-given right to speak the truth as he sees the truth; and, that as a result of this public discussion, agreement upon common public policy can be achieved. As community leaders, as men and women devoted to the values of Western European civilization, your duty, responsibility, and personal inclination to achieve the goals of your profession all serve to fit you to accomplish great things in educating the children entrusted to you and in the process of working with the parents of those children, rekindling their interest in building the best and soundest public school system the world has ever known.

In closing, I wish to thank you from the bottom of my heart for the great honor you have bestowed upon me today by awarding me your Merit Award.

However, I have no right to accept it in my own behalf. Whatever I have accomplished in the field of education legislation in the Senate is because of the wonderful cooperation I have received from all members of my subcommittee, including the dedicated help at all times rendered to the committee by my close and good friend and colleague, Senator CLARK, of Pennsylvania. Likewise, the members of the full Labor Committee of the Senate, whose chairman is the incomparable Senator from Alabama [LISTER HILL], deserve great credit for whatever we have been able to do over the years in the field of education and health legislation.

Not only they, but the leadership of the Senate, including our very able majority leader, Senator MIKE MANSFIELD, of Montana, deserves to share this honor with me today.

Also, all those in the Senate who have given support to S. 1021 and other legislation that seeks to have the Federal Government fulfill its share of responsibility to the educational needs of the country should be included in my acceptance of this honor. Therefore, in their behalf and in mine, I accept this award from the bottom of our hearts, and I shall cherish it very much.

Mr. MORSE. Mr. President, I wish to make clear that I speak with the greatest of respect when I express sincere differences with His Eminence the cardinal. We are dealing now with a temporal subject. I say, most respectfully, as I would if I were disagreeing with a Protestant clergyman, that when a wearer of the cloth enters the field of temporal issues he should be treated on the same footing with all others.

I do not think the cardinal could be more mistaken than he was when earlier this year he made his original statements in opposition to President Kennedy's Federal aid-to-education program. I do not think he could be more wrong than he was this morning when he issued his press release. I say, most respectfully, it is a press release honeycombed with non sequiturs.

He says, for example:

> In the last war courageous Catholics fought side by side with their fellow Americans. They placed a costly sacrifice on the altar of freedom. Shall they now be denied their own precious freedom; the right to choose religious schools for their children without incurring an insupportable financial burden?

I say most respectfully that it is a remarkable appeal to emotion, but it has nothing to do with the legislative issue before the Senate.

All Americans bow in deep appreciation to every veteran—Catholic, Protestant, Jew, or of any other religious faith, and to nonbelievers—for the great sacrifices made to save this Republic during the war, but that has nothing to do with the Federal aid to education issue, and I do not propose to let the cardinal participate unchallenged in that non sequitur reasoning, or lack of it, to becloud this issue.

In this speech I propose to hold the cardinal to his own record, because it was his own record about which I was speaking in Philadelphia. It was his own record of "all or nothing" in connection with the Federal aid to education controversy in the Congress to which I took exception at the very beginning of this historic debate this year.

The speech in Philadelphia on August 14 was not the first time the senior Senator from Oregon expressed his disagreement publicly with Cardinal Spellman for the position he had taken early in this controversy. My colleagues on the Senate Committee on Labor and Public Welfare know that even when church spokesmen presented very ably their logical arguments in support of their position, the senior Senator from Oregon expressed his disagreement with the policy of the bishops announced on March 2, 1961, in which they came out against President Kennedy's Federal aid to education program. They made it very clear that their position was to be "all or nothing."

I said from my position as chairman of the Subcommittee on Education, that I thought this was an unwise course of action to follow, and I pleaded with the spokesman to change that course of action, because it was as clear to me then, as it has become proven now, that such a position on the part of the Catholic hierarchy in this country was bound to give rise to a type of controversy which should never arise in this country.

I said then and say now, from the standpoint of the public interest and the welfare of the millions of little boys and girls in both public and private schools, that the Catholic leadership of this country should have taken a firm position in support of the President's Federal aid to education program, and taken a firm position in support of a separate private school bill.

May I say for the benefit of Cardinal Spellman, if he does not know it—but I am satisfied that he does, but one would not know it from his press release of this morning—that the senior Senator from Oregon continues to hold firm to the proposition that there should be a Federal aid to education bill for public schools, and there should be a separate bill for Federal aid to private schools within the limits of the constitutional restrictions of this Government. That is my position in a nutshell. It is not a new position for the senior Senator from Oregon.

I wish to say to His Eminence that he could not be more wrong when he said:

> It is disappointing that now an old friend has turned against us.

To the cardinal I say that I still stand on the same platform on this issue that I have always stood upon. I am still as ardent a supporter of Federal aid to private schools through nonsubsidy interest bearing loans as I have always been. I have not left the cardinal on this issue, he has left me. It is the Catholic spokesmen who have come forward since 1949 with a change of position. So the Senator from Oregon is very pleased to set the record straight as to who left whom.

I take the Senate back to February 4, 1960. I shall ask to have printed in the RECORD a series of excerpts, without taking time to read them, which deal with the position that I took in February 4, 1960. On that date, I offered an amendment to a bill pending before the Senate. The following is printed in the CONGRESSIONAL RECORD, volume 106, part 2, page 2050:

> On page 8, line 24, strike the period and insert in lieu thereof a comma and the following: "and to authorize a two-year program of loans for the construction of private nonprofit elementary and secondary school facilities.".
>
> On page 17, line 3, after "Act" insert a comma and "or a private school which receives a loan under the provisions of section 11,".
>
> On page 17, between lines 15 and 16, insert the following:
>
> "LOANS TO PRIVATE NONPROFIT ELEMENTARY AND SECONDARY SCHOOLS
>
> "SEC. 11. There is authorized to be appropriated for the fiscal year beginning July 1, 1959, and the succeeding fiscal year, such sum, not to exceed $75,000,000 in any fiscal year, as is equal to 15 per centum of such sums as may be appropriated in such year pursuant to the authorization in section 4, for making loans to private nonprofit elementary and secondary schools in the States for constructing school facilities. Such loans are hereby authorized to be made by the Commissioner, and the total amount of such loans which shall be allocated to qualifying schools in each State for each such year shall be in an amount which bears the same ratio to the total amount appropriated in such year pursuant to the authorization in this section as the private nonprofit elementary and secondary school population in such State bears to the total such population for all the States. Any such loan—
>
> "(1) shall be made upon application containing such information as may be deemed necessary by the Commissioner;
>
> "(2) shall be subject to such conditions as may be necessary to protect the financial interest of the United States;
>
> "(3) may be in an amount not exceeding the total construction cost of the facilities for which made, as determined by the Commissioner, and shall bear interest at a rate determined by the Commissioner, which shall be not more than the higher of (A) 2¾ per centum per annum, or (B) the total of one-quarter of 1 per centum per annum added to the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date on which the contract for the loan is made and adjusted to the nearest one-eighth of 1 per centum; and
>
> "(4) shall mature and be repayable on such date as may be agreed to by the Commissioner and the borrower, but such date shall not be more than forty years after the date on which such loan was made.
>
> If any part of the total funds allocated to schools within a State under the provisions of this section remain unused at the end of the first fiscal year in which funds are made available under this section, it shall be reallocated at the discretion of the Commissioner for loans under the provisions of this section to schools in other States. Such reallocated sums shall be over and above the sum authorized to be appropriated in the succeeding fiscal year under the provisions of this section."
>
> On page 17, line 17, strike out "SEC. 11." and insert in lieu thereof "SEC. 12."
>
> On page 18, line 24, before the semicolon insert a comma and "or for the purposes of section 11 which is provided by a private nonprofit elementary or secondary school".
>
> On page 19, after line 11, insert the following:
>
> "(g) The term 'nonprofit' as applied to a school means a school owned and operated by one or more nonprofit corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual."
>
> Strike out the amendment to the title and insert in lieu thereof the following: "A bill to authorize a two-year program of Federal assistance for elementary and secondary school construction."

As will be seen, the amendment provides for loans for private schools. It provides for a low interest rate, but an interest rate sufficient to cover the cost of the use of the money. This was done so that the American taxpayer would not be subsidizing by a single cent a Catholic, Protestant or other private school. This was the burden of my argument then, and has been ever since, and I have repeated it time after time this year, both in committee, during public hearings, in committee in executive session, and here on the floor of the Senate in our debate on Federal aid to education.

There follows in the CONGRESSIONAL RECORD for February 4, 1960, my discussion and the discussion of other Senators on the amendment, including the statements by some Senators in support of my amendment. Senators will find in

the CONGRESSIONAL RECORD, volume 106, part 2, beginning on page 2053 the major legal argument that I made in support of my belief that the amendment is constitutional. I presented in great detail the legal precedents that, in my judgment, support my amendment. I discussed the public policy issue which will be found in the CONGRESSIONAL RECORD, volume 106, part 2, page 2077. My amendment was rejected by a vote of 37 to 49. I ask unanimous consent that excerpts from the CONGRESSIONAL RECORD of February 4, setting forth the position taken by the senior Senator from Oregon, as he presented to the Senate and argued for his amendment to provide loans to private schools at low but cost-of-the-use-of-the-money interest rates, be printed at this point in the RECORD.

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

Mr. MORSE. Mr. President, I am very proud and honored to have as cosponsors of the amendment the Senator from Alaska [Mr. BARTLETT], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Pennsylvania [Mr. CLARK], the Senators from Connecticut [Mr. BUSH and Mr. DODD], the Senators from Montana [Mr. MANSFIELD and Mr. MURRAY], the Senator from Iowa [Mr. MARTIN], and the Senator from Illinois [Mr. DOUGLAS].

This amendment seeks to provide loans, with interest, to private schools.

I want my colleagues to know that in view of the adoption of the Clark-Monroney amendment, it was necessary, before I offered this amendment this afternoon, to modify its language on page 2, beginning in line 6, by changing the date "1959" to "1960"; and, in line 8, striking out "as is equal to 15 percentum of such sums as may be appropriated in such year pursuant to the authorization in section 4."

And by adding, in lieu of that language, "as is necessary."

As thus modified, section 11 will read as follows:

"There is authorized to be appropriated for the fiscal year beginning July 1, 1960, and the succeeeding fiscal year, such sum, not to exceed $75,000,000 in any fiscal year, as is necessary for making loans to private nonprofit elementary and secondary schools in the States for constructing school facilities."

I perfected the amendment with that language before I called it up, as is my parliamentary right, so that after the yeas and nays had been ordered, I would not find myself in a parliamentary position of being unable to perfect the amendment in the absence of unanimous consent.

I should like to have the attention of the cosponsors of the amendment for a moment: Later this afternoon, I shall offer an amendment to this amendment. I shall discuss it later; but I thought the cosponsors of this amendment should have notice that in my own capacity I shall offer an amendment which will read as follows:

On page 4, in line 4, after the period, insert a new sentence, as follows:

"In making loans within any State under the provisions of this section, the Commissioner shall give priority to applicants proposing to construct school facilities in areas where the public schools are in operation."

Later, I shall set forth my reasons for that amendment. I shall submit it only for myself because it raises a point separate from the basic purpose of our amendment.

Since other Senators have joined in sponsoring it, I did not feel that it would be at all fair, according to my code of operation with my colleagues in the Senate, after they had joined in sponsoring my amendment, to ask them to join in a change which brings in a somewhat new phase of the problem.

Mr. BUSH. Mr. President, will the Senator from Oregon yield for a question?

Mr. MORSE. I yield.

Mr. BUSH. I did not quite understand the import of the modification the Senator from Oregon mentioned on page 2. Will he clarify it?

Mr. MORSE. Yes.

The Senate has now adopted the Clark-Monroney amendment. Thereafter, counsel discussed with me the necessity of modifying our amendment in line with what the Senate did in regard to the Clark-Monroney amendment, because my amendment seeks only money for construction, and for construction only. We are seeking a maximum of not more than $75 million, and because now, under the Clark-Monroney amendment much more is provided for public schools, there will be some changes in the formula involved.

I want to make perfectly clear that we stand by our original proposal for a maximum of $75 million, if the officials who administer the law believe they have meritorious applications amounting to as much as $75 million.

So the language of my amendment now reads as follows, on page 2, beginning in line 5:

"SEC. 11. There is authorized to be appropriated for the fiscal year beginning July 1, 1960"—

Instead of 1959—

"and the succeeding fiscal year, such sum, not to exceed $75,000,000 in any fiscal year, as is necessary for making loans to private nonprofit elementary and secondary schools in the States for constructing school facilities."

* * * * *

Mr. MORSE. Mr. President, I will now proceed to a discussion of the amendment.

PRIVATE SCHOOLS ARE PART OF EDUCATION SYSTEM

The Federal aid to education bill, S. 8, is one that I believe to be most important for our country. There can be no doubt that education in America stands in need of financial assistance from the Federal Government. There can be no doubt that the Federal Government stands in need of a sound education system in America. The measure proposed by the Senator from Michigan [Mr. MCNAMARA] would give such aid to the public schools.

However, I feel that I must express a very deep concern over the failure of the bill to consider the needs of all of American education. As presently constituted, S. 8 neglects the 15 percent of our Nation's youth who are receiving their education in nonpublic schools. That is where this 15-percent figure originated, Mr. President. We took the 15-percent figure in the first place because 15 percent of our boys and girls in the United States are going to private schools.

May I emphasize that they are receiving their education in nonpublic schools because they and their parents are exercising their rights wihin our democracy in choosing the kind of education they desire. This right is one that has been determined by decision of the Supreme Court.

I should like to recall to the Senate this decision, the so-called Oregon case decided in 1925, *Pierce* v. *Society of Sisters*. In it the U.S. Supreme Court found an Oregon State law requiring compulsory public education of children between the ages of 8 and 16 to be an invasion of the liberty guaranteed by the 14th amendment. This great decision is the charter of education freedom in America. Since that time, traditionally and juridically, every private school, attendence at which satisfies compulsory education laws of the States, is an integral part of the American educational endeavor.

Let me read a short excerpt from this great decision of the Supreme Court of the United States, which was a unanimous decision. The Justice writing for the majority was Justice McReynolds.

A 1922 Oregon statute required attendance at public schools of children between the age of 8 and 16. The Society of Sisters, one of the groups which brought the action, was a Roman Catholic institution. The name "Pierce" in the decision is the name of a great Governor of our State at the time, later a Representative in Congress, the Honorable Walter Pierce.

The Supreme Court said:

"Under the doctrine of *Meyer* v. *Nebraska* (262 U.S. 390), we think it entirely plain that the act of 1922 unreasonably interferes with the liberty of parents and guardians to direct the upbringing and education of children under their control.

"As often heretofore pointed out, rights guaranteed by the Constitution may not be abridged by legislation which has no reasonable relation to some purpose within the competency of the State. The fundamental theory of liberty upon which all governments in this Union repose excludes any general power of the State to standardize its children by forcing them to accept instruction from public teachers only.

"The child is not the mere creature of the State; those who nurture him and direct his destiny have the right, coupled with the high duty, to recognize and prepare him for additional obligations."

Mr. President, it was that language and the other part of the decision in the famous Pierce case of 1925 which established the principle that when a State seeks to compel children to go to a public school it acts unconstitutionally, and that legislation which would so provide is in violation of the 14th amendment.

So, Mr. President, we have no single track system of education in this country; the States, fortunately, have not preempted the field of education. The right of parents to send their children to schools of their choice has consistently been protected. The development of the American system of education has been in the direction of diversity, and it has been good for our Nation, exactly as diversity in our political and social life has been good for us. In 1930, the Court upheld the right of Louisiana to spend public funds for textbooks for private schoolchildren (*Cochran* v. *Louisiana State Board of Education*, 281 U. S. 370).

This tradition is one which should be preserved. We know that the public schools have serious problems, and because I recognize that fact I am a supporter of S. 8 and of the Clark amendment to expand the public school grants to include aid for teachers' salaries.

But the private schools are in serious financial straits, too, and we must not forget that fact when we deal with proposed legislation to raise and improve education standards in America.

The problems of the private schools affect the democratic rights of our citizens. For example, as the burden of taxation is increased, the ability of parents to finance the kind of education they wish for their children could be destroyed. In fact, the very existence of nonpublic schools could be destroyed.

The legislation we enact to aid education, then, should not be punitive nor should it place an intolerable burden upon any group. The legislation we enact should be designed with the needs of all of the schools in mind, public and nonpublic, if we are really to improve our education system.

The fact is that the nonpublic schools perform a remarkable service to the Nation in the share of the cost of education they bear. Today, 15 percent of all the children enrolled in elementary and secondary schools are in private schools.

I have been heard many times to draw the illustration of what we could expect if by some wave of the hand all the private elementary and secondary schools now in operation could be caused to disappear, so that all the youngsters attending them today were compelled to show up tomorrow morning at the public schools to continue their education.

More than 5 million children would appear. The figures being discussed in connection with the need of help for the public schools show that there are some 1,800,000 children enrolled in excess of the capacity of the schools to handle them. To add 5 million more would put an additional burden upon the States, school districts, and the Federal Government that is staggering to the imagination.

These private schools provide more than 170,000 classrooms. Using the average expenditure per child at $237 in the public schools and applying it to these 5 million children, the private schools and those who support them are saving the taxpayers some $1.185 million a year because that is how much more would have to come out of public funds if these children suddenly sought a public school education.

I pause a minute on that figure, Mr. President. That is a lot of money, $1,185 million is being contributed in my judgment, to the public by the private schools today, and we are asking under this proposal for authority to lend with interest a mere $75 million, to be of assistance to these private schools in constructing the schoolrooms they need to meet their registration demands.

Is there a public interest involved? Mr. President, the whole burden of my argument in support of the amendment—and I rest my argument on this major premise—is that the taxpayers of the country will be greatly benefited by approval of my amendment. It is an economy amendment. It is an amendment which will save the taxpayers of America great sums of money. It is an amendment which will cost the taxpayers of the country not one red cent. It is an amendment which will return to the Treasury of the United States interest on the money loaned.

It provides for no grant to any private school in America. I want to get that fact firmly established in the debate, Mr. President. The Senator from Oregon, as I shall show later in the argument, does not favor grants, but he does take the position that these private schools ought to be helped because of the public service they render to the American people in the field of education, with interest-bearing loans for school construction, and school construction only, in the amendment.

TIGHT MONEY HURTING CONSTRUCTION OF BOTH PUBLIC AND PRIVATE SCHOOLS

The fact is that the rising interest rates upon funds the private schools have been borrowing to finance their construction is making borrowing more difficult all the time. It is just as difficult for the private schools to borrow in this high interest rate market as it is for the public schools. Construction is not keeping pace with enrollments.

Is it any solution to allow private school construction to be curtailed when the children who would expect to attend them are simply going to have to attend public schools and thereby increase the pressure upon the public schools?

I call attention to that point because it bears again upon my point that this amendment is an economy amendment, for the benefit of all the taxpayers of the country. If the private schools are not able to borrow money to build the classrooms to meet their enrollment demands, those youngsters will have to appear at the doors of the public schools, although their parents may desire to have them go to a private school, which the U.S. Supreme Court in the famous Pierce case of 1925, made perfectly clear was the very definite right of parents in our country.

We cannot abridge it by passing compulsory legislation requiring children to go to public schools; that would be unconstitutional, for it would be in violation of the 14th amendment. We should not try to accomplish the same end by indirection in the case of a single child or a group of children, or in the case of the many hundreds with respect to which we would be accomplishing it if we did not have lending facilities available to private schools so that they could borrow money to take any students who ask for admission to private schools.

Let me state that argument another way, in order that it may be clear for the record. I try to follow through on the principles of the Supreme Court decision by applying those principles to other operative facts when new circumstances arise. In the Pierce case, the Court made it very clear that if a State passed a State statute which sought to require all children between the ages of 6 and 16 to go to a public school, that would be unconstitutional. One of the reasons it would be unconstitutional would be that in fact it would abridge a very precious natural right of a parent to determine the school to which his child should go.

If, in view of the educational crisis which faces our country, if in view of the financial problems which exist in our country, including high interest rates, private schools find themselves in a position where they cannot borrow the money in order to add to a school building the classrooms necessary to admit students who wish to enter the private school, are we not, in fact, indirectly following a policy which says to the parents, "You must send your children to the public school after all"?

As to those little boys and girls who are involved in that particular hypothetical situation, there is no denying the fact that they are required to go to a public school because no private school facility is open to them.

Mr. President, I think we must make sure, in this Federal-aid-to-education measure, that the private schools are able to maintain their share of the educational burden. Further, I believe that the loan program set up in my amendment is the sound way to accomplish that purpose. We should not follow a legislative course of action that would justify anyone in saying that we are acting in a discriminatory fashion against the private schools, or to the disadvantage of the private schools. We owe the private schools so much for the great public contribution which they make each year to the educational system of our country. As I said a few moments ago, it would cost the public some $1,185 million a year to educate them.

CONGRESSIONAL PRECEDENTS

My next argument is that there are ample precedents in Federal legislation in support of the principle of my amendment. I wish to make my argument on that premise, although I am not one to say that merely because something has been done before it is all right to do it again.

On the contrary, we have many bad precedents, not only in the law, but in our governmental procedure, which should be overruled and discarded. But because the argument is made against me by those who have not done the necessary bookwork which, I respectfully say, ought to be done on this problem before they make this argument, that there is no precedent at all for the amendment I am proposing on the floor of the Senate this afternoon, I believe I owe it to my friends, supporters, and cosponsors to present the result of the research we have done on this particular point.

Mr. BUSH. Mr. President, will the Senator yield for a question?

Mr. MORSE. I yield.

Mr. BUSH. Did the Senator say he had no precedents?

Mr. MORSE. No. I said there were many precedents for the course of action I am proposing, but the argument has been made that there is no precedent.

Mr. BUSH. I thought the Senator said there was no precedent.

Mr. MORSE. I said that argument is made against me.

Mr. BUSH. I apologize. I am sorry. I misunderstood.

Mr. MORSE. That argument is made against the amendment, and I am about to show that there are a great many precedents in support of it.

Before going into the judicial aspects of Federal assistance, let us look at what Congress has already done in this area. For almost 15 years now we have kept in mind the needs of children in the private, nonprofit schools with reference to the school lunch program. Not only has the Department of Agriculture distributed food to them, but it has also administered a very small grant program to enable schools to construct the kitchen and cafeteria space and facilities needed to feed the children in private schools as well as public schools.

For 10 years, the college housing program has gone forward successfully, and I know something about that, because I was a member of the Senate Committee on Banking and Currency when that program was established. It applies to church colleges and universities of many denominations. I know of no instance where a question has been raised as to the constitutionality of including private—and church—colleges in the loan program for dormitories. Apparently it is all right to provide a place for them to sleep, but not a place for them to learn.

Two years ago, we applied the same principle to the National Defense Education Act. Where grants were authorized to the public schools for science facilities and minor remodeling to accommodate them, loans were authorized to private schools. Again, I know of no challenge to the constitutionality of that program, and scarcely any objection even to its advisability.

Another program related to this question is the Hill-Burton Hospital Construction Act. It will be remembered that in the 2d session of the 85th Congress, we considered and passed an amendment to the Hill-Burton Act making it possible for hospitals operated by churches to borrow funds for hospital construction, if they preferred to do that rather than accept the grants. This change was made at the request principally of the Baptist hospitals.

Before reviewing the official position taken by the Baptists, I wish to stress for the RECORD the fact that under the Hill-Burton Act we grant huge sums of money in total to denominational hospitals—Catholic and Presbyterian and of other denominations. The history of this subject is a very fascinating and interesting one.

The Baptists took the position that they could not accept grant money. Therefore, I now take the Senate through a very interesting bit of history as to what has happened in the administration of the Hill-Burton Act.

LOAN ACCEPTABLE AS SUBSTITUTE FOR GRANTS

In presenting their point of view to the House Committee on Interstate and Foreign Commerce, several Members of Congress who declared their affiliation with the Baptist

Church, advocated this change on the ground that accepting grants for Baptist hospitals conflicted with their traditions, but that a loan program would not.

In addition, Dr. John H. Buchanan, who testified on behalf of the Baptist hospitals, gave the following statement on May 7, 1958:

"It so happens, as has been intimated by both Congressman HAYS and Congressman HARRIS, that during these 12 years of its existence our Baptist people have not felt free to accept a grant because of a peculiar tradition we have on the separation of church and state. We have gone ahead in constructing hospitals and financing them with great difficulty from private sources and from benevolent funds."

I digress to say that this refers to the 12 years of the existence and operation of the Hill-Burton Act.

"This amendment offered by Congressman HARRIS, H.R. 6833, if approved, would make available to the Baptists—and there are some other groups across the Nation which have taken the same position, who have never accepted grants—long-term loans for the help of these groups in making their added contribution to the health of the Nation.

"It would make available to us these funds simply as loans, long-term loans, enabling us to expand our facilities and add to the total health program of the Nation.

"So I come this morning simply to bring that plea, thus you give consideration to those of us who have never availed ourselves of the use of these funds, because of this principle which some of our brethren hold. But this will make it possible for us to expand our facilities, pay back to the Government what we borrow, and meet increasingly a tremendous need across our Nation."

It is interesting to note here that no question was raised as to the constitutionality of extending or accepting a grant for hospital construction on the part of a church organization.

But those groups which had their own objections to the grants, came before Congress asking for a loan program so as to remove their objection to accepting grants.

Let me say, Mr. President, that neither has any question of constitutionality with respect to the loan program been raised in connection with hospitals. Now let us get this premise of my argument clearly understood. There is no difference as a matter of law whether we lend money for use by hospitals or lend it for use by schools. Not a bit.

If the argument is that somehow or in someway the amendment violates the first amendment to the Constitution with respect to the separation of church and state, I will discuss those cases in a moment, but at this point I wish to say that Congress, in connection with the school lunch program, has been granting food to private schools; in connection with dormitory programs for sectarian colleges we have been lending money; and now, under the Hill-Burton Act, we have provided extended grants to sectarian hospitals—hospitals run by Catholic and other religious groups—and then, when we ran into objection by Baptist church officials, who said that practice conflicted with their tradition, we have provided that they could borrow money, although we were perfectly willing to grant it to them.

So I think that at least I have sustained my burden of proof of showing that there is ample legislative precedent for this program and that there has been no successful constitutional contest throwing out this loan program of the Hill-Burton Act or any of the other programs I have enumerated.

What Congress did in connection with the Hill-Burton program for meeting the health needs of the American people now needs to be done in regard to our education needs. That is what we are asking for in S. 8 and in my private school loan amendment.

COURT RULINGS ON SEPARATION OF CHURCH AND STATE

But beyond the fact that Congress has again and again included private and even church schools and hospitals in Federal programs of assistance to the general welfare, what have the Federal courts, and the U.S. Supreme Court in particular had to say on this subject?

There is no specific Federal judicial precedent on the exact point of Federal grant or loan programs. But there are precedents on other points. I have already mentioned the 1925 and 1930 cases, the latter upholding the expenditure of public funds by a State for textbooks for private schools.

In 1946, the Supreme Court again had occasion to pass upon a State statute extending another form of assistance to its children. This was the New Jersey law furnishing school-bus transportation, upheld by the High Court in 1946.

At that time, in *Everson* v. *Board of Education* (330 U.S. 1), the entire Court concurred in the following general interpretation of the first amendment ban upon the establishment of a religion:

"Neither a State nor the Federal Government * * * can pass laws which aid one religion, aid all religions, or prefer one religion over another."

The dissenting judges concurred in that conclusion, drawing their difference over what constitutes "aid." It was the decision of the majority that the granting of "aid" could not be construed so narrowly as to cut off welfare services for children attending the private schools, even if they are church-affiliated schools.

Shortly thereafter came the McCollum case, which has been cited to me as rendering my amendment unconstitutional. There are those who have called upon me during the last few days, and insisted that my amendment cannot be reconciled with the McCollum case. I told them that I completely disagreed with their interpretation of the McCollum case, and suggested that they hear me through my argument when I make it on the floor of the Senate. I do not believe that their construction of the McCollum case holds water.

In the 1948 case of *McCollum* v. *Board of Education* (333 U.S. 203), issue was made over a released time program in Champaign, Ill., where the children were released from class during the schoolday to receive religious instruction on school premises, provided the parents consented to the release. Other children continued their academic work.

Although the Illinois Supreme Court upheld this practice, the U.S. Supreme Court did not. Opponents of the released time program contended it was an "aid to all religions" and hence, unconstitutional. This view prevailed with the Supreme Court. Its majority declared:

"Here not only are the State's tax-supported public school buildings used for the dissemination of religious doctrines. The State also affords sectarian groups an invaluable aid in that it helps to provide pupils for their religious classes through the use of the State's compulsory public school machinery. This is not separation of church and state."

But this was not the last of the Court's statements on the subject, nor do the facts conform with the loan program under consideration in my amendment. In fact, the facts of the McCollum case have nothing whatsoever to do with any loan program.

The next released time case brought before the U.S. Supreme Court was from New York and was decided in the case of Zorach against Clauson in 1952. In this instance, the released time for religious instruction also required the consent of the parents, and occurred during the schoolday, but the religious instruction did not take place on school premises.

The Supreme Court found this entirely constitutional. Justice Douglas delivered the opinion of the Court, and declared:

"No one is forced to go to the religious classroom. * * * A student need not take religious instruction. He is left to his own desires as to the manner or time of his religious devotions, if any.

"There is a suggestion that the system involves the use of coercion to get public school students into religious classrooms. * * * The present record indeed tells us that the school authorities are neutral in this regard and do no more than release students whose parents so request."

In emphasizing the historic development of this Nation, Justice Douglas went on to say in the Zorach case of 1952:

"There cannot be the slightest doubt that the first amendment reflects the philosophy that church and state should be separated. And so far as interference with the free exercise of religion and an establishment of religion are concerned, the separation must be complete and unequivocal. The first amendment within the scope of its coverage permits no exception; the prohibition is absolute. The first amendment, however, does not say that in every and all respects there shall be a separation of church and state. Rather, it studiously defines the manner, the specific ways, in which there shall be no concert or union or dependency one on the other. That is the commonsense of the matter. Otherwise the state and religion would be aliens to each other—hostile, suspicious, and even unfriendly. Churches could not be required to pay even property taxes. Municipalities would not be permitted to render police or fire protection to religious groups. Policemen who helped parishioners into their places of worship would violate the Constitution. Prayers in our legislative halls; the appeals to the Almighty in the messages of the Chief Executive; the proclamations making Thanksgiving Day a holiday; 'so help me God' in our courtroom oaths—these and all other references to the Almighty that run through our laws, our public rituals, our ceremonies would be flouting the first amendment. A fastidious atheist or agnostic could even object to the supplication with which the Court opens each session: 'God save the United States and this honorable Court.'

"We are a religious people whose institutions presuppose a Supreme Being. We guarantee the freedom to worship as one chooses. We make room for as wide a variety of beliefs and creeds as the spiritual needs of man deem necessary. We sponsor an attitude on the part of Government that shows no partiality to any one group and that lets each flourish according to the zeal of its adherents and the appeal of its dogma. When the State encourages religious instruction or cooperates with religious authorities by adjusting the schedule of public events to sectarian needs, it follows the best of our traditions. For it then respects the religious nature of our people and accommodates the public service to their spiritual needs. To hold that it may not would be to find in the Constitution a requirement that the Government show a callous indifference to religious groups. That would be preferring those who believe in no religion over those who do believe."

In declaring what Government may not do, Justice Douglas continued:

"Government may not finance religious groups nor undertake religious instruction nor blend secular and sectarian education nor use secular institutions to force one or some religion on any person. But we find

no constitutional requirement which makes it necessary for Government to be hostile to religion and to throw its weight against efforts to widen the effective scope of religious influence."

This philosophy of the U.S. Supreme Court has been implemented by Congress in the Hill-Burton Hospital Construction Act, in the GI bill of rights which financed the education of our veterans even in seminaries and theological schools, in the college housing loans, and the National Defense Education Act, to mention but a few laws.

I do not doubt for a moment that the key to what may be done and what may not be done lies at the point where the difference between providing for the general welfare becomes aiding religion. Note should be taken here of the fact that the present Oregon textbook law is again being taken through the courts.

Assurances have been given on both sides that it will be taken up to the Supreme Court of the United States for another ruling on whether a State may expend State funds on textbooks for boys and girls in private schools, including church schools.

That is all right with me. I welcome judicial rulings on the questions of where the boundary which separates church and state in America is placed. Neither Congress nor the courts mean to discourage, curtail, or in any way hamper, in my opinion, the right of American parents to educate their children in schools of their own choosing.

I further believe that in this education bill sound public policy calls for the inclusion of an encouragement to private institutions in providing services which are aided directly by the Federal Government in their public aspects.

HISTORY OF FIRST AMENDMENT

Mr. President, when one talks about the first amendment, I think it important that he keep in mind what the first amendment provides, and that he then relate what it provides to the history of the first amendment. So I take a moment to read it:

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

Let us get this point clear: The whole question of separation of church and state stems from these words in the first amendment:

"Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof."

But, we need to keep in mind the facts which existed in our country, the controversy which was waged in our country, that caused the adoption of the first amendment. That is why it is so important that we get back to the views of our Constitutional Fathers. We need to remember that at the time the Constitution was adopted there were, if my recollection is correct, nine States which had state churches.

In other words, the first amendment was really the result of a controversy which was waged in this land at the time of the birth of the Republic, when there was strong opposition to the establishment by law of a state church.

That is not surprising, because all of us know that a great religious controversy had been waged for a long time in many parts of the world, and that some of our forefathers left Great Britain because of the so-called state-church issue. They were in revolt against state religious authoritarianism.

So it is not surprising that in the colonial days there was great controversy over the issue of whether the Federal Government should sanction—as some States already had done—a national church. Therefore, the Founding Fathers wrote this provision into the Constitution. I believe it is about as clear a provision as could be written, in bearing on this controversy:

"Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof."

When I read various articles which quote Madison, Jefferson, and others of that day, I am always at a loss to understand why the articles do not include a discussion of this very controversy, which was waged over the establishment of state churches. As we read the great language of Justice Douglas in the decisions to which I have just now referred, I believe it most important that we realize that he had clearly in mind the historic basis for the first amendment.

GENERAL WELFARE AT ISSUE

To provide for the general welfare is one of the principal duties of the Federal Government. That does not mean that in promoting the general welfare of the people, we may deal only with public agencies in Federal, State, or local governments. On the contrary, as we already have done time and time and time again, we as a Congress have the obligation to deal with private agency ways, means, and methods which will promote the general welfare within the framework of our constitutional guarantees. Congress did that in the Hill-Burton Act and in many other acts which were of some assistance to the church or private agencies; and I propose that the same principle now be extended by way of the granting of loans to private schools, to provide classrooms for the boys and girls who attend those schools.

As I have said many times, as we pass judgment on these legislative proposals, I shall never take my eyes off the boys and girls. We should constantly ask whether the purpose of the particular bill is to help the boys and girls, and whether the money proposed to be provided is to be used for the benefit of the boys and girls. On that basis we justify the science facility program, the school-lunch program, the health program, the textbook program, the schoolbus program, the dormitory program, and all the other programs I have cited this afternoon as precedents in support of the principle of my amendment.

Encouragement to the private schools of the Nation in their role of educating approximately 15 percent of our young people should be a part of the general aid-to-education bill. Under my amendment, no grant or subsidy will go to them; but the "high and impregnable wall of separation between church and state," as it has been called by Justice Black, does not preclude the Government from cooperating with church-sponsored activities which are in furtherance of the general welfare.

My loan proposal stays clear of the statement by Justice Douglas in the Zorach case—namely, that "government may not finance religious groups" nor prefer one religious group to another.

In providing for the education of our servicemen after World War II and the Korean war, the Federal Government paid their tuition, so the Nation's colleges and universities, public, private, and sectarian, could do that job. That was not a matter of supporting or financing religions; it was a matter of educating the young people.

The need for that is the same as the need dealt with in the amendment which I have offered this afternoon. It is the same as the need which in my amendment we seek to meet.

Because I recognize the existence of strong feelings on the part of some groups of Americans in regard to this matter—feelings in opposition to the conviction I personally hold in regard to it—I ask unanimous consent to have printed at this point in the RECORD, in connection with my remarks, a letter which I have received from certain members of the Unitarian Fellowship for Social Justice. I believe it would be most unfair of me to make the argument which I make here this afternoon and not make clear, for the RECORD, that this group of very sincere and dedicated people who do not share my point of view in regard to this matter is opposed to my amendment. Therefore, I ask unanimous consent that the letter and the accompanying resolution be printed at this point in the RECORD, in connection with my remarks.

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

UNITARIAN FELLOWSHIP
FOR SOCIAL JUSTICE,
Washington, D.C., February 3, 1960.

Senator WAYNE MORSE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MORSE: At the meeting of the legislative committee of the Unitarian Fellowship for Social Justice held his morning, the following resolution was passed:

"The Morse amendment to the school construction bill violates the spirit of the Constitution because it would use the Government's financial facilities to aid religious schools, at the level of compulsory school attendance. The Government has never before gone so far in the direction of aid to parochial schools, and we believe that this creates a dangerous precedent. Loans can easily lead to grants, and soon the taxpayers may be asked to pay all the expenses of sectarian schools.

"More than 90 percent of the pupils attending such schools in America are in Catholic parochial schools. Since the Catholic bishops want full public support for such schools, any move in that direction should be resisted by citizens who believe in the American tradition of church-state separation.

"We also believe that this amendment is dangerous because it may provide an opening wedge for segregationists to obtain public money for private, segregated schools in the South. If Southern States abolish their public school systems, they might secure some Federal loans for private schools through this amendment.

"Coming at this moment his raises a divisive church-state issue and a divisive race issue. We hope that you and your associates will be persuaded to withdraw it in the name of civil rights and the separation of church and state."

We are spending copies of this letter to your fellow Senators who joined you in this amendment, and to the press.

Sincerely,
MURIEL A. DAVIES,
Mrs. A. Powell Davies, *President.*
ERNEST O. SOMMERFELD,
Rev. Ernest O. Sommerfeld,
Chairman, Legislative Committee.

Mr. MORSE. Mr. President, of course as we read the letter and the resolution, in light of the argument I have already made, it is clear that I do not share their opinion that loans to be repaid to the American taxpayers with interest, and with no subsidy, for the construction of private, nonprofit elementary and secondary schools do not constitute "aid to religious schools" which falls under the proscription of the Supreme Court of the United States. If I believed it was unconstitutional, my colleagues may be sure that I would not be offering or supporting this amendment.

TERMS OF AMENDMENT

In conclusion, I point out that the definition of school facilities for which loans may be made under my amendment is the same as the definition which is applied to the public school grants in Senate bill 8;

namely, the term "school facilities" means classrooms and related facilities, including furniture, instructional materials other than textbooks, equipment, machinery, and facilities necessary and appropriate for school purposes for education. It specifically excludes "athletic stadiums, or structures or facilities intended primarily for events such as athletic exhibitions, contests, or games, for which admission is to be charged to the general public."

In other words, the educational facilities for which private school loans are authorized are the same as the ones for which grants are provided to the public schools.

I also point out that the assurances that construction will take place under the conditions provided in the Davis-Bacon Act are required for these loans, as in the case of grants for public schools.

Mr. President, in support of the legal argument I have made this afternoon in regard to the McCollum case, I should like to call attention to an article which appeared in the University of Pittsburgh Law Review, volume XII, page 154. The article was written by my very able administrative assist, Mr. Berg, of whom I am very proud. The article was written in 1950, at the time when Mr. Berg was professor of law at the University of Colorado Law School. The article contains a very interesting analysis of the McCollum case.

So I ask unanimous consent—without taking time to read excerpts from the article—that certain excerpts from Mr. Berg's article be printed at this point in the RECORD, as part of my remarks, because they very effectively and in very scholarly fashion buttress the legal argument I have made this afternoon.

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

"[From the University of Pittsburgh Law Review]

"BOOK REVIEW: 'RELIGION AND EDUCATION UNDER THE CONSTITUTION,' BY J. M. O'NEILL

"The Constitution of the United States does not command the separation of church and state. Nevertheless, Mr. Justice Black, speaking for a majority of the U.S. Supreme Court in the much-discussed McCollum[1] case, announced that 'the first amendment has erected a wall between church and state which must be kept high and impregnable.'[2] In the same case, Mr. Justice Frankfurter referred to a 'constitutional principle requiring separation of church and state.'[3] In his recent book, O'Neill challenges these broad pronouncements, disagrees with the reasoning of the Court in the McCollum case and substantiates his position by a thorough documentation.

"The facts of the McCollum case are relatively simple. Members of the Jewish, Protestant, and Roman Catholic faiths formed the Champaign Council on Religious Education. The council, with the consent of school authorities, conducted classes in religious education for public school children of Champaign, Ill., on released time in public school rooms. These classes were not compulsory. Attendance was permitted only upon written consent of the parents. Mrs. McCollum, a parent of a child attending one of the public elementary schools of Champaign, attacked this program in the State courts. She failed at that level, but the Supreme Court of the United States, with only one dissent, found the plan unconstitutional.[4] A majority of the Court, relying upon dicta in a decision handed down 2 years earlier,[5] in effect decided that the released time plan amounted to a State law 'respecting an establishment of religion' in violation of the first amendment, the prohibitions of which the Court found applicable to the States under the 14th amendment.[6]

"The constitutional prohibition against a law respecting an establishment of religion has been construed by the Supreme Court to mean: 'Neither a State nor the Federal Government can set up a church. Neither can pass laws which aid one religion, aid all religions, or prefer one religion over another,' and that 'in the words of Jefferson, the clause was intended to erect "a wall of separation between church and state."'[7] O'Neill demonstrates that a majority of the Supreme Court, in defining the establishment clause in such sweeping terms and in making it applicable to the facts of the McCollum case, apparently did not understand the nature of the evils that the clause sought to eliminate.

"One who studies the materials collected by O'Neill will find ample support for the proposition that the establishment clause of the first amendment was designed to make doubly certain that the Federal Government should never establish a national church. As O'Neill says: 'My thesis is that the words "establishment of religion" meant to Madison, Jefferson, the members of the First Congress, the historians, the legal scholars, and substantially all Americans who were at all familiar with the Constitution until very recent years, a formal, legal union of a single church or religion with government, giving the one church or religion an exclusive position of power and favor over all other churches or denominations.'[8]

"Recently the U.S. Supreme Court gave a fairly good indication of the canons of construction it would follow in determining the meaning of 'an establishment of religion.' In the Everson[9] case the Court, speaking through Mr. Justice Black, observed that it has long construed that clause 'in light of its history and the evils it was designed forever to suppress.'[10] Shortly thereafter, in the Adamson case, Mr. Justice Frankfurter stated that '* * * an amendment to the Constitution should be read in a "sense most obvious to the common understanding at the time of its adoption." * * *'[11] In view of these pronouncements, Mr. Justice Black could hardly have applied a different rule of construction in interpreting a constitutional provision in the McCollum case. It is true that the Court has often construed 'expanding' concepts, such as those of interstate commerce and general welfare, in light of modern conditions. But it is highly improbable that the Court would state specifically that a stable concept, such as the constitutional prohibition against a law respecting an establishment of religion, should have a present-day meaning different from that which prevailed when the first amendment was adopted.

"O'Neill's book makes it quite evident that the Supreme Court, in spite of the rules of construction quoted above, attributed to the establishment clause a meaning vastly different from that which it was intended to have 'in light of its history and the evils it was designed forever to suppress.' After reading this book one is tempted to agree with Mr. Justice Jackson's frank suggestion that the Court decided the McCollum case upon the basis of its prepossessions.[12]

"O'Neill lists many of the evils attendant upon an establishment of religion.[13] For example, it was not uncommon to find that important civil rights, such as those of holding public office, participating in jury service, and giving testimony in court, were reserved to members in good standing in the established church. There were nine established churches—all Protestant—in the Original Colonies, and not until 1833 was the last of these disestablished.[14] In view of the extent of establishment in this county at the time of the first amendment and the seriousness of its infringement of human liberties, it is obvious that the facts of history support O'Neill's conclusion that the object of the establishment clause was the prevention of this intolerable situation at the Federal level.

"The Supreme Court has relied heavily upon the writings of Jefferson and Madison in construing the establishment clause.[15] Those who insist that the Supreme Court correctly interpreted Jefferson's and Madison's points of view in this respect will find little comfort in what O'Neill has to say. In two chapters devoted to a study of the attitudes, actions, and writings of these two great statesmen on the subject of religion, O'Neill finds that neither advocated complete separation of church and state as that concept was defined in the McCollum case.[16] Of course, if one wishes to single out a sentence or paragraph written by either of these men, he may claim that he has found support for the Supreme Court's broad interpretation of the establishment clause. However, any such isolated statements of Jefferson or Madison become insignificant when compared with the entirety of their works and actions.

"O'Neill shows that the much-quoted metaphor, 'a wall of separation between church and state,' found in Jefferson's letter to the Baptists of Danbury, reflected disapproval of any 'formal legal union between one religion and the Government.'[17] The author also collects for us convincing evidence that neither Jefferson, the citizen, nor Jefferson, the President, was an exponent of the idea of complete separation of church and state.[18]

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[1] *Illinois ex rel. McCollum* v. *Borad of Education* (333 U.S. 203 (1948)).

[2] Id. at 212.

[3] Ibid.

[4] Reed, J., dissenting.

[5] *Everson* v. *Board of Education* (330 U.S. 1 (1947)).

[6] *Illinois ex rel. McCollum* v. *Board of Education* (333 U.S. 203, 210 (1948)).

[7] Id. at 210, 211.

[8] P. 56.

[9] *Everson* v. *Board of Education* (330 U.S. 1 (1947)).

[10] Id. at 14.

[11] *Adamson* v. *California* (332 U.S. 46, 63 (1947)).

[12] Illinois *ex rel McCollum* v. *Board of Education* (333 U.S. 203, 238 (1948)). It should be observed that Justice Reed, dissenting said: "The phrase 'an establishment of religion' may have been intended by Congress to be aimed only at a state church. * * * Passing years, however, have brought about acceptance of a broader meaning." Id. at 244.

[13] Pp. 24–25, 192–194. Mr. Justice Black's opinion in the Everson case also lists many of the evils of an establishment of religion. *Everson* v. *Board of Education* (330 U.S. 1, 9 (1947)).

[14] P. 25.

[15] See *Everson* v. *Board of Education* (330 U.S. 1, 11–13 (1947)); Id. at 31–41 (Rutledge, J., dissenting); *Illinois ex rel. McCollum* v. *Board of Education* (333 U.S. 203, 214 (1948)) (Frankfurter, J., concurring).

[16] Chs. 5 and 6.

[17] At the time this letter was written (1802) the Baptists were experiencing an establishment of the Congregational Church in Connecticut (p. 83).

[18] Pp. 76–86. Among other items, O'Neill brings out these important facts:

(1) Jefferson advocated the use of public funds in Virginia for a school of theology (p. 76).

(2) Jefferson recommended that a room at the University of Virginia be used for religious worship (p. 206).

(3) The four key provisions of Jefferson's bill for establishment of religious freedom in

"The chapter on Madison brings into clear light significant public manifestations of that great American upon the subject of religion.[19] From these it is evident that Madison, too, feared and fought the establishment of a religion by government, but that in his public life he did not espouse the cause of absolute separation of church and state.

"Other useful guides for ascertaining the meaning of the establishment clause are discussed by O'Neill. For example, he mentions many acts of Congress which inferentially involve Congress interpretation of that clause. These substantiate his theory that an 'establishment of religion' means and has always meant to Congress 'only a single, formal, monopolistic union of one religion with the Federal Government.'[20]

"Another important guide to the meaning of the establishment clause is the interpretation placed upon it by recognized constitutional law authorities. His quotations from eminent writers in this field show that the Supreme Court has deviated far from the time-honored interpretation of the establishment clause.[21]

"Chapter 10 has a discussion of the 14th amendment and its application to the facts of the McCollum case. O'Neill says that the view adopted by a minority of the Supreme Court in the Adamson case[22]—that the 14th amendment makes the Bill of Rights applicable in toto to the States—'is an essential part of any possible theory of the constitutional validity' of the McCollum decision.[23] I do not think this conclusion necessarily follows. In the McCollum case the Court merely decided that the provision of the first amendment which prohibits any law respecting an establishment of religion is applied to the States via the 14th amendment.[24]

"I agree with O'Neill's conclusion that the Supreme Court erroneously enlarged the meaning of the establishment clause so as to make its prohibition cover the facts of the McCollum case."[25]

NO SUBTERFUGE INTENDED

Mr. MORSE. Mr. President, I will turn now to my amendment to the amendment, which I want to discuss briefly. It deals with a problem that I do not think we should ignore. That is the question as to whether or not my amendment, if it should become the law, could be used as a form of subterfuge for undercutting the Supreme Court decisions in regard to nonsegregation in public schools.

Mr. President, I have a very brief argument to make in support of my amendment, but I am going to read the amendment and then send it to the desk. On page 4, line 4, after the period, I propose to insert a new sentence, as follows:

"In making loans within any State under the provisions of this section, the Commissioner shall give priority to applicants proposing to construct school facilities in areas where the public schools are in operation."

I want to make my argument on the amendment before I offer it.

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

Mr. MORSE. I yield.

Mr. DODD. I do not want to interrupt the Senator's very cogent and persuasive argument, but I wish to say I am very happy to join with the Senator in support of his proposal.

Mr. MORSE. I am very proud to have the Senator from Connecticut join me.

Mr. DODD. I think the Senator from Oregon is making a very important and scholarly speech on this problem. I said this earlier today concerning the Monroney-Clark substitute, and it seems important to point it out again: Neither the committee bill nor the Monroney-Clark amendment makes any provision for private schools, which are educating 15 percent of all the schoolchildren in America.

I am sure the Senator will agree with me that there is another factor we should make note of here, and that is the expense which the parents of those children carry. They not only pay their share in taxes to support the public schools, which is proper and right, but they also pay the expenses of their own children in private schools.

The third point on which I commend the Senator is his having brought up and made clear to all the fact that the private schools are not seeking any grants. They seek only interest-bearing loans. I think this amendment offers a great opportunity for an investment in education in the United States, an investment that will reap not only a return of interest and the money loaned, but, more importantly, great and continuing dividends in the talents and aptitudes of the young people who are coming along in this country, and who will continue to come along. It is really an investment in the future of our Nation.

Finally, I should like to say I am very proud to be associated with the distinguished Senator from Oregon in offering this amendment; and I express, I am sure, the attitude of a great many people when I say we have reason to be grateful to the Senator from Oregon for his scholarly exposition this afternoon and for his fairness, his courage, his sense of justice, and his ability to see the issue clearly as one of national interest.

Mr. MORSE. Mr. President, I appreciate very much the statement of the Senator from Connecticut, who is a great lawyer, with a brilliant legal record. I particularly appreciate his evaluation of the argument I have sought to make.

I am convinced that the law is clearly on my side so far as the constitutionality of my proposal is concerned, or I would not be offering it. I am satisfied that the public interest is on my side, because the boys and girls who go to private schools are entitled, it seems to me, to the kind of facilities that are necessary in order to make it possible for them to get a good education. Our amendment seeks to provide for them, on a loan basis, the same adequate facilities we seek to get for public school students on a grant basis.

The Senator from Connecticut is so right when he points out the great contribution that the parents of private school students really make to the public school interests. I have used the figure in my argument this afternoon, but it needs to be used over and over again, because it is a telling one.

They contribute, really, $1,185 million to the taxpayers of the country, because if these boys and girls were not in private schools, that amount of money would have to be spent in public schools for them. In fact, that is the minimum amount. It might be higher than that, because of the resulting problems of congestion and administrative difficulties that would be created in the public school system if all these boys and girls all at once walked into the front doors of our public schools, including the great increase in teachers' salaries which would be required because of the additional number of teachers that would have to be hired. I think the amount would be much more than $1,185 million.

That amount of money would have to come out of the public coffers to meet the educational needs that would be created by the admission into public schools of all the students now in private schools.

May I say also I think there would be another costly result. Because of all the difficulty that would be created by the additional number in public schools un-

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Virginia were aimed at the evils of an established state religion (pp. 275–277). These four provisions are now found in Va. Code Ann., sec. 34 (1942).

(4) As President, Jefferson used public funds for chaplains in the Army and Navy and signed an Indian treaty requiring payment of public funds for the salary of a Catholic missionary priest (pp. 77, 116–117).

[19] Pp. 87–107, O'Neill mentions such facts as these concerning Madison's position:

(1) Madison was a member of the congressional joint committee that instituted the chaplain system in Congress (pp. 99–100).

(2) Throughout Madison's term as President public funds were used to provide chaplains for the Army and Navy (p. 102).

(3) During Madison's administration, public funds were used for religious purposes on the Indian reservations (p. 102).

(4) Madison's original draft of the portion of the proposed first amendment dealing with an establishment of religion read: "Nor shall any national religion be established" (p. 103).

(5) The Memorial and Remonstrance was a protest against making the Christian religion the established religion of Virginia (pp. 88–89).

[20] P. 109, illustrative are these:

(1) Congress has elected House and Senate chaplains as salaried officers since 1790 (pp. 110–111).

(2) Since the First Congress, provision has been made for Army and Navy chaplains (p. 111).

(3) Under the GI bill of rights, public funds are paid to religious schools and colleges (p. 120).

(4) Federal funds are paid to religious schools for the care of Indian children (p. 120).

(5) Shortly after the McCollum decision was handed down, Congress appropriated $500,000 to erect a chapel for religious worship at the U.S. Merchant Marine Academy (p. 120).

[21] Pp. 62–65. The author cites these works: "Story's Commentaries," secs. 1873, 1874, 1877 (5th ed. 1891); Cooley, Constitutional Limitations," 584 (4th ed. 1878); Corwin, "The Constitution—What It Means Today," 154 (9th ed. 1947).

Not listed by O'Neill, but also important are Cooley, "Constitutional Law," 259 (4th ed. 1931); Black, "Constitutional Law," 518 (4th ed. 1927); Willoughby, "Constitutional Law," sec. 723 (2d ed. 1929).

[22] *Adamson* v. *California* (332 U.S. 46 (1947)). In this case a majority of the Court, speaking through Mr. Justice Reed, followed the view that only the provisions of the Bill of Rights that are "implicit in the concept of ordered liberty" are secure from State interference under the due process clause of the 14th amendment. A minority of the Court agreed with Justice Black. In his dissenting opinion he took the position that the 14th amendment made the Bill of Rights applicable to the States.

[23] P. 161.

[24] However, a dictum in the Court's opinion indicates that the 1st amendment is made applicable to the States by the 14th.

[25] "In all of the discussion in Congress apparently no one had in mind a change that would have any effect at all on any question of religion or religious education. This is not surprising when one considers that in the first century after the adoption of the Bill of Rights we find no evidence either in public discussion or legislative debate that anyone thought 'an establishment of religion' meant anything other than what it had meant to Jefferson, Madison, and the men who wrote, adopted, and ratified the first amendment" (p. 160). See also pp. 163–168, 185–186.

equipped to meet their educational needs, there would be a great educational loss to America. There would be many a brain that would not be developed to its maximum potential.

Mr. President, if you want to be perfectly economically selfish about this question, you and I lose, in terms of national wealth, every time the potential brainpower of an American boy or girl is not developed to its maximum extent. So, Mr. President, I do not care how you look at this problem. I do not see how you can escape the force of the argument that we have an obligation to make money available, on a loan basis, to give these boys and girls a fair opportunity for an adequate education.

MORAL ISSUE AS WELL AS EDUCATIONAL ISSUE

Nothing has been said, but I will mention it in passing, because to me it is the controlling argument, about our moral obligation. We are a great people. We talk about our dedication to moral values. Mr. President, do you know of anything more valuable than the potential of a little grade school boy or girl in America? Do you know of anything more precious or priceless?

If you just look at the question from the moral standpoint, our duty, as people who believe in moral values, is to be unselfish, willing to sacrifice, if necessary, certainly willing to make some loan money available to give boys and girls an educational opportunity that they would not enjoy to their fullest potential if we did not follow such a course of action as I propose this afternoon.

Whether met on the legal argument, on the economic argument, or on the moral argument, I am satisfied that our amendment is correct.

Mr. President, many Senators wanted me not to offer the amendment. I am offering it because I think it is in the interest of my country, and I think we ought to agree to it this afternoon.

Mr. President, I turn now to a very brief discussion of the amendment to the amendment which I am about to offer. I offer it on my own responsibility.

On page 4, line 4, after the period insert the following new sentence:

"In making loans within any State under the provisions of this section, the Commissioner shall give priority to applicants proposing to construct school facilities in areas where the public schools are in operation."

My argument for the amendment is very brief, as follows:

Some issue has been made, and it is one I have thought about a great deal before offering this amendment, of the question of Federal support of some kind going to private schools which are racially segregated.

CONGRESS HAS IGNORED SEGREGATION QUESTION

Of course, that whole matter is ignored in the pending bill. Under S. 8, funds for construction would be assigned to State public schools which continue to be segregated, in spite of Supreme Court rulings to the contrary.

The sad fact is that the Congress of the United States has not come to grips with this situation in any of its Federal programs. We have Public Laws 815 and 874 extending grants of Federal aid to racially segregated public schools; the same is true of the grants of the National Science Foundation; the college housing loan program applies to both public and private segregated schools; so does the school lunch program. The Department of Defense carries on its reserve officer training programs in racially segregated institutions, both public and private.

It is my opinion that Congress should deal with this matter in general terms. It is not enough that we let the Supreme Court hold the bag, so to speak, on racial discrimination. The Congress, too, has an equal responsibility to uphold the Constitution, and the Supreme Court has made very clear that under it segregated public facilities are not permissible.

However, the courts have also laid down a rule of reason regarding the adjustment necessary in many States. For that reason, many Members of Congress take the view that no legislative directive is called for in a program like the one authorized in S. 8.

In the case of a loan to a private school, the position of the courts is less clear. So far as I have been able to determine, there has been no ruling on any of the grant or loan programs I have mentioned as they apply to institutions which are both private and segregated.

NEED BASIS JUSTIFIES AMENDMENT

Nonetheless, the purposes of S. 8 and my amendment are to expand the educational facilities of the American school system. It makes no sense to lend money for construction of private schools when the public schools nearby stand idle and empty.

Therefore, on the basis of the need alone, I believe that in making loans under my amendment the Commissioner of Education should give priority to those applications coming from areas where the public schools are also in operation.

To say that no Federal loan for this one level of private school construction shall go to a racially segregated school is to strain at a gnat after swallowing the camel, since there is no such restriction on any other Federal loan or grant program to either private or public institutions. At the same time, the purpose of the bill we are considering is to help meet the demand for classrooms caused by our rising student population.

I believe that the purpose of this entire measure will best be served if the Commissioner of Education can take into account the fact that public schools are closed and available classrooms are unused in some areas in determining who shall be entitled to the limited loan funds under my amendment.

I wish to discuss this proposal very frankly, for the purpose of legislative history, Mr. President, in terms of two hypotheticals.

Let us suppose that my amendment becomes the law. Let us suppose that State X abolishes some of its public schools because it seeks to evade the application of the U.S. Supreme Court decisions in the school cases, and that private schools which the State seeks to adopt or which the State seeks to sponsor come before the Commissioner to ask for a loan.

Under my amendment, the Commissioner would be required to give priority to loans to private schools where the public schools continued in operation. Therefore, he would be in a position to deny a loan to a private school which was being set up as the result of State action which sought to subvert the great principle laid down by the U.S. Supreme Court, that under the 14th amendment segregation in public schools is unconstitutional.

Mr. President, I think that is a very fair and reasonable position for me to take, in view of my known dedication to the civil rights cause, a dedication in complete support of the Supreme Court decision, which caused me in 1957 to be the only northern Democrat who voted against the 1957 civil rights bill. In my judgment, when title 3 was stricken from that bill we in effect walked out on the U.S. Supreme Court by failing to include in the bill any enforcement procedure which would make it possible to give effective meaning to the Court decision.

It should be said, so that my colleagues will know, I have refused to propose an amendment which certain civil rights groups strongly—and strongly is a mild term—urged me to add to my amendment. Those groups wanted me to add an amendment which would provide for a complete denial of any loan to any private school in which segregation may now exist.

Mr. President, I take the point of view that we ought to pass a general civil rights bill, and that we should not try to add a little segment of civil rights to each piece of proposed legislation that comes before us, which would almost guarantee in advance that the proposed legislation would be defeated.

I took that position, Senators will remember, in 1949 when I opposed on the floor of the Senate and voted against an amendment which was offered to a public housing bill.

The amendment which was offered to the public housing bill, in my judgment, was offered by some, at least, who were motivated by a desire to "scuttle" the bill. It was a public housing bill which sought to make available to municipalities funds to be used for slum clearance and other public housing uses. I would not vote for an amendment to the bill which sought to embody in the bill a nonsegregation provision, because I felt that it was an attempt to prevent the passage of any bill at all, which would have resulted, in my judgment, had the amendment been added to the bill. I said then, as I say here on the floor of the Senate today, "Count me in when you want to bring to the floor of the Senate a thoroughgoing civil rights bill which backs up the decisions of the U.S. Supreme Court in respect to the meaning of the 14th and 15th amendments."

But I am not going to destroy any chance of having my amendment passed on the floor of the Senate in the year 1960 by offering an amendment which is not contained in the public school section of Senate bill 8, which is not contained in the Hill-Burton Act, and which is not contained in a single one of the legislative precedents which I cited earlier in my argument this afternoon.

At the same time, my amendment should not be used as a subterfuge in a controversy which might develop in States X and Y in regard to a proposal to close public schools.

AMENDMENT ESTABLISHES PRIORITY

So all my amendment provides is that the Commissioner of Education must give priority to requests for loans from applicants proposing to construct school facilities in areas where the public schools are in operation.

Thus we have the kind of hypothetical to which I have referred, namely, a situation in which a State abolishes its public schools and then seeks to use the Morse amendment as a way of getting money for a segregated school which it seeks to establish in order to evade the decision of the U.S. Supreme Court. My amendment would become applicable and the private school would not get the funds, because obviously priority would be given to others, and the requests would be so great that there would not be any funds available for a private school which was only a subterfuge.

That is my amendment. I think it is a very fair solution of what we all must admit is a very delicate problem. We all must admit that unless we rise above blind partisanship and prejudice in connection with this issue we may jeopardize all good legislation in this field. I think this is a very workable compromise. I send my amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Oregon will be stated.

The LEGISLATIVE CLERK. On page 4, line 4, after the period, it is proposed to insert:

"In making loans within any State under the provisions of this section, the Commissioner shall give priority to applicants proposing to construct school facilities in areas where the public schools are in operation."

* * * * *

The legislative clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. MORSE] to his own amendment on page 4, line 4. [Putting the question.]

The PRESIDING OFFICER. The "ayes" appear to have it.

Mr. MORSE. Mr. President, I ask for a division.

The PRESIDING OFFICER. As many as favor the amendment will rise and stand until counted. [After a pause.] Those who oppose the amendment will rise and stand until counted.

Mr. JOHNSON of Texas. 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.

The question is on agreeing to the amendment of the Senator from Oregon to his own amendment on page 4, line 4.

Mr. DIRKSEN. Mr. President, have the yeas and nays been ordered on this amendment?

The PRESIDING OFFICER. They have not.

The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE] to his own amendment on page 4, line 4. [Putting the question.]

Mr. MORSE. Mr. President, I ask for a division.

On a division, the amendment to the amendment was rejected.

Mr. MORSE. Mr. President, I ask unanimous consent that the Senator may yield to me without losing his right to the floor.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). Is there objection to the request of the Senator from Oregon? The Chair hears none, and it is so ordered.

Mr. MORSE. Mr. President, the Senator from Illinois [Mr. DIRKSEN] has a perfecting amendment which he suggests be adopted in regard to my amendment. I am in perfect agreement with the proposal. However, since the yeas and nays have been ordered, on my amendment, it will be necessary to ask unanimous consent for me to accept the Senator's proposed amendment. I am sure the Senate will oblige us in that regard.

Mr. DIRKSEN. Mr. President, I trust consent will be granted.

I suggest to the Senator that on page 2, in line 10 of his amendment, where the amendment refers to loans, there should be inserted the words "State certified and approved."

The line would then read "for making loans to State certified and approved private nonprofit elementary and secondary schools."

I believe that language is carried in other acts. It would meet one of the specifications of the Department of Health, Education, and Welfare.

Mr. MORSE. Mr. President, I think this is a very sound amendment. I say in defense of the amendment as it was written that it contemplated, of course, that the Commissioner of Education would require this be done anyway, because he has the authority to pass on each individual request.

What the Senator from Illinois has in mind—and it is a very laudable objective—is to see to it that we shall not incur the danger of running into the kind of scandalous situation which developed in connection with the GI education bill, when we had schools mushroom into existence overnight, only to take advantage of the GI's to their detriment.

This is a sound amendment, Mr. President, and I ask unanimous consent that the Senate permit me to accept it as a modification of my amendment, in view of the fact that the yeas and nays have been ordered already on my amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon that he be permitted to modify his amendment as suggested? The Chair hears none, and the modification is permitted.

Mr. MORSE. I thank the Senator from Illinois, and I thank the Senator from South Carolina.

* * * * *

Mr. MANSFIELD. Mr. President, I understand the Senator from Oregon wishes to propound a few inquiries to the minority leader. I hope that when that colloquy is concluded we may, with the approval of the Senate, have another quorum call, with the stipulation that the the end of the quorum call—it would not be a live quorum call—the Senate will proceed to a vote on the amendment.

Mr. MORSE. Mr. President, I desire the attention of the minority leader.

An hour or so ago, the Senator from Illinois offered a perfecting amendment to my amendment, on page 2, line 10, after the word "to" to insert "State certified and approved," so as to make the phrase read: "to State certified and approved, private nonprofit elementary and secondary schools in the States for constructing school facilities."

I accepted the amendment because I am sure the Senator from Illinois and I are of one mind as to the purpose of the amendment.

As I said in the earlier debate, we seek to prevent the misuse of this amendment, as occurred in some instances under the GI bill in the providing of funds for GI's to go to private schools. There was a mushrooming overnight of so-called private schools which were anything but real educational institutions.

Since we agreed upon the amendment of the Senator from Illinois awhile ago, it has been suggested to me that a problem may be raised which we ought to try to clarify on the floor of the Senate by way of legislative history, because I accepted the amendment with the purpose I have just stated, namely, to make certain that legitimate private schools may receive loans under this proposal.

However, I have been advised that many States do not have formal procedures for certifying or approving private schools. What they have are State statutes which authorize the graduates of such schools to go on to high school or on to college. So I should like to ask this question of the Senator from Illinois:

I assume it is the intent and purpose of the Senator's clarifying amendment that loans will be made available only to those schools where the attendance by pupils satisfies the compulsory school attendance statutes.

Mr. DIRKSEN. That might be one of the factors; there could be others, of course. I do not have all the relevant provisions of the different statutes in mind. But certainly the Department of Health, Education, and Welfare and very particularly its general counsel, would be mindful of exactly the situation which the Senator from Oregon has in mind.

When this matter first came to my attention, I thought I ought to make some inquiry as to whether this provision would offer a completely unregulated loan possibility to any kind of school, with no respect to the statutes of the given States at all. It was on the basis of observations made by the general counsel of the Department of Health, Education, and Welfare, who would manifestly speak for the Commissioner of Education also, that this language was suggested.

Mr. MORSE. May I tarry a moment longer? I think the Senator from Illinois and I are of one mind.

So that the legislative history may be perfectly clear, does the Senator from Illinois agree that when the Commissioner of Education finds that under the State statutes of any State a private school meets the standards necessary to qualify its students under State law to transfer back and forth from a private school to a public school, and to advance from a private school to a higher school, such a school would fall within the purview of this amendment and would be eligible for a loan under it?

Mr. DIRKSEN. Mr. President, that would be very definitely my understanding of the language here involved.

Mr. MORSE. I thank the Senator very much.

Mr. MANSFIELD. Mr. President, with the approval of the Senator, I should like to make a unanimous-consent request: I wish to suggest the absence of a quorum, with the proviso that at the conclusion of the call—and it would not be a live quorum—the Senate immediately proceed to vote on the Morse amendment.

The PRESIDING OFFICER (Mr. BYRD of West Virginia in the chair). Is there objection?

Mr. DIRKSEN. Mr. President, will the Senator from Montana withhold his request for a moment, please?

Mr. MANSFIELD. Certainly.

Mr. DIRKSEN. Mr. President, this will be the best opportunity to say a word or two about this amendment.

Frankly, I am grateful to the Senator from Oregon for having accepted the perfecting language; but I still have some difficulty with this amendment. I do not press my opposition upon other Senators; but I make this statement, rather, to provide the legislative history.

The interest rate provided in this amendment is the higher of two; one is 2¾ percent, as I understand; and the other would be the average rate on all interest-bearing obligations which are a part of the public debt, plus one-eighth of 1 percent. So if the average at the present time is 2⅝ percent, and if one-eighth of 1 percent is added, that would be 2¾ percent. So in either event, as of this moment, the highest rate of interest which could be charged on the loans would be 2¾ percent.

Mr. MORSE. I am not so advised by the experts who helped draft this amendment. What we have here is the same provisions which is to be found in the College Housing Act.

Mr. DIRKSEN. That is quite correct; to that, I agree.

Mr. MORSE. It is the same as the provision in that act; and I understand it is also the same as the provision in two or three other acts.

Mr. DIRKSEN. Exactly.

Mr. MORSE. I understand that we can forget about 2¾ percent per annum, now, because of the general increase in interest rates; and I am advised that the rate would be in excess of 2¾ percent, because the amendment provides: "Not more than the higher of (A) 2¾ per centum per annum, or (B) the total of one-quarter of 1 per centum per annum," and so forth. I am advised that at the present time it would be in excess of 2¾ percent, but it would be flexible from year to year as the money situation in the country would change.

Mr. DIRKSEN. Mr. President, my understanding—as of perhaps a good hour ago—is that the best information I could get is that the average interest rate is about 2⅝ percent. If we add one-eighth of 1 percent, we

would have 2¾ percent. The other alternative of the bill is 2¾ percent; so the rate would be somewhere in the range of 2¾ percent, and conceivably it might be 3 percent.

The point I make is that the last two issues financed by the Treasury were at 4⅞ percent. So even if we got up to 2⅞ percent, under either alternative of this amendment, the Treasury would still be losing 2 percent on every dollar which was loaned under the $75 million herein authorized.

The reason I make the point is simply that today we have the REA loans which are made at 2 percent, no matter what the Treasury has to pay in order to get the money; and whatever the difference is, it is very definitely a loss to the Federal Treasury.

The question is, how long can we continue to finance at that rate, if we undertake to do this in a great many fields? If we are going to borrow at 4⅞ percent and if we are going to loan at 2¾ percent, obviously the more we loan, the more we lose.

The situation is a little like that of a fellow I knew in Bridge Square in Minneapolis, when I went to school there. He had in front of his store a sign, "Clothing Below Cost." I asked him, "How do you sell it below cost and still stay in business?"

He replied, "The reason is that we sell so many suits." [Laughter.]

So, Mr. President, you will realize that if many suits are sold, and if a loss is taken on each suit sold, something is going to happen. But he said that was the way he stayed in business.

Perhaps I can best describe the situation by referring to an old wheeze that Dr. Eaton used to tell, years ago, in the House of Representatives. He was a very gracious and distinguished minister who became a Member of the House. I remember chortling, one day when I was sitting in one of the front seats, when he unfolded this tale:

He said that a teacher once told her pupils to get out their pencils and their slates and figure the answer to the following: Suppose a cat fell into a well 100 feet deep, and suppose the cat tried to climb out of the well; but suppose that every time the cat climbed up 1 foot, the cat fell back 2 feet. The question, then: How long would it take the cat to get out of the well?

Dr. Eaton said that the children went to work with their pencils and their slates; and finally one boy raised his hand. The teacher said, "Johnny, can I be of any help?"

The boy replied, "Teacher, if I can have a couple of more slate pencils and another 45 minutes, I'm pretty sure I can land that cat in hell." [Laughter.]

So here we are proposing to have the Government lend at 2⅞ percent and borrow at 4⅞ percent. I should like any Senator to tell me how long any business enterprise could exist under those circumstances.

So I feel that the legislative history of the interest provision must be made, notwithstanding the fact that the distinguished Senator from Oregon is exactly right on the college housing loans and those in other fields.

But I resisted and fought them on the floor, on the ground that the interest rate was a subsidized interest rate. And I must also lift up my voice and object to this one, on the ground that even though it is for the benefit of loans to nonprofit private schools, it is still a subsidized interest rate; and if we sudsidize enough of them, I do not know what the solvency of our Federal Treasury and of our budget will finally be.

So, Mr. President, having made the legislative history, I am content to leave it at that point.

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

Mr. DIRKSEN. I yield.

Mr. MORSE. I have asked the Senator from Illinois to yield, so that I can make what I now say a part of his presentation, rather than mine.

I am glad the Senator from Illinois is making the legislative history, because I know he realizes that I want all the facts brought out clearly here before Senators vote on this provision.

I wish to point out clearly what the provision is, beginning with the "(B)" portion of paragraph (3), on page 3:

"(B) the total of one-quarter of 1 per centum per annum added to the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date on which the contract for the loan is made and adjusted to the nearest one-eighth of 1 per centum."

That means that we take all of the Government's interest-bearing obligations—not the lowest or the highest, but the average of all of them—and add to that rate one-fourth of 1 percent above the average; and that is what we say we shall make available by way of interest charges to these private schools—just as we do to private colleges now, in connection with the housing program for them and in connection with the Government's supplying them in some instances with the construction of laboratories and the equipment of laboratories; and they are sectarian colleges as well as private colleges.

The burden of my argument this afternoon was that I think the same equities should flow to the secondary schools and to the elementary schools, in view of the figures which I presented; namely, that at the present time they make a contribution of $1,185 million a year, minimum, to the taxpayers of the United States, from the standpoint of the educational services they render the children who now are attending those private schools.

This afternoon I said, and I now repeat, that in my judgment—and I would not be a party to the amendment if I thought it to the slightest degree violated this—this amendment is completely clear of any successful challenge on the ground of violation of the principle of the separation of church and state. This amendment is in line with all the list of legislative precedents which I set forth this afternoon—such as the Hill-Burton Act, the National Defense Education Act, the College Housing Act, and others. I think it is an equitable and fair and deserving amendment; and I offer it on its merits.

Mr. DIRKSEN. Mr. President, I can only say, in response to the Senator from Oregon, that I have made no contention on any score with respect to the amendment, except to point what the interest rate is.

At 6 o'clock, I inquired of the Treasury, "What is the average annual interest rate on the obligations which are a part of the public debt?"

The reply was, "As of now, it would be about 2⅝ percent."

If we add one-fourth of 1 percent, we have 2⅞ percent. The other alternative is 2¾ percent.

So one can take his choice; but the difference between what the Treasury will receive and what the Treasury will have to pay on its borrowings will still be 2 percent. So, as of now—and of course it could change, I must admit; but as of now—as this money becomes available, if it does become available, on every dollar of the $75 million that is loaned, the Federal Government will lose a clear 2 percent; and, in consequence, I fortify the conclusion I stated, namely, that one cannot stay in business a long, long time on such a basis, because it is just like the basis used by the man who was selling suits at a loss, for when I asked him, "How do you stay in business?" he replied, "It is because I sell so many suits."

If this is good business, of course we should do it across the board; and then the more the Government would lose, the sounder and the more solvent the Government would become.

Mr. KEATING. Mr. President, will the minority leader yield, so that I may propound an inquiry of the author of the amendment?

Mr. DIRKSEN. I yield.

Mr. KEATING. On page 2, in lines 13 and 14, following the provision to the effect that the loans are authorized to be made by the Commissioner, the amendment then provides "and the total amount of such loans which shall be allocated to qualifying schools in each State."

Would the distinguished author of the amendment point out to me what is intended by the word "qualifying?"

Mr. MORSE. I want to call the attention of the Senator from New York to the fact that on line 10——

Mr. KEATING. I may say to the Senator that I am familiar with the amendment which was accepted by the author of the amendment, the one suggested by the Senator from Illinois. I wondered whether this word went further. In other words, specifically, is it the opinion of the author of the amendment that if a pattern of schools in a State did not comply with the Constitution of the United States as interpreted by the Supreme Court, they would be qualifying schools?

Mr. MORSE. As the Senator knows, I offered an amendment this afternoon, which was defeated, that bore directly on that point. In that amendment I sought to provide that priority would be given to private schools that sought loans only in the areas where public school facilities were in operation.

Mr. KEATING. Even without the Senator's amendment, does he not feel that such a school would not qualify under the terms of the law?

Mr. MORSE. That is going to be determined by State statute. What I had in mind was what I said to the Senator from Illinois earlier, namely, the schools that qualify under State statute, that transfer students from private schools to public schools, or advance students graduating from grade school to high school or from high school to college. That is what is intended by the term "qualifying schools" on line 14 of page 2 of the amendment. Such private schools must be private schools that qualify under State statute by meeting compulsory school-attendance requirements of the State, for example.

Mr. KEATING. But if those schools qualified under a State statute, but the State statute was invalid under the Constitution, then they would not be qualifying schools?

Mr. MORSE. I will come to that point in a moment. This particular language is intended by the author to apply only to the statutes of any State, in which there are private schools qualified to transfer their students or to promote their students to public schools.

But now to the question the Senator directly asked: There is no intention on the part of the author of the amendment to have the language "qualifying schools" used as a gimmick whereby a question can be raised on the whole segregation matter.

I tried to meet that problem earlier, openly, by the amendment I offered, on which I did not get sufficient support to have it adopted. I said in the debate this afternoon that, in my judgment, Congress should enact civil rights statutes and give to the Supreme Court the backing I think it ought to have in order to assure successful enforcement of its decisions. But this language has nothing whatever to do with that issue.

Mr. MANSFIELD. Mr. President, I renew my request.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered. The clerk will call the roll.

The Chief 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.

The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE], as modified. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. McGEE], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

The Senator from Mississippi [Mr. EASTLAND] and the Senator from Oregon [Mr. NEUBERGER] are absent because of illness.

The Senator from Florida [Mr. SMATHERS] is absent on official business attending the Latin American Trade Study Mission as chairman of the Latin American Trade Subcommittee of Senate Interstate and Foreign Commerce Committee.

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Arkansas [Mr. FULBRIGHT]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Arkansas would vote "nay."

The Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from Wyoming [Mr. O'MAHONEY]. If present and voting, the Senator from Mississippi would vote "nay," and the Senator from Wyoming would vote "yea."

The Senator from Massachusetts [Mr. KENNEDY] is paired with the Senator from Wyoming [Mr. McGEE]. If present and voting, the Senator from Massachusetts would vote "nay," and the Senator from Wyoming would vote "yea."

The Senator from Montana [Mr. MURRAY] is paired with the Senator from Colorado [Mr. ALLOTT]. If present and voting, the Senator from Montana would vote "yea," and the Senator from Colorado would vote "nay."

I further announce that if present and voting the Senator from Oregon [Mr. NEUBERGER] would vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from Indiana [Mr. CAPEHART] is necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is necessarily absent.

The Senator from Colorado [Mr. ALLOTT] is paired with the Senator from Montana [Mr. MURRAY]. If present and voting, the Senator from Colorado would vote "nay," and the Senator from Montana would vote "yea."

The result was announced—yeas 37, nays 49, as follows:

Yeas, 37: Aiken, Bartlett, Bridges, Bush, Carroll, Case of New Jersey, Clark, Cotton, Dodd, Douglas, Engle, Fong, Hart, Hartke, Hennings, Humphrey, Jackson, Keating, Kefauver, Kuchel, Lausche, Long of Louisiana, McCarthy, McNamara, Magnuson, Mansfield, Martin, Morse, Muskie, Pastore, Prouty, Proxmire, Saltonstall, Smith, Williams of New Jersey, Young of North Dakota, Young of Ohio.

Nays, 49: Beall, Bennett, Bible, Brunsdale, Butler, Byrd of Virginia, Byrd of West Virginia, Cannon, Carlson, Case of South Dakota, Church, Cooper, Curtis, Dirksen, Dworshak, Ellender, Ervin, Frear, Goldwater, Gore, Green, Gruening, Hayden, Hickenlooper, Hill, Holland, Hruska, Javits, Johnson of Texas, Johnston of South Carolina, Jordan, Kerr, Long of Hawaii, McClellan, Monroney, Morton, Moss, Mundt, Randolph, Robertson, Russell, Schoeppel, Scott, Sparkman, Stennis, Talmadge, Thurmond, Williams of Delaware, Yarborough.

Not voting, 14: Allott, Anderson, Capehart, Chavez, Eastland, Fulbright, Kennedy, McGee, Murray, Neuberger, O'Mahoney, Smathers, Symington, Wiley.

So Mr. MORSE's amendment, as modified, was rejected.

Mr. MORSE. Mr. President, I particularly call to the attention of the Cardinal the position I took on February 4, 1960, and I challenge him to find the slightest deviation in the record of the senior Senator from Oregon in respect to his continued support of a loan bill for private schools.

President Kennedy, through his administration and under the leadership of one of the most dedicated public servants I know, the Secretary of Health, Education, and Welfare, Mr. Ribicoff, presented to Congress early this year the administration's Federal aid to education proposals. The record is perfectly clear that the President did not include in his proposal any loans to private, secondary and elementary schools.

The record is perfectly clear that on February 4, 1960, the President of the United States, then a Senator from Massachusetts, was paired against the amendment of the senior Senator from Oregon. I do not speak for the President when I make these remarks, and I speak only for the record, but the record is perfectly clear that the President of the United States has followed a consistent course of action on this highly volatile subject. He has taken the position that he questioned the constitutionality of loans to elementary and secondary schools under any blanket uniform application of the loans to private schools.

The record is clear that at various times this year in statements he has released to the public and in his press conferences the President of the United States has taken the position that he thinks there is a difference between a loan program for private elementary and secondary schools and a loan program, or in some instances grants, to institutions of higher learning which are also private educational institutions. The President and I have not been in complete agreement on the legal distinctions which his advisers have given to him in regard to this matter.

As my colleague from Pennsylvania [Mr. CLARK], who is in the Chamber, knows, being a very able member of my subcommittee, when this question was under discussion during the hearings, I filed, on several occasions, a caveat in regard to the position of the President both as to his recommendations concerning loans to private elementary and secondary schools and his statement of approval of loans to private schools of higher education for specific purposes.

It is well known in the Senate that after the administration's Federal aid to education bill was offered, the Catholic bishops assembled in Washington, D.C., on March 2, and issued a statement which I shall read in a moment. That statement was interpreted—and I think rightly so—as taking a position on their part that if there was to be Federal aid to public schools, there would also have to be Federal aid to private schools, if their support was to be obtained.

We are all familiar with the newspaper comment at the time. Many articles were written to the effect that the Catholic bishops and hierarchy had laid down a mandate. That resulted in a division of opinion.

I said at the hearings that I thought their strategy was ill advised and I hoped they would change it. I still think so. It is not too late. However that action gave rise in Congress—and let us be frank about it—to various proposals for combining in one bill aid to public schools and aid to private schools. These proposals were not consistent with the President's program.

It was my responsibility—and I did not ask for it, but it resulted from my position on the Committee on Labor and Public Welfare—to be the administration's leader both in committee for Federal aid to education legislation, and also in the Senate.

It is no secret, but a matter of common knowledge, that a series of policy conferences took place, as the Senator from Pennsylvania and the Presiding Officer of the Senate [Mr. PELL] are well aware, as to what the legislative program should be. Members of the Committee on Labor and Public Welfare met from time to time with representatives of the administration, including representatives from the White House and including the Secretary of Health, Education, and Welfare together with his policy advisers and legal assistants.

There is no question about the fact that the position taken by the Catholic spokesmen in their pronouncement of March 2 received careful consideration within Congress on the part of those of us who had the responsibility to seek to carry through Congress the President's program on Federal aid to education.

It is no secret that in those conferences—and I will speak only for myself. I took the position of keeping aid for public schools separated as an issue from aid for private schools. I think it will be agreed by all my colleagues, because of my position as chairman of the subcommittee I shared, at least, the responsibility for keeping the issues separated. I opposed adding to the administration bill any amendments calling for aid to private schools. I took the position—and I am as firmly convinced tonight of its correctness as when I took it—that we had two distinct legislative jobs confronting us in this field. One was to pass a Federal aid bill for public schools, and the other was to pass for private schools, within the constitutional framework of this Government a separate Federal aid bill.

Silence on these very delicate problems is not going to solve them. The American people know whereof I speak. Catholics, Protestants, Jews, and others by an overwhelming majority cannot escape the conclusion that I now state. It is that no good could have been accomplished by intermingling in a bill for Federal aid to public schools provisions

for aid to private schools. If there are any doubters among us, let them read the public record of the hearings before the Subcommittee on Education. The hearings leave no room for doubt as to the soundness of the conclusion I have just stated. Testimony was taken from witnesses representing all denominations. It was sincere and honest testimony which convinced me that if we try to intermingle these two types of aid, we will raise in this country a religious issue of serious proportions. In my judgment such an issue is not good for this Republic. It does not need to be raised in order to settle this matter which can be settled right and in accordance with the legitimate interests of both the public and the private schools.

I said so at the time, and I say so now. I said it when witnesses for the Catholic point of view appeared before our committee. I demonstrated my good faith to them. Of course I could not give any pledge or assurance nor could any Senator that if we kept the two subject matters, aid to public schools and aid to private schools, separate, that it would be possible to pass both bills in this session of Congress.

I also said, and I am completely convinced that I am right, that if an attempt were made to commingle the two, there would be no chance to pass either of them; that to do so would kill legislation for Federal aid to education.

I say most respectfully, that I do not believe the position taken by the cardinal in the past several months and today has been at all helpful in advancing the cause either of a separate bill for Federal aid to public schools or a separate bill for Federal aid to private schools. So far as I am concerned, the cardinal will have to take his share of the responsibility for the twin facts that Congress has neither passed a bill for Federal aid to education for the benefit of public schools, nor has it proceeded, as I think it would have by now, toward the passage of a proper, fair, reasonable, and constitutional Federal aid bill for private schools.

I do not intend to let His Eminence shift this burden to my back merely because I stood up at Philadelphia, in compliance with the responsibilities which I owe to the voters of Oregon and the Nation, to set forth the facts as I see them about what has happened in the Federal aid to education controversy during this session of Congress.

Mr. President, I have referred to the statement of the Catholic spokesman issued on March 2, 1961. Now I shall read it into the RECORD.

CATHOLIC STATEMENT

Following is the text of a March 2 statement on Federal aid to education issued by Archbishop Karl J. Alter, of Cincinnati, chairman of the administrative board of the National Catholic Welfare Conference, following a March 1 meeting of the board.

Board members attending the meeting included Cardinals Francis Spellman, of New York, James Francis McIntyre, of Los Angeles, Richard Cushing, of Boston, Albert Meyer, of Chicago, and Joseph Ritter, of St. Louis; Archbishops Alter, William E. Cousins, of Milwaukee, and John F. Dearden, of Detroit; and Bishops Albert E. Zuroweste, of Belleville, Ill., Joseph M. Gilmore of Helena, Mont., Lawrence T. Shehan, of Bridgeport, Conn., Allen J. Babcock, of Grand Rapids, Mich., and Emmett M. Walsh, of Youngstown, Ohio.

"Yesterday the administrative board met and considered in addition to the routine questions the particular problem of Federal aid to education. In the absence of the official minutes I think I can summarize the discussion fairly and briefly as follows:

"1. The question of whether or not there ought to be Federal aid is a judgment to be based on objective economic facts connected with the schools of the country and consequently Catholics are free to take a position in accordance with the facts.

"2. In the event that there is Federal aid to education we are deeply convinced that in justice Catholic school children should be given the right to participate.

"3. Respecting the form of participation, we hold it to be strictly within the framework of the Constitution that long-term, low-interest loans to private institutions could be part of the Federal aid program. It is proposed, therefore, that an effort be made to have an amendment to this effect attached to the bill.

"4. In the event that a Federal aid program is enacted which exclude children in private schools these children will be the victims of discriminatory legislation. There will be no alternative but to oppose such discrimination."

Mr. President, that statement, as we all know, brought forth a controversy in the press. Statements and counterstatements were made by Catholic spokesmen and non-Catholic spokesmen. It was from that controversy that this all-or-nothing charge arose. There is no question that there were those in the House who left no room for doubt in their public statements that they were presenting what was referred to as the Catholic point of view. It was simply, that unless the bill was a joint bill and included aid for the private schools, there would be no bill.

The record is perfectly clear that many took the position that the bill should include not only loans, but also grants. There were those in the House, who, in making public statements about the private schools aid issue, who referred to various briefs on the constitutional question in support of grants, and contended that Catholic schools and other private parochial schools were as much entitled to grants as were public schools.

That controversy left no room for doubt in my mind that it was necessary to keep these two issues separate. I had been convinced before, but, if I had never studied the matter, I would not have needed any further evidence than the statements which were then being made by both Catholic and non-Catholic spokesmen following the release of March 2. I said then, and I repeat tonight, that the statement of the Catholic bishops was ill advised.

However, I will not assume responsibility for the mistakes of Cardinal Spellman and his associates when it comes to this legislative record. I have fought hard, and I intend to continue to fight hard, to do justice to millions of boys and girls in the secondary and elementary schools of the country who are attending private schools. Senators have heard me make the argument many times, because this is an old issue with me. I came to the Senate in 1945, having been elected in 1944. I have participated in every Federal-aid-to-education debate in this body for 17 years. I have been either the author or the cosponsor of practically every Federal-aid-to-education bill that has ever been introduced in the Senate. I was one of the cosponsors of the Taft bill of 1947 and of the Thomas bill of 1949, and was the author of my own bills introduced from time to time since 1949.

I say most respectfully to His Eminence, the cardinal, that I should like to have him produce a record of any Member of Congress in the past 17 years which is more consistent and more vigorous in its defense of support for Federal aid within the limitation of the Constitution of the United States, including its first amendment to little boys and girls in the public and private elementary and secondary schools of this country.

Mr. President, the cardinal cannot repeal the first amendment by seeming to ignore it. It is there; and until the Supreme Court of the United States hands down a decision on all fours, as we lawyers say, it will remain. We need a Court ruling that grants to private schools, elementary and secondary, are constitutional—yes, or a ruling that loans to private elementary and secondary schools, at a cost for the use of the money interest rate, are constitutional. Until such a ruling is received, the cardinal cannot justify leaving an impression which, I respectfully say, his release leaves, irrespective of whether it was designed to leave it or not, that some freedom of the Catholics of the United States is being denied to them by those of us who take the position that a Federal-aid-to-education bill for public schools in this country should be passed.

Mr. President, I have no desire to discriminate against Catholic parents. On the contrary, my desire is to see to it that Catholic parents are given every possible right they have under the Constitution. They should have the full benefit of any Federal education aid the Constitution can make available to them. But as a lawyer I am satisfied that the cardinal is wrong, as a matter of constitutional law, if he seeks to give to the American people the impression that we have discriminated against his religious constituents because we have introduced and passed in the Senate a public school bill which does not provide, in any section, aid for private schools.

In fact, he could not be more wrong, so far as I am concerned, because very early in this controversy this year, on March 29, 1961, a great friend of education, in the Senate—and I engage in understatement when I refer to him as one of the great leaders in this body in connection with all legislative matters involving school problems—the Senator from Pennsylvania [Mr. CLARK] with me, introduced Senate bill 1482. This was a bill to authorize loans to private, nonprofit schools for the construction of elementary and secondary school facilities. Mr. President, I take judicial notice that the cardinal is well aware of that bill. In fact, I go further, and take judicial notice that the cardinal must know, and

knew before he issued his release this morning, that I stand squarely behind Senate bill 1482. I should like to have the cardinal's support of that bill. The press release he really should have issued would have been one in support of Senate bill 1482.

But there is a very interesting factor in this situation: The Senator from Pennsylvania and I introduced this bill, and we began to urge that hearings be held on it. Now I speak only for myself when I say for the record, tonight, that legislative representatives of the Catholic spokesmen urged me not to press for hearings on Senate bill 1482. Why? Well, they gave some interesting reasons; but there was no doubt in my mind that one of the reasons was that the bill contained section 6. In my judgment—and my colleagues have heard me say this before, but I shall repeat it now—the very emotional, volatile issue in this country in regard to application of the first amendment of the Constitution to Federal aid to education legislation for private schools will not be settled until there is a final Supreme Court decision on the subject matter.

The sooner we get it, the better; and again, tonight I make a plea to both the private school advocates and the public school advocates that they get behind a bill such as the Clark-Morse bill, S. 1482, to get it passed, and get it to the Court, for judicial review.

One of our legal difficulties in regard to a matter such as this is to work out, for inclusion in such a bill, a provision which will give the best assurance that lawyers can give that the bill will go through the legal processes and the judical processes to the Supreme Court. To do this we wrote the following language into the bill:

JUDICIAL REVIEW

SEC. 6. (a) Any school whose application for a loan has been denied by the Commissioner under the provisions of subsection (a) of section 4 of this Act may bring a civil action to obtain a review of the final decision of the Commissioner.

(b) Any citizen of the United States upon whose taxable income there was imposed an income tax under section 1 of the Internal Revenue Code of 1954 for the last preceding calendar or taxable year and who has paid any part of such income tax, may bring a civil action against the Commissioner to restrain or enjoin him from taking any action under this Act which the plaintiff challenges as invalid under the first amendment to the Constitution. No additional showing of direct or indirect financial or other injury, actual or prospective, on the part of the plaintiff shall be required for the maintenance of any such action.

(c) Any school which is denied a loan or which has had the amount of the loan it receives reduced because of the lack of funds available in a particular year, may bring a civil action to obtain a review of the decisions of the Commissioner extending loans to other schools insofar as the other loans are claimed to be invalid under the first amendment to the Constitution.

(d) Any action brought under the preceding subsections of this section must be commenced within sixty days after the final decision of the Commissioner. Such action shall be brought in the district court of the United States for the District of Columbia. Upon the commencement of such action the Commissioner shall file in the court the record of the proceedings upon which the findings or decision complained of are based. The district court of the United States for the District of Columbia shall have jurisdiction to hear and determine any such action, and the court shall have power to enter, upon the pleadings and record of proceedings a judgment affirming, modifying, or reversing the decision of the Commissioner. The findings of the Commissioner as to any fact, if supported by substantial evidence, shall be conclusive, but all rulings of law, conclusions of law, and mixed conclusions of fact and law made under subsection (a) of section 4, shall be subject to unlimited judicial review. Any party to such action aggrieved by a final order entered therein by the district court relating to clause 7 of subsection (a) of section 4 shall be entitled to a review thereof by the Supreme Court through the filing in that court, within sixty days after the entry of that order, of an appeal therefrom. Any party to such action aggrieved by a final order entered by the district court on any other ground shall be subject to review in the same manner as a judgment in other civil actions. Any such action pending before any court for hearing, determination, or review shall be heard, determined, or reviewed at the earliest practicable time, and shall be expedited in every practicable manner. Any action instituted in accordance with this Act shall survive notwithstanding any change in the person occupying the office of Commissioner or any vacancy in such office.

That section is a vital part of the bill. I was surprised when Catholic legislative spokesmen said to me that they were somewhat disturbed about that section; that they preferred a bill calling for aid to private schools, without a judicial review section in it.

To have complied with that request would only postpone a final determination of what somehow has to be determined in this country. We must determine the extent to which the first amendment of the Constitution is applicable to any bill providing aid to private schools. But, Mr. President, I am prefectly willing to let the record speak for itself as to whether or not the senior Senator from Oregon has turned against the interests of private schools in the light of this bill.

Mr. President, I ask unanimous consent that the full text of S. 1482 be printed at this point in my remarks.

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

S. 1482—87TH CONGRESS, 1ST SESSION

(In the Senate of the United States, March 29, 1961: Mr. CLARK (for himself and Mr. MORSE) introduced a bill; which was read twice and referred to the Committee on Labor and Public Welfare)

A bill to authorize loans to private nonprofit schools for the construction of elementary and secondary school facilities

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

SHORT TITLE

SECTION 1. This Act may be cited as the "Private School Construction Loan Act of 1961".

DEFINITIONS

SEC. 2. For the purpose of this Act—

(1) The term "Commissioner" means the United States Commissioner of Education.

(2) The term "State" includes the District of Columbia, Puerto Rico, Guam, and the Virgin Islands.

(3) The term "elementary school" means a school which provides elementary education, as determined under State law.

(4) the term "secondary school" means a school which provides secondary education, as determined under State law.

(5) The term "facilities" means classrooms and related facilities (including furniture, instructional materials other than textbooks, equipment, machinery, and utilities necessary or appropriate for school purposes) for elementary and secondary schools, and interests in land (including site, grading, and improvement) on which such facilities are constructed. Such term does not include athletic stadiums, or structures, or facilities intended primarily for events, such as athletic exhibitions, contests, or games, for which admission is to be charged to the general public. Furthermore, such term does not include classrooms or other facilities used exclusively or primarily for education beyond grade 12.

(6) The terms "constructing" and "construction" include the preparation of drawings and specifications for school facilities; erecting, building, acquiring, altering, remodeling, improving, or extendng school facilities; and the inspection and supervision of the construction of school facilities.

LOAN AUTHORIZATION

SEC. 3. The Commissioner is authorized and directed to make loans, from funds provided pursuant to section 11 of this Act, to private nonprofit schools in the States for constructing elementary and secondary school facilities, upon determining that such schools meet the criteria provided in subsection (a) of section 4. The total amount of such loans which shall be allocated to such schools in each State for each year for which funds are provided pursuant to section 11 shall be an amount which bears the same ratio to the total amount provided in such year pursuant to such section 11 as the private nonprofit elementary and secondary school population in such State bears to the total such population for all the States. For the purpose of this section the Commissioner shall use populations for the most recent year for which satisfactory data are available to him. Such loans—

(1) shall be made upon application containing such information as may be deemed necessary by the Commissioner to satisfy himself that the applicant meets the criteria stated in section 4 of this Act;

(2) shall be subject to such conditions as may be necessary to protect the financial interest of the United States;

(3) may be in an amount not exceeding the total construction cost of the facilities for which made, as determined by the Commissioner, and shall bear interest at a rate determined by the Commissioner, which shall be not less than the total of one-quarter of 1 per centum per annum added to the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date on which the contract for the loan is made and adjusted to the nearest one-eighth of 1 per centum; and

(4) shall be subject to recall upon a final court ruling that the loans in question have been made in violation of the first amendment to the Constitution; and

(5) shall mature and be repayable on such date as may be agreed to by the Commissioner and the borrower, but such date shall not be more than forty years after the date on which such loan was made.

If any part of the total funds allocated to schools within a State under the provisions of this Act remains unused at the end of either of the first two fiscal years in which funds are made available under this Act, it shall be reallocated at the discretion of the Commissioner for loans under the provisions

of this Act to schools in other States. Such reallocated sums shall be over and above the sums provided in the succeeding fiscal year under section 11 of this Act.

CRITERIA FOR LOANS

SEC. 4. (a) The Commissioner is directed to make a loan as long as funds are available as provided in section 11 of this Act, subject to the provisions of section 3, whenever he finds the following criteria are met:

(1) the school applying for the loan normally maintains, or will maintain upon completion of planned construction projects, a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance where the school's educational activities are regularly carried on;

(2) the school applying for the loan is owned and operated by an organization entitled to exemption under the provisions of section 501(a) of the Internal Revenue Code of 1954;

(3) the school applying for the loan provides elementary or secondary education as determined by State law;

(4) the school applying for the loan does not in fact practice discrimination in its entrance requirements on the basis of race or color;

(5) the loan will be used for constructing facilities as defined in section 2 of this Act;

(6) the school supplies assurances satisfactory to the Commissioner of its ability to repay the loan with interest; and

(7) the making of the loan will not violate the first amendment to the Constitution.

(b) If a loan satisfies the criteria of subsection (a) of this section and there are funds available, the Commissioner is directed to make the loan in the amount applied for (subject to the provisions of section 3 of this Act), unless he finds that this amount is excessive in relation to the number of students in attendance or likely to attend the applicant school or in relation to applications by other schools in the same State.

ADMINISTRATIVE PROCEDURES

SEC. 5. The Commissioner shall not finally deny an application for a loan under this Act except after reasonable notice and opportunity for a hearing to the applicant. If the loan is denied, the Commissioner is directed to make separate findings on each of the criteria provided in subsection (a) of section 4 of this Act, to state specifically the criterion or criteria which the loan application failed to satisfy, and, if he deems it practicable, to state the amount of the loan which he would deem proper under subsection (b) of section 4 if the criteria of subsection (a) of section 4 were satisfied.

JUDICIAL REVIEW

SEC. 6. (a) Any school whose application for a loan has been denied by the Commissioner under the provisions of subsection (a) of section 4 of this Act may bring a civil action to obtain a review of the final decision of the Commissioner.

(b) Any citizen of the United States upon whose taxable income there was imposed an income tax under section 1 of the Internal Revenue Code of 1954 for the last preceding calendar or taxable year and who has paid any part of such income tax, may bring a civil action against the Commissioner to restrain or enjoin him from taking any action under this Act which the plaintiff challenges as invalid under the first amendment to the Constitution. No additional showing of direct or indirect financial or other injury, actual or prospective, on the part of the plaintiff shall be required for the maintenance of any such action.

(c) Any school which is denied a loan or which has had the amount of the loan it receives reduced because of the lack of funds available in a particular year, may bring a civil action to obtain a review of the decisions of the Commissioner extending loans to other schools insofar as the other loans are claimed to be invalid under the first amendment to the Constitution.

(d) Any action brought under the preceding subsections of this section must be commenced within sixty days after the final decision of the Commissioner. Such action shall be brought in the district court of the United States for the District of Columbia. Upon the commencement of such action the Commissioner shall file in the court the record of the proceedings upon which the findings or decision complained of are based. the district court of the United States for the District of Columbia shall have jurisdiction to hear and determine any such action, and the court shall have power to enter, upon the pleadings and record of proceedings a judgment affirming, modifying, or reversing the decision of the Commissioner. The findings of the Commissioner as to any fact, if supported by substantial evidence, shall be conclusive, but all rulings of law, conclusions of law, and mixed conclusions of fact and law made under subsection (a) of section 4, shall be subject to unlimited judicial review. Any party to such action aggrieved by a final order entered therein by the district court relating to clause 7 of subsection (a) of section 4 shall be entitled to a review thereof by the Supreme Court through the filing in that court, within sixty days after the entry of that order, of an appeal therefrom. Any party to such action aggrieved by a final order entered by the district court on any other ground shall be subject to review in the same manner as a judgment in other civil actions. Any such action pending before any court for hearing, determination, or review shall be heard, determined, or reviewed at the earliest practicable time, and shall be expedited in every practicable manner. Any action instituted in accordance with this Act shall survive notwithstanding any change in the person occupying the office of Commissioner or any vacancy in such office.

LABOR STANDARDS

SEC. 7. All laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed in whole or in part under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality to be determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276c-5) for construction projects financed under this Act, and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any workday or forty hours in the workweek, as the case may be; but the Commissioner may waive the application of this section in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of the project, voluntarily donate their services for the purpose of lowering the costs of construction and the Commissioner determines that any amounts saved thereby are fully credited to the school undertaking the construction. The Secretary of Labor shall have with respect to the labor standards specified in this provision the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. 133z-15) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

ADMINISTRATIVE PROVISIONS

SEC. 8. (a) The Commissioner may delegate any of his functions under this Act, except the making of regulations, to any officer or employee of the Office of Education.

(b) In administering the provisions of this Act, the Commissioner is authorized to utilize the services and facilities of any agency of the Federal Government and of any other public or other nonprofit agency or institution in accordance with appropriate agreements, and to pay for such services either in advance or by way of reimbursement, as may be agreed upon.

GENERAL PROVISIONS

SEC. 9. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this Act the Commissioner, notwithstanding the provisions of any other law, shall—

(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended; and

(2) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided,* That such financial transactions of the Commissioner as the making of loans and vouchers approved by the Commissioner in connection with such financial transactions shall be final and conclusive upon all officers of the Government.

(b)(1) Funds made available to the Commissioner pursuant to the provisions of this Act shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Commissioner in connection with the performance of his functions under this Act, and all funds available for carrying out the functions of the Commissioner under this Act (including appropriations therefor, which are hereby authorized), shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Commissioner in connection with the performance of such functions.

(2) The Commissioner is authorized (A) to prescribe a schedule of fees which, in his judgment, would be adequate in the aggregate to cover necessary expenses of making inspections (including audits) and providing representatives at the site of projects in connection with loans under this Act, and (B) to condition the making of such loans on agreement by the applicant to pay such fees; and, if such fees are prescribed, the Commissioner's expenses for such purposes shall be considered nonadministrative. For the purpose of providing such services, the Commissioner may, as authorized by section 8(b), utilize any agency, and such agency may accept reimbursement or payment for such services from such applicant or from the Commissioner, and shall, if a Federal agency, credit such amounts to the appropriation or fund against which expenditures by such agency for such services have been charged.

(c) In the performance of, and with respect to, the functions, powers, and duties vested in him by this Act, the Commissioner, notwithstanding the provisions of any other law may—

(1) prescribe such rules and regulations as may be necessary to carry out the purposes of this Act;

(2) sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this Act without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Commissioner or property under his control, and nothing herein shall be construed to except litigation arising out of activities under this Act from the application of sections 507(b) and 2679 of title 28 of the United States Code and of section 367 of the Revised Statutes (5 U.S.C. 316);

(3) foreclose on any property or commence any action to protect or enforce any right

conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any property in connection with which he has made a loan pursuant to this Act; and, in the event of any such acquisition (and notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real property by the United States), complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property: *Provided*, That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

(4) enter into agreements to pay annual sums in lieu of taxes to any State or local taxing authority with respect to any real property so acquired or owned;

(5) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

(6) obtain insurance against loss in connection with property and other assets held;

(7) subject to the specific limitations in this Act, consent to the modification, with respect to the rate of interest, time of payment of any installment of principal or interest, security, or any term of any contract or agreement to which he is a party or which has been transferred to him pursuant to this section; and

(8) include in any contract or instrument made pursuant to this section such other covenants, conditions, or provisions as he may deem necessary to assure that the purposes of this Act will be achieved.

PROHIBITION AGAINST FEDERAL CONTROL

SEC. 10. Nothing contained in this Act shall be construed as authorizing a department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over, or impose any requirements or condition with respect to, the personnel, curriculum, methods of instruction, or administration of any educational institution.

FINANCING

SEC. 11. (a) In order to obtain funds for loans under this Act, the Commissioner may, on or after July 1, 1961, from time to time issue notes and obligations for purchase by the Secretary of the Treasury. The maximum aggregate principal amount of such notes and obligations outstanding at any one time shall not exceed (1) the sum of $105,000,000 until June 30, 1962, inclusive; (2) the sum of $222,000,000 from July 1, 1962, until June 30, 1963; inclusive; and (3) the sum of $351,000,000 from July 1, 1963, and thereafter.

(b) Notes or other obligations issued by the Commissioner under this Act shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Commissioner, with the approval of the Secretary of the Treasury, and shall bear interest at a rate determined by the Secertary of the Treasury which shall be not less than the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Commissioner and adjusted to the nearest one-eighth of 1 per centum. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Commissioner issued under this Act and for such purpose is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public-debt transactions of the United States.

(c) There are hereby authorized to be appropriated to the Commissioner such sums as may be necessary, together with loan principal and interest payments made under this Act, for payments on notes or other obligations issued by the Commissioner under this section.

SEPARABILITY

SEC. 12. If any provision of this Act is held invalid, the remainder of the Act shall not be affected thereby.

Mr. MORSE. Mr. President, to the Catholic leaders of this country, I say that I am ready to go to hearings on this bill at any time I can get support for hearings on it. Sooner or later, in my judgment, such a bill as this is going to have to be the legislative format for Federal aid to private schools, if we are going to have any blanket aid by way of a loan program to elementary and secondary schools in this country.

We all know what happened after the Clark-Morse bill was introduced and after it became perfectly clear that the administration was going to hold firm in the presentation of S. 1021, which was the general public school Federal aid bill that passed the Senate.

We know that during the debate on S. 1021 an amendment was offered on the floor of the Senate seeking to provide loans to private schools. The RECORD will show that the senior Senator from Oregon was asked to explain why he was not supporting the amendment in 1961 when the principle was the same as it was when he offered his amendment on February 4, 1960.

The RECORD will show that I said—and I paraphrase—that among many reasons there were two important differences: First, that the administration, which I had the responsibility of serving as chairman of the Subcommittee on Education, wanted to keep the public school issue separate and distinct from the private school issue. Second, I had given further consideration to this matter since 1960, and I had come to the conclusion that I agree with the administration's position; I had not changed my position in regard to the desirability of Federal loans to private schools, but I was of the opinion that President Kennedy was right when he took the position that the two issues, so far as elementary and secondary school aid were concerned, should be kept separate. That is my position tonight.

Mr. President, does the record that I have thus far disclosed indicate that I am actually, if not intentionally, discriminatory, unwittingly anti-Catholic, and indirectly subversive of all private education?

I say, most respectfully, that the cardinal must have suffered a lapse of memory this morning when he released that statement. Let me give His Eminence assurance that there is not the slightest bit of anti-Catholicism in me. And let the record speak of my defense at all times of religious freedom in this country, and my opposition at all times to the ugly head of bigotry and intolerance that rears itself from time to time on the religious issue in this country.

I am a forgiving soul, Mr. President, and I forgive the Cardinal for that unfortunate remark in his press release, which subtly gives the impression that the senior Senator from Oregon unwittingly is anti-Catholic.

The cardinal says in his press release:

> Any impartial person who has studied this controversy must be disturbed by the pressures that have been exerted against Catholics to obtain their approval of the administration's bill.

I think, in all fairness, the cardinal ought to have frankly pointed out that there have been tremendous pressures on the part of Catholic lobbyists against the administration's bill unless it included the demands of the legislative representatives of the Catholics.

I think the time has come when the kind of an attack contained in the cardinal's statement ought to be parked at the doors of any forum in which this subject matter is to be debated. We ought to debate this subject matter on the basis of the merits of the issue. It should be debated on the basis of the merits of the question as to whether or not we can best serve the needs of millions of little boys and girls in the elementary and secondary schools of this country, both public and private, by insisting upon a legislative vehicle which combines aid to public schools and private schools. To insist upon combining the two is certain to stir up heated controversy in this country and, in my judgment, to do so will prevent the passage of any legislation until leaders on both sides of the controversy are able to say, "We are willing to go ahead and handle a public school bill, and then handle a private school bill."

I have always taken that position. I say it is the position we ought to take now, it is not too late to do so. We ought to stay in session all of October, if necessary, in order to put this highly volatile issue behind us.

In my judgment, we, as a Congress, do not serve the best interests of our Republic by letting this issue go on unanswered and unattended. I think we have a solemn trust to get legislation on this subject matter passed this fall which contains provisions for final judicial review, similar to section 6 of the Clark-Morse bill, to permit the constitutional issue to be settled.

Why did the Senator from Pennsylvania and the Senator from Oregon write in S. 1482 the language in section 6? We did it in order to provide a means which would permit the courts to pass upon the issue which the Supreme Court said it could not pass upon, under the procedure which was followed in the famous Massachusetts case. Why? Because the taxpayer who brought the issue was seeking, in effect, to bring an action against the Government, and the Court found he was not in a position to show any real out-of-pocket interest in regard to the controversy. Therefore, in our judicial review section, section 6 of our bill, we have

sought by the proposed legislation to authorize the bringing of the case.

Mr. President, the Senator from Pennsylvania and the Senator from Oregon did not write that language. We had much to say about the language, after careful study, but we had the advice of the U.S. Department of Justice, of the Offices of the Attorney General, and the Solicitor General. I am not saying they passed any final opinion on the language, but I should like to have the RECORD show the care with which the Senator from Pennsylvania and the Senator from Oregon proceeded in order to get section 6 in a written form which we as lawyers think will stand the test of court litigation and will result in the legislation, if passed, finally being subjected to judicial review by the Supreme Court.

Mr. President, the Cardinal says in his press release:

> If Senator MORSE feels that the economic needs of our schools call for a program of Federal aid, let him propose legislation which will solve our educational problems in conformity with constitutional principles and provide equal justice for all America's children.

That is exactly what I have done, Mr. President. If what the cardinal means is that I ought to provide for legislation which will give grants for private schools, as S. 1021 provides grants for public schools, my reply to him is, "The first amendment stands in the way."

If what the Cardinal is asking me to do is to propose legislation which I am satisfied is unconstitutional, my answer to him is, "I cannot oblige and accommodate."

What I shall continue to do, Mr. President—and I am sure the Cardinal knows it, on the basis of my record—is to offer legislation such as I have already offered along with the Senator from Pennsylvania in S. 1482, which provides what I consider to be the maximum help we can provide to private schools by way of loans with a nonsubsidy, interest-bearing rate, until the courts pass final judgment on the issue.

Mr. President, in his press release, after the Cardinal makes the comment I have just quoted, he goes on to say:

> If, however, the Senator's convictions or sense of political expediency will not permit him to do this, then we beseech him at least to refrain from fanning the embers of religious discord, for now is the hour of crisis when all Americans should stand together and safeguard our free and beloved Nation.

I say, Mr. President, in all good nature, I am sorry the Cardinal saw fit to use subtle language which might be interpreted by many to carry with it an implied charge against the Senator from Oregon that the position he has taken on this issue involves a sense of political expediency.

I am sure I need not tell the Cardinal that the position I am taking is anything but politic. I wish the Cardinal could have heard some of the gratuitous but well-intentioned advice I received from colleagues in the Senate this afternoon, who heard I was going to reply to the Cardinal's press release. They urged me not to, and their urgings can be summarized by saying their advice was, "You have everything to lose politically by replying to the Cardinal."

Mr. President, I never have failed—and I do not intend to start with this press release—to make a statement on the floor of the Senate in answer to a position which I think is a wrong position and against the public interest taken by anyone in this country, I care not what his station, profession, or walk of life may be.

I should like for the Cardinal to know that there is no motivation of political expediency on my part, because if I were to act in a politically expedient manner in regard to this I would engage in complete silence. I do not intend on this issue to trim my sails of responsibility and trust, which I owe to the people of my State, simply because it brings me in conflict with powerful political forces, economic or religious, in my country.

I believe that the Cardinal is dead wrong in the policy he has followed on this question, and I shall publicly say so. That is all I did in Philadelphia, and in essence that is what I am doing tonight in the Senate.

I repeat the Cardinal's statement:

> If, however, the Senator's conviction or sense of political expediency will not permit him to do this, then we beseech him at least to refrain from fanning the embers of religious discord, for now is the hour of crisis when all Americans should stand together and safeguard our free and beloved Nation.

I say most respectfully that it is not the Senator from Oregon who is fanning the embers of religious discord. It is not the Senator from Oregon who is taking a position which can split this Republic on this issue. If the Catholic hierarchy had backed up the great President of this country early this year and given him what I think was due to him—their undivided support for his program for Federal aid to public schools—and if at that time they had taken the position, which I think is an absolutely sound one, that they believed there is also aid which can constitutionally be given to private schools, and had urged upon this administration the support of such legislation also, they would have, in my judgment, engaged in both educational and political statesmanship of high order.

I made that statement to them at the time. I say it to them again tonight.

But the argument of the Cardinal is interesting. It is an interesting sociological and psychological phenomenon that I have observed from time to time in regard to minority groups. I can understand a sensitivity in the face of opposition, a temptation to make a quick assumption, that opposition to what the minority group stands for springs from an intolerant attitude toward the group.

I am well aware of the fact that there is much intolerance in this country on religious grounds. One could not go through the historic campaign of 1960 without knowing that. I was in that campaign. I campaigned for the President of the United States in that campaign. I know whereof I speak when I say that, at meeting after meeting, I ran into shocking evidence and demonstration of religious bigotry and intolerance. I answered it in speech after speech. I remember, I answered it in one very highly explosive situation in one speech in which I was challenged, because I was supporting a great candidate of my party for the Presidency who was a Catholic. I was confronted with all the arguments that we in the Senate know that intolerant, highly prejudiced, and bigoted people expressed in that campaign. In speech after speech I met the bigotry head on. That is why I think it at least was inconsiderate, if not unkind, for the Cardinal, by implication, to issue a press release which might cause many in our country to assume falsely that the Senator from Oregon is anti-Catholic and is fanning the embers of religious discord.

On the contrary, I merely disagree with the Cardinal and his associates in regard to a temporal legislative issue on the subject of Federal aid to education. I disagree with the Cardinal and his associates as to the legislative form in which that issue should be handled in Congress. I disagree with the Cardinal and his associates that we can go as far as they think we can go under the Constitution in regard to grants to private schools. That is the issue. It has nothing to do with matters of religion.

If the Cardinal does not know it, I tell him now that I will yield to no one in the Senate, including my Catholic colleagues in the Senate, in standing up and fighting with all the vigor at my command any attempt in this country to kindle the fires of religious intolerance against Catholics, Jews, Quakers, Presbyterians, or Congregationalists. The Congregational Church happens to be my own church, and we have a very interesting history in the early days of this Republic in regard to intolerance shown against us, too.

But I say most respectfully that these implications in the Cardinal's press release are merely non sequiturs. They have nothing to do with the present legislative issue. The issue is how can we best, and in what legislative form is it most proper to come to the financial assistance of great numbers of both public and private school children in this country who are not being given an opportunity for maximum development of their intellectual potential.

The Cardinal has referred in his press release to triple taxation. I say most respectfully that this is an appeal to emotion and not to fact. The cost of the public school construction will be the same whether the payment for it comes from Federal, State, or local governments, or from any combination of those tax sources. The Cardinal knows that. But I say most respectfully that he is overlooking a great benefit of some relief from future local tax increases which would accrue to Catholic real property taxpayers as well as to Protestant, Jewish, and other taxpayers if S. 1021 or a similar bill were passed.

Why do I make that statement? It was brought out over and over again at our hearings that in school district after school district, in State after State in this country, real property taxes have reached such a point as to constitute an

unfair and unjust burden on the real property taxpayers.

Senators have heard me argue—and I refer to it again—that we need to follow a tax program for the support of our schools which is based upon what we call progressive taxation, not regressive taxation, as a real property tax is.

If we pass S. 1021 in both Houses of Congress—and there is no question about its being signed by President Kennedy—it will bring some relief in many a school district from future tax increases, to the advantage of real property taxpayers, Protestant and Catholic alike, along with Jewish taxpayers, and those of other denominations.

I am at a loss to understand what the Catholic spokesmen seem constantly to be overlooking, and that is, that when I am fighting, and my colleagues on the committee are fighting, for S. 1021, we are fighting for future tax relief for Catholic taxpayers as well as for relief of other taxpayers.

I know the Cardinal can say, "We still have to pay out of our own pockets to send our children to private schools." They certainly have a right to do it, and I will fight to protect them in the right. However, this is a very interesting argument that is presented to us. They have the right to send their children to private schools if they want to do so, for many constitutional reasons, not the least of which is the precious right of religious freedom in this country.

That right does not carry with it, however, an obligation on the part of the Federal Government to contribute to them as Catholic or Baptist or Presbyterian or any other denomination tax dollars to pay for the cost of educating their children in a private school.

In this argument we get to a point where we must draw a clear line of constitutional distinction. I hold to the point of view—and I have studied the cases and I have studied the briefs, including the briefs presented by the spokesmen for the Catholic leaders—and I can reach no other conclusion than that to make grants to elementary and secondary Catholic and other private schools in this country would be unconstitutional. I judge that the Cardinal not only finds himself in disagreement with me on that point of view, but does not like it because I take that point of view. I want to assure him that that conclusion is a legal conclusion, and is not colored or seasoned or influenced in any way by any prejudice against private schools.

Without taking the time to read it, I ask unanimous consent to insert in the RECORD an article published in the Wall Street Journal of May 16, 1961, commenting upon the Supreme Court's relatively recent decision in the Vermont school case. It was a case in which the Court refused to take certiorari. I respectfully say to the Cardinal this case is the latest clear evidence of the wisdom of the Senator from Pennsylvania and the Senator from Oregon in seeking to have passed a bill which would include language similar to that of section 6, the judicial review section, of S. 1482.

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

[From the Wall Street Journal, May 16, 1961]

HIGH COURT LETS STAND A DECISION BARRING PUBLIC FUNDS TO AID PAROCHIAL STUDENTS

WASHINGTON.—The Supreme Court sidestepped a politically charged controversy over public aid to parochial schools.

The Court, in an unsigned order, refused to review a lower court decision that declared it unconstitutional for a Vermont school system to pay the tuition of high school students attending Roman Catholic schools.

By denying review, the Court does not set precedent; it could decide to hear a similar issue at some later time. But its action leaves the lower court decision standing, and this is likely to be interpreted by opponents of public aid to parochial schools as a vindication of their position.

President Kennedy has included himself among those opposing Federal aid to private and parochial schools. He injected into congressional debate on the administration's aid-to-education bill a detailed legal opinion interpreting past Supreme Court decisions as holding such aid unconstitutional. The debate continues with Senate leadership giving consideration to tacking onto the measure an amendment providing loans or grants to private and parochial schools for construction of classrooms used in the teaching of defense-related science and mathematics courses.

POLITICAL IMPORTANCE UNDERSCORED

The political significance of the Vermont case was underscored by Paul M. Butler, former chairman of the Democratic National Committee and one of the attorneys who filed the appeal with the Supreme Court. The case, the petition said, "furnishes an opportunity which may never come again to enlighten the President, the Congress, the States, the bench, the bar, the school authorities, the private educators, and the country as a whole, as to when the first amendment permits or prohibits, in the form of direct financial payments, public funds to sectarian schools or to their pupils."

The dispute centers about a 1915 Vermont law which permits a town that has no high school to pay the tuition of its pupils attending other public or private schools. The school district of South Burlington, Vt., made such payments for local students attending nearby schools, including three Catholic high schools.

A taxpayer, C. Raymond Swart, sued to enjoin the use of public funds for church-school tuition. The State supreme court of Vermont held that tuition payments to the parochial schools violated the Constitution's requirement that church and State remain separate.

PARENTS' POSITION

In appealing that decision, a number of parents of children attending the parochial schools argued that the Supreme Court has never ruled against the use of public money for general welfare legislation which happens, incidentally, to aid private schools.

They noted that Congress has passed laws which include financial grants to sectarian hospitals under the Hospital Construction Act, tuition payments to denominational colleges (including divinity schools) under the GI bill, disbursements to nonprofit, private schools under the Federal school lunch program and tuition payments directly to private and parochial schools attended by pages of the Supreme Court and Congress.

They noted, too, that of 42,429 public school systems in the United States, about 21,646 do not have their own high schools. A "substantial number" employ tuition-payment systems similar to that used in South Burlington, they contended.

The parents also called attention to the political debate going on in Congress on the administration's aid to education bill and the President's stand in that debate. They commented:

"It would seem manifest in these circumstances that a decision by this court not to review the (lower court) decision would be taken by the President and, perhaps, by a majority of Congress, as a reliable indication that the Vermont Supreme Court has construed the (Constitution) correctly and in a manner which the President believes the (U.S. Supreme Court) has already done."

Mr. MORSE. For the benefit of the Cardinal and his associates I wish to make clear that my position involves no denial of the right to educate privately. However, that right does not confer automatically a right to a grant of Federal funds for the support of private schools.

It is so easy, I say respectfully, to confuse the layman, who is not familiar with the highly technical constitutional law points, to leave the impression as the Cardinal does, that my position is discriminating against Catholics, and the implication that therefore I seek to be unfair to Catholics. There is not the slightest basis for any such implication so far as my motivation is concerned. I wish to say most respectfully that the Cardinal ought to join with me and be of as much assistance as he can be in trying to get this constitutional issue behind us. The best way he could help would be to throw his great influence and powerful prestige behind our private school bill, S. 1482, with whatever modifications hearings could show are necessary.

I am not married to that bill, let the record be clear. I am perfectly willing to accept any amendments which will make it a better bill. However, I am insisting that we ought to keep the private school issue separate from the public school issue. Mr. President, I am advised that a reference work in the Library of Congress, entitled "Facts on File," contains, on page 255 for the week of July 31 through August 6, 1949, the following information:

A dispute between Cardinal Spellman and Mrs. Eleanor Roosevelt ended August 4 when the Cardinal telephoned Mrs. Roosevelt and asked her to "go over" a statement in which he apparently modified church demands for Federal aid to education. His statement and one by Mrs. Roosevelt were released by the Cardinal's office August 5.

The Cardinal said that "We are not asking for general public support of religious schools" but only for "auxiliary services" such as transportation, nonreligious textbooks, and health aids. He denied seeking "public funds to pay for the construction of parochial school buildings or for the support of teachers, or for other maintenance costs."

I assume that is an accurate statement of the Cardinal's position in 1949. It corresponds not only with my recollection, but also with the check that I asked research assistants to make this afternoon. It is clear that the Cardinal has changed his position since 1949, as he certainly has a right to do.

But I say goodnaturedly that I am not the first person with whom the Cardinal has publicly disagreed on the subject of Federal aid to education. Of course, I am in most distinguished company when

I am in the company of, in my judgment, the first lady of the world, Mrs. Eleanor Roosevelt. She, too, did not receive the accolade of the good Cardinal; and I think he was just as wrong in his dispute with Mrs. Roosevelt as I consider him to be wrong in his dispute with me.

Mr. President, for the benefit of the Cardinal, I should like to make available to him the text of a radio broadcast I made on August 20, 1961, on the school issue. Without taking the time to read it, I ask unanimous consent that it be printed at this point in the RECORD.

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

RADIO BROADCAST TO OREGON BY SENATOR WAYNE MORSE, AUGUST 20, 1961

FELLOW OREGONIANS: Many of you have undoubtedly read newspaper accounts of the difficulty in the Rules Committee of the House of Representatives which has prevented the House from acting on the series of education bills which have been approved by the House Education Committee. Two of these three bills have also been approved by the Senate Committee on Labor and Public Welfare. One of them, the bill extending for 3 years the program of grants to school districts affected by Federal activities and providing grants to the States for construction and teachers' salaries generally, has also been passed by the Senate. This was the general school aid bill, of which I was the author in the Senate.

Unfortunately, the House Rules Committee has gotten itself into an impasse over Federal aid to education. Some committee members refuse to allow a public school bill to go before the House unless a measure providing loan assistance for private schools is also sent to the House. Other members who are equally opposed to loan aid for private schools are refusing to let the loan bill go to the House. Neither of these groups can muster a majority of the committee without help from the other group.

As a result, the two public laws which have been on the books for 10 years and which extend grants for both classroom construction and teachers' salaries in areas of Federal activity, have expired. They expired June 30.

In order to keep this program alive until the House of Representatives can act on the Senate-passed bill, I have now introduced a resolution extending these Federal impact area laws for 1 year. That will enable the many school districts in Oregon presently receiving Federal funds, to continue to receive them and to plan their school budgets accordingly for next year.

However, I am very much opposed to an effort now being made to make this stopgap extension the basis for a token education program that will be a substitute for the measures approved by the Senate committee. It is being said that the religious issue has licked aid to education, and that Congress can do nothing now but pass the noncontroversial education bills.

I do not think that this analysis is sound, because no all-out effort to get these measures before the House of Representatives has yet been made. Having seen what can be done for the foreign aid bill by a determined effort to win support for it, I am convinced that the same results can be produced for education, if the same backing and determination are present in the House of Representatives.

What a great irony it would be for America and for Christianity, if the dispute between the Christian faiths over education were to make it impossible for the United States to provide the financial support for education which is essential in the contest we are in with the Communist world. Yet that is the very contention Congress is being asked to accept as a fact.

I do not believe it. I believe that both the public and private sectors of our education system must be helped financially, and that this can be done entirely within the dictates of separation of church and state. That is why I am continuing to fight for loans to private schools for instruction in defense-related subjects including science, mathematics, foreign languages, and physical education. It is also why I am continuing to fight for aid to public schools that will include support of teachers' salaries, if that is what is needed in any State or school district.

Today, the combined population of Communist Russia and Communist China is more than four and one-half times our own. Forty years from now it will be almost seven times our own. A high level of education of every boy and girl in America is going to be our only salvation in this contest. So I am not going to accept the notion that the religious issue makes it impossible for America to do right by education, and right by the little boys and girls going to the elementary and secondary schools of our country.

I am going to continue working for a program of assistance to all sectors of American education. It is needed by our boys and girls, and it is needed by our country.

I want your support for a fair Federal aid to education bill that will avoid any threat to the defense of our country.

This is WAYNE MORSE reporting from Washington, D.C.

Mr. MORSE. Mr. President, I turn now to what the record of the hearings shows as to the position taken by the senior Senator from Oregon. On March 14, the very distinguished Rt. Rev. Msgr. Frederick G. Hochwalt, director of the Department of Education of the National Catholic Welfare Conference, accompanied by Mr. William R. Considine, counsel, testified before the subcommittee. I had the privilege and pleasure of presiding at that hearing. Monsignor Hochwalt, presented the Catholic point of view, as represented by the National Catholic Welfare Conference, which is recognized in the Senate as the legislative representative—or clearinghouse, shall I say?—for the major Catholic spokesmen. As I indicated at the hearing, and as I say for the record, I do not see how anyone could have been a more competent, able witness than Monsignor Hochwalt. In fact, in complete fairness to him and to the cardinal, his entire statement, made to us on that day, including the colloquy that I had with him and that the Senator from West Virginia [Mr. RANDOLPH] had with him, should go into the RECORD. I ask unanimous consent that it be printed at this point in the RECORD.

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

STATEMENT OF THE RIGHT REVEREND MONSIGNOR FREDERICK G. HOCHWALT, DIRECTOR, DEPARTMENT OF EDUCATION, NATIONAL CATHOLIC WELFARE CONFERENCE; ACCOMPANIED BY WILLIAM R. CONSIDINE, COUNSEL

Monsignor HOCHWALT. With your kind indulgence, may I be joined by William R. Considine, counsel?

Senator MORSE. You may be joined by anyone you wish to have with you.

Monsignor HOCHWALT. Thank you.

I am the director of the Department of Education of the National Catholic Welfare Conference. It is the function of my department to coordinate the national interests of the parochial school system in the 50 States.

This school system includes 10,300 elementary schools and approximately 2,400 high schools. These schools are staffed by more than 102,000 teachers, 40,000 of whom are laymen. The parochial, elementary, and secondary schools together enroll more than 5 million students.

These schools are established, operated, and maintained by Catholic citizens, by people of the same income group as those living about the neighboring public schools. Catholic schools, like public schools, aim for a proper balance of character building, scholarship, and bodily development, and are founded on the conviction that moral training is an essential part of education.

These schools are no alien growth, but a sturdy native plant. They were first in the field of education in this country and are intimately a part of its development, deeply interwined with its traditions and tied closely with the aspirations of our people.

They are integrally a part of what is basically a dual system. Public and private schools form a necessary partnership for the fruitful service of this country. We are one people and it is in our national interest that both systems make their full contribution in the service of our children. Any other attitude would be extremely shortsighted and self-defeating.

Although the parochial schools are not governmentally sponsored and operated, they perform a public function, supplying large numbers of children with an education accepted by the State as fulfilling its requirements of compulsory education and meeting its specific standards.

In meeting these standards the parochial schools teach that true patriotism cannot exist in theory alone. It must be put into practice in the performance of the duties of citizenship. These duties include not only the virtues of obedience, sacrifice, and brotherly love, but those particular duties which arise from the responsibilities of democratic self-government.

Catholic parents and Catholic school administrators have for the past 30 years or more followed with interest the proposals of involving the Federal Government in the support of America's schools. Some of our Catholic citizens have feared the coming of Federal aid as a prelude to Federal control.

The question of whether or not there ought to be Federal aid is a judgment to be based on objective, economic facts connected with the schools of the country, and, consequently, Catholic citizens should take a position in accordance with the facts.

As on many questions, there is a division of Catholic conviction in this area. A great many parents of parochial school children would welcome Federal aid as a necessary help to them in a time of financial strain. They do feel the double burden of supporting two school systems, and are apt to inquire much more pointedly now than heretofore why the proponents of Federal aid do not take into consideration their needs. They point out that the classroom shortage exists as demonstrably in the private shool system as it does in the public school system.

Recently my department made a spot check of 10 dioceses across the country from coast to coast, and the story in all of them was the same. Next fall, when the schools open, a shortage of parochial school classrooms in the thousands will be reported. Those children will be turned away from parochial schools to seek elsewhere for their education.

Earlier I stated that individuals must decide for themselves about the necessity for Federal aid to education. To make that judgment one can look at the record. The Federal aid to education which has come from the Government in the past seems in the main part to have been a reasonable

form of Government assistance. The original and the later amended land-grant allocations, the provision for college housing, the school-lunch program, the GI bill and the National Defense Education Act are good examples of how a government can interest itself in the welfare of its people.

This body of legislators now has before it an impressive list of proposed measures to strengthen American education by Federal assistance, and a great deal of emphasis is placed in these proposals on schoolhouse construction.

I am particularly interested in S. 1021, the administration's educational bill. With reference to it may I emphasize that the decision to have Federal funds for schoolhouse construction is one for the American people and the American legislators to make on the basis of sound evidence. If that evidence is sound and if the voice of the people is heard in a request for Federal aid, then surely it will come about. But if it does, should not the American people be concerned about all of the schools of this great Nation? If an intellectual and scientific breakthrough is to be realized, if excellence is to be achieved, who can tell whence will come the leadership for the Nation, from the public schools or from their partners in education, the private schools.

What can be done for the private school and in particular the parochial school?

We have the courageous example of Government aid to our colleges without discrimination. My petition today points up the need to grant similar assistance to the elementary and secondary schools by way of long-term, low-interest rate loans, with the interest rate computed on an annual basis. To grant Federal assistance to only part of the American educational effort is to deny to the other parts the chance to grow. In fact, it hinders parents in that free choice of education which is essentially theirs.

The Federal Government ought not to take any steps which would force the private schools out of business or, in effect, to deny to parents the right to choose their kind of schools.

We regard ourselves as an enlightened democracy giving leadership to Western civilization, and yet other lands, guided by democratic principles, have solved this problem of educational assistance and have not been confused by elements extraneous to the main issue of human rights.

Systems of education under the auspices of church groups, subsidized in whole or in great part by the government, are operated with success in England, Ireland, Scotland, Belgium, Holland, several provinces of Canada, and elsewhere. After all, the manner in which the Government offers assistance can be so arranged that the possibility of any educational chaos or irresponsible endangering of the State system or of private systems can be avoided.

I am here today to ask the legislators to think in balanced terms of the problems before us, for if Federal aid is necessary, if it is to come and if it is to be granted to the States and to public school systems, then, in the interest of all of our citizens, I would urgently plead for a consideration of the present plight and the future needs of our private schools, especially our parochial schools. In the name of educational freedom they must be continued. Under the concept of a pluralistic society they must be treasured and appreciated, and in the name of the common good and the common welfare they must be given all of the assistance which is constitutionally acceptable.

It is unthinkable that this great Nation would embark for the first time on a massive program of Federal encouragement to education by leaving out of consideration that dedicated group of parents and educators who have contributed to much to the welfare of this Nation. We are proud of the products of the parochial school system. They are first-class citizens and their children and their children's children ought to be treated as such.

Senator MORSE. Monsignor, I want to extend to you my high commendation for the objectivity of that statement and for the obviously inherent fairness throughout. I will be discussing this matter at some length later. I only want to say at this time that this committee must face up to this problem. We must decide what is in the best interests of Federal aid to education, whether we should proceed with the administration bill in its present form.

As you know, I have stated my support of that form. I believe we should then consider this problem of private school education in a separate bill. There are sincere and honest differences among us as to the proper procedure to follow. I am sure you are aware of my point of view in regard to the public service which the private schools render.

Monsignor HOCHWALT. We have been very grateful to you, Senator, for your comments in the past. Thank you.

Senator MORSE. Our point of view is that we have got to keep our eyes on the boy and girl. I want to do what is necessary to make available to all boys and girls the maximum development of their intellectual potential, irrespective of the happenstance of birth geographically or from the standpoint of the religious faith of the family into which they are born.

I think that all of us, regardless of our spiritual point of view, have a great stake in every boy and girl of no matter what religious faith. I want you to know that as chairman of this subcommittee I will see to it that this matter receives fair and full consideration by the subcommittee, and that the final recommendations will be based upon the majority vote of the subcommittee.

I have a suggestion that I am going to make to some of my colleagues in the Senate, not only to those on the subcommittee but also to others. My suggestion is that we seek to turn over, very quickly, to what I shall call a task force composed of Senators and Representatives of both parties with the appropriate staff assistance, this whole problem of what course of action might be best followed by interested groups in both the Senate and House in regard to the final bill or bills that should be submitted for a vote in this session.

I think that such a task force should have the responsibility of determining how best to provide Federal loan funds, the amount desirable to authorize, what the interest rate should be, and how private schools should be defined.

I think that this task force can very well bring to the committees of both the Senate and the House their suggestions, and proposals. They can at least give us the recommendation as to whether or not separate legislation should be submitted in handling this matter. If such a task force were in being during the consideration of S. 1021 it could serve as proof of the very sincere intention of those of us, who in the past, have made it clear that we do not think there is anything unconstitutional about loans to private schools. I say it would make very clear our sincere intention to proceed with a consideration of a separate bill on this subject matter in this session of Congress to the end of bringing it to a vote in this session of Congress.

Monsignor HOCHWALT. May I comment?

Senator MORSE. Yes. That is why I made this statement while you were still on the witness stand, because I happen to be one of the Senators who does not believe in senatorial immunity. I do not believe we should sit up here and protect ourselves from being cross-examined when we have witnesses before us who wish to direct our consideration to some of our own problems. That is why I made this statement, Monsignor, while you were still on the stand.

Monsignor HOCHWALT. I am very grateful, and I would like to add a historical footnote as to Miss Borchardt and her group who just preceded us. They and I have had a long history, as you well know, in dealing with these questions as far back as the Mead-Aiken bill which was extremely fair-minded about the whole question, and we had, both of us, the opportunity at that time to attach the auxiliary services which were germane to the Mead-Aiken bill, but they were to be put in a second title. There we demurred very much at that with the thought that perhaps the first title might succeed but the second title might be eliminated.

Of course, you can plainly see, Senator, I have the same reservations today when you would put our needs in a separate measure. I have a feeling that one measure would pass in this Congress, the Federal aid as such. I have a feeling that a second measure, which would provide for our schools, wouldn't have much of a chance. So I am being very frank with you.

Therefore, it seems to us that our welfare should be considered in tandem with the administration bill in some fashion so that that can be done.

Senator MORSE. Monsignor, I perfectly understand your view on that matter and your position. I think I would be less than honest if I didn't say, if I were sitting in your position, I would be rather inclined to hold tenaciously to the point of view you just expressed.

Monsignor HOCHWALT. I am encouraged.

Senator MORSE. We just have some differences in responsibilities. That is all. I have the responsibility of doing what I can to further the President's program. I am his private in the ranks, so to speak, on this matter. He is at least my lieutenant, but I look upon him as a general in this matter. I do want you to know seriously—having spoken half facetiously for a second, I do want to say, Monsignor, that I respectfully offer this difference with you.

We may not, within this year, although I think we have a good chance, win a fair loan bill. But I think it is so important that we get behind us this constitutional question.

Monsignor HOCHWALT. I agree.

Senator MORSE. I really think the best vehicle for presenting this constitutional question to the Supreme Court is in a separate, independent bill based upon the clear issue as to whether or not such loans would be constitutional. I think they would be constitutional. In a democracy such as this, I think it is best to handle these matters separately. All groups will have to trust to the honesty of their representatives. There is a check on your representatives if you feel these representatives are playing possum with you, so to speak, or that they are being cagey about it or that they are engaging in political trickery. The place to take care of them, of course, is at the polls and is in keeping with our democratic processes.

It is my best judgment at the present time as chairman of this subcommittee that I best serve my President, I best serve the educational cause of this country so far as Federal aid is concerned by doing my level best to get a public school Federal aid bill to education passed first, and then to give all my support to a loan bill as I did last year.

I am in a little different position this year than I was last year, both from the standpoint of my responsibilities on this subcommittee and from the standpoint of my President. This year I have a President who is strongly for a Federal aid to education bill, who has unequivocally stated that he wants a public school education bill. I cannot speak for him in regard to a loan bill, but he is a great student, and I am an old

teacher. I firmly believe in the educational process, and I am perfectly willing to take my chances with this President on a separate bill on the basis of loans to private schools.

Monsignor HOCHWALT. Could I just add one footnote?

Senator MORSE. I am going to give you the last word. I am through.

Monsignor HOCHWALT. You are very kind.

I would have to reflect, I suppose, the mail from my constituency just as you do. The parents of the parochial school children demur on the separation of interest between public and private, and my mail reads as follows. This is a monumental time in educational history when it seems as if we are on the verge of passing a massive Federal aid bill. To not have the parochial school children included in that bill seems to the parents and to me on occasion, I must confess, to limit us to rather a second-class stature apart from the political considerations of getting a Federal aid bill through.

We would like to be part of that major history as it happens, and simultaneously, sir, not one-two, but one.

I think I will conclude my comments on that note.

Senator MORSE. Senator Randolph?

Senator RANDOLPH. Mr. Chairman, only for the record, I had many happy years in the field of teaching at the college level. I say that only because our very distinguished chairman has made reference to his own background of, I am sure, qualified instruction which he was able to give to those who were privileged to study through him.

I wish to be very careful in my inquiry which I shall now make to you.

Those parents who enroll and maintain their children in parochial and church and private schools do so with the understanding and the knowledge that are available to them as parents the facilities of public school instruction. However, for their own personal reasons their children go to the kinds of institutions that I have mentioned.

Do you feel strongly that this matter of choice which carries with it the responsibility of the parents realizing that they have these two courses to follow, that that carries with it a responsibility of the Federal Government to include any funds for education to the parochial, church, and private schools as we anticipate in this legislation will be done for our public school system?

Monsignor HOCHWALT. Reflecting again the philosophy of education that is becoming a clear conviction in the minds of our parents, I would have to answer it this way:

They believe under the U.N. Charter of human rights and under our own Constitution that as parents they do have this free right to choose the kind of education they wish, that they believe it is not a naked choice; it is a clothed choice in the sense——

Senator RANDOLPH. What type choice?

Monsignor HOCHWALT. By that I mean it is not a choice that stands in isolation.

With the right to choose should go the duty of the Government to help them make their choice. In other words, that is called the clothed rather than the naked choice. It isn't made in the abstract. If the duty is there on the part of the parents, if the right is there on the part of the parents, the duty conversely is there on the part of the State to help those parents make their choice. Therefore, parents are saying we should be assisted with our tax funds in order to make that choice freely, financially as well as philosophically.

Senator RANDOLPH. Mr. Chairman and Monsignor, it is in this area, of course, philosophy, that there is this difference, and in many instances a deep difference, and I say, with genuine respect for the position taken by the monsignor, that it would be difficult for some Members of the Senate and of the Congress to understand and appreciate the point which you make. It will certainly merit consultation and counsel and searching.

Monsignor HOCHWALT. Right. Thank you, Senator.

Senator MORSE. Thank you very much, Monsignor.

I would like to announce that we will meet tomorrow morning in room 4221. That is across the corridor, the Foreign Relations hearing room. We will meet at 9 a.m. to hear the witnesses previously announced.

Thank you very much.

Monsignor HOCHWALT. Thank you, Senator.

Mr. MORSE. Mr. President, a part of Monsignor Hochwalt's testimony is as follows. This is the monsignor speaking:

The question of whether or not there ought to be Federal aid is a judgment to be based on objective, economic facts connected with the schools of the country, and, consequently, Catholic citizens should take a position in accordance with the facts.

As on many questions, there is a division of Catholic conviction in this area. A great many parents of parochial school children would welcome Federal aid as a necessary help to them in a time of financial strain. They do feel the double burden of supporting two school systems, and are apt to inquire much more pointedly now than heretofore why the proponents of Federal aid do not take into consideration their needs. They point out that the classroom shortage exists as demonstrably in the private school system as it does in the public school system.

Then Monsignor Hochwalt presents evidence to demonstrate that classroom shortage. Later in his statement he said:

I am here today to ask the legislators to think in balanced terms of the problems before us, for if Federal aid is necessary, if it is to come and if it is to be granted to the States and to public school systems, then, in the interest of all of our citizens, I would urgently plead for a consideration of the present plight and the future needs of our private schools, especially our parochial schools. In the name of educational freedom they must be continued. Under the concept of a pluralistic society they must be treasured and appreciated, and in the name of the common good and the common welfare they must be given all of the assistance which is constitutionally acceptable.

In my judgment, that is an unanswerably sound statement. It is exactly the position of the senior Senator from Oregon. I recommend it to the cardinal. I think that is the position he ought to be supporting.

Monsignor Hochwalt continued:

It is unthinkable that this great Nation would embark for the first time on a massive program of Federal encouragement to education by leaving out of consideration that dedicated group of parents and educators who have contributed so much to the welfare of this Nation. We are proud of the products of the parochial school system. They are first-class citizens and their children and their children's children ought to be treated as such.

I agree; in fact, it was at that point that I interrupted the monsignor in the hearing to say this:

Senator MORSE. Monsignor, I want to extend to you my high commendation for the objectivity of that statement and for the obviously inherent fairness throughout. I will be discussing this matter at some length later. I only want to say at this time that this committee must face up to this problem. We must decide what is in the best interests of Federal aid to education, whether we should proceed with the administration bill in its present form.

As you know, I have stated my support of that form. I believe we should then consider this problem of private school education in a separate bill. There are sincere and honest differences among us as to the proper procedure to follow. I am sure you are aware of my point of view in regard to the public service which the private schools render.

Monsignor HOCHWALT. We have been very grateful to you, Senator, for your comments in the past. Thank you.

Senator MORSE. Our point of view is that we have got to keep our eyes on the boy and girl. I want to do what is necessary to make available to all boys and girls the maximum development of their intellectual potential, irrespective of the happenstance of birth geographically or from the standpoint of the religious faith of the family into which they are born.

I think that all of us, regardless of our spiritual point of view, have a great stake in every boy and girl of no matter what religious faith. I want you to know that as chairman of this subcommittee I will see to it that this matter receives fair and full consideration by the subcommittee, and that the final recommendations will be based upon the majority vote of the subcommittee.

I have a suggestion that I am going to make to some of my colleagues in the Senate, not only to those on the subcommittee but also to others. My suggestion is that we seek to turn over, very quickly, to what I shall call a task force composed of Senators and Representatives of both parties with the appropriate staff assistance, this whole problem of what course of action might be best followed by interested groups in both the Senate and House in regard to the final bill or bills that should be submitted for a vote in this session.

I think that such a task force should have the responsibility of determining how best to provide Federal loan funds, the amount desirable to authorize, what the interest rate should be, and how private schools should be defined.

I think that this task force can very well bring to the committees of both the Senate and the House their suggestions, and proposals. They can at least give us the recommendation as to whether or not separate legislation should be submitted in handling this matter. If such a task force were in being during the consideration of S. 1021 it could serve as proof of the very sincere intention of those of us, who in the past, have made it clear that we do not think there is anything unconstitutional about loans to private schools. I say it would make very clear our sincere intention to proceed with a consideration of a separate bill on this subject matter in this session of Congress to the end of bringing it to a vote in this session of Congress.

Mr. President, the rest of the colloquy has been placed in the RECORD. A reading of it will show that the senior Senator from Oregon in his colloquy with Monsignor Hochwalt made it perfectly clear that he would do what he could to provide loans for private schools, but also made it perfectly clear that he intended to follow the President. I say tonight that I shall follow the President, not the cardinal, in regard to the legislative program of how aid for public and private schools should be considered by Congress. That is the issue. I think it is an unhappy circumstance that when one has such a record on this issue, the implication should be given that he is—I wish to be very careful; I will quote the cardinal exactly:

Fanning the embers of religious discord.

I return to the argument I made a short time ago. It is not the senior

Senator from Oregon who is fanning any embers of religious discord.

I think the responsibility for any religious discord that may be stirred up on this issue will have to be placed on the shoulders of those who take the position of all or nothing as regards any Federal aid to education measure to be passed at this session of Congress. That has not been my position; and it is not my position; and I did not raise that issue. In my judgment, that issue was raised on January 18, 1961, by the cardinal himself, for now I refer to an article written by John Wicklein, and published in the New York Times on that date. It reads in part as follows:

Cardinal Spellman assailed in the strongest terms last night a proposal by President-elect John F. Kennedy's task force on education that Congress enact a $5,840 million program of Federal aid to public schools.

No Roman Catholic schools or schools of other religious denominations were included in the proposal, the cardinal pointed out.

"It is unthinkable," he declared, "that any American child be denied the Federal funds allotted to other children which are necessary for his mental development because his parents choose for him a God-centered education."

Mr. President, as I said earlier in this speech, such a statement by the cardinal does not repeal the first amendment to the Constitution. Therefore, we have to find out how far we can go under the Constitution in aiding students in private schools. Let me make perfectly clear again to the cardinal and to all the people of America that I will go just as far as the Supreme Court will permit us to go so long as the first amendment is part of the Constitution. That is how far I will go. But, Mr. President, the fact that as a lawyer I refuse to join with the cardinal in his apparent assumption that the Congress can allot to the children in private schools the same funds and amounts of aid that Congress may allot to the children in public schools, does not justify the interpretation that therefore I must be anti-Catholic.

I believe we can go much further than groups organized under various titles relating to separation of church and state seem to think we can go. That is why I am somewhat surprised that the cardinal should issue a press release implying that I can possibly be motivated by any political expediency. As I have said good naturedly for many months, both in my State and elsewhere, the consistent position I have taken in support of aid to private schools and my refusal to agree with some spokesman for private schools that funds should be allotted to private schools on the same basis that funds would be allotted to public schools, puts me in a very interesting position. It means that I end up by being criticized by Protestants, Catholics, Jews, and all other religious groups in the country because all I am saying is, "Let us find out what the constitutional limits are; and once we know that, then let us recognize that we have a clear duty to come to the assistance, to the limits of our constitutional power, of every boy or girl in this country who attends either public or private schools."

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the entire article from the New York Times to which I have referred.

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

[From the New York Times, Jan. 18, 1961]

SPELLMAN SCORES AID PLAN GIVEN KENNEDY ON SCHOOLS

(By John Wicklein)

Cardinal Spellman assailed in the strongest terms last night a proposal by President-elect John F. Kennedy's task force on education that Congress enact a $5,840 million program of Federal aid to public schools.

No Roman Catholic schools or schools of other religious denominations were included in the proposal, the cardinal pointed out.

"It is unthinkable," he declared, "that any American child be denied the Federal funds allotted to other children which are necessary for his mental development because his parents choose for him a God-centered education."

REPORTS ON FUND

Cardinal Spellman expressed his views in a statement read at the final report meeting of his campaign for a $25 million fund for the construction of educational facilities in the archdiocese of New York. He reported that the fund had been oversubscribed by more than $15 million.

The cardinal, addressing a rally in Cardinal Hayes High School, the Bronx, said the task force's proposal, presented to the President-elect on January 6, meant for many millions of Americans taxation for which they would receive no return.

"They will be taxed more than ever before for the education of their children," he said, "but they cannot expect any return from their taxes unless they are willing to transfer their children to a public grade or high school."

PART OF A $9 BILLION PLAN

The proposal to aid public schools was part of an overall plan for the Federal Government to provide $9,390 million for education over the next 4½ years.

The 6-man task force, headed by Dr. Frederick L. Hovde, president of Purdue University, suggested that the elementary and secondary school portion of the fund be in the form of grants to the States. The funds would be used for school construction, raising teachers' salaries, reducing bonded indebtedness or "other purposes related to the improvement of education."

A flat grant of $30 annually would be made for each pupil, based on average daily attendance. Poorer States and cities with a population of more than 300,000 that face special educational problems would receive $20 additional for each pupil.

President-elect Kennedy has repeatedly put himself on record against Federal aid to either parochial schools or private schools. He has said:

"Federal aid should only go to public schools. The principle of church-State separation precludes aid to parochial schools, and private schools enjoy the abundant resources of private enterprise."

President-elect Kennedy was reported to feel that there was "great value" in the task force report. Last year, for the first time, both the Senate and the House of Representatives voted legislation providing for Federal aid to education. The House Rules Committee, however, did not let its bill get to a Senate-House conference committee.

DIFFICULTIES PREDICTED

An official of the incoming administration remarked that the new proposals, much broader than those acted on at the last session, were bound to face some difficulties in Congress.

Cardinal Spellman, who rarely has taken so strong a stand on a legislative proposal, expressed confidence that this one would not be enacted.

"As an American whose loyalties have been challenged only by the Communists," he said, "I cannot believe that Congress would accept the proposals of the task force and use economic compulsion to force parents to relinquish their rights to have religion taught to their children. I cannot believe that Congress would discriminate against Lutheran, Baptist, Catholic or Jewish parents—Americans all—in the allocation of educational funds."

Any program of Federal aid, he went on, should grant children "equal educational privileges regardless of the schools they attend."

DISCRIMINATION SEEN

"By denying this measure of equality to church-related school children and their parents," the cardinal declared, "the task force proposals are blatantly discriminating against them, depriving them of freedom of mind and freedom of religion guaranteed by our country's Constitution, whose First Amendment was adopted to protect the individual person from Government repression, the very danger implicit in the proposed program of the task force."

The plan is unfair to the Nation's 6,800,000 parochial and private school children, the cardinal said. If Congress adopts the proposal, he said, it will be engaging in "thought control," because it would be compelling a child "to attend a state school as a condition for sharing in education funds."

The remainder of the fund proposed by the task force would be used for grants to colleges to expand academic and housing facilities.

Mr. MORSE. Mr. President, I also ask unanimous consent to have printed in the RECORD an article from the New York Times of March 2, 1961.

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

[From the New York Times, Mar. 2, 1961]

CATHOLIC PRELATES WEIGH FIGHT AGAINST KENNEDY SCHOOL-AID BILL

(By John D. Morris)

WASHINGTON, March 1.—The highest U.S. prelates of the Roman Catholic Church met here today to plan what is expected to be a vigorous fight against President Kennedy's school-aid program.

The churchmen sat as the administrative board of the National Catholic Welfare Conference. The board consists of the 5 U.S. cardinals and 10 bishops and archbishops who head departments of the conference.

The unpublicized 1-day session coincided with a new statement by President Kennedy opposing Federal aid to parochial or other sectarian schools at the elementary and secondary levels.

"There isn't any room for debate on that subject," the President said at his news conference. "It is prohibited by the Constitution and the Supreme Court has made that very clear. Therefore, there would be no possibility of our recommending it." [Question 23, p. 14.]

MEETING A MONTH EARLIER

Officials of the Catholic conference declined to discuss any aspect of the board's meeting. A spokesman would not even confirm reports that the cardinals, bishops, and archbishops had convened.

From other sources, it was learned that the regular annual session usually held at Easter, had been moved ahead a month because of the pressing nature of the school-aid question.

Indications were that the prelates had drafted a Catholic position on the issue,

which would be set forth in church publications, sermons, speeches, and testimony at congressional hearings.

Outlines of the position had already become clear on the basis of previous statements by Cardinal Spellman of New York and other Catholic spokesmen.

Last January the cardinal said:

"It is unthinkable that any American child be denied the Federal funds allotted to other children which are necessary for his mental development because his parents choose for him a God-centered education."

He was commenting on recommendations of a Kennedy task force for an aid program limited to public schools. The administration bill for $2,298,000,000 in Federal grants for elementary and secondary schools, now pending in Congress, also bars aid to sectarian or private schools.

The indicated intention of the Catholic hierarchy is to fight any school-aid legislation that does not help meet the educational expenses of Catholics with children in parochial schools.

Catholic spokesmen previously had not insisted in direct grants to parochial schools, presumably because of the constitutional question.

Last year, for example, the Catholic conference pressed for Federal loans to nonpublic schools. When the Senate and House refused to add such provisions church leaders opposed bills calling for grants to public schools. The bills died when Congress adjourned.

In 1949 the hierarchy's condition for supporting Federal aid to education was the inclusion of provisions making funds available for transportation, textbooks, and health aids for parochial pupils.

A major question at today's meeting presumably was what form of aid for Catholics should be demanded this year as the price for supporting a general school assistance bill.

It appeared that Federal loans for private and parochial schools might again be sought.

Mr. MORSE. Mr. President, I also ask unanimous consent to have printed in the RECORD an article published in the New York Times of March 3, 1961.

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

[From the New York Times, Mar. 3, 1961]

CATHOLIC PRELATES DEMAND UNITED STATES AID PRIVATE SCHOOLS—RESOLVE TO OPPOSE KENNEDY'S EDUCATION BILL IF APPEAL FOR LOANS IS DENIED—PROTESTANT HAILS PROGRAM

(By John D. Morris)

WASHINGTON, March 2.—The hierarchy of the Roman Catholic Church in the United States has decided to oppose any school-aid legislation that fails to help children attending private schools.

The cardinals, archbishops, and bishops disclosed today that they would press for an amendment to the Kennedy administration's bill to add provisions for long-term Federal loans to private schools.

They took the position that unless some such provisions were included they would fight passage of the measure.

The hierarchy's stand was outlined in a statement by Archbishop Karl J. Alter of Cincinnati, chairman of the administrative board of the National Catholic Welfare Conference.

The board consists of the 5 U.S. cardinals and 10 archbishops and bishops who head departments of the conference. It met here in closed session yesterday to consider the school-aid issue.

While the meeting was under way, President Kennedy repeated his opposition to any Federal assistance to nonpublic schools. He said at his news conference that such aid was clearly unconstitutional.

The Catholic prelates contended, however, that loans to parochial and other private schools would be "strictly within the framework of the Constitution."

The administration bill, now pending in Congress, calls for $2,298 million in Federal grants for public elementary and secondary schools. The grants would be allotted to States over a 3-year period on the basis of public school attendance.

The Catholic hierarchy has opposed similar legislation in the past after failing to win congressional approval of amendments extending some form of aid to parochial school children.

President Kennedy, himself a Catholic, was praised for his stand today by Glenn L. Archer, executive director of Protestants and Others United for Separation of Church and State.

"Mr. Kennedy's fidelity to his campaign pledges on this issue will be appreciated and applauded by all who support our American tradition," Mr. Archer said.

He expressed hope that "the American people will support President Kennedy against the bishops of his church."

The five cardinals and all except two of the other members were present at yesterday's meeting of the administrative board. The cardinals are Francis Spellman of New York, James Francis McIntyre of Los Angeles, Richard Cushing of Boston, Albert Meyer of Chicago, and Joseph Ritter of St. Louis.

Other members are Archbishops Alter of Cincinnati, William E. Cousins of Milwaukee, William O. Brady of St. Paul, and John F. Dearden of Detroit and Bishops Joseph T. McGucken of Sacramento, Albert E. Zuroweste of Belleville, Ill., Joseph M. Gilmore of Helena, Mont., Lawrence T. Shehan of Bridgeport, Conn., Allen J. Babcock of Grand Rapids, Mich., and Emmett M. Walsh of Youngstown, Ohio.

Archbishop Brady and Bishop McGucken were absent.

The text of Archbishop Alter's statement follows:

"Yesterday the administrative board met and considered in addition to the routine questions the particular problem of Federal aid to education. In the absence of the official minutes I think I can summarize the discussion fairly and briefly as follows:

"1. The question of whether or not there ought to be Federal aid is a judgment to be based on objective economic facts connected with the schools of the country and consequently Catholics are free to take a position in accordance with the facts.

"2. In the event that there is Federal aid to education we are deeply convinced that in justice Catholic schoolchildren should be given the right to participate.

"3. Respecting the form of participation, we hold it to be strictly within the framework of the Constitution that long-term, low-interest loans to private institutions could be part of the Federal-aid program. It is proposed, therefore, that an effort be made to have an amendment to this effect attached to the bill.

"4. In the event that a Federal-aid program is enacted which excludes children in private schools these children will be the victims of discriminatory legislation. There will be no alternative but to oppose such discrimination."

The Jesuit magazine America accused President Kennedy yesterday of taking a "dogmatic" stand against Federal aid to parochial schools. It said his statement on the issue was "erroneous, inopportune, and unnecessary."

In an article in the issue of March 11, disclosed a day before the magazine came off the presses, a writer for the Catholic publication asserted that the President's reasons for refusing to support aid to church schools were political.

The Jesuit author, Rev. Charles M. Whelan, a member of the bar, did not specify the "political reasons" involved.

Other Catholic sources, however, have suggested that the President's firm stand is based on a desire to assure Protestants that he intends to put into practice his campaign pledge of strict separation of church and state.

Mr. MORSE. Mr. President, I also ask unanimous consent to have printed in the RECORD an article, from today's New York Times, published under the title "Spellman Scores Morse Appeal to Catholics on School Issue."

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

[From the New York Times, Aug. 22, 1961]

SPELLMAN SCORES MORSE APPEAL TO CATHOLICS ON SCHOOL ISSUE

Cardinal Spellman yesterday urged Senator WAYNE MORSE "to refrain from fanning the embers of religious discord" in comments about the Roman Catholic clergy's position on Federal aid to public schools.

On August 14 the Oregon Democrat urged the Catholic hierarchy to modify its stand on the school issue. He accused it of seeking to block the "legitimate aims of a majority of our people through pressure tactics."

In his remarks in Philadelphia at the annual convention of the American Federation of Teachers, Senator MORSE asserted that such action would bring about a "whirlwind of resentment" and that "latent religious quarrels of past history will be brought to life again."

In a statement of reply, Cardinal Spellman termed Senator MORSE "an old friend who has turned against us."

PRESSURES ASSAILED

Any impartial person, he said, must be disturbed by the pressures exerted against Catholics to obtain their approval of the administration's school proposals.

"One of the most unfair pressures," he continued, "was Senator MORSE's ill-conceived and ill-timed warning that continued opposition will cause a flareup of bigotry."

"It is our conviction," Cardinal Spellman said, "that the administration's proposal, put into legislative form by Senator MORSE, is actually if not intentionally discriminatory, unwittingly anti-Catholic, and indirectly subversive of all private education"

Senator MORSE was cosponsor of a bill calling for funds for public school construction and teachers salaries. It passed the Senate.

A similar bill is bogged down in the House Rules Committee. Supporters of the House measure attributed its defeat to some Catholics, who oppose aid to public schools unless loans are provided for parochial and other private schools.

Cardinal Spellman asserted that Catholic leaders did not believe that the best interests of the Nation could be served by "making public school education a monopoly."

"Yet that," he said, "would be the eventual outcome if Federal aid is granted solely to the public schools, for the weight of triple taxation on Catholics would become impossible to bear."

In the last war, the cardinal continued, Catholics fought side by side with their fellow Americans and "placed a costly sacrifice on the altar of freedom."

"Shall they now," he asked, "be denied their own precious freedom—the right to choose religious schools for their children without incurring an insupportable financial burden?"

Mr. MORSE. I also ask unanimous consent to have printed in the RECORD

an article published today in the Washington Star under the title "Spellman Denies Charge by MORSE on Schools."

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

[From the Washington Evening Star, Aug. 22, 1961]

SPELLMAN DENIES CHARGE BY MORSE ON SCHOOLS

NEW YORK, August 22.—Francis Cardinal Spellman says there was no truth in a charge by Senator WAYNE MORSE, Democrat, of Oregon, that top ranking Catholic clergy are opposed to improving public schools.

The cardinal, Roman Catholic archbishop of New York, said Senator MORSE made the statement in a speech August 14.

In a reply yesterday, Cardinal Spellman said:

"We do not, as he alleges, look upon them [public schools] as 'competitors,' but as partners in the great work of educating America's children. We recognize their essential place in American life.

"But we are also deeply concerned for the protection of our Catholic schools. We do not believe that the best interest of this Nation can best be served by making public school education a monopoly."

The cardinal said public school education would eventually become a monopoly under the Kennedy administration proposal, backed by Senator MORSE, to aid only public schools with Federal funds.

That proposal "is actually if not intentionally discriminatory, unwittingly anti-Catholic, and indirectly subversive of all private education," he said.

Senator MORSE, in his speech in Philadelphia at the annual convention of the American Federation of Teachers, accused the Catholic hierarchy of seeking to block the legislative aims of a majority of our people through pressure tactics.

In his statement, the cardinal replied: "One of the most unfair pressures was Senator MORSE's ill-conceived and ill-timed warning that continued opposition will cause a flareup of religious bigotry."

Cardinal Spellman described Senator MORSE as an old friend [who] has turned against us.

Mr. MORSE. I also ask unanimous consent to have printed in the RECORD an article on the same subject matter, published today in the Washington Post.

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

[From the Washington Post, Aug. 22, 1961]

SPELLMAN RAPS MORSE SCHOOL IDEAS

NEW YORK, August 21.—Francis Cardinal Spellman said today that Catholics consider public schools essential, but that providing Federal aid only to them would undermine all private education.

The cardinal, archbishop of New York, made his comments in replying to a speech August 14 by Senator WAYNE MORSE, Democrat, of Oregon, who accused top-ranking Catholic clergy of "adamant opposition" to improving the public schools.

"This is not true," the cardinal said. "With gratitude I recall my own early training in public grade and high schools.

"We do not, as he alleges, look upon them as 'competitors,' but as partners in the great work of educating America's children. We recognize their essential place in American life.

"But we are also deeply concerned for the protection of our Catholic schools. We do not believe that the best interests of this Nation can best be served by making public school education a monopoly."

That, the cardinal said, would be the eventual result of the Kennedy administration's proposal, backed by MORSE, to aid only public schools.

In Washington, meanwhile, the American Civil Liberties Union said it sees no constitutional bar to Federal building loans and grants to church-related colleges and universities that concentrate on higher education rather than religious doctrine.

However, the organization drew a line between church-related institutions of higher learning which meet specified educational criteria and church-controlled elementary and secondary schools.

The ACLU said loans or grants to the latter schools would violate the principle of separation of church and state.

Mr. MORSE. Mr. President, I am about to close. But I wish the RECORD to show how serious I consider this issue and how important I believe it is that we get it behind us. As I said at the hearings, weeks ago, I simply do not think it is good for the country to have this religious controversy over Federal aid to education go unsettled. I do not see how anyone can dispute the fact that if we can obtain from the Supreme Court a decision on the matter of loans to private schools—as Senator Clark and I seek to do by means of our bill, S. 1482—the controversy will subside. Some may say there will be no assurance that it will; but let me say that I have seen many controversies stir communities and States, and even the entire country, almost to the point of what we call the pitch of white heat, and then a basis for a judicial determination of the differences involved in the controversy is found, and, in keeping with our procedure under Anglo-Saxon justice, the matter finally goes to the highest tribunal for determination. In fact, sometimes it does not have to go that far in order to achieve the result to which I now refer. But once the Court speaks, what is the attitude of the overwhelming majority of the American people? Their attitude is, "If that is the law, that settles the matter."

It is true that there are a few nonconformists who will not even accept the law; but they are de minimis in their number and in their influence.

That is why I said earlier this year that we should get this issue behind us. Therefore, I believe that before this session ends the Congress should act on Senate bill 1021; the national defense education amendments bill, which is on the Senate Calendar, and which came out of my committee; the higher education bill, which I predict tonight will come out of our Committee on Labor and Public Welfare within a short time; and S. 2393, the impacted areas bill.

They all ought to be brought to a vote. A decision should be made, and the issue should be taken back to the people. In keeping with this precious foundation of our whole form of government, when we say we are a government by law, that is the way to settle it.

I want to say to the cardinal, and all his associates, and all good peoples of every other religious faith, many of whom disagree with the senior Senator from Oregon in his position on this matter, that I am going to hold firm to the position I have consistently taken for loans to private schools. I am satisfied that they are within the Constitution, and I am satisfied that the legislative vehicle proposed by the Senator from Pennsylvania [Mr. CLARK] and myself, with the help of the Department of Justice on the section 6 part of it, will clear the atmosphere and we will get this issue, which periodically splits this country, settled once and for all.

Mr. President, I want to make special reference to the bill of the Senator from Alabama [Mr. HILL] and myself, under which we propose to extend Public Laws 815 and 874 for another year.

The cardinal, and others who may be interested in the point of view I express tonight, ought to have a quick reference to the point I now make. The RECORD ought to show that since 1950 the Federal Government has spent, in round numbers, $2 billion in Federal aid to school districts in this country which serve about one-third of the school population. I know there are Senators who have argued on the floor of the Senate that this is not really Federal aid. I become lost in their arithmetic. I get lost in their argument, because of their failure to point out where the money comes from. If this is not Federal aid money, I do not know what kind of coin is being used to pay the school bills. It is money from the Federal Treasury, and the money goes to the school districts, and the money is spent by the school districts to meet the school needs of that district.

Do Senators know what it goes for? Under Public Law 815 it goes for school construction. Under Public Law 874 it goes for teachers' salaries; it goes to pay janitors; it goes to buy chalk; it goes for any school cost that a school board has to pay in order to operate a school; and it goes in varying amounts.

I mention these facts because I become a little lost in the argument of some of my congressional colleagues who are so adamant in their opposition to any Federal aid for teachers' salaries. They have been providing millions of dollars in aid toward teachers' salaries since 1950. What do they think happens to Federal aid that has been given for decades to land grant colleges in this country, to help pay the running expenses of those colleges? Do they think the money is not going, directly or indirectly, to teachers' salaries, as well as other costs?

I think the history of the Morrill Act is one of the most fascinating ones in the whole field of education. Buchanan, in 1857, I think it was, vetoed the original Morrill Act; but Abraham Lincoln signed it in 1863. When Buchanan vetoed it, one of the arguments given in his veto message, it will be found, was the old bugbear, the old bromide, the old argument, that it would lead to Federal control of education. But Abraham Lincoln did not think so. For years I have been waiting for the first scintilla of evidence which would substantiate the charge of those who scare people with the argument, "You must not support Federal aid to education, because the Federal Government will take over control of the schools."

As I have said before, that is pure nonsense, if the checks are written into the law, and they are in Public Laws 821, 815, and 874. They assure local control. That is all that needs to be done.

I have been heard to say before that Bob Taft, who was the author of the Taft bill in 1947, and coauthor of the Taft-Thomas bill of 1949, used to become a little emphatic in debate on the floor of the Senate when that argument was made. He used to ask Members of this body to give him any language that would give greater assurance of local control of education than was written in the Taft bill. After he made the challenge, he would say, "Of course, you cannot do it. You cannot improve on the language of the Taft proposal."

It has always been true of any proposal I have made on Federal aid to education that the money must be commingled with State or local funds, and spent by State or local authorities in accordance with State or local policies for the broad purposes of the legislation.

I simply would have the cardinal take note that this is the record of the Senator from Oregon, who, for some reason, he seems to think, according to the press release, has turned against the Catholic group.

I am convinced, as some Catholic colleagues were candid enough to tell me this afternoon, that my record in support of aid to private schools does not have to take second place to that of any other Member of the Congress.

I did not know, when I made my speech on August 14 in Philadelphia, that there had appeared on July 20, 1961, an editorial in the Medford Mail Tribune in my home State. This paper is an independent Republican paper, a Pulitzer Prize-winning paper. The newspaper has one of the finest journalistic standings in the whole West. Wherever I have gone in the United States and talked to newspaper editors and journalists, for many years, I have frequently heard them pay very high compliment to the Medford Mail Tribune. For many years its editor was Robert Ruehl, a Pulitzer Prize winner, a fearless journalist, one of the great opponents of the Ku Klux Klan at a time when the Ku Klux Klan shook my State from stem to stern.

It is not very well known, I find, that in my State crosses were once burned on the mountain peaks, on the lawns of Catholic churches, and on the lawns of citizens who had the courage to stand up against bigotry. The Klan was a tremendous political power in my State. The Ku Klux Klan greatly influenced the elections in my State. The best proof I can give of their political power is that at one time a nefarious Oregon law which outlawed Catholic schools was passed. The parochial schools were declared illegal. It was sought to close them. The legislature passed the bill, and the Governor signed it. That was in the early 1920's. Fortunately, the Klan has been dead in Oregon for 30 years, and no State is now more free from religious intolerance. It is a State with a fine record of religious accord.

But I say to the cardinal I know something about intolerance of Catholics. I should like for every Catholic in the country to know that the senior Senator from Oregon will always speak out against it and fight it. But it does not follow, when I am convinced that Cardinal Spellman is completely wrong in the position he takes on a temporal issue, that I should not oppose him when I think he is following a legislative course of action which is not in the best interests of the boys and girls in the public and private schools. That is the only difference I have with the cardinal.

Mr. President, as Senators know, the Supreme Court in the famous Oregon school case by a unanimous decision found the Oregon statute to be unconstitutional. That is one of the great landmark cases in this whole field of private school education problems and their relation to the Constitution of the United States. That Supreme Court decision, I think, did much to decrease the influence of the Klan in my State.

The Medford Mail Tribune newspaper wrote a glorious record of opposition to the bigotry of the Klan. I shall not take the time of the Senate tonight to relate what is history in my State as to the acts of intolerance which were committed against the editor of this newspaper, and the program of vilification and slander heaped upon the paper by the Kluxers. It is said by some who have studied the history of the Klan in this country that its activities and the manifestations of its intolerance in my State in those days 30 years or more ago were not equaled anywhere in the country save and except it never took the form of manifestations of racial bias which led to lynchings.

When I read this editorial from this great newspaper in my State, I wish to have it known it is not a "Morse" newspaper in the sense of being a great supporter, since I became a Democrat, of the senior Senator from Oregon, but it is certainly entitled to its point of view.

This is an interesting editorial. It comes from a very responsible newspaper. It will be typical, in my judgment, of similar comment by other newspapers. Although I did not know it had been written when I spoke in Philadelphia, I say to Cardinal Spellman that what I was warning against in my speech in Philadelphia is exactly the reaction the editorial portrays. It is so pertinent and so completely in support of the warning which I issued on August 14, that I shall read it. The editorial was written under the title "They Are Separate Issues."

It is as follows:

THEY ARE SEPARATE ISSUES

The one-vote defeat in the House Rules Committee of all proposals for Federal aid to schools was a sad thing for America.

We place the blame directly on the hierarchy of the Roman Catholic Church, who, by choosing to take a dog-in-the-manger, all-or-nothing approach, so thoroughly injected the issue of church and state separation that the whole package of school aid bills died.

This defeat will come back to haunt the cardinals and bishops, we believe, for it is manifest that the schools need Federal help, the majority of the people know it, and the finger of outrage will point directly at the stubborn prelates.

We are not, at this time, going to argue the merits of aid (in the form of long-term, low-interest loans) to parochial schools—although we have strong feelings on that issue, too.

The fact is that this matter could have been—should have been—argued separately. But the hierarchy said no; that they had no objection to Federal school aid as such; but that if parochial schools were not included, no one should get it.

And they made it stick, too, to the embarrassment and chagrin of Roman Catholic John F. Kennedy who fought a valiant battle against anti-Catholic prejudice last fall, and won, only to be slapped hard by the spiritual leaders of his own church.

The arrogance of the bishops in this matter is reminiscent of the arrogance of the Puerto Rican bishops last fall, who attempted (without success, happily) to influence the outcome of the Commonwealth's gubernatorial election, by using their spiritual authority in the field of government—where it has no business being.

There is a slight chance that the principal measure, a 3-year program of grants to the States to be used for public school construction for teachers' salaries could be revived. But it would take a massive outburst of protest to Members of Congress to make it happen.

By the same token, a 5-year program of loans, grants, and scholarships in higher education was killed and could be revived, but only by a similar upsurge of constituent demand.

If they were placed before the House, they could be voted on on their merits. Then the third measure, an extension of the National Defense Education Act, which has been amended to provide loans for parochial schools, could also be debated, and the church-state issue threshed out separately—as it should be.

But no, it was all or nothing for the church leaders. And the result, apparently, will be no major addition this year to existing programs of Federal aid to schools and colleges.

Sharing the blame with the hierarchy are the National Association of Manufacturers and the U.S. Chamber of Commerce, whose anti-school-aid propaganda has ignored or misrepresented the need for such aid, and made a phony issue of the Federal school aid principle itself—an issue which was settled generations ago.

School districts, despite giant strides in school construction and improvements in recent years, are right up to the absolute limits of their bonding and taxing capacity. Yet the tide of youngsters continues to inundate them.

There is a limit to the amount that local property taxation, and the overburdened States, can carry. The only solution for this is to use the Federal taxing mechanisms to provide needed moneys, and to see that educational opportunities throughout the 50 States are, to a certain extent, equalized.

The need is there, and we are convinced that if the Congress were faced with it alone, on its merits, the necessary aid would be extended to the public schools.

But the religious aspect this year has killed this whole package of education measures, just as the segregation issue has done in previous years.

America's future will suffer thereby.

Public education, religious education, and segregation are all vital issues, but they should be kept separate so that informed intelligent decisions can be made on each, on its merits.

Because of its petulant and selfish refusal to let this come about this year, the Catholic hierarchy has done a disservice to this Nation.

Mr. President, another editorial from another newspaper in my State, the World, published at Coos Bay, Oreg., issue of March 22, 1961, bears upon this subject. I made a brief comment about this editorial earlier in the year, and I think once again it is particularly apropos to the discussion. I ask unanimous consent that it be printed at this point in my remarks.

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

RELIGIOUS ISSUE IN SCHOOL AID

If ever there were two positions from which there seemed no possibility of compromise, the positions on public support for church-operated schools qualify.

Communicants of religions which maintain their own secondary and primary school systems—chiefly Catholics—are right in saying it is a hardship for them to maintain their own schools and at the same time pay taxes to support public schools. Institution of Federal aid to education in public schools, excluding parochial schools, compounds the hardship. This, they feel, is simply not right; it is unfair, undemocratic, unreasonable. They will sabotage aid to public schools rather than have the fiscal unfairness increased.

The "separation of state and church" people assert grants or loans to church schools is equivalent to paying tax money for the support of religion. This is unconstitutional; if it were constitutional it would, in the light of history, be dangerous. The horrors of history where church and state become one are cited.

How is it possible for advocates on either side to compromise? The issue furthermore touches on religion—an area in which "unfirm" convictions are indeed rare.

President Kennedy and Senator MORSE—the key U.S. Senate figure on this subject—suggest that the administration's bill go through, and that the issue of Federal aid to parochial schools be fought out in separate legislation. The suggestion is opposed by Catholic leaders. From a tactical position the Catholic logic in this is unassailable. Once Federal aid to public schools is out of the way the opposition to Federal aid to parochial schools will be overwhelming. If Federal aid to religious schools is ever to be implemented it must ride through on the coattails of the legislation now pending.

The issue is going to be fought out here: on the President's Federal-aid-to-public-schools bill. This is as it should be. The strategy of putting parochial-school aid in another legislative category is begging the issue.

What is the issue?

First, schools in many parts of this land are deteriorating due to underfinancing. This is in part caused by an over-abundance of pupils in relation to the ability of local and State taxes to provide support. In part it is due to a reluctance to provide support by some local governments and people. This is not the case in Oregon, where the people as a rule have shown a willingness to give the public schools virtually everything requested and local and State resources are generally at a level permitting support.

But the problem is a national problem. The evidence of the need for Federal aid to education is sufficient to prove the case in the opinion of most observers.

But is the need great enough to "buy" Federal aid at the price of providing Federal aid to private schools, and more particularly to church-operated schools? And is there a price and what is it?

The issue of separation of church and state is not merely academic. Truly, the history of man has been blighted and bloodied again and again by injustice where religion and government have been made one. This is not alone a manifestation of Catholic nations, although radical Protestants seem to believe it is. It has occurred from the dawn of civilization: where the state makes propagation of faith its objective, and uses its political power to support the church, and the church uses its spiritual power to support the politics of the state, the lot of the people has generally become unbearable.

There are exceptions. Great Britain, for instance, has an established church. The head of state of the United Kingdom is also head of the church. Despite the rule on separation of church and state, there is religious and political tolerance in the United Kingdom generally greater than in separated states. It was not always thus. The growth of democracy there may have been the moderating factor.

This raises the question of whether a union of church and state—especially to the small extent of public contribution to church schools—would be ultimately harmful to democracy and tolerance here. The United States certainly would not become a Spain. But do we want to take the risk of becoming anything other than a nation where a religion can do nothing officially, and must wield its power without benefit of state enforcement?

The constitutionalists take the position that we must not take the risk. With them this newspaper must agree, although it is painful to turn the back on arguments of economic hardship from religious-school families who support both church and public schools.

This country has been committed to the policies of public education and of emphatic separation of church and state almost from its inception. It has not done badly, either from the standpoint of economic and spiritual growth, or from the standpoint of freedom.

No compromise? We don't know.

We do know that there can be no safe compromising of freedom from official religions when the case gets down to fundamentals.

Mr. MORSE. Mr. President, I ask that excerpts from the CONGRESSIONAL RECORD and certain newspaper stories and articles be printed in the RECORD at the close of my remarks.

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

(See exhibit 1.)

Mr. MORSE. I now close my speech by saying to the Cardinal that I do not think it is helpful to the best interest of Federal aid to education, public and private, that we follow the course of action legislatively which he has recommended. I want him to know that, in my judgment, he does not have a better friend, as proven by the record, for aid to private schools within the constitutional limits which bind him, the senior Senator from Oregon, and all others in the country. I sincerely hope and pray that in some way, somehow, there will be brought to bear upon this subject a reconsideration of policies proposed up until now by the spokesmen for the private schools. I hope that we can get together on a legislative program which will draw the clear lines of distinction between public aid and private school aid.

What is important is not the differences in point of view that presently seem to exist between those of us who are fighting for S. 1021 and for the principles of S. 1482 and those who represent the private schools urging an "all or nothing" approach to the problem, but what is important happens to be the educational needs of every boy and girl in this country. These children at the present time are being denied an opportunity which they should have—an opportunity to achieve maximum development of their intellectual potential.

I do not intend to lose sight of that underlying issue. I recognize that we cannot have a difference of opinion, such as has developed between the senior Senator from Oregon and the spokesmen for the private schools, and have it result in a political lovefest. But I shall never concern myself about the politics of the situation. I am perfectly willing to let the people of my State weigh the evidence that I shall take to them on this issue, confident that once they have the facts, the majority of them will share my point of view that we ought to have Federal aid for both public and private schools but of different types. I shall continue to work for that end. I invite the cardinal to join me in that great crusade for the boys and girls of America.

EXHIBIT 1

[From the New York Times, July 24, 1961]

PUBLIC EDUCATION IS SEEN MENACED—DR. DURGIN ASSERTS CATHOLIC ATTITUDE PROMPTS WARNING

(By George Dugan)

The Reverend Dr. Lawrence L. Durgin, minister of the Broadway Congregational Church charged yesterday that "activity of the Roman Catholic heirarchy has resulted in a cynical conspiracy to frustrate support for public education."

The charge was in a prepared statement read from the pulpit before his sermon in the church at Broadway and Fifty-sixth Street.

His reference was to the action of the House Rules Committee Tuesday in tabling by a vote of 8 to 7 all proposals for Federal aid to education. The key vote in the committee was cast by Representative JAMES J. DELANEY, Democrat, of Queens, and advocate of Federal aid to parochial schools. Mr. DELANEY is a Roman Catholic.

FINDS QUESTION RAISED

Dr. Durgin noted that the tabling of the Federal aid proposals "was done finally at the level of parliamentary maneuver" and declared:

"Until now the claim has been that, as a large and responsible part of the body politic, Roman Catholics have every right to press a sectarian position. With this I heartily agree. However, now that the pressing of a private claim has resulted in what may prove to be a national calamity a serious question must be raised.

"Is the real purpose of Roman Catholic activity to scuttle the whole system of public education? It is difficult to account otherwise for a seeming willingness to allow a parochial consideration to stalemate a great nation in its attempt to come to grips with a critical need."

Dr. Durgin asked for a "clarification of the Roman Catholic position in the bluntest terms."

"I do not fear the religious discussion which would result," he said. "I think that interreligious animosity would be limited largely to the older generation."

SEES CALM DISCUSSION

"Tensions have eased sufficiently, especially since the presidential election last fall, so that at least younger and middle-aged citizens—Protestant, Catholic and Jewish—can discuss even this issue with an irenic spirit.

"There is a new generation, not so hobbled by paranoia, which can engage responsibly in a discussion of the merits of religious issues. I am confident that division on these issues would not coincide with the religious categories of our society.

"What we need, it seems to me, is an up-to-date report from Roman Catholics on the Roman Catholic self-understanding of relationship to the dynamics of the pluralistic society in which we live and will continue to live for an indefinite future."

[From the New York Times, Apr. 30, 1961]

SPELLMAN SEES COMMON GROUND FOR SETTLING SCHOOL-AID DISPUTE—CARDINAL SAYS ADMINISTRATION HAS MADE THREE SUBSTANTIAL CONCESSIONS—URGES CONGRESS TO DO SOCIAL JUSTICE

(By George Dugan)

Cardinal Spellman declared yesterday that common ground might exist on which it would be possible to resolve the controversy over Federal aid to church-related schools.

The prelate said he had been advised by legal counsel that a memorandum prepared by the Department of Health, Education, and Welfare "makes three substantial concessions" to the position taken by proponents of aid to parochial schools.

He said in his statement, however, that the Government's document arrived at other "incorrect or doubtful" conclusions "which I choose not to mention at this time."

The cardinal received his legal advice from Lawrence X. Cusack, counsel for the Roman Catholic Archdiocese of New York. On April 5 Mr. Cusack submitted a statement on behalf of the archdiocese to the House Committee on Education and Labor. In it he asked that Congress consider four plans to provide aid to church-related schools.

CONCESSIONS NOTED

The cardinal said yesterday the Government's brief admitted that it might be constitutionally permissible for the Federal Government to provide church-related schools with equipment or facilities designed for special purposes not connected with their religious functions.

The document also concedes, he said, that loans to church-related schools might be extended where a distinction has been made between the aspects of schools that are involved with religious teaching and those that may not be. In this connection, the cardinal observed that Federal funds might be lent to church-related schools to finance the construction of nonreligious facilities.

The memorandum also concedes that there is no constitutional barrier to providing children at church-related schools with certain collateral educational services, secular textbooks and nonreligious equipment, he said.

APPEALS TO CONGRESS

"Since these areas of common ground exist, there now seems to be no justification for the exclusion of church-related schools and their students from a program of Federal aid, if the Congress decides on political and economic grounds that there should be such a program," the cardinal said.

"For that reason I again ask that Congress do social justice to the millions of American children in church-related schools by adopting one or more of the foregoing constitutionally acceptable approaches which would alone or in combination achieve equality. The lawyers for the Federal administration have conceded that such approaches may not be prohibited under the Constitution.

"There is, therefore, no longer any just reason to deny our American children in church-related schools equal treatment under any legislation that Congress might enact to attain President Kennedy's announced objective of achieving 'the maximum development of every young American's capacity' and thereby to promote the 'general welfare of our Nation.' "

[From the New York Times, Mar. 14, 1961]

SPELLMAN PUSHES EFFORT TO WIDEN SCHOOL MEASURE—CALLS KENNEDY'S BILL UNFAIR—CITES WAYS OF INCLUDING NONPUBLIC INSTITUTIONS

Cardinal Spellman repeated yesterday his opposition to any program of Federal aid to education that excluded private and parochial schools on the elementary and secondary levels.

In a statement issued through the chancery office of the Roman Catholic Archdiocese of New York, the cardinal praised President Kennedy's program of assistance to higher education as "fair and equitable to all students, all colleges, and all universities."

But he declared: "I am still opposed to any program of Federal aid that would penalize a multitude of America's children because their parents choose to exercise their constitutional right to educate them in accordance with their beliefs."

THREE-SIDED PROGRAM

The President's aid program has three facets: grants to States for public elementary and secondary education, loans to colleges for construction, and grants for college scholarships. Mr. Kennedy has excluded private and parochial schools from the first category on constitutional grounds.

Cardinal Spellman called the administration's proposal for elementary and secondary education "not fair and equitable."

"It would limit Federal aid to public schools and thereby withhold benefits from millions of children attending private and church-related schools," he said.

"It is not for me to say whether there should be any Federal aid to education. That is a political and economic matter to be decided by the Congress in compliance with the will of the American people.

ASKS EQUAL TREATMENT

"However, if the Congress decides there should be Federal aid, then certainly any legislation should conform to principles of social justice, equal treatment and non-discrimination."

An aid program providing equivalent benefits to children attending private and church-related schools without violating the Constitution would seem to be an "attainable objective," the cardinal said.

If this is not feasible, he observed, Congress should weigh other means.

These might include, he said, long-term, low-interest loans, tax benefits to parents, tuition subsidies and "other forms of help" such as assistance for the nonreligious aspects of church-related schools.

Last Jan. 17, the cardinal assailed a Kennedy task force proposal that Congress enact a multibillion-dollar program of Federal aid to public schools.

He said then it was "unthinkable that any American child be denied the Federal funds allotted to other children which are necessary for his mental development because his parents choose for him a God-centered education."

RIBICOFF BACKS PRESIDENT

WASHINGTON, March 13.—Secretary of Welfare Abraham A. Ribicoff said today he absolutely opposed including nonpublic school aid in the administration's $2,300 million bill.

To consider public and parochial school aid together would be most tragic, he told a House Education Subcommittee, and would jeopardize the program.

At the same time he refused to commit the administration in advance on any separate legislation to aid private schools.

"A serious constitutional question is involved," which would require detailed study of such legislation," he said.

Representative CLEVELAND M. BAILEY, chairman of the subcommittee, said at the outset that his group would not be concerned with theological differences or historical arguments over the church-state question.

It is concerned only with that matter as it may violate the Constitution and in consideration of the main purpose of the legislation, the West Virginia Democrat stressed.

Senator WAYNE MORSE, Democrat, of Oregon, and chairman of the Senate Education Subcommittee, urged Catholic leaders to refrain from pressing for a parochial school amendment. The Senate unit is also holding hearings on the legislation.

[From the New York Times, Mar. 14, 1961]

THE CARDINAL'S STATEMENT

In January of this year I made a public statement on Federal aid to education. Many people in the archdiocese of New York and around the country have inquired whether I desire to modify or clarify my views in the light of recent developments. Under the circumstances, I feel I have an obligation to restate my position as archbishop of the Roman Catholic archdiocese of New York.

I am still opposed to any program of Federal aid that would penalize a multitude of America's children because their parents choose to exercise their constitutional right to educate them in accordance with their beliefs. This was the central theme of the statement issued in Washington on March 2 after the recent meeting of the administrative board of the National Catholic Welfare Conference.

It is not for me to say whether there should be any Federal aid to education. That is a political and economic matter to be decided by the Congress in compliance with the will of the American people. However, if the Congress decides there should be Federal aid, then certainly any legislation should conform to principles of social justice, equal treatment and nondiscrimination.

President Kennedy is to be commended for his interest in education and for proposing a program of Federal aid in the field of higher education that is fair and equitable to all students, all colleges, and all universities. But the administration's proposal in the field of elementary and secondary schools is not fair and equitable. It would limit Federal aid to public schools and thereby withhold benefits from millions of children attending private and church-related schools.

As an American citizen interested in the welfare of all the youth of the Nation, I feel that the failure to do justice and to avoid discrimination in the field of elementary and secondary schools is contrary to the best interests of our country. Any such legislation would fall far short of meeting President Kennedy's announced objective of "the maximum development of every young American's capacity."

The welfare of our Nation depends upon the strength of our public schools and the educational excellence of the children attending them. This I know personally and gratefully as a graduate myself of public elementary and secondary schools.

But the welfare of America also depends on the strength of our private and church-related schools and the educational excellence of the more than 6 million children attending them. Not only would it be unfair and discriminatory to deny that full equality of treatment, but to bypass them would discriminate also against the good of the Nation.

From all of our children, not just the graduates of our public schools, we should expect what President Kennedy referred to as "rich dividends in the years ahead—in increased economic growth, in enlightened citizens, in national excellence." To all of our children, not just the graduates of our public schools, we must look for our future

leaders, our scientists, our soldiers, our statesmen, our educators.

There are many constitutional questions involving Federal aid to education that the Supreme Court has not yet answered. Some eminent constitutional authorities have, however, stated that children in church-related schools are entitled to all the considerations given by the Federal Government to children in public schools. Prof. A. E. Sutherland of Harvard Law School is quoted as having recently said that there is no clear constitutional prohibition against Federal aid to parochial schools.

A program of Federal aid that would accord equivalent benefits to children attending private and church-related schools and yet not violate the Constitution would seem to be an attainable objective. The specifics are matters for the discretion of Congress.

If, for constitutional reasons, children attending church-related schools cannot be given equal benefits by the same methods proposed for children attending public schools, then Congress should weigh alternative means, or a combination of means, to provide that equality. Suggestions made, in addition to long-term, low-interest-rate loans, include tax benefits to parents, tuition subsidies and other forms of help, such as assistance for the nonreligious aspects of those schools.

Since equitable alternatives are available, the enactment of a program of Federal aid for the children of our Nation that would exclude those attending private and church-related schools would be a great injustice. As a matter of fact, to deprive some American children on religious grounds of the right to benefit from such a program along with their fellow citizens might well be unconstitutional.

[From the Washington Post, Mar. 14, 1961]

SCHOOL BILL RIDERS HIT BY RIBICOFF—SAYS SEGREGATION AND CHURCH ISSUE IMPERIL PASSAGE

(By Erwin Knoll)

The administration yesterday carried to the House its fight for an aid-to-education bill free of antisegregation and parochial school amendments.

Secretary of Health, Education, and Welfare Abraham Ribicoff told the first session of House Education Subcommittee hearings that it would be "most tragic" to jeopardize chances of passing President Kennedy's $2.3 billion school-aid program by adding provisions for low-interest construction loans for private and parochial schools.

Ribicoff said a controversy over withholding Federal funds from segregated school systems would also endanger the legislation.

MAJOR STUMBLING BLOCKS

Both issues are regarded as major stumbling blocks confronting the President's education proposals in the House.

They also dominated the Senate Education Subcommittee's discussions yesterday as it continued to hear testimony on the legislation.

Agnes E. Meyer, author and lecturer on education, told the Senators that Catholic leaders who have called for Federal assistance to parochial schools are disregarding the "clear and unanswerable fact" that the Constitution forbids it.

NO DENIAL OF BENEFITS

"There is no denial of participation to Catholic children in the benefits of the bill," Mrs. Meyer said. "At least half of the country's Catholic children go to public schools, and the others could do so if they wished to.

"The denial of Federal aid is thus not to Catholic children but to parochial schools where religious instruction is part of the curriculum. The parents of Catholic parochial schoolchildren would also benefit by Federal aid to our public schools. Any measure that helps the community to provide better public education without raising local taxes is an indirect benefit to such Catholic parents.

"Some Catholics object to paying any taxes for public school," Mrs. Meyer continued, "since they are obliged to send their children to parochial schools."

"If we, American citizens, are allowed to escape any legal tax because we prefer to do something else with the money, it would soon become difficult to collect any taxes. There cannot be a tax-escape clause for Catholic taxpayers and none for other citizens."

Mrs. Meyer said she would like to see school desegregation make greater progress, but warned against telling the South, desegregate or else, by tying an antisegregation rider to the school bill.

LIBERALS WARNED

"The adherents of desegregation, and liberals who wish to force the issue, should remember that when it comes to Southern States, you cannot desegregate schools that are nonexistent," she said.

Mrs. Meyer expressed strong support for President Kennedy's proposals and said she could not believe that the opposition of the U.S. Chamber of Commerce represents the opinion of enlightened businessmen.

Federal assistance for parochial schools was defended by the Rev. F. William O'Brien, S.J., assistant professor of government and constitutional law at Georgetown University, who said there appears to be no clause in the Constitution or in any court decision proscribing it.

Father O'Brien said he was not certain what form such aid should take, or even whether there was any necessity for the Federal Government to provide school funds.

"But if education be a matter of concern for the Federal Government this concern should be comprehensive," he said, adding:

"Approximately 15 percent of primary and secondary students are in nonpublic institutions. Since 1940 the enrollment in these schools has increased 147 percent while enrollment in the public schools has grown 42 percent."

ONCE OPPOSED SUCH AID

"If three levels of government tax the heads of families and use the money raised for the public schools alone, it in effect compels parents to send their children to these schools," he said.

Under questioning by Senator BARRY GOLDWATER, Republican, of Arizona, Father O'Brien conceded that in 1959 he wrote an article opposing all forms of Federal aid. He said that is still his basic position, though exceptions may be warranted in urgent circumstances.

GOLDWATER, who opposes the school aid program as unnecessary and unsound, said he did not see how the Government could morally take money from certain groups of taxpayers and then not share it with them.

He urged the subcommittee to consider his own proposal to give Federal income tax credits of up to $100 for local real estate taxes paid for school purposes.

Minority Leader EVERETT M. DIRKSEN, Republican, of Illinois, said he could not "see for the life of me how we can permit construction of classrooms or payment of teachers" to school districts violating the Supreme Court's desegregation decision.

MIND NOT MADE UP

But DIRKSEN later told reporters that he had not made up his mind whether or not to support an antisegregation amendment to the school bill.

Senator LEE METCALF, Democrat, of Montana, said an effort to destroy the school bill would be the only reason for such an amendment. On the question of aid to nonpublic schools, METCALF declared that "the first thing we would have to do is put some Federal controls on these private schools."

Subcommittee Chairman WAYNE MORSE, Democrat, of Oregon, said the Catholic hierarchy "has a great opportunity in its testimony to say to the American people, 'We're in no way changing our convictions or desires in this matter, but we are going to yield to the great need in this country.'"

MORSE has said he would support a loan program for parochial and private schools as a bill separate from public school aid.

The pace of the Senate hearings indicated that no floor action is likely before the Easter recess.

[From the Washington Post, Mar. 3, 1961]

CATHOLIC HEADS OPEN FIGHT TO PUT CHURCH-SCHOOL AID IN U.S. PLAN

(By Erwin Knoll)

The highest leaders of American Catholicism declared yesterday that the church will oppose President Kennedy's education program as discriminatory unless it is amended to provide assistance for private and parochial schools.

The church position on Federal aid to education was worked out at a meeting here Wednesday of the National Catholic Welfare Conference's administrative board, which includes the five American cardinals and the bishops and archbishops who head NCWC departments.

In a statement on "Catholics and Federal Aid," which he said "fairly and briefly" summarized the board's discussions, the Most Reverend Karl J. Alter, archbishop of Cincinnati, said:

"In the event that a Federal aid program is enacted which excludes children in private schools, these children will be the victims of discriminatory legislation. There will be no alternative but to oppose such discrimination."

AT ODDS WITH KENNEDY

The statement put the church hierarchy at direct odds with President Kennedy, a Catholic.

At his press conference Wednesday, the President said that "the Constitution clearly prohibits aid" to parochial schools, and added:

"There isn't any room for debate on that subject."

White House press secretary Pierre Salinger last night said the President would stand on the position he took at the news conference.

Archbishop Alter said long-term, low-interest Federal loans for construction of parochial school facilities would be "strictly within the framework of the Constitution."

He said the overall question whether there ought to be Federal aid to education "is a judgment to be based on objective; economic facts connected with the schools of the country, and consequently Catholics are free to take a position in accordance with the facts.

CONVICTION STRESSED

"In the event that there is Federal aid to education," Archbishop Alter added, "we are deeply convinced that in justice Catholic schoolchildren should be given the right to participate."

The Catholic position was drafted at a meeting attended by all five American Cardinals—Francis Cardinal Spellman of New York, Albert Gregory Cardinal Meyer of Chicago, James Francis Cardinal McIntyre of Los Angeles, Richard Cardinal Cushing of Boston, and Joseph Cardinal Ritter of St. Louis.

Other participants included Archbishop Alter, chairman of the NCWC administrative board; the Most Reverend William E. Cousins, archbishop of Milwaukee and vice chairman of the board; the Most Reverend Lawrence J. Shehan, bishop of Bridgeport, Conn.; the Most Reverend Joseph M. Gilmore, bishop of Helena, Mont.; the Most Reverend Allen J. Babcock, bishop of Grand Rapids, Mich.; the Most Reverend Albert R. Zurow-

este, bishop of Belleville, Ill.; the Most Reverend John F. Dearden, archbishop of Detroit; and the Most Reverend Emmet M. Walsh, bishop of Youngstown, Ohio.

When Senate committee hearings on the President's education program opens next week, the Catholic position is expected to be submitted through testimony of the Right Reverend Frederick G. Hochwalt, executive secretary of the National Catholic Educational Association.

Chairman WAYNE MORSE, Democrat, of Oregon, of the Senate Education Subcommittee, has indicated that he will move to amend the legislation to provide low-interest Federal loans for private and parochial school construction.

Morse offered a similar amendment to a school-aid bill last year, but it was defeated, 49 to 37. In the House, an attempt to amend last year's school construction bill to provide aid for nonpublic schools was ruled out of order as not germane to the legislation.

CALLS FOR $2.3 BILLION

President Kennedy's school-aid program calls for Federal grants totaling $2.3 billion in three years for public school construction and teachers' salaries.

In submitting it, Mr. Kennedy told Congress:

"In accordance with the clear prohibition of the Constitution, no elementary or secondary school funds are allocated for constructing church schools or paying church school teachers' salaries. * * *"

The President's position was hailed yesterday by Protestants and Other Americans United for Separation of Church and State. In a statement issued by Glenn L. Archer, executive director, the organization expressed the hope "that the American people will support President Kennedy against the bishops of his church."

[From the Washington Post, Mar. 2, 1961]

U.S. AID TO PAROCHIAL SCHOOLS BARRED BY CONSTITUTION, KENNEDY DECLARES

(By Edward T. Folliard)

President Kennedy said yesterday that the Constitution clearly prohibits Federal aid for parochial schools—that "there isn't any room for debate on that subject."

Some of his fellow Roman Catholics, including Francis Cardinal Spellman of New York, disagree with him. They have sharply criticized his program for Federal grants to build public schools and raise teachers' salaries because it does not include church schools.

Cardinal Spellman said on January 17 that it was "unthinkable" that any American child be denied Federal help given to other children because his parents "choose for him a God-centered education." He said it was also unthinkable that Congress would approve such a denial.

At yesterday's Presidential news conference, a reporter called Mr. Kennedy's attention to the criticism of his aid-to-education program, and asked him to elaborate on why he had not recommended Federal help for private and parochial elementary and secondary schools.

"Well," said the Chief Executive, "the Constitution clearly prohibits aid to the * * * parochial school. There is no doubt about that. The Everson case, which is probably the most celebrated case, provided only by a 5-to-4 decision (that it) was possible for a local community to provide bus rides for non-public-school children."

He said that running through both the majority and minority opinions in the Everson case was a very clear prohibition of direct aid to the parochial school, and added:

"The Supreme Court made its decision in the Everson case by determining that the aid was to the child, not to the school. Aid to the school—there isn't any room for debate on that subject. It is prohibited by the Constitution, and the Supreme Court has made that very clear. Therefore, there would be no possibility of our recommending it."

He was reminded by a newsman that he felt free to recommend Federal aid for private and church-controlled colleges and universities.

"The aid that we have recommended to colleges is in a different form," Mr. Kennedy said. "We are aiding the student in the same way that the GI bill of rights aided the student.

"The scholarships are given to the students who have particular talents and they can go to the college they want. In that case it is aid to the student, not to the school or college, and, therefore, not to a particular religious group.

"That is the distinction between them, except in the case of aid to medical schools, and that has been done for a number of years because that is a particular kind of technical assistance. The constitutional question has not arisen on that matter."

The Everson case, to which the President referred to at his news conference, involved Ewing Township, a community of a little more than 10,000 near Trenton, N.J. The board of Ewing Township ordered that pupils of both public and Catholic schools use the regular bus lines, and that the cost of their fares be paid back to the parents. The payments came to about $40 a year for a pupil.

Arch R. Everson, a taxpayer, attacked the Ewing Township order, and carried the case all the way to the U.S. Supreme Court.

As the President said, the Court divided 5 to 4 on the case. In the majority were Chief Justice Fred Vinson and Associate Justices Stanley F. Reed, William O. Douglas, Frank Murphy, and Hugo L. Black. In the minority were Associate Justices Wiley Rutledge, Robert Jackson, Felix Frankfurter, and Harold H. Burton.

Justice Black, who spoke for the majority, upheld the right of Ewing Township to provide free bus rides for children attending Catholic schools. He said it was no more of a breach of the wall between church and state than was the detailing of policemen to protect children from traffic hazards on their way to and from school.

But having said this, Justice Black said something else that President Kennedy must have had in mind yesterday when he told reporters that running through both majority and minority opinions in the Everson case was a very clear prohibition against direct aid to parochial schools.

Justice Black, after referring to the first amendment and its command that a State "shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof," said that it meant at least this:

"Neither a State nor the Federal Government can set up a church. Neither can pass laws which aid one religion, aid all religions, or prefer one religion over another.

"Neither can force nor influence a person to go or remain from church against his will or force him to profess a belief or disbelief in any religion. No person can be punished for entertaining or professing religious beliefs or disbeliefs, for church attendance or nonattendance.

"No tax in any amount, large or small, can be levied to support any religious activities or institutions, whatever they may be called, or whatever form they may adopt to teach or practice a religion.

"Neither a State nor the Federal Government can, openly or secretly, participate in the affairs of any religious organizations or groups and vice versa. In the words of Jefferson, the clause against the establishment of religion by law was intended to erect 'a wall of separation between church and state.'"

Some Catholic theologians have contended that Jefferson did not use the "wall of separation" phrase in the sense that Justice Black used it, and as others have used it.

[From the CONGRESSIONAL RECORD, Feb. 28, 1961]

THE CATHOLIC SCHOOL-AID CASE

(Extension of remarks of Hon. EDWIN B. DOOLEY, of New York, in the House of Representatives, Tuesday, February 28, 1961)

Mr. DOOLEY. Mr. Speaker, under leave to extend my remarks in the CONGRESSIONAL RECORD, I include the intelligent, provocative, and fairminded statement by Bishop John J. Navagh of Ogdensburg, N.Y., a shepherd of some 161,000 Catholics of our north country, concerning the inequities present in the proposed Federal aid to education bill.

To my mind, the discrimination against parochial school children, all of whom are 100 percent Americans, is most regrettable. Their parents pay taxes for the support of public schools, but they are overlooked or neglected when the Federal Government is helping to pay the costs of education.

It seems incongruous that the so-called barrier of separation between church and state is thought to be fragmented by the use of Federal funds for parochial school buildings or for salaries for lay teachers.

As one who is not enthusiastic about Federal aid to schools, but is not opposed to it categorically, I feel the unfairness of the administration's education bill should be called to the attention of the Congress.

The bishop's statement follows:

BISHOP NAVAGH STATES CATHOLIC SCHOOL AID CASE IN RADIO TALK

"My dear fellow Catholics of the north country, I speak this morning as the Bishop of Ogdensburg and the spiritual leader of the 161,000 Catholics of the north country. The events of the past week have made it advisable for me to speak to you this morning on the subject 'What Do We Catholics Want?'

"First of all, let us consider what we do not want.

"1. We do not want any special privileges or any advantages which are not available to every other citizen of these United States.

"2. We do not want support for our churches or for the teaching of religion. We have taken good care of that in the past. We shall continue to take good care of that in the years ahead.

"3. We do not want a union of the Catholic Church or of any other church with the Government of the United States. I am sick and tired of reading in some of our newspapers of the danger of a union of the church and state in this country.

"Who wants it? I know personally every cardinal and archbishop and bishop in the United States and I know they do not want it. I have attended meetings of the bishops of the United States for the past 9 years and I can honestly say that it has never been mentioned publicly or in private discussion.

"I think it is time for some of our fellow citizens to stop trying to read our minds and to read and listen to what we have to say.

"The bishops of the United States are honorable men and patriotic citizens. They have never hesitated to speak out frankly on any subject of interest and utility and they never will. They have spoken on this subject as I am doing today.

"I know a number of non-Catholic clergymen and I have not the slightest suspicion that any of them plan a union of their churches with that of the American Government.

"I do not know of any sane group of laymen who are interested in a union of church and state. The so-called danger of the union of the church and state is a 'strawman,' a 'bugaboo,' invented by the secularists of the

United States as a weapon to drive every religious influence from its legitimate place in American public life.

"Now let us consider what we do want, what we Catholics of the north country do want here in the United States.

"1. We want to unite in civic and patriotic endeavor with every other American of every race and creed and condition of life to promote the good of our country and the good of every one of our fellow citizens.

"2. We want complete equality in every respect for every Catholic as well as for every other American. We Catholics have not always enjoyed this equality. We intend to enjoy it.

"When I was a boy my father brought home the daily newspapers with advertisements for employment with the last line of the advertisement running, 'No Roman Catholic need apply.'

"I can recall in public high school the civics teacher who told us ad nauseam during many discussions of the American Constitution that there were also unwritten laws in the United States and one of them was 'No Roman Catholic may ever be President.'

"I can recall Boy Scout camps which we Catholic boys could not attend because meat was served on Friday, transportation to mass was refused on Sunday and all campers were ushered into a Protestant service.

"In those days, and even now sometimes, our Catholic students struggled with the public college professor who allowed them no freedom of thought, who belittled their faith, and who gave low marks and failing marks to students who manfully refused to incorporate the teacher's own prejudices into their book reports and examination papers.

"We want that full equality for ourselves and for everybody else that the Constitution guarantees, so that, living our faith to its fullest in our pluralistic society, we may make our contribution to the good of our great country.

"3. We want for our Catholic children every privilege which the Constitution of the United States sanctions and which is enjoyed by other American boys and girls. The law makes a distinction between service to the church and service to the child. We recognize this and we accept it.

"We expect for our children, including those attending our Catholic schools, every service, every help, every privilege that is enjoyed by any other American boy or girl. This includes bus transportation, school lunches, health service, and everything else which the Constitutions of the United States and the State of New York allow.

"The Governor of New York State among other aids to higher education has proposed a measure to assist financially every student attending a private college in the State of New York. The Governor says this is a constitutional measure, and he is an honorable gentleman.

"We want that aid for every student no matter what college he attends. The Government of the United States is apparently about to launch a massive Federal aid program to benefit education in the United States. This can be set up so it benefits every American boy and girl, both those in public schools and private schools.

"Since this aid is to be given out of taxes all Americans, ourselves included, will pay, we want it for Catholic children, and every child no matter what schools they attend.

"Whether or not the State program and the national program are needed is a matter for the members of the government to determine. But if aid is given, it belongs to every American boy and girl and not one of them may be justly handicapped because his parents exercised their God-given right, recognized by the Constitution of the United States, to educate them in a private rather than a public school. We pay the same taxes as everybody else. We want the same benefits everyone else will receive.

"4. We want private schools, including parochial schools, recognized and accepted for what they are, as American institutions, partners with the State schools in the field of education, private in operation, but doing a tremendous public service in educating vast numbers of good Americans.

"The free private schools are useful and necessary to maintain freedom in our country. They prevent the intellectual stagnation which would inevitably follow from a state monopoly. They give a parent the free choice in education which is part of the American way of life. They promote a healthy and friendly rivalry which encourages intellectual progress.

"The Supreme Court of the United States in 1925 ruled unanimously that: 'The fundamental theory of liberty upon which all governments in this Union repose excludes any general power of the state to standardize its children by forcing them to accept instruction from public teachers only. The child is not the mere creature of the state; those who nurture him and direct his destiny have the right, coupled with the high duty, to recognize and prepare him for additional obligations.'

"Private schools antedated state schools. Private education is here to stay. Catholic schools are here to stay as long as the United States of America remains in the United States of America.

"Increasing numbers of young Americans will be educated in private schools which are perfectly American and in perfect conformity with the requirements of the Constitution. We resent the un-American sniping at these institutions, the unconstitutional attempts to handicap the boys and girls who attend them, the insinuation that they are any less American than the public school. They are a partner of the public school in the education of young Americans and they will continue to be so.

"We resent the attempt to deprive us of rights and helps which are just and constitutional on the pretext that, if we are treated justly and according to the Constitution, we will at a later date, ask for things that are unjust and unconstitutional. To those who so plead we reply, 'Stop fighting shadows, and take us at our word. The argument from prophecy is the weakest of all arguments.'

"5. We want fair treatment from and the sympathetic cooperation of the public school authorities, with every parent who wants his children to receive religious instruction through the released time program.

"Justice William O. Douglas speaking for the majority of the U.S. Supreme Court in 1952 in the Zorach case stated, 'The first amendment * * * does not say that in every and all respects there shall be a separation of church and state.

" 'Rather it studiously defines the main, the specific, ways in which there shall be no concert or union or dependency one on the other. * * * This is the commonsense of the matter.'

"He goes on to say, 'We are a religious people whose institutions presuppose a Supreme Being. We guarantee the freedom to worship as one chooses. We make room for as wide a variety of beliefs and creeds as the spiritual needs of man deem necessary. We sponsor an attitude on the part of government that shows no partiality to any one group and that lets each flourish according to the zeal of its adherents and the appeal of its dogma.

" 'When the state encourages religious instruction or cooperates with religious authorities by adjusting the schedule of public events to sectarian needs, it follows the best of our traditions. For then it respects the religious nature of our people and accommodates the public service to their spiritual needs.

" 'To hold that it may not, would be to find in the Constitution a requirement that the Government show a callous indifference to religious groups. That would be preferring those who believe in no religion over those who do believe.

" 'Government may not finance religious groups nor undertake religious instruction nor blend secular and sectarian education or use secular institutions to force one or some religion on any person. But we find no constitutional requirement which makes it necessary for Government to be hostile to religion and to throw its weight against efforts to widen the effective scope of religious influence.'

"While most of the public school authorities are most cooperative, these are those few who schedule necessary and essential school instruction or clubs and social activity which are attractive to children at the very hour of released-time instruction, who through arbitrary school regulations make the presence of children at religious instruction difficult, who cut down the time permitted by the law of the State and this in the case of children whose parents pay the taxes which build their schools and pay their salaries.

"In summing up what we Catholic Americans want let us put it this way. Negatively, we do not intend to be ignored, to be treated unfairly, to be passed over or to accept less than is justly ours.

"Positively, we intend to take our part and do our full share in the building up of our country. We are a large segment of the people in this Nation. We love our country as much as do any other group of Americans. And we think that our record of loyalty in the past underlines and emphasizes this.

"We want our full rights and we intend to use every legitimate way to insure that we get them. We Catholics are, and always intend to be, along with our institutions, a part of the American scene. We want everything that the Constitution permits and which is enjoyed by other Americans. We want no more. We will accept no less."

[From the New York Times, Feb. 21, 1961]

A CATHOLIC BISHOP HITS SCHOOL PLAN—EDUCATOR URGES CONGRESS TO BROADEN BILL—PROTESTANTS BACK KENNEDY MEASURE

WASHINGTON, February 21.—A Roman Catholic bishop expressed keen disappointment today that President Kennedy had excluded private and parochial schools from his multibillion-dollar program to improve education.

The program, sent to Congress yesterday, drew praise from a predominantly Protestant group that commended the President for maintaining the principle of church-state separation.

Catholics indicated even before the plan was announced that they believed it would be unfair to omit aid to nonpublic schools. Their first official stand came today from the Most Reverend Lawrence J. Shehan, bishop of Bridgeport, Conn., and chairman of the Department of Education of the National Catholic Welfare Conference.

He said that the Kennedy program denies even the least bit of help to 5 million children in nonpublic elementary and secondary schools.

"They are excluded," he added, "simply because their parents exercise their constitutional right by choosing for them education other than the State."

The bishop said he hoped that Congress would find a way to rectify this.

The bill has already run into trouble in Congress on two other questions: Whether to withhold aid from schools that defy the Supreme Court's integration ruling and whether to let States use part of the money for teachers' salaries.

The bill would provide $5,600 million in Federal funds to build public schools, provide better opportunities for college educa-

tions and increase teachers' salaries. In presenting it to Congress Mr. Kennedy made a special point of saying that parochial and private elementary and secondary schools would be excluded.

He said that this was in accordance with "the clear prohibition of the Constitution."

HAILED BY PROTESTANTS

Praise for this stand came from Protestants and Other Americans United for Separation of Church and State. The group said, "We congratulate the President for declaring that direct Federal aid to church schools at the elementary and secondary levels is unconstitutional."

Bishop Shehan said that the President's message had contained "no recognition of the contribution of private elementary and secondary schools to the critical needs of the country."

He said, "Admittedly there are certain constitutional problems in working out a formula for aiding all children." But he asked:

"Is there not ingenuity enough in the Federal Government to devise an acceptable course that would safeguard the Constitution and meet, at least to some extent, the needs of all children?

"It is our hope that Congress will seek out within the framework of the Constitution every means to assist the parents and to spur the maximum intellectual development of every American," the bishop said.

ADDRESS BY CARDINAL SPELLMAN

(Mr. LANE asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. LANE. Mr. Speaker, within the near future the 87th Congress will again be faced with the very important and most interesting subject matter on the program of Federal aid to education and especially the question of whether or not Federal aid to education should be provided to private schools and schools of various religious denominations.

Much has been written and said on the Federal aid to these private educational institutions and I have had the pleasure of reading an excerpt from an address by His Eminence Francis Cardinal Spellman of New York. So that the Members of the House may have an opportunity to read his remarks, I include his statement:

"EXCERPT FROM ADDRESS BY HIS EMINENCE FRANCIS CARDINAL SPELLMAN

"In the lead editorial in the Chicago Catholic New World of January 14 it is stated: 'One of President-elect Kennedy's task forces—pointedly described by some as a tax force—has proposed a $9,300 million program of Federal aid to education.' Of the total amount, $5,800 million would be allotted to public elementary and high schools.

"No Catholic schools or schools of other religious denominations are included in the task force proposal. For many millions of American parents, this means that they will be taxed more than ever before for the education of their children but that they cannot expect any return from their taxes, unless they are willing to transfer their children to a public grade or high school.

"The Task Force Committee consists of six of our country's distinguished educators, which outlined a general program of financial assistance for all public schools as follows:

" '1. To provide $30 per annum a pupil, based on average attendance in public schools. The boards of education should be authorized to use the funds for construction, salaries or other purposes related to the improvement of education.

" '2. To provide $20 per child for States with personal income per student in average daily attendance in public schools that is below 70 percent of the national average.

" '3. To provide an amount equivalent to $20 per child in average daily attendance in the public schools of the great cities (over 300,000 population) which are facing unique and grave educational problems.'

"I believe and I state that these recommendations are unfair to most parents of the Nation's 6,800,000 parochial and private school children. Such legislation would discriminate against a multitude of America's children because their parents choose to exercise their constitutional right to educate them in accordance with their religious beliefs. Under these proposals parents would be compelled to surrender both freedom of mind and freedom of religion in the education of their children as a condition for sharing in Federal education funds, which is in direct violation of the liberties guaranteed by the first amendment to the U.S. Constitution.

"In this day when, according to communism's chief salesman Nikita Khrushchev, the Soviet Union is fighting to enslave the world by conquering men's minds, it is imperative that our Nation provide every child with the teachings necessary to develop his moral and intellectual abilities to their highest potential. The requirements of the national defense as well as the general welfare of our country demand that, in educational opportunities, no child be treated as a second-class citizen. Hence, it is unthinkable that any American child be denied the Federal funds allotted to other children which are necessary for his mental development because his parents choose for him a God-centered education.

"To me it is also unthinkable that Congress would deny a child funds to study mathematics, science, and languages simply because his parents supply additional funds for the study of religion. This would be penalizing both the child and his parents because of their religious beliefs.

"As an American whose loyalties have been challenged only by Communists, I cannot believe that Congress would accept the proposals of the task force and use economic compulsion to force parents to relinquish their rights to have religion taught to their children. I cannot believe that Congress would discriminate against Lutheran, Baptist, Catholic, or Jewish parents—Americans all—in the allocation of educational funds.

"I cannot believe that Congress would enact a program of financial assistance to elementary and secondary education unless all children were granted equal educational privileges, regardless of the school they attend. This procedure would insure the civil rights of independent school children and of their parents, and would then incorporate in the task force programs, the first amendment principles of religious and academic freedom in the pursuit of truth.

"Our Constitution not only demands that all children be treated alike regardless of their exercise of religion in the choice of school, but Congress has established many precedents of this equal treatment. To quote just a few:

"In the Veterans' Readjustment Act of 1952 Congress provided for direct grants to veterans to enable them to pay tuition in the school of their choice. Many GI's used these funds to pay tuition in the Nation's 474 Protestant, 265 Catholic, and 5 Jewish institutions of higher education.

"In the War Orphan's Educational Assistance Act of 1956 Congress provided for direct grants to students whose father died as a result of the Second World War or the Korean conflict. Many of America's orphaned students are using these grants to pay tuition in church-related colleges. And, in the National Defense Education Act of 1958 Congress provided for direct grants to graduate fellows many of whom are pursuing their studies in universities under religious auspices.

"A number of States have also adopted the method of direct grants to students in extensive scholarship programs which give the award winners freedom of choice in education.

"It is a matter of record that programs of direct grants to students and children attending church-related schools do not breech the wall of separation of church and state. Discussing the GI bill, the President's Committee on Education Beyond the High School observed that it 'does not believe that this assistance to veterans was designed to help, even indirectly, the institutions.' This means that Congress can subsidize children and students without subsidizing the schools.

"The task force Committee on Education calls for a flat grant of $30 annually for each public school child for all States. By denying this measure of equality to church-related schoolchildren and their parents, the task force proposals are blatantly discriminating against them, depriving them of freedom of mind and freedom of religion guaranteed by our country's Constitution whose first amendment was adopted to protect the individual person from government repression, the very danger implicit in the proposed program of the task force.

"If Congress were to comply with the task force proposals as outlined by its committee (and once again I express my faith that Congress would not do so), and compel a child to attend a State school as a condition for sharing in education funds, it would be engaging in thought control, which, as Justice Jackson remarked, 'is a copyright of totalitarianism, and we have no claim to it.'

"Therefore, dear friends, in the hazardous present and the increasingly perilous future that we face, I beg your prayers that Americans may forever be free to worship God as conscience directs; prayers for our beloved country, her leaders and her people; prayers that, as we go forward to the great tasks ahead, we may rededicate ourselves to God with a single will for peace and righteousness for all."

[From the New York Times, Jan. 19, 1961]

SPELLMAN SCORED ON SCHOOLS STAND—BAPTIST DEPLORES HIS ATTACK ON AID PLAN AS A BLOW AT KENNEDY'S POSITION

(By Jon Wicklein)

A leading Baptist spokesman said yesterday it was "most unfortunate" that, at the outset of the new administration, Cardinal Spellman had attacked a basic position on education taken by President-elect John F. Kennedy.

In a statement issued here, the Reverend W. Hubert Porter, associate general secretary of the American Baptist Convention, said:

"It is most unfortunate that a leading cardinal of the Roman Catholic Church would attack a position to which President-elect Kennedy pledged himself repeatedly before the nationwide audiences during his successful campaign for the Presidency: not to use public funds for parochial schools."

At an archdiocesan meeting Tuesday night, Cardinal Spellman assailed a plan by the President-elect's task force on education to give $5,840,000 to public elementary and high schools over 4½ years. No such aid should be given, the Cardinal said, unless it goes to private and parochial schools on an equal basis with public schools.

PROTESTANT DISAGREES

Mr. Porter disagreed strongly. He said: "I believe that the use of the Public Treasury for the support of any sectarian purpose is a violation of a basic liberty which is essential to our American heritage, for it employs the power of government in coercing many citizens to support religious objectives of which they cannot conscientiously approve."

He was joined in this view by a number of other Protestant leaders.

The cardinal referred in his statement to parochial schools run by Protestant and Jewish groups, as well as Catholic.

"I cannot believe," he said, "that Congress would discriminate against Lutheran, Baptist, Catholic, or Jewish parents—Americans all—in the allocation of educational funds."

The Reverend Dr. Oswald C. J. Hoffman, public relations director of the Lutheran Church, Missouri Synod, commented:

"Let Cardinal Spellman speak for himself. He does not speak for us Lutherans."

The Missouri Synod, with 149,201 pupils in 1,293 elementary schools, has the largest system of Protestant parochial schools in the country.

"As Americans who accept the traditional American policy of church-state separation," Dr. Hoffman said, "we Lutherans would not feel discriminated against if Federal funds were appropriated for public schools only. In fact, we feel that Federal assistance, if there has to be such assistance, should be restricted to public schools."

Cardinal Spellman was told of Dr. Hoffman's comment.

Mr. KEATING. Mr. President, I have listened with interest to the presentation by the distinguished Senator from Oregon. I am gratified that, with perhaps the exception of the reading of excerpts from the editorials, he has been very restrained in his comments. I know of his view. I listened in the Senate with great care to his dissertation on the subject of the constitutionality of nonsubsidized loans to private schools. The Senator is a distinguished lawyer. His argument was very convincing.

I made an independent investigation of my own on that subject. I reached the same conclusion which he did. I spoke at some length on this subject this year. I voted for the amendment of the Senator from Oregon when he presented it to provide for nonsubsidized loans to private schools.

The Senator, as he has explained, felt he was in a different position this year, as the one responsible for the President's program; and, as he has said, this year he did not support in the public school bill the amendment to provide these loans to aid these schools.

In the light of that, an argument has developed as to who has left whom.

I am familiar with the bill which he and the Senator from Pennsylvania have sponsored. I believe, however, that Cardinal Spellman is to be excused if he reached the same misunderstanding, which I must confess I was advised is the case with other Members of the Senate, concerning the fact that the distinguished Senator from Oregon had changed his views with regard to loans to private schools, having been the author of the amendment before and now having been opposed to the same amendment when it was brought before us in the last bill.

I am aware of the reason which he has given. I agree—and I know that he agrees, too—that these issues should be debated on their merits. The whole question of Federal aid to education appeals to deep convictions and arouses considerable controversy. Throughout the whole country, I believe, there is a great awareness of the difficulties that Federal aid to education could create—political difficulties, racial difficulties, religious difficulties and, of course, the overall problem of Federal control.

Because the people of this Nation are divided in their attitudes toward Federal aid to education, it is very important that all segments of the population discuss and consider the issue and express opinions on it.

Cardinal Spellman is a man of deep personal conviction and unquestioned integrity. He is a great patriot who has demonstrated his love of his country and his great compassion for his fellow men in many ways, notably in the trips he has taken year after year—when he is no longer a young man—to visit our servicemen overseas.

I am sure that in voicing his objections both to the Senator's bill and to the Senator's comments in the address he made in Philadelphia, the Cardinal is conscientiously following the course which appears to him right and proper. Cardinal Spellman, like every other American, is entitled to make his position clear on any issue upon which he feels strongly.

Cardinal Spellman and many other people believe that the administration's proposal, as revised by the Senate Committee on Labor and Public Welfare, did not provide for an equitable or effective method of meeting our Nation's educational needs.

I myself was dissatisfied with many of the provisions in this bill. Cardinal Spellman is certainly entitled to express his concern over the measure. I know from my mail and from statements made to me by many people that the Cardinal has wide support for his position.

It is most important in dealing with matters which are as controversial as Federal aid to education that we avoid on all sides needless recriminations and personal attacks against those whose opinions differ from our own. I am happy to hear the Senator from Oregon voice the same sentiment. I am sure that it is a sentiment with which Cardinal Spellman would be in agreement. I am sure that the Senator from Oregon would agree that the essence of democracy is to present a forum for many different points of view, so that final action can be taken in accordance with the will of the majority.

That is why we are gathered here in Congress representing different points of view and expressing them freely and fully. We can fulfill our responsibilities best by listening to the dissenting voices that we hear throughout the country, and by doing nothing to silence or discredit those views merely because they do not happen to coincide with our own.

When I was informed that the distinguished Senator from Oregon was going to reply to the statements made by Cardinal Spellman, I was told that the Senator would "attack" the Cardinal on the floor. That was not anything coming from the Senator but from those who entertain as high a regard for Cardinal Spellman as I do.

I am proud to speak as the Cardinal's friend in making these remarks. I do not interpret the remarks of the Senator from Oregon as an "attack" upon him.

I would like to be the one to bring the Cardinal and the Senator from Oregon together for a discussion. I am sure each one would profit from the other, because they each have many points which, if not in common, are points which are enjoyable and which would make for a good meeting.

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

Mr. KEATING. I yield.

Mr. MORSE. I am sorry if anyone was under the false impression that I would attack the Cardinal. I did not give any reason for anyone to assume that. I thought I made very clear that I was going to express my difference of opinion with the Cardinal on the merits of the issue. I tried to make that clear.

The record will speak for itself, and the Senator from New York has been very kind in evaluating my speech. He has evaluated it in accordance with my intentions and motivations. I certainly have no desire to attack the Cardinal. I wished rather to express clearly the difference in our positions and to clarify the record. If the press release had gone unanswered, unintended harm to me might have resulted, which I am sure was not the intent of the release.

I have a desire to find myself on a common meeting ground with the Cardinal where we can both go forward in support of Federal aid to education which will benefit, as I said in my closing remarks, the schoolchildren of this country in both public and private schools within the limitations the Constitution imposes upon us as legislators.

Mr. KEATING. I appreciate the comment of the distinguished Senator from Oregon. I say to him in all frankness and in the best of humor that I had another engagement this evening which I canceled, for fear that this was going to develop into an "attack." When I have a friend who is "attacked," I want to be there. It did not develop into an "attack." I am sure I profited from listening to the Senator's presentation more than I would have from the engagement which I canceled to listen to the Senator from Oregon.

THE NEW YORK WORLD'S FAIR

Mr. KEATING. Mr. President, a battle has been waged and won in the other body. By a vote of 373 to 42, a bill was passed this afternoon to provide for an official study as to the nature and scope of Federal participation in the 1964–65 New York World's Fair.

We now must take up the cudgels in the Senate. With time running out on the 1st session of the 87th Congress, I am extremely anxious that this measure be acted upon. The distinguished majority leader has already been "revving up" his political engine for adjournment. We will meet on Saturdays. We will meet on Labor Day, and we will be here in the evenings. This makes it even more necessary, in my mind, that speedy consideration in the Senate Committee on Foreign Relations be given to legislation on the New York World's Fair.

I am hopeful that the distinguished Senator from Arkansas [Mr. FULBRIGHT], chairman of the Committee on Foreign Relations, will schedule the bill for committee action very shortly. My colleague, the distinguished Senator from

New York [Mr. JAVITS], and I intend to work with as many Senators as we can to have the proposed legislation enacted. Already, more than 20 States have announced their participation in the New York World's Fair. So we hope to have plenty of friends in passing the proposed legislation.

The World's Fair is 3 years away. That is a very long time for track stars and race car drivers, but it is not very long for the men who will plan and organize what I am confident will be the greatest World's Fair ever.

I am delighted that the other body has acted on the proposed legislation so overwhelmingly. I hope the Senate will quickly follow suit.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

PEACE CORPS ACT—AMENDMENTS

Mr. HICKENLOOPER submitted amendments, intended to be proposed by him, to the bill (S. 2000) to provide for a Peace Corps to help the peoples of interested countries and areas in meeting their needs for skilled manpower, which were ordered to lie on the table and to be printed.

ADJOURNMENT TO 10:30 A.M. TOMORROW

Mr. MORSE. Mr. President, in accordance with the previous order, I move that the Senate adjourn until 10:30 o'clock tomorrow morning.

The motion was agreed to; and (at 8 o'clock and 51 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Wednesday, August 23, 1961, at 10:30 a.m.

NOMINATIONS

Executive nominations received by the Senate August 22 (legislative day of August 21), 1961:

POSTMASTERS

The following-named persons to be postmasters:

ALABAMA

James T. Yerby, Berry, Ala., in place of T. M. Karrh, retired.

Julia G. Oliver, Panola, Ala., in place of A. G. Schmitz, retired.

ALASKA

Lillian E. Ingrim, Dillingham, Alaska, in place of M. E. Olsen, retired.

Thomas L. Jackson, Sr., Kake, Alaska, in place of R. R. Martin, resigned.

ARKANSAS

Gerald Sale, Piggott, Ark., in place of H. M. Jinks, resigned.

CALIFORNIA

Michael J. FitzGerald, Benicia, Calif., in place of A. B. Pometta, retired.

Merle G. Andrew, Calimesa, Calif., in place of Pansy Lockett, resigned.

Dudley B. Dismuke, Encinitas, Calif., in place of J. L. Hewes, retired.

Alfonso S. Mendichi, Feather Falls, Calif., in place of J. G. Land, retired.

Rudolph J. Banuelos, Greenfield, Calif., in place of Guido Berti, resigned.

Virginia M. Benedict, La Honda, Calif., in place of E. J. Willett, resigned.

Janet L. Oilar, McArthur, Calif., in place of L. H. Heaton, retired.

Marie C. Mize, Mountain Center, Calif., in place of E. M. Beach, resigned.

James D. A. Vance, Pacific Palisades, Calif., in place of Gertrude Ford, retired.

Dallas P. Murphy, Shingle Springs, Calif., in place of L. E. Heinz, resigned.

Barney L. Bryan, Suisun City, Calif., in place of M. R. Wolfskill, retired.

Barry D. Duncan, Summerland, Calif., in place of Opal Lambert, resigned.

Gaddis D. Maddox, West Covina, Calif., office established September 6, 1958.

COLORADO

Otto A. Walter, Allenspark, Colo., in place of J. A. Jensen, retired.

Frances A. Walters, Sugar City, Colo., in place of Edward Termer, transferred.

FLORIDA

Ralph B. Miller, Edgewater, Fla., in place of B. K. Smith, retired.

Sweet B. Powell, Eglin Air Force Base, Fla., office established January 1, 1958.

David L. Hilldale, Oak Hill, Fla., in place of J. H. Hilldale, deceased.

Edna R. Myers, Odessa, Fla., in place of A. L. Jackson, retired.

Richard F. Weinmann, Sorrento, Fla., in place of Florie Torbert, retired.

GEORGIA

Ulysses E. Sampson, Young Harris, Ga., in place of J. C. Twiggs, Sr., retired.

IDAHO

H. Kay Thatcher, Carey, Idaho, in place of A. A. York, deceased.

Vern Chandler, Salmon, Idaho, in place of F. W. Hammer, retired.

ILLINOIS

Rudolph E. Beranek, Berwyn, Ill., in place of J. J. A. Borkovec, retired.

Mabel J. Atkins, Dawson, Ill., in place of C. B. Stanton, deceased.

Dorothy E. Maier, Thomasboro, Ill., in place of A. J. Ulrich, retired.

James T. Shinnebarger, Williamsville, Ill., in place of G. T. Hobkirk, retired.

INDIANA

Dale E. Blackford, Tippecanoe, Ind., in place of A. B. Rhodes, retired.

IOWA

Gilbert G. Cory, Ankeny, Iowa, in place of O. W. Swartfager, retired.

Thomas E. Higby, Lehigh, Iowa, in place of R. E. Whipple, deceased.

Chester B. Judd, Lineville, Iowa, in place of H. L. Casey, retired.

Orval A. Kennedy, Milo, Iowa, in place of D. B. Kimzey, retired.

KENTUCKY

Florabelle H. Wells, Bloomfield, Ky., in place of L. H. Muir, retired.

Bernell D. Gifford, Eubank, Ky., in place of Walter McKenzie, retired.

Sister Rose Emma Monaghan, Maple Mount, Ky., in place of Sister M. C. McCue, resigned.

James E. Thomas, Wilmore, Ky., in place of C. W. Mitchell, retired.

MAINE

Mary L. Webb, Sargentville, Maine, in place of M. F. Gray, deceased.

MARYLAND

Kate C. Grimes, Riva, Md., in place of T. W. Billings, deceased.

MASSACHUSETTS

Rita C. Nygard, Jefferson, Mass., in place of E. M. Harrington, retired.

MICHIGAN

Kenneth G. Jones, Charlotte, Mich., in place of H. E. C. Rogers, retired.

Kenneth Van Heukelum, Hudsonville, Mich., in place E. E. Hubbard, retired.

Ervigal A. Peacock, Onaway, Mich., in place of E. W. Kenrick, retired.

MINNESOTA

William G. Murry, Delavan, Minn., in place of A. B. Perrizo, retired.

Harold O. Turbenson, Silver Bay, Minn., in place of F. V. Erickson, resigned.

MISSISSIPPI

Roy H. Courtney, Bassfield, Miss., in place of N. R. Evans, retired.

James P. Allen, Fayette, Miss., in place of E. M. Huttenlocher, retired.

Fracus G. Wiygul, Fulton, Miss., in place of W. C. Bourland, retired.

William C. Sharbrough, Jr., Holly Bluff, Miss., in place of W. C. Sharbrough, retired.

Floy P. Humphreys, Lorman, Miss., in place of E. Y. Alsworth, retired.

William A. Smith, Saucier, Miss., in place of R. M. Summers, retired.

McHaven Clanton, Slate Spring, Miss., in place of M. L. Odom, retired.

MISSOURI

William F. E. Strothmann, Berger, Mo., in place of H. C. W. Strothmann, deceased.

Robert E. Audsley, Chilhowee, Mo., in place of L. H. Inglish, retired.

J. Wayne Atterbury, Madison, Mo., in place of W. W. Eubank, retired.

John W. Hunt, Monett, Mo., in place of G. C. Fulton, retired.

Clarence G. Brown, Spickard, Mo., in place of Ross Alexander, Jr., resigned.

Kenneth E. Fry, Wyaconda, Mo., in place of E. W. Kurtz, retired.

MONTANA

Ralph E. Parpart, Medicine Lake, Mont., in place of N. P. Miller, retired.

NEBRASKA

Donald K. Rowe, Ralston, Nebr., in place of E. R. Henkel, transferred.

James L. Chiles, Sterling, Nebr., in place of T. G. Roberts, retired.

NEW HAMPSHIRE

Ada E. Widman, East Hampstead, N.H., in place of L. M. Tait, retired.

NEW JERSEY

James E. Posten, Atlantic Highlands, N.J., in place of H. W. Posten, retired.

Samuel H. Rifkin, Dutch Neck, N.J., in place of H. R. Tindall, resigned.

Herman E. Gallaher, Sayreville, N.J., in place of A. F. Schmitt, retired.

NEW YORK

John J. Biondolillo, Avon, N.Y., in place of J. L. Light, deceased.

Edward K. Sutryk, Bradford, N.Y., in place of F. R. Schuh, retired.

James D. Curcio, Chappaqua, N.Y., in place of J. J. Harrigan, deceased.

Walter A. Glynn, Craryville, N.Y., in place of F. A. Glynn, retired.

Donald J. Fitzpatrick, Dannemora, N.Y., in place of Jacob Tolosky, retired.

William E. Vaughn, Greenville, N.Y., in place of W. P. Stevens, retired.

Steven M. Douglass, Hammondsport, N.Y., in place of J. F. Richards, retired.

Raymond O. Barker, Hudson Falls, N.Y., in place of L. F. Howland, retired.

Carl J. Barry, Kent, N.Y., in place of R. K. Fishbaugh, deceased.

Alton E. Briscoe, Laurens, N.Y., in place of M. D. Taylor, deceased.

Donald E. Van Vliet, Niverville, N.Y., in place of G. L. Crausway, retired.

Grant D. Morrison, Northville, N.Y., in place of P. H. Griffing, retired.

Audrey L. Manzo, Ocean Beach, N.Y., in place of E. C. Nolin, resigned.

Joseph J. Farrell, Paul Smiths, N.Y., in place of R. J. Longtin, retired.

Michael L. Odak, Red Hook, N.Y., in place of J. S. Hobbs, deceased.

Walter F. Schiener, Sardinia, N.Y., in place of M. C. Cudoba, deceased.

Merle C. Leonard, Savona, N.Y., in place of E. E. Mulliken, deceased.
Helen H. Kirker, Seneca Castle, N.Y., in place of M. P. Leadley, deceased.
Dorothy L. Varley, Thomson, N.Y., in place of G. E. Varley, retired.
Clarence M. Pulling, West Lebanon, N.Y., in place of R. E. Watkins, resigned.

NORTH CAROLINA

Ralph L. Beshears, Boone, N.C., in place of J. E. Brown, Jr., removed.
Harveleigh M. White, Method, N.C., in place of A. T. White, deceased.

NORTH DAKOTA

Michael A. Sperle, Kintyre, N. Dak., in place of E. M. Ellingson, deceased.

OHIO

Charles H. Davis, Bethesda, Ohio, in place of A. H. Bolon, retired.
Alfred H. Fankhauser, Clarington, Ohio, in place of S. B. Maury, deceased.
Joseph M. Brumby, Kipton, Ohio, in place of B. R. Waite, deceased.

OKLAHOMA

Leo A. Koetter, Elgin, Okla., in place of R. W. Swiercinsky, deceased.
Willie O. Dodson, Hammon, Okla., in place of W. C. Lister, resigned.
Julian R. Conn, Poteau, Okla., in place of Monroe Burton, retired.
Emory J. Davidson, Vinson, Okla., in place of J. R. Chitwood, retired.

OREGON

Norman W. Whitlatch, Veneta, Oreg., in place of W. E. Elliott, retired.

PENNSYLVANIA

Frank J. Dougherty, Bala-Cynwyd, Pa., in place of M. K. Kerns, retired.
George M. Brunner, Cranesville, Pa., in place of M. H. Thrasher, retired.
Leonard W. Gray, Dayton, Pa., in place of R. B. Jewart, transferred.
Harold Dickison, Dingmans Ferry, Pa., in place of L. S. Seymour, deceased.
Jay C. Miller, Manheim, Pa., in place of R. E. Mackley, retired.
Robert A. Feinour, New Tripoli, Pa., in place of F. D. Weiss, retired.
Anthony I. Lambert, Philadelphia, Pa., in place of R. A. Thomas, retired.
Edward G. Coll, Pittsburgh, Pa., in place of J. C. Smith, deceased.
Robert H. Becker, Rheems, Pa., in place of J. B. Henry, retired.
Elwood T. Conrad, Sassamansville, Pa., in place of E. R. Richard, retired.
Joe S. Klapach, Strabane, Pa., in place of Louise Felin, retired.

PUERTO RICO

Herminio L. Cabello, Cidra, P.R., in place of Luis Lugo, retired.
Benjamin Acosta Ponce, Fajardo, P.R., in place of Adela Delpin, retired.
Jose Manso Pizarro, Loiza, P.R., in place of H. F. Matos, retired.

RHODE ISLAND

Walter I. Burroughs, North Kingstown, R.I., in place of Ralph Campbell, retired.

SOUTH CAROLINA

Geraldine J. Spiers, Bonneau, S.C., in place of I. B. Feagin, transferred.
Roland F. Wooten, Jr., Charleston, S.C., in place of E. P. Grice, Jr., retired.
Mary K. Robertson, Enoree, S.C., in place of L. O. Thornton, retired.
Jack C. Lee, Hamer, S.C., in place of W. F. McLellan, deceased.
Richard B. Burnett, Spartanburg, S.C., in place of J. W. Hughston, retired.

SOUTH DAKOTA

Clyde M. Ross, Artesian, S. Dak., in place of J. C. Heinricks, retired.
Vernon J. Connell, Cresbard, S. Dak., in place of M. A. Jones, retired.
Duane E. Neumann, Groton, S. Dak., in place of C. L. Gibbs, transferred.

TENNESSEE

Earl W. Ogle, Gatlinburg, Tenn., in place of E. M. Ogle, deceased.
John W. Jones, Prospect, Tenn., in place of C. E. Reed, retired.

TEXAS

Douglas Luck, Andrews, Tex., in place of M. M. Burkett, retired.
Anna S. Cutshall, Azle, Tex., in place of E. G. Parker, retired.
Erma B. Helwig, Fulshear, Tex., in place of L. B. Ferguson, resigned.
William E. Smith, George West, Tex., in place of Ella Bartlett, retired.
Evans D. Vineyard, Hermleigh, Tex., in place of W. C. Fargason, retired.
Willie Coker, Marquez, Tex., in place of A. D. Woods, Jr., transferred.
Clyde Wright, Van Horn, Tex., in place of C. M. Bean, retired.
Clyde D. Gamble, Wolfforth, Tex., in place of W. M. Johnston, removed.

UTAH

Kenneth J. Hoyt, Levan, Utah, in place of C. S. Wood, retired.

VERMONT

Esther L. Sweatt, Craftsbury Common, Vt., in place of B. W. Farrar, retired.
Theodore R. Kimball, North Ferrisburg, Vt., in place of S. M. Hicks, deceased.
Lyndell C. Wood, South Royalton, Vt., in place of G. M. Goodrich, retired.
William J. Harrington, Windsor, Vt., in place of T. J. Murphy, retired.

VIRGINIA

John H. Glass, DeWitt, Va., in place of L. R. Bolte, retired.

WASHINGTON

Robert N. Prante, Satsop, Wash., in place of R. H. Hughes, retired.
John P. McMonagle, Tacoma, Wash., in place of G. P. Fishburne, retired.
Robert E. Clemans, Tieton, Wash., in place of A. R. Schooler, retired.

WEST VIRGINIA

Mary H. Puskar, Gary, W. Va., in place of W. M. Boardman, retired.
Glenn W. Evans, Moorefield, W. Va., in place of W. J. Teets, retired.
Macie L. Hardy, Squire, W. Va., in place of L. E. Hardy, deceased.

WISCONSIN

Glenn M. Mattison, Amberg, Wis., in place of A. S. Port, retired.
Eugene B. Hopkins, Cumberland, Wis., in place of M. G. Dunham, retired.
Robert M. Tabat, Dousman, Wis., in place of L. P. Mundschau, retired.

EXTENSIONS OF REMARKS

A Brilliant and Promising Experiment in Improving the Quality of Our Education: Carpeting Eliminates Noise and Distraction in Amsterdam Junior and Senior High Schools

EXTENSION OF REMARKS

OF

HON. SAMUEL S. STRATTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 22, 1961

Mr. STRATTON. Mr. Speaker, I have long urged the emphasis on carpets as the ideal type of floor covering in our hectic and often overwrought civilization. Not too long ago, in fact, I urged serious consideration of the proposal that the floors of more of our public buildings in Washington be carpeted so as to ease the strains on the millions of weary tourists who walk through them each year. By dimming the noise and easing the pressure underfoot, carpets can do much to restore the kind of calm and sober equanimity this Nation needs to confront and to surmount the manifold obstacles that lie ahead of us in the world struggle against communism.

Only the other day, Mr. Chairman, I had the rare privilege of conferring with the President of the United States in his White House office. One of the things that impressed me most as a result of that conference was the calm, confident, quiet, and self-assured air of our great President, Mr. Kennedy, on a day when he had on his heart and mind the difficult decision relating to Berlin. Mr. Speaker, I could not help wondering, as I came away from that meeting with President Kennedy, whether something of the quiet and calm air of assurance which has characterized his handling of the delicate world situation may not have been imparted as a result of the similarly calm and quiet atmosphere of his beautiful office, carpeted of course in the modern manner, wall to wall.

Mr. Speaker, if carpeting can help to create an atmosphere here in Washington where the great decisions of the day can be met with deliberateness and sober reason, then surely it can also be of value in our educational institutions as well, and serve to cut down the clatter and clamor that no doubt play such a major part in impairing the effectiveness of classroom instruction or study hall meditation.

And so I am delighted, Mr. Speaker, to be able to report to this House that back in my district in Amsterdam, N.Y., home of one of the great leaders in our American carpet industry, Mohasco Industries, Inc., the officials of this great concern have now undertaken to underwrite the expenses of an experiment designed to demonstrate what carpeting can do by way of improving the educational environment of our secondary schools.

Mr. Speaker, I am confident the experiment will succeed. I congratulate the officers of Mohasco Industries for their leadership in this field. Indeed if this Congress should in the remaining days that lie ahead get around to enacting, as some have suggested, a compromise classroom construction bill, I do hope that these new classrooms, building on the results of this new educational experiment now going on in Amsterdam, will have their floors covered with carpeting manufactured in American plants by American working men and women.