SENATE

FRIDAY, SEPTEMBER 1, 1961

The Senate met at 9 o'clock a.m., and was called to order by the Vice President.

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

Our Father God, we come beseeching Thee for the undergirding of Thy might for those who here have been trusted with the national welfare. Grant them the grace of unruffled patience in the face of opposition to our Nation's designs for world betterment. May we keep the torch of hope ablaze for the distressed and disinherited across all the frontiers of want and woe.

We ask not for appreciation but only for the satisfaction of being faithful stewards of privilege in all our relationships with others. Thus may we be loyal to the royal in ourselves and hasten the glad day when Thy kingdom may come and Thy will be done in all the earth.

We ask it in the Name which is above every name. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, August 31, 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 31, 1961, the President had approved and signed the following acts:

S. 98. An act to authorize the Secretary of the Interior to provide water and sewage disposal facilities to the Medora area adjoining the Theodore Roosevelt National Memorial Park, N. Dak., and for other purposes;

S. 242. An act for the relief of Mary Dawn Polson (Emmy Lou Kim) and Joseph King Polson (Sung Sang Moon);

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. 1289. An act to amend sections 337 and 4200 of the Revised Statutes of the United States so as to eliminate the oath requirement with respect to certain export manifests;

S. 1347. An act for the relief of Georgia Ellen Thomason;

S. 1450. An act for the relief of Shim Dong Nyu (Kim Christine May); and

S. 2034. An act to amend the Communications Act of 1934, as amended, in order to expedite an 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.

U.S. PARTICIPATION IN INTERNATIONAL ATOMIC ENERGY AGENCY—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 233)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which, with the accompanying report, was referred to the Joint Committee on Atomic Energy:

To the Congress of the United States:

I transmit herewith, pursuant to the International Atomic Energy Agency Participation Act, the fourth annual report covering U.S. participation in the International Atomic Energy Agency for the year 1960.

JOHN F. KENNEDY.

THE WHITE HOUSE, *August 31, 1961.*

REPORT ON TRADE AGREEMENTS PROGRAM—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 234)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which, with the accompanying report, was referred to the Committee on Finance:

To the Congress of the United States:

I hereby transmit the fifth annual report on the operation of the trade agreements program, submitted to the Congress pursuant to section 350(e)(1) of the Tariff Act of 1930 as amended.

Developments during 1960 presage bright promise for the continued expansion of world trade. U.S. exports rose to an historic peak. The benefits the increased exports brought included an improvement in our balance-of-payments status. Steps taken through the General Agreement on Tariffs and Trade to lower barriers to trade should further enlarge our oversea markets.

The continued expansion of multilateral trade remains a principal objective of the United States in carrying out our historic trade agreements program. In pursuing this objective it is important that we apply measures that will support and advance both our security and economic interests.

Furtherance of a sound trade policy requires that we increase our exports to assure a vigorous, expanding domestic economy. It also requires initiative and foresight in meeting problems presented by the developing countries, by the growth of regional trading organizations and by the acceleration of the continuing Communist offensive in the field of trade. Solutions to these complex problems must be sought and achieved in cooperation with other free world nations.

The trade agreements program represents an important instrument of our foreign policy and is of assistance in our efforts to meet and to deal with the challenges to our economic objectives.

JOHN F. KENNEDY.

THE WHITE HOUSE, *September 1, 1961.*

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House insisted upon its amendment to the bill (S. 1540) to amend the law establishing the Indian revolving loan fund; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. HALEY, Mr. EDMONDSON, Mr. MORRIS, Mr. BERRY, and Mr. NYGAARD were appointed managers on the part of the House at the conference.

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

H.R. 6967. An act to provide for the incorporation of certain nonprofit corporations in the District of Columbia, and for other purposes; and

H.R. 7752. An act to amend the District of Columbia Alcoholic Beverage Control Act, as amended, and for other purposes.

ENROLLED BILLS SIGNED

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

S. 561. An act to amend the act relating to the small claims and conciliation branch of the municipal court of the District of Columbia, and for other purposes;

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

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;

S. 1983. An act to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes;

S. 2239. An act to amend the act to incorporate the National Society of the Sons of the American Revolution, approved June 9, 1906 (34 Stat. 227), in order to remove the statutory limitation on the amount of property such society may receive, purchase, hold, sell, and convey at any one time;

H.R. 4785. An act to provide specific authority for Federal payments of the employer's share of the cost of retirement systems for civilian employees of the National Guard and to extend the authority for withholding employee contributions to State retirement systems by permitting deductions of employees' contributions to State-sponsored plans providing retirement disability or death benefits;

H.R. 7809. An act to improve the active duty promotion opportunity of Air Force officers from the grade of major to the grade of lieutenant colonel; and

H.R. 7934. An act to authorize the Secretaries of the military departments to make emergency payments to persons who are injured or whose property is damaged as a result of aircraft or missile accidents, and for other purposes.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred to the Committee on the District of Columbia:

H.R. 6967. An act to provide for the incorporation of certain nonprofit corporations in the District of Columbia, and for other purposes; and

H.R. 7752. An act to amend the District of Columbia Alcoholic Beverage Control Act, as amended, and for other purposes.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

LIMITATION OF DEBATE DURING MORNING HOUR

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

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

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. KUCHEL, and by unanimous consent, the Foreign Relations Committee was authorized to meet during the session of the Senate today.

On request of Mr. MANSFIELD, and by unanimous consent, the Retirement Subcommittee of the Committee on Post Office and Civil Service was authorized to meet during the session of the Senate today.

On request of Mr. MONRONEY, and by unanimous consent, the Constitutional Rights Subcommittee of the Committee on the Judiciary was authorized to meet during the session of the Senate today.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nominations on the Executive Calendar, beginning with the new reports.

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

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the Committee on the Judiciary.

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

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. HART, from the Committee on the Judiciary:

THADDEUS M. MACHROWICZ, of Michigan, to be U.S. district judge for the eastern district of Michigan.

By Mr. HILL, from the Committee on Labor and Public Welfare:

Dr. Norman Q. Brill, of California, and Dr. Saul W. Jarcho, of New York, to be members of the Board of Regents, National Library of Medicine, Public Health Service.

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

Adlai E. Stevenson, of Illinois; Omar Burleson, U.S. Representative from the State of Texas; Marguerite Stitt Church, U.S. Representative from the State of Illinois; Francis T. P. Plimpton, of New York, and Arthur H. Dean, of New York, to be representatives to the 16th session of the General Assembly of the United Nations; and

Charles W. Yost, of New York; Clifton R. Wharton, of California; Philip M. Klutznick, of Illinois; Jonathan B. Bingham, of New York; and Mrs. Gladys A. Tillett, of North Carolina, to be alternate representatives to the 16th session of the General Assembly of the United Nations.

The VICE PRESIDENT. If there be no further reports of committees, the nominations on the Executive Calendar, beginning with the new reports, will be stated.

U.S. DISTRICT JUDGE

The Chief Clerk read the nomination of Edward S. Northrop, of Maryland, to be U.S. district judge for the district of Maryland.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

THE MARINE CORPS

The Chief Clerk read the nomination of Maj. Gen. Robert B. Luckey, U.S. Marine Corps, to be lieutenant general.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

THE NAVAL RESERVE

The Chief Clerk proceeded to read sundry nominations in the Naval Reserve.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The VICE PRESIDENT. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

THE ARMY

The Chief Clerk proceeded to read sundry nominations in the Regular Army, which had been placed on the Secretary's desk, after having been printed in the CONGRESSIONAL RECORD on August 21, 1961.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The VICE PRESIDENT. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

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

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

EXECUTIVE COMMUNICATIONS, ETC.

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

REPORT ON ARMY, NAVY, AND AIR FORCE PRIME CONTRACT AWARDS TO SMALL AND OTHER BUSINESS FIRMS

A letter from the Acting Assistant Secretary of Defense (Installations and Logistics), transmitting, pursuant to law, a report on Army, Navy, and Air Force prime contract awards to small and other business firms, dated June 1961 (with an accompanying report); to the Committee on Banking and Currency.

REPORT ON CONTRIBUTIONS RECEIVED BY U.S. NATIONAL COMMISSION FOR UNESCO

A letter from the Secretary of State, transmitting, pursuant to law, a report of gifts and bequests received and accepted by the U.S. National Commission for the United Nations Educational, Scientific, and Cultural Organization, covering the fiscal year 1961 (with an accompanying report); to the Committee on Foreign Relations.

AMENDMENT OF ADMINISTRATIVE EXPENSES ACT OF 1946, RELATING TO EMPLOYMENT OF CERTAIN EXPERTS

A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, transmitting a draft of proposed legislation to amend section 15 of the Administrative Expenses Act of 1946; to provide for regulation by the President of the employment of experts or consultants or organizations thereof; and for other purposes (with accompanying papers); to the Committee on Government Operations.

REPORT ON WAURIKA RECLAMATION PROJECT, OKLAHOMA

A letter from the Under Secretary of the Interior, transmitting, pursuant to law, a report on the Waurika reclamation project, Oklahoma (with accompanying papers); to the Committee on Interior and Insular Affairs.

MAJ. LEONARD H. POTTERBAUM

A letter from the Assistant Secretary of the Air Force, transmitting a draft of proposed legislation for the relief of Maj. Leonard H. Potterbaum, U.S. Air Force (with an accompanying paper); to the Committee on the Judiciary.

PETITION

The VICE PRESIDENT laid before the Senate the petition of Don W. Creagh, of South Gate, Calif., praying for the enactment of Senate bill 822, the proposed Freedom Commission Act, which was referred to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ENGLE, from the Committee on Commerce, with amendments:

S. 1728. A bill to amend section 510 of the Merchant Marine Act, 1936, to provide for the trade-in of obsolete vessels in connection with the construction of new vessels, either at the time of executing the construction contract or at the time of delivery of the new vessel (Rept. No. 861).

By Mr. JOHNSTON, from the Committee on Post Office and Civil Service, without amendment:

H.R. 7043. An act to extend to employees subject to the Classification Act of 1949 the benefits of salary increases in connection with the protection of basic compensation rates from the effects of downgrading actions, to provide salary protection for postal field service employees in certain cases of reduction in salary standing, and for other purposes (Rept. No. 864).

By Mr. CLARK, from the Committee on Post Office and Civil Service, without amendment:

H.R. 6141. An act to amend the act of September 1, 1954, in order to limit to cases involving the national security the prohibition on payment of annuities and retired

pay to officers and employees of the United States, to clarify the application and operation of such act, and for other purposes (Rept. No. 862).

By Mr. KERR, from the Committee on Aeronautical and Space Sciences, without amendment:

S. 2481. A bill to amend the National Aeronautics and Space Administration Authorization Act for the fiscal year 1962 (S. Rept. No. 863).

By Mr. MORSE, from the Committee on the District of Columbia, with amendments:

S. 502. A bill to authorize the employment of retired personnel of the Federal Government by the Board of Education of the District of Columbia, and to authorize the employment of retired personnel of the Board of Education of the District of Columbia, by the Federal Government (Rept. No. 865).

By Mr. BEALL, from the Committee on the District of Columbia, without amendment:

H.R. 7622. An act to repeal sections 1176 and 1177 of the Revised Statutes of the United States relating to the District of Columbia (Rept. No. 866).

BILL AND JOINT RESOLUTION INTRODUCED

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

By Mr. HILL:

S. 2503. A bill to authorize a 3-year program of matching grants to assist the States in expanding and strengthening professional nurse education for the purpose of assuring an adequate supply of professional nurses to meet the requirements of the Armed Forces, Federal, State, and local governmental and civilian hospitals and health agencies, as well as other employers; to the Committee on Labor and Public Welfare.

By Mr. DIRKSEN:

S.J. Res. 131. Joint resolution authorizing the President to issue a proclamation designating the third week in March of 1962 as National Poison Prevention Week, in order to aid in bringing to the American people the dangers of accidental poisoning; to the Committee on the Judiciary.

(See the remarks of Mr. DIRKSEN when he introduced the above joint resolution, which appear under a separate heading.)

RESOLUTION

PRINTING IN CONGRESSIONAL RECORD OF ANY MATTER BY A SENATOR OF WHICH HE IS THE AUTHOR

Mr. CURTIS submitted the following resolution (S. Res. 202), which was referred to the Committee on Rules and Administration:

Resolved, That Senate Resolution 127, Eightieth Congress, agreed to July 23, 1947, is amended by adding at the end thereof the following:

"SEC. 2. Notwithstanding the foregoing provisions of this resolution, any Senator having been recognized may offer for printing in the CONGRESSIONAL RECORD any written or printed matter of which he is the author, including quotations not exceeding one hundred words in length of matter of which he is not the author which are intended to be considered as a part or in support of the matter of which he is the author, and such matter shall be received and printed as though it had been read orally by such Senator on the floor of the Senate."

DESIGNATION OF THIRD WEEK IN MARCH OF 1962 AS NATIONAL POISON PREVENTION WEEK

Mr. DIRKSEN. Mr. President, I introduce, for appropriate reference, a joint resolution which has for its purpose authorizing the President of the United States to issue a proclamation designating the third week in March of 1962 as National Poison Prevention Week.

I am introducing this resolution so as to bring both the hazards of accidental poisoning and the steps which have been taken to control such hazards forcefully to the people of the United States. This resolution—by calling to the attention of the American people the dangers of accidental poisoning—will contribute toward efforts to educate the American people to remember that many substances which are used routinely in our daily life carry potential hazards, and that the general public must be continually made aware of such dangers.

These dangers resulting from accidental poisoning were highlighted by a writer in the New York Times who observed that time was when medicines were drab to look at, unpleasant to smell, and downright nasty to taste. In that same benighted era, household cleaners and similar chemical concoctions came in utilitarian cans and boxes, and the overpowering smell when the lid came off was enough in itself to signal "handle with care." Today there are pills as bright and pretty as jewels, liquid medicines as tasty as soda pop. Cleaners and polishes are delicately tinted, sweetly scented, silky to the touch. The containers are pretty enough to display on open shelves.

All of this, observed the writer, makes life pleasanter to the housewife, but it may mean added danger to the very young, danger from accidental poisoning.

At the annual spring conference of the American Academy of Pediatricians held in Washington, D.C., the peril inherent in these newly alluring threats was highlighted in a special exhibit set up by the Academy of Medicine of the Cleveland Poison Information Center.

Each year, the physicians were reminded, 300,000 children are accidentally poisoned, and accidental poisonings kill more children than rheumatic fever, polio, whooping cough, diphtheria, "strep" throat, and scarlet fever combined. The majority of young victims are in the age range of 1 to 3 years, but 4- and 5-year-olds suffer a share of the misery, too.

By way of prevention, the poison control specialists emphasized, parents should be urged to read the fine print on all labels and keep all questionable preparations from the reach of children.

Parents also should dispose of the remains of medicine and other one-use preparations as soon as they have served their purpose.

The national clearinghouse for poison control centers, set up by the Public Health Service of the U.S. Department of Health, Education, and Welfare, now has 460 well-distributed State and local poison control centers affiliated with it.

One of the interested groups which is urging favorable consideration of this joint resolution is the National Association of Retail Druggists, which is composed of some 36,000 independent retail pharmacists, all who are aware of the potential dangers from accidental poisoning and who are united in seeking to give better information on this matter to the general public.

Mr. President, I feel that this joint resolution would serve a most laudatory purpose by calling attention to the people of the United States the dangers of accidental poisoning. I hope that this joint resolution may be considered in the very near future.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 131) authorizing the President to issue a proclamation designating the third week in March of 1962 as National Poison Prevention Week, in order to aid in bringing to the American people the dangers of accidental poisoning, introduced by Mr. DIRKSEN, was received, read twice by its title, and referred to the Committee on the Judiciary.

DEDUCTION FOR INCOME TAX PURPOSES OF CERTAIN CONTRIBUTIONS—AMENDMENTS

Mr. JAVITS submitted amendments, intended to be proposed by him to the bill (H.R. 2244) relating to the deduction for income tax purposes of contributions to charitable organizations whose sole purpose is making distributions to other charitable organizations, contributions to which by individuals are deductible within the 30-percent limitation of adjusted gross income, which were ordered to lie on the table and to be printed.

PROHIBITION OF EXAMINATION IN DISTRICT OF COLUMBIA COURTS OF ANY MINISTER OF RELIGION IN CERTAIN CASES—AMENDMENTS

Mr. MILLER submitted amendments, intended to be proposed by him, to the bill (H.R. 5486) to prohibit the examination in District of Columbia courts of any minister of religion in connection with any communication made to him in his professional capacity, without the consent of the party to such communication, which were ordered to lie on the table and to be printed.

AMENDMENT OF SHIPPING ACT OF 1916, AS AMENDED, TO PROVIDE FOR OPERATION OF STEAMSHIP CONFERENCES—AMENDMENTS

Mr. KEFAUVER submitted amendments, intended to be proposed by him, to the bill (H.R. 6775) to amend the Shipping Act, 1916, as amended, to provide for the operation of steamship conferences, which were ordered to lie on the table and to be printed.

IMMEDIATE RESUMPTION OF NUCLEAR TESTING—ADDITIONAL COSPONSOR OF RESOLUTION

Mr. DODD. Mr. President, yesterday I introduced a resolution (S. Res. 200) declaring that it is the sense of the Senate that the United States should resume nuclear testing immediately.

I was joined in that resolution by other Senators whose names are printed on the resolution. Our distinguished colleague from Arizona [Mr. GOLDWATER] has asked to be added as a cosponsor and I ask unanimous consent that the name of Mr. GOLDWATER be added at the next printing of the resolution.

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

NOTICE OF HEARINGS ON NOMINATIONS OF JOSEPH S. LORD III TO BE U.S. DISTRICT JUDGE, EASTERN DISTRICT OF PENNSYLVANIA, AND ABRAHAM L. FREEDMAN TO BE U.S. DISTRICT JUDGE, EASTERN DISTRICT OF PENNSYLVANIA, NEW POSITIONS

Mr. JOHNSTON. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that public hearings have been scheduled for Tuesday, September 12, 1961, at 10:30 a.m., in room 2228, New Senate Office Building, on the following nominations:

Joseph S. Lord III, of Pennsylvania, to be U.S. district judge, eastern district of Pennsylvania (a new position).

Abraham L. Freedman, of Pennsylvania, to be U.S. district judge, eastern district of Pennsylvania (a new position).

At the indicated time and place persons interested in the hearings may make such representations as may be pertinent.

The subcommittee consists of the Senator from Mississippi [Mr. EASTLAND], chairman, the Senator from Nebraska [Mr. HRUSKA], and myself.

NOTICE OF HEARING ON NOMINATION OF DAVID W. DYER TO BE U.S. DISTRICT JUDGE, SOUTHERN DISTRICT OF FLORIDA, A NEW POSITION

Mr. JOHNSTON. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Friday, September 8, 1961, at 10:30 a.m., in room 2300, New Senate Office Building, on the nomination of David W. Dyer, of Florida, to be U.S. district judge, southern district of Florida, a new position.

At the indicated time and place persons interested in the hearing may make such representations as may be pertinent.

The subcommittee consists of the Senator from Mississippi [Mr. EASTLAND], chairman, the Senator from Nebraska [Mr. HRUSKA], and myself.

NOTICE CONCERNING NOMINATION BEFORE COMMITTEE ON THE JUDICIARY

Mr. JOHNSTON. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

Terrell L. Glenn, of South Carolina, to be U.S. attorney, eastern district of South Carolina, term of 4 years, vice N. Welch Morrisette, Jr.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Friday, September 8, 1961, any representations or objections they may wish to present concerning the above nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

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. RANDOLPH:

Collected comments relating to corn, compiled by Miss Margo Cairns.

FOOD—ADDRESS BY SENATOR AIKEN

Mr. MANSFIELD. Mr. President, in the September 1961 issue of Catholic Rural Life appears a condensation of a commencement address delivered at Goddard College, by the distinguished senior Senator from Vermont [Mr. AIKEN]. In my opinion, no one has a better understanding of the food problems of this country or, for that matter, a better understanding of those problems in relation to the other countries of the world.

Because of the high esteem and the great admiration I have for the judgment and integrity of the Senator from Vermont, I ask unanimous consent to have printed in the RECORD the condensation from the commencement address delivered at Goddard College by the distinguished Senator.

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

FOOD—AMERICA'S MOST POTENT WEAPON

(By GEORGE D. AIKEN, U.S. Senator from Vermont)

Since time began, war has been waged incessantly on earth, first animal life against the elements, man against animal, man against man, tribe against tribe, race against race, and nation against nation. Now, having reached the acme of our extraterritorial possibilities on earth, we are vaguely weighing possibility of a conflict between planets.

There is no reason to believe that war will now cease. The question we must ask and answer is "What kind of wars?" Will they be the sort where man seeks to kill off those of his own kind? Or will wars of the future be directed by man against his most inexorable enemies, poverty, hunger, disease, illiteracy, and intolerance?

Over the ages these enemies have inflicted more casualties and suffering than all the more spectacular battles of land, sea, and air combined.

To wage war, it is necessary to have weapons, defensive and offensive. In this field man has progressed from the stone hatchet to the spear, the bow, the crossbow, the musket, the repeating rifle, and machine-gun to the guided missile and the death ray.

Paradoxically, with the refinement of weapons for exterminating one another has come the development of better weapons with which to forestall our major enemy, death itself.

From the days of sulfur and molasses, peppermint and camomile, we have seen the development of vaccines, blood plasmas, anesthesia, antibiotics, and many unpronounceable discoveries of medicine and surgery all intended to postpone the day of Gabriel's reveille.

Of all the weapons used in war, however, one is utterly indispensable. That is food. We have always been told that any army travels on its stomach. Be that as it may, it is an indisputable fact that no people become strong and successful either in peace or war if they are undernourished or in ill health. Well-fed, healthy people are the prime ingredient of a strong nation. The United States is a strong nation today because of our agricultural productivity.

CORN FOR YUGOSLAVIA

The summer of 1950 was a cool season in Yugoslavia. The corn crop was a near failure. There would be none to export and not enough even for home use. The prospects were indeed desolate. Stalin's forces had stripped many industrial plants of whatever usable equipment had been left after the war.

America had corn in excess of our needs. Although Yugoslavia was a Communist state and considered by many to be irrevocably committed to the Soviet bloc, our country, true to its tradition, gave to this Balkan nation some $38 million worth of food, principally corn. This food was distributed to the people under the direction of CARE. The Yugoslav Government cooperated fully in advising its people as to the source of this assistance.

Although Yugoslavia today is a full-fledged Socialist state, it does not participate in the world movement of forcing this ideology on other nations. Had it not been for the timely help given by the United States, it is unlikely that Yugoslavia would be a free nation today.

DROUGHT IN PAKISTAN

From time immemorial, drought has been one of the scourges of mankind. A single year's onslaught by this formidable enemy has been known to weaken strong nations. Pakistan has been a perennial victim of this scourge. In 1952 and 1953, drought struck Pakistan. The country was desperate. Threatened by traditional area enemies from without and by inflation and starvation from within, it looked as if this young nation might have to give up the ghost before it achieved maturity.

I was chairman of the U.S. Senate Committee on Agriculture in 1953. One day we received a message from the White House. The President requested an immediate grant of wheat for Pakistan. Just 2 weeks later at Baltimore, I participated in ceremonies at the sailing of the first shipload of wheat for Karachi. The shipload was the forerunner of millions of tons of wheat which our Nation has since made available to the people of Pakistan.

What did we get out of this deal? Well, not much money I admit. We loaned the money received from that part of the wheat that was sold back to Pakistan to be used on irrigation developments and for other purposes. The chronic fear of famine and inflation in that country has been mitigated.

We have been helpful to both India and Pakistan in reaching an agreement relating to a division of water from the Indus watershed so that each can make more progress in fighting their common enemy, drought. We have gained a friend among the nations. During my term of service at the United Nations last fall, I learned that

Pakistan was one of three Asian nations that almost invariably was found by the side of the United States.

The two examples I have given illustrate the manner in which U.S. food has contributed to the strengthening of our relations with other people. Our records are replete with other instances. Since the Korean war, billions of dollars worth of American corn, wheat, vegetable oils, milk, and other commodities have gone to all corners of the earth. The fear of famine and inflation has not been fully erased, but it no longer holds the stark terror which it used to have for half the world's population.

Although our largest cooperative programs are now with nations like India, Brazil, and Pakistan, there is hardly a country on earth but what plans more confidently and rests more securely because it knows that, should disaster strike, American food and aid would be promptly available.

TASK AHEAD

The Foreign Agricultural Service has estimated that the world's food shortage today in calories and protein alone if reduced to terms of common commodities would amount to 35 percent of the annual U.S. milk production, 40 percent of our peas and dry bean production and 120 percent of our annual wheat production. Even in our own hemisphere there are several countries where the people are living under a dietary deficit of more than 500 calories per day.

Why should this concern us greatly? Aside from humanitarian considerations, we should be concerned with the effects of malnutrition on the ideology of a people. There are those who say we should give food only to those whose national philosophy agrees with ours. I have heard it said that we should withhold food and assistance from a people until they revolt against totalitarian masters. I have never known this method to work. People cannot be starved into democracy. They can be starved into accepting dictatorships.

If I have now described for you the value of food as a weapon to be used in ideological or social conflicts, I would be remiss if I did not warn you that we are in danger of losing that weapon. In spite of foreign sales and contributions our excess production has continued to mount until today we have considerable more wheat and feed grain than is required for normal safe reserves for all purposes. This situation has provoked public resentment. The taxpayer objects to paying storage costs. The trader protests Government being in the grain business at all. The consumer who has probably been the principal beneficiary of the programs get taken in by voluminous propaganda and joins the chorus shouting "throw the rascal out."

Yielding to pressure, our Government has proposed measures to appease this public clamor. Already, over my protest, the Congress has approved and the executive branch has put into effect a program under which 26 percent of our corn and feed grain land will not be planted this year.

If the yield is reduced proportionately, we shall produce in the United States less feed grain than we shall consume this year. The administration has already asked to have this program extended another year. Also similar requests have been made for wheat.

In the meantime, while the Department of Agriculture seeks drastic reductions in production, the State Department asks for authority leading to long-term commitments to foreign nations. Somebody in Washington had better do some coordination and do it soon.

I have repeatedly urged that the solution of excess farm production does not lie in compulsory restrictions upon the farmer but rather we should concentrate upon the development of new outlets.

These new outlets may well be in a world which is chronically scourged by malnutrition and disease and continually threatened by war. America's stock in trade at the international bargaining table will be reduced proportionately as we curtail our agricultural output. The public cost of maintaining a bountiful food production is less than 10 percent of the cost of maintaining our military defenses at home and abroad.

Without minimizing the importance of strong security measures to be used in the event of an armed attack upon our country or upon democracy at large, I can say in all sincerity, that as of today in the war against poverty and disease, intolerance and despotism, or even in a war between conflicting ideologies, food is America's most potent weapon.

HISTORY OF THE BERLIN SITUATION

Mr. FULBRIGHT. Mr. President, believing that something is to be learned from past mistakes, I should like to call to the attention of my colleagues an article by Mr. Philip Mosely that appeared in the quarterly Foreign Affairs of July 1950.

Mr. Mosely, a distinguished authority on Soviet affairs, was political adviser to the late Ambassador John G. Winant, the American representative on the European Advisory Commission (EAC). The Commission grew out of a Conference of Foreign Ministers held in Moscow in October 1943. It was here that the United States, Britain, and Russia agreed in principle to joint responsibility for Germany and joint occupation of Germany. They established the EAC to help draw up common policy for postway Germany and other problems. The EAC met from January 1944 to August 1945. It defined occupation zones for the United States, Britain, and the Soviet Union in Germany as a whole and in Greater Berlin as a separate unit, providing also for joint administration of Berlin. The Commission agreed to the formation by the United States, Britain, and the Soviet Union of an Allied Control Council to be the supreme authority for Germany as a whole, and for each military commander in chief to be the supreme authority, under orders of his Government, in each nation's occupation zone. A protocol amended one of the EAC's earlier meetings and included France among the occupying powers.

The EAC never reached an agreement guaranteeing Western access to Berlin. Mr. Mosely places primary responsibility for this failure upon the War Department, which, he claims, subordinated settlement of postwar political problems to a single minded concern with the conduct of the last stages of the war in Europe.

There was established in December 1943 a Working Security Committee, an interdepartmental group composed of officers of State, War, and Navy Departments. It was from this ambiguously named committee that the EAC was to draw its instructions. The War Department was represented by its Civil Affairs Division, which, according to Mr. Mosely, held a veto over directives to the EAC and used it to frustrate efforts to reach political settlements on the character of postwar occupation of Germany prior to the ending of hostilities.

Mr. President, it is my intention to have Mr. Mosely's article reprinted in full at the end of my remarks and I herewith ask unanimous consent to do so. However, I shall quote a few paragraphs in support of Mr. Mosely's main point:

Although the establishment of the WSC (or Working Security Committee) had been agreed to early in December (1943) by the three departments * * * It could not begin to function at once because the Civil Affairs Division of the War Department refused at first to take part. For a fortnight the representatives of the Division maintained that the surrender and occupation of Germany were purely a military matter which would have to be decided at the military level and that therefore there was no need for the WSC, or, for that matter, for a European Advisory Commission. In rejoinder, it was pointed out that the President, who was also Commander in Chief, had joined with the heads of two other governments in creating the EAC and in expressing the intention to work out Allied agreements on postwar Germany. According to the Civil Affairs Division, military government was a purely military matter; when the time came, the necessary orders would be issued by the Combined Chiefs of Staff, and that was all. This view ignored the fact that the Combined Chiefs of Staff would probably not be allowed to determine American postwar policy, that there was no Soviet representation on it, that the President was committed to seeking postwar agreement on Germany with both the Soviet and British Governments, and that meanwhile the American representative on the EAC was completely without instructions.

More significant (than the question of locating a new German capital), I believe, was the proposal that a corridor should be established connecting the prospective western areas of occupation with Berlin, this to be accomplished by joining certain intervening districts of Saxony-Anhalt and Brandenburg to the western zones. This proposal, for which I was responsible, ran counter to the principle of retaining the administrative boundaries of the existing (provinces), but it was consistent with the proposal to break up Prussia and thus to destroy its preponderance within postwar Germany. Since it was assumed that for most purposes Germany would be treated as a political and economic entity, the economic disruption caused by creating this corridor for purposes only of occupation and enforcement of Allied authority would be negligible. I realized that such a proposal by the United States would probably meet with Soviet objections, but I believed that if it could be presented first, with impressive firmness, it might be taken into account by the Soviet Government in framing its own proposals. I believed that the dignity and security of the American authorities to be installed eventually in Berlin required that provision be made in advance for free and direct territorial access to Berlin from the West.

This proposal was never acted upon in the WSC in Washington and was therefore never presented to the EAC in London. The position of the Civil Affairs Division of the War Department was that the determination of the future zones of occupation was no concern of the WSC or of the EAC. It was a military matter which would be decided at the proper time and at the military level. The Civil Affairs Division even denied for many weeks the right of the EAC to negotiate an agreement on zones. It argued that zones of occupation would be determined by

the location of troops at the time of Germany's surrender or collapse. This, the State Department members felt, was to rely on an extremely risky expedient. If there were no Allied agreement on postwar zones, there would be constant suspicions between the Allies. The Germans could fan these fears by hints of a separate understanding with East or West. In the closing phase of the war, strategy and tactics might be determined by the desire to occupy the largest possible area of Germany rather than by the aim to defeat Germany as quickly as possible. In their reply, the representatives of the War Department implied that they expected all of Germany up to the Rhine to be in Soviet control upon Germany's defeat, and that therefore it was useless to expect the Soviet Government to carry out any agreement regarding the division of Germany which might have been reached in advance, since this would be to its disadvantage. To this the answer was obvious. If the prospects were so gloomy, all the more reason to seek early agreement on future arrangements for Germany, since clearly it was not in the interest of European stability and of American security that all or nearly all of Germany should pass under sole Soviet control. As for the doubt concerning the Soviet Government's fulfillment of its agreement, no American Government could afford to report to its people and its Allies that it had refused to negotiate a postwar agreement on this ground. * * * After many days of argument and counterargument, the Civil Affairs Division exercised its right of veto in early January 1944. WSC was debarred from providing Mr. Winant with proposals concerning the future zones of occupation.

In his discussions with the War Department, Mr. Winant raised with the Civil Affairs Division the question of access to Berlin from the Western zones. He offered to propose detailed provisions safeguarding American access by highway, railroad, and air. Since the Soviet representative had repeatedly insisted that there would be no difficulty in arranging for transit through the Soviet zone to Berlin and that the presence of American and British Forces in Berlin of course carried with it all necessary facilities of access, Mr. Winant was confident that concrete provisions could be negotiated in the EAC without great difficulty.

The Civil Affairs Division opposed the insertion of a specific provision concerning access to Berlin. It felt that it was impossible to foresee, in May 1944, in advance of D-day, what railroads and highways would be needed for use by the Allied forces. If specific roads and railroutes were assigned, they might be in a state of complete destruction when the time came to enter Berlin, and then it would be difficult to arrange for alternative facilities. They insisted that this was a purely military matter which would be taken care of at the military level when the time came. Mr. Winant felt that he could not further challenge this authoritative military view. When he returned to London he at last circulated to the EAC, on June 12, the American proposal concerning zones of occupation in Germany.

Mr. President, I have raised this question, first, because of my belief that something may be gained from reviewing the past; second, because in recent years a good deal of misinformation has been circulated about the failure to secure agreements from the Soviet Union specifically covering access routes to Berlin; and third, because the episode dealt with in this article is one example of what can happen when military opinion is granted the authority to veto or otherwise to frustrate policies that are essentially political in character.

I ask unanimous consent to have the article printed at this point in the RECORD.

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

THE OCCUPATION OF GERMANY: NEW LIGHT ON HOW THE ZONES WERE DRAWN

(By Philip E. Mosely)

The first steps toward three-power planning for the occupation and control of Germany after her eventual defeat were taken at the Moscow Conference of Foreign Ministers in October 1943. In those days the Red army was continuing its powerful advance against the German armies (Kiev was liberated during the Conference), and the forces of the Western Allies were preparing their tremendous attack upon Hitler's "Fortress Europe." The need for coordinating the political planning of the major Allies thus became more and more obvious and acute. During Mr. Eden's visit to Washington the previous March, Harry Hopkins had noted the necessity of reaching an understanding "as to which armies would be where and what kind of administration should be developed." [1] A few days later President Roosevelt instructed Secretary Hull to explore, first with the British and then with the Russians, "the question of what our plan is to be in Germany and Italy during the first months after Germany's collapse." [2] Even so, the Italian surrender caught the Allies politically unprepared. The cross-purposes and frictions revealed during the negotiations over Italy showed how urgent it was to begin coordinating Allied purposes and arrangements for the surrender of Germany, and to do so well before the event. In September 1943, it was decided to arrange a first meeting of the three Foreign Ministers in preparation for a first conference of the three heads of governments.

At the Moscow Conference, Mr. Hull presented to Mr. Eden and Mr. Molotov the American view of postwar policy toward Germany.[3] Although this memorandum was received favorably, no attempt was made to reach concrete decisions concerning Germany, and the problem was referred to a new body, the European Advisory Commission (henceforth referred to as the EAC), which was to have its seat in London and carry on its work continuously. The memorandum recommended that an inter-Allied control commission be set up to enforce upon Germany the terms of surrender and the policies of the Allies, and that Germany should be occupied by British, Soviet, and American forces. Thus the principle of joint responsibility in German policy and of joint occupation of Germany was accepted tacitly in October 1943 as a basis of future planning.

The terms of reference of the EAC, as established in the Moscow Protocol of November 1, 1943, reflected a sharp divergence between British and American views. The Foreign Office wanted ECA to receive a broad mandate to settle promptly, during the war, many questions concerning both the enemy and the smaller allied states in Europe. In this view, the ECA should have competence in such matters as the future regimes to be established in France, Poland, Yugoslavia, and elsewhere, and also be authorized to settle minority and boundary disputes. It can be assumed that the British leaders hoped to settle as many of these questions as possible during the war, while the major allies were compelled by necessity to act together to a considerable degree and while the United States had powerful forces in Europe. A British Government has excellent facilities for studying matters of this sort and deciding on definite policy objectives; and the existence of a wartime coalition provided an even better opportunity than usual for the formulation of a final British view.

The dominant official view in the United States was that it would be unwise to attempt to solve postwar problems while hostilities were continuing, except for achieving the establishment of a United Nations organization. There was doubt as to the authority of the executive to commit the United States on matters which are usually settled in treaties of peace. There was uncertainty regarding the degree to which American opinion would, after the war, maintain a detailed interest in and responsibility for specifically European problems. There were fears that groups of American citizens of foreign origin would be distracted from the unified war effort—and, incidentally, from support of the administration—if attempts were made during the war to settle concrete boundary and other issues. These lines of thought led the U.S. Government to favor limiting the mandate of the ECA primarily to working out arrangements for the surrender of the Axis States in Europe. While the American delegation at Moscow accepted the broad wording of article 1 of the terms of reference, it laid emphasis upon the limiting provision that questions could be referred to the EAC only by unanimous consent of the three governments, and it actually regarded article 2 as the only real mandate of the new body.[4] Preparations for beginning the formal negotiations concerning Germany were advanced during the Teheran Conference when the three heads of governments appointed their representatives to the EAC—Sir William Strang for the United Kingdom, Fedor T. Gusev for the Soviet Union, and the late John G. Winant for the United States.

Thus the Moscow and Teheran conferences committed the three major allies to proceeding promptly to the elaboration of joint arrangements for the postwar occupation and control of Germany. In the view of those at the "working level" within the State Department, and in Mr. Winant's view, the task was one of great and immediate urgency. If the Allies could agree on a detailed program of postwar cooperation with regard to Germany, other European problems might prove much more manageable and there would be far stronger hope for some measure of continuing cooperation in a United Nations organization. No one assumed that cooperation would be easy. But there was hope that the great damages which German aggression had inflicted on the world might have created such a shared sense of urgency among the Allies that they

[1] Robert E. Sherwood, "Roosevelt and Hopkins, an Intimate History." New York: Harper, 1948, p. 714.

[2] "The Memoirs of Cordell Hull." New York: Macmillan, 1948, v. II, pp. 1284–1285.

[3] Summarized in Hull, ibid., v. II, pp. 1285–1287. The memorandum was drafted during the Conference by two members of the delegation, including the present writer, mainly on the basis of studies and recommendations approved by the Interdivisional Committee on Germany, in the Department of State, and of studies prepared by the War and Peace Studies Project of the Council on Foreign Relations, New York.

[4] The principal terms of reference of the EAC were: (1) "The Commission will study and make recommendations to the three governments upon European questions connected with the termination of hostilities which the three governments may consider appropriate to refer to it * * *"; (2) "As one of the Commission's first tasks the three governments desire that it shall, as soon as possible, make detailed recommendations to them upon the terms of surrender to be imposed upon each of the European states with which any of the three powers are at war, and upon the machinery required to insure the fulfillment of those terms * * *."

would be able to plan a common allied policy for dealing with Germany in a manner to prevent the recurrence of the danger.

The EAC held an informal organizing meeting on December 15, 1943, and began its formal meeting on January 14, 1944.[5] Naturally, it could work effectively only when all three representatives had full instructions from their governments. The EAC was not, in fact, able to "study and make recommendations to the three governments" on its own initiative. From the beginning it was a negotiating body, and the 12 agreements which it succeeded in reaching had to be approved in advance, down to the last detail and word, by the three (later four) governments before they could be presented as "recommendations" to those governments. Only then would such recommendations receive formal "approval." In matters of such profound concern as those which were referred to the EAC each of the national representatives could speak and act only upon detailed instructions.

In this respect the British representative was fortunately situated. As the seat of the Commission was London, he had direct personal access to the final political authority in his Government and so was able to receive clear guidance rather promptly. Interdepartmental conflicts could be resolved with reasonable expedition through joint committees (in which the primary responsibility of the Foreign Office in matters of foreign policy was recognized), through the admirable functioning of the Cabinet Secretariat, and, if necessary, through reference to the War Cabinet. The American representative on EAC was less fortunate. Until December 1943 there was no established procedure through which he could receive the instructions of his Government. Clearly, postwar policy toward Germany transcended the competence of either the Department of State or the War Department.

In order to meet this lack and to provide the American representative in London with instructions based upon the combined views of the Departments concerned, there was established in December 1943, under the camouflage name of the Working Security Committee (henceforth referred to as WSC), an interdepartmental committee, as consisting of officers of State, War, and Navy Departments. The WSC was designed to coordinate the views of the three Departments and, on this basis, to transmit agreed instructions to Mr. Winant in London. The instructions might be draft documents to be circulated and negotiated in the EAC; or detailed statements of American policies and objectives for his guidance in negotiation, whether formal or informal; or comments on reports of EAC discussions and on proposals submitted by other delegations; or, finally, comments on suggestions and recommendations worked out by the U.S. delegation in London.[6] Formally, the Department of State provided the channel for transmission of instructions to Mr. Winant. But in practice it could forward only instructions and drafts which had been approved by the WSC, or rather by each of the departmental components of the WSC. In theory, the officers of the three Departments concerned with German policy were supposed to work out agreed recommendations in the WSC and then to "clear" the draft instructions with the superior officers within each Department; when notified of such multiple clearance, the chairman of the WSC could then transmit the approved telegram or dispatch to London. In practice, each departmental component within the WSC could exercise a "veto" over any proposed instruction.[7]

The Department of State was represented on the WSC by officers of the Division of European (later Central European) Affairs and the Division of Political (later Territorial) Studies. In presenting recommendations to the WSC, the State Department component could draw upon a large number of background and policy studies which had been reviewed by the President's Advisory Committee on Postwar Foreign Policy since January 1942, and upon the continuing and intensive work of the departmental Interdivisional Committee on Germany.[8] The War Department component was to be provided by the Civil Affairs Division, which had been established in the spring of 1943.[9] If the Civil Affairs Division had made studies of future policy toward Germany in the intervening period this fact did not become evident in the discussions of the WSC.

Although the establishment of the WSC had been agreed to early in December by the three Departments at the Assistant Secretary level, it could not begin to function at once because the Civil Affairs Division of the War Department refused at first to take part. For a fortnight the representatives of the Division maintained that the surrender and occupation of Germany were purely a military matter which would have to be decided at the military level; and that therefore there was no need for the WSC, or, for that matter, for a European Advisory Commission. In rejoinder, it was pointed out that the President, who was also Commander in Chief, had joined with the heads of two other governments in creating the EAC and in expressing the intention to work out Allied agreements on postwar Germany. According to the Civil Affairs Division, military government was a purely military matter; when the time came, the necessary orders would be issued by the Combined Chiefs of Staff, and that was all. This view ignored the fact that the Combined Chiefs of Staff would probably not be allowed to determine American postwar policy, that there was no Soviet representation on it, that the President was committed to seeking postwar agreement on Germany with both the Soviet and British Governments, and that meanwhile the American representative on the EAC was completely without instructions. This deadlock, which threatened to postpone indefinitely the establishment of the WSC, was finally broken by intervention from above, and on December 21, 1943, officers of the Civil Affairs Division met for the first time in the WSC. It should be pointed out that the Civil Affairs Division was staffed largely with civilians who had recently gone into uniform. Some of them who had been lawyers in civil life seemed to regard the jurisdiction and prestige of the military service as they might the interests of a client, to be defended by every device of argument, delay, obstruction, and veto against an adversary, in this case the State Department.

Thus although the WSC began its meetings, it made little progress on the coordination of policy. The Civil Affairs Division representatives who attended were of relatively junior rank. They had been given strict instructions to agree to nothing, or almost nothing, and could only report the discussions back to their superiors. This system of negotiating at arm's length, under rigid instructions and with the exercise of the "veto," resembled the procedures of Soviet negotiators in their more intransigent moods. Under such conditions the pace of work in the WSC was, of necessity, determined primarily by the outlook of the Civil Affairs Division.

This explanation of the procedure by which American policy was formulated in Washington for presentation in the EAC in London has been necessary, since it had a great deal to do with the determination of the American position regarding the future zones of occupation in Germany.

While the WSC was struggling to be born, the Interdivisional Committee on Germany in the Department of State had been giving active consideration to the problems which should be dealt with in the EAC. Upon returning from the Moscow Conference, I had outlined to the Committee three matters of immediate concern—the formulation of an instrument of unconditional surrender, the definition of zones of occupation, and the establishment of Allied control machinery for the joint administration of Germany—and urged that the American proposals be formulated as promptly as possible and circulated in the EAC. Experience had shown that it was advantageous to have American proposals available to the Russians before they drew up their own recommendations. Moreover, the negotiator who put his proposals in first could frequently get his drafts accepted as a basis of discussion. At this stage of the war, too, American negotiators were often in a "middle position" between Soviet and British views, and therefore it was important to enable the American member of EAC to take the lead in submitting proposals. The hope that this might be done in the present case faded rapidly. While the Civil Affairs Division wrangled over jurisdiction in the WSC, Mr. Winant was left without instructions. Without them, he could not even discuss the British and Soviet proposals presented in EAC, much less present any American proposals. On occasion, when he wired urgently asking why he had received no replies to his requests for comment and instructions, the Civil Affairs Division representatives even vetoed draft messages informing him that he should not expect an early reply.

Despite the deadlock over the question of zones, the WSC did make some progress on the formulation of a draft instrument of German unconditional surrender. The American draft, which was circulated in the EAC on March 6, 1944, became the basis of

[5] In all, the EAC held 20 formal and 97 informal meetings between Jan. 14, 1944, and August 1945, in addition to frequent private consultations among the delegations. It concluded 12 agreements dealing with German, Austrian, and Bulgarian affairs. The armistices with Rumania, Hungary, and Finland were not referred to it for negotiation.

[6] A brief and formal account of the composition of the Working Security Committee is presented in "Postwar Foreign Policy Preparation, 1939–45," Washington, D.C., 1949 (released in 1950), Department of State Publication 3580, pp. 225, 228–229, 271, 368.

[7] The interdepartmental basis of American policymaking was reflected in the composition of the U.S. delegation to the EAC. Mr. Winant was assisted by a political adviser designated by the Department of State (Mr. George F. Kennan, January to April 1944; the present writer, June 1944 to August 1945), and one or two political officers; a military adviser, with staff; a naval adviser, with staff; and later an air adviser, with staff. The service advisers communicated directly with their superiors in Washington, through their own channels.

[8] Regarding the Advisory Committee, see "Postwar Foreign Policy Preparation," op cit.; also "Dismemberment of Germany," by the present writer, "Foreign Affairs, April 1950. For a brief account of the Interdivisional Committee, see "Postwar Foreign Policy Preparation," p. 177. The present writer served as chairman of this committee in its initial stages, and continued as a member until June 1944; he served continuously as a member of the WSC, occasionally as acting chairman, from December 1943 to June 1944. David Harris, professor of history at Stanford University, became chairman of the Interdivisional Committee in October 1943 and a member of the WSC in June 1944.

[9] Henry L. Stimson and McGeorge Bundy, "On Active Service in Peace and War." New York: Harper, 1947, p. 559.

the EAC protocol of July 25, 1944, setting forth the agreed terms of German surrender.

Already our office had been making a study of possible and desirable zones of occupation, and by mid-December 1943 a tentative proposal was ready for submission to the WSC, together with demographic and economic studies of the suggested zones and the necessary maps. In preparing this proposal we had to assume either that there would or would not be a German central administration in operation at the time of surrender. In the former case, the Allied authorities could work through it, though of course drastically changing its composition and policies. Berlin then would be the logical seat of the joint Allied authority. If there were no German administration in being, it would still be necessary to use the German staffs and records, and Berlin again would be the natural center. A further factor favorable to making Berlin the seat of Allied authority was that any proposal to create a new capital, especially one situated in a Western zone, seemed bound to meet with unrelenting Soviet opposition. It seemed unwise to begin negotiation for an agreed Allied policy by presenting a proposal which could only lead at once to deadlock, thus sacrificing larger interests of Allied cooperation to a contingent advantage which might or might not be of practical importance.

More significant, I believe, was the proposal that a corridor should be established connecting the prospective Western areas of occupation with Berlin, this to be accomplished by joining certain intervening districts of Saxony-Anhalt and Brandenburg to the Western zones. This proposal, for which I was responsible, ran counter to the principle of retaining the administrative boundaries of the existing Länder and provinces; but it was consistent with the proposal to break up Prussia and thus to destroy its preponderance within postwar Germany. Since it was assumed that for most purposes Germany would be treated as a political and economic entity, the economic disruption caused by creating this corridor for purposes only of occupation and enforcement of Allied authority would be negligible. I realized that such a proposal by the United States would probably meet with Soviet objections, but I believed that if it could be presented first, with impressive firmness, it might be taken into account by the Soviet Government in framing its own proposals. I believed that the dignity and security of the American authorities to be installed eventually in Berlin required that provision be made in advance for free and direct territorial access to Berlin from the West.

This proposal was never acted upon in the WSC in Washington and was therefore never presented to the EAC in London. The position of the Civil Affairs Division of the War Department was that the determination of the future zones of occupation was no concern of the WSC or of the EAC. It was a "military matter" which would be decided "at the proper time" and "at the military level."[10] The Civil Affairs Division even denied for many weeks the "right" of the EAC to negotiate an agreement on zones. It argued that zones of occupation would be determined by the location of troops at the time of Germany's surrender or collapse. This, the State Department members felt, was to rely on an extremely risky expedient. If there were no Allied agreement on postwar zones, there would be constant suspicions between the Allies. The Germans could fan these fears by hints of a separate understanding with East or West. In the closing phase of the war, strategy and tactics might be determined by the desire to occupy the largest possible area of Germany rather than by the aim to defeat Germany as quickly as possible. In their reply, the representatives of the War Department implied that they expected all of Germany up to the Rhine to be in Soviet control upon Germany's defeat, and that therefore it was useless to expect the Soviet Government to carry out any agreement regarding the division of Germany which might have been reached in advance, since this would be to its disadvantage. To this the answer was obvious. If the prospects were so gloomy, all the more reason to seek early agreement on future arrangements for Germany, since clearly it was not in the interest of European stability and of American security that all or nearly all of Germany should pass under sole Soviet control. As for the doubt concerning the Soviet Governments' fulfillment of its agreement, no American Government could afford to report to its people and its Allies that it had refused to negotiate a postwar agreement on this ground. Nothing would be lost by assuming that agreements would be kept. If they were made with good faith on the American side, and were later broken by other governments, the situation would be far clearer for all the world, the American people included, to judge. After many days of argument and counterargument, the Civil Affairs Division exercised its right of veto in early January 1944. WSC was debarred from providing Mr. Winant with proposals concerning the future zones of occupation.

It has sometimes been suggested that it was a basic error to divide Germany into zones of occupation; and that it would have been better to station Allied forces in dispersed or interlarded fashion and thus to avoid the creation of separate zones. A tentative proposal to this effect was put forward informally in late December 1943 by a member of the British Foreign Office during a reconnaissance visit to Washington. If this proposal had been adopted, the establishment of zones and the de facto partition of Germany might conceivably have been avoided. It was rejected by the Civil Affairs Division. There were indeed strong arguments against it. Interlarding of forces under different commands would have created serious problems of supply and communications for the very large forces which would be on German territory at the time of defeat. It would be difficult for regional and local commanders to deal with German administrative authorities only through Berlin. Conflicts and misunderstandings might arise between troops of different language and background. The State Department planning group gave the suggestion careful consideration but felt that it could not support it in opposition to the unanimous military opinion. It was assumed also that the Soviet Government would wish to concentrate its forces in a compact territory and would not want its troops to have the wide and free contact with other Allied forces which would be inevitable if Soviet forces were interlarded with British and American troops all over Germany.

The Foreign Office representative who visited Washington in December 1943 and January 1944 also wished to find out whether the United States was preparing to take the initiative in presenting proposals to the EAC. We may assume that his report made it clear that no rapid formulation of agreed American views was to be relied upon. In January, therefore, the Foreign Office took the initiative. At the first meeting of the EAC the British representative presented a draft surrender instrument and a draft agreement on zones of occupation (circulated January 15, 1944). The latter provided for the division of Germany, within its 1937 boundaries, into three zones. The area which it proposed for Soviet occupation was the one which was accepted later by all three powers. Mecklenburg-Pomerania, Brandenburg, Saxony-Anhalt, Thuringia, and the areas to the eastward were to come under Soviet occupation, except for Greater Berlin, which was to be under joint occupation. As a division of Germany, it was equitable. The Soviet Zone, it was estimated, would contain 40 percent of the territory, 36 percent of the population and 33 percent of the productive resources of the pre-1937 country. In terms of war effort and of war-inflicted sufferings, the Soviet Union might have claimed a larger share.

The British proposal would have placed all of northwestern Germany, including Brunswick, Hesse-Nassau, the Rhine Provinces and the areas north of them under British occupation. The zone proposed for American occupation included the Saar and the Bavarian Palatinate west of the Rhine, together with Hesse-Darmstadt, Württemberg, Baden and Bavaria. This arrangement, if approved, would have placed the greatest industrial areas under British control. Only the United States Zone would have bordered on France, and if a zone were later allotted to French occupation, most of the French Zone would have to be detached from the American-controlled area. On the other hand, if the United States withdrew from the occupation of Germany, the American Zone could be taken over more conveniently by French forces. London presumably did not overlook the fact that the proposed British Zone would give Britain a major voice in control over her greatest industrial and commercial competitor in Europe.

For these reasons the proposed allocation of the two western zones was rejected by the American military authorities and by President Roosevelt. The President insisted that the redeployment of major American forces from Germany to the Far East required United States control of the ports of northwestern Germany. Furthermore, occupation of the southwestern zone would necessitate using French lines of communication and transportation, and American-French military relations were not cordial. The British argued that redeployment of American forces to the northwestern zone and of British forces to the southwestern zone would create great confusion, since Montgomery's forces were to advance through the Low Countries into northern Germany, while American forces were to enter central and southern Germany. The American rejoinder was that this problem would diminish rapidly in volume as combat forces were transferred to the Far East and forces in Germany were placed on a garrison-and-security footing. The President urged instead that the British plan to occupy both the southern zone in Germany and all of Austria. The dispute over the allocation of the two western zones was to be settled only 7 months later, at the Quebec Conference of September 1944.

On February 18, 1944, a Soviet proposal concerning zones was also circulated. It accepted the Eastern Zone as suggested by the British proposal, together with the designation of Greater Berlin as a separate zone of joint Allied occupation. The Soviet acceptance, without bargaining, of a zone of slightly more than one-third of Germany, appeared a sign of a moderate and conciliatory approach to the problem of how to deal with postwar Germany. The Soviet representative implied clearly that the question of just how Western Germany would be divided into separate British and American zones was not of particular concern to

[10] Admiral Leahy reports that in November 1943 the Joint Chiefs of Staff considered the question of future zones of occupation (Fleet Adm. William D. Leahy, "I Was There; The Personal Story of the Chief of Staff to Presidents Roosevelt and Truman, Based on His Notes and Diaries Made at the Time." New York: Whittlesey, 1950, p. 197). I have no knowledge of the JCS conclusions, if any were reached.

his government. However, he hoped for an early settlement of the dispute and hence for a prompt conclusion of a three-power agreement. At this time the Civil Affairs Division representatives on the WSC were still maintaining that the EAC was not entitled to negotiate concerning the future zones. Consequently no American proposals or instructions could be sent to Mr. Winant. He made urgent and repeated pleas for them, but to no avail.

At the end of February the Civil Affairs Division suddenly changed its position. It brought into the WSC a small-scale map of Germany, on which penciled lines radiating north, west and south from Berlin had been sketched, explaining that this division represented President Roosevelt's instructions. I do not know who received this "instruction" from the President, or how much information had been presented to him concerning the British and Soviet proposals. This proposed division had the advantage of placing Berlin at the meeting point of the three zones. On the other hand, the proposed Soviet Zone represented only about 22 percent of the area, population, and productive resources of prewar Germany, and was therefore certain to be rejected by the Soviet and British Governments. The hastily penciled lines also cut across many lines of administration and communication. The Civil Affairs Division insisted that this proposal be communicated as it stood to the EAC, and that Mr. Winant demand its acceptance. When it was asked to prepare a background memorandum for the negotiator's guidance in presenting this proposal, it declined to do so. After 10 days of discussion, the WSC agreed to transmit this bare proposal to London as it stood. The State Department component realized that Mr. Winant would undoubtedly ask for fuller instructions, and hoped thus to bring the Civil Affairs Division to a more realistic consideration of the character and difficulties of the proposal it was making. Frantic queries from London followed promptly. The War Department representatives could not be budged. The deadlock continued until the first week of April. The EAC delegation in London insisted that it must be given fuller instructions both for presenting the proposal and concerning the attitude it should adopt if the British and Soviet Governments joined in rejecting it. In the WSC the Civil Affairs Division refused all further elucidations and contingent instructions.

In mid-March the wheels of the EAC, which had been barely turning, ground to a complete stop. The Soviet and American delegations were deeply perturbed by informed comments in the British press concerning matters in dispute, especially as one of the disputes dealt with the question of whether the German forces, after the final surrender, would or would not be treated as prisoners of war. Unauthorized disclosures of these discussions provided Goebbels with effective means of stimulating German resistance. This gave rise to considerable American and Soviet indignation. After a month, during which the work of the EAC was suspended, Mr. Winant was able, by bringing to bear all his influence, to restore Soviet confidence in the future secrecy of EAC discussions. The EAC's work was resumed.

In the meantime, Mr. Winant's political adviser, George F. Kennan, returned to Washington to try to make clear the difficult situation in which the EAC delegation found itself and to clarify the issues which were before it. In the first week of April he was able to present the entire range of EAC issues to President Roosevelt. The President thereupon reconsidered the arrangements for the future zones and authorized his representative in London to approve the proposed Soviet zone. He continued, however, to insist on American occupation of the northwestern zone. Mr. Winant now informed his colleagues orally of this new position, and the American acceptance of the Soviet zone undoubtedly contributed to the renewal of the work of the EAC and to a strengthening of confidence in its ability to build a basis of postwar cooperation among the Allies. Mr. Winant continued to advocate vigorously that the northwestern zone be assigned for American occupation. From April to November, however, the dispute continued.

In May 1944, Mr. Winant paid a short visit to Washington to clarify a large number of issues concerning both the EAC negotiations and numerous other matters. Mr. Roosevelt again affirmed to him his strong view concerning American occupation of northwestern Germany. In his discussions in the War Department, Mr. Winant raise with the Civil Affairs Division the question of access to Berlin from the western zones. He offered to propose detailed provisions safeguarding American access by highway, railroad and air. Since the Soviet representative had repeatedly insisted that there would be no difficulty in arranging for transit through the Soviet zone to Berlin, and that the presence of American and British forces in Berlin "of course" carried with it all necessary facilities of access, Mr. Winant was confident that concrete provisions could be negotiated in the EAC without great difficulty. Although the President had given new instructions early in April, as noted above, Mr. Winant so far had refrained from presenting the American position in writing, since he assumed that Washington would want to see some arrangements concerning access to Berlin included. At this time, of course, it was assumed that such provisions would relate only to the personnel and materiel of the armed forces, since planning was proceeding on the assumption that Germany herself would be treated as a political and economic unit and therefore no special provisions would be needed to regulate the economic relations between Berlin and any of the zones.

The Civil Affairs Division opposed the insertion of a specific provision concerning access to Berlin. It felt that it was impossible to foresee, in May 1944, in advance of D-day, what railroads and highways would be needed for use by the Allied forces. If specific roads and railroutes were assigned, they might be in a state of complete destruction when the time came to enter Berlin, and then it would be difficult to arrange for alternative facilities. They insisted that this was a purely military matter which would be taken care of at the military level when the time came. Mr. Winant felt that he could not further challenge this authoritative military view. When he returned to London he at last circulated to the EAC, on June 12, the American proposal concerning zones of occupation in Germany.

During July the EAC negotiated actively for an agreement on zones and for the division of Berlin into three sectors. Maps were prepared showing the zones in Germany and the sectors in Berlin. The draft agreement specified that "Germany, within the frontiers as they were on December 31, 1937, will, for the purposes of occupation, be divided into three zones, one of which will be allotted to each of the three powers, and a special Berlin area, which will be under joint occupation by the three powers." Article 2 gave a description of the western boundary of the zone which "* * * will be occupied by the armed forces of the Union of Soviet Socialist Republics, with the exception of the Berlin area, for which a special system of occupation is provided below." It also provided that "The Berlin area (by which expression is understood the territory of 'Greater Berlin' as defined by the law of April 27, 1920) will be jointly occupied by armed forces of the United Kingdom, the United States of America, and the Union of Soviet Socialist Republics assigned by the respective Commanders in Chief." In the meticulous drafting practiced by the EAC it was provided that the boundaries of Länder and provinces would be "those which existed after the coming into effect of the decree of June 25, 1941 (published in the Reichsgesetzblatt, pt. I, No. 72, July 3, 1941)," and that boundaries of districts within Greater Berlin would be "those which existed after the coming into effect of the decree published on March 27, 1938 (Amtsblatt der Reichshauptstadt Berlin, No. 13 of Mar. 27, 1938, p. 215)." The clear provisions of the EAC protocol leave no basis whatever for the Soviet assertion, advanced in 1948 during the Berlin crisis, that "Berlin * * * is a part of that [the Soviet] zone."[11] I had been assigned to London to serve as political adviser to Mr. Winant late in June, succeeding Mr. Kennan, and I took an active part in these and subsequent negotiations, until August 1945.

By late July the draft protocol on zones was complete, except for the important question of the assignment of the two western zones, which was obviously beyond the competence of the EAC and a matter which could be decided only between the President and the Prime Minister.[12] By mid-August, when plans were being made for the second Quebec Conference, it was clear that the decision regarding the British and American Zones could not be delayed any further. At this time Mr. Winant was arguing vigorously in London for American occupation of the northwestern zone, although Mr. Stimson, Mr. McCloy and Mr. Stettinius felt that this zone should be allotted to British occupation.[13]

In mid-August, in a telegram of some 7,000 words, Mr. Winant set before the President the position which had been reached in attempts to settle policy toward Germany. He pointed out that the EAC had reached agreement on the terms of German unconditional surrender,[14] that it could complete the agreement on zones as soon as the assignment of the two western zones was decided, and that there was good prospect that it could shortly complete an agreement concerning the future machinery of Allied control. These three agreements, he emphasized, would provide the machinery for dealing with Germany but would not supply the content of future policy toward Germany. He urged that every effort be made on the American side to go forward to negotiate the widest possible measure of agreed policies to be enforced jointly by the future occupying powers. It was not enough to set up the machinery of joint Allied administration; every effort should be made to work out agreed Allied policies which this machinery should carry into effect.

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[11] Soviet note of July 14, 1948, addressed to the United States and United Kingdom Governments ("Germany, 1947–49, the Story in Documents," Washington, D.C., 1950. Department of State Publication 3556, p. 208).

[12] The circumstances which affected the progress of the EAC make it hard to understand the petulant comment of Robert E. Sherwood (op. cit., p. 818): "It will be remembered that when the question of the future treatment of Germany had come up for discussion among the Big Three at Teheran, agreement had not been reached or very nearly approached. It had been decided to refer this explosive subject to the Russian-British-American Advisory Committee in London and there it had remained through many long months of inconclusive conversations and exchanges of view on all manner of subjects beginning with the primary one.

[13] Solomon and Bundy, op. cit., pp. 568–569.

[14] The American draft of the instrument of German surrender was circulated in the EAC on Mar. 6, 1944, and became the basis of the EAC protocol of July 25, 1944.

Mr. Winant went on to point out that the Russian need for material aid in repairing the vast destruction in the Soviet Union was bound to make the Soviet Government particularly eager to receive reparations deliveries from Germany on a large scale. Since the major part of German industry was located in the western zones, the Allies must try to work out, in advance, a reparations policy which would satisfy a part of the Soviet demands without involving an undue burden for the United States. He urged that Washington hasten the formulation of a reparations policy and then bend every effort toward reaching the earliest possible agreement with its Allies while the war was still in progress. He warned that it would be almost impossible to achieve such an agreement after the close of hostilities and that if no agreement had been reached on reparation the proposed system for the joint control in Germany would break down. Rivalry for control over Germany, he said, would rapidly follow. He urged that the United States consider ways of helping the recovery of the Soviet economy, such assistance to be linked to the achievement of a satisfactory settlement of the problem of German reparations and of the most important political issues between the two Governments.

Instead of pursuing this farsighted program, the United States, in September 1944, dashed off after the will-o'-the-wisp of the Morgenthau "plan." For 6 months it indulged in a policy of "no policy" toward Germany. On October 20 Mr. Roosevelt wrote to Mr. Hull: "I dislike making detailed plans for a country which we do not yet occupy."[15] And 5 days later an F.D.R. memorandum, elicited by the Civil Affairs Division, put a complete stop to postwar planning for Germany and even placed in question the U.S. draft directives which had already been cleared in Washington and circulated to the EAC. Although Mr. Winant was in America in late October, he apparently was told nothing of this decision, which cut the ground completely from under the EAC and from under the policy which he had advocated so forcefully on every possible occasion and particularly in his long telegram of mid-August to the President. The momentum which the EAC had been building up was halted. Progress was not resumed until the beginning of April 1945, when time was already running out.

Mr. Winant wished to place not only his analysis of the chief postwar problems before the Quebec Conference, but also the EAC draft protocol on zones. On September 12 the EAC signed the protocol for transmission to the three Governments. As outlined above, it defined the three zones of occupation in Germany and the three sectors of occupation in Berlin. It assigned the Eastern Zone and the eastern sector to Soviet occupation, and simply left blank the spaces for inserting mention of the two Western occupying powers. The division of the western territory into two zones was that which had been advanced by the British on January 15 and approved by the American delegation on June 12. This division was satisfactory to each of the two Governments—provided it was to receive the valuable Northwestern Zone.

At Quebec, President Roosevelt agreed to accept the southern zone, without Austria. Two further changes were made. The region of the Saar and the Palatinate, to the west of the Rhine, was transferred to the British Zone, and Hesse-Cassel and Hesse-Nassau were shifted to the American Zone. In addition, to meet the American demand for a German port for purposes of redeployment, it was agreed that (1) control of the ports of Bremen and Bremerhaven, and the necessary staging areas in that immediate vicinity, would be vested in the commander of the American Zone; and (2) there would be access to the American Zone through the western and northwestern ports and passage through the British-controlled area.[16]

When the Quebec decision was referred to the EAC for incorporation into the protocol on zones it was found that American and British military views of its meaning were far apart. The American military position, transmitted to Mr. Winant by the State Department, was that control of the two ports meant that "land" Bremen should form a special enclave under direct American military administration, and that access through the British Zone meant that certain railroads and highways must be placed under sole American control and occupation. The British War Office contested this interpretation and went on to point out that military government of Bremen was quite different from control of the ports; that creation of this enclave would seriously disrupt the administrative cohesion of the British Zone; that access by road and rail meant that the American forces would receive, through agreement with the British commander, all necessary facilities for transportation and communications but would not actually run the railroads and monopolize any given highways. The new deadlock continued for many weeks, while the American military fought for their definition.

Meanwhile, it was becoming urgent to complete the revised agreement on zones. During the Churchill-Eden visit to Moscow in mid-October it had been agreed that the new French Provisional Government should be invited to join the EAC, and it was decided to extend the joint three-power invitation on November 11—Armistice Day of the First World War—a day especially significant to the newly liberated French. Now the EAC could operate only under the rule of unanimity. The admission of France prior to the completion of the two pending agreements on zones and on control machinery would thus mean that everything that had been agreed upon tentatively to date would be canceled out, months of slow progress would be lost, and all the work would, in effect, have to begin over again. In Mr. Winant's absence in Washington, I found it necessary to try to complete the two agreements before the French joined the EAC. Personally, I assumed that France would eventually share in the occupation and control of Germany, although both the American and Soviet Governments continued to oppose that proposal. But I felt that the major Allies and France both would be in a stronger position to reach solid agreements on the key problems of postwar Europe if the EAC agreements which were so close to achievement after so many laborious months of progress were confirmed first.

During the first days of November I worked day and night to bring the British and American military views together. I urged that the private dispute be postponed until a later time, since the arrangements for access and transit did not interest the Soviet Government, and that meanwhile the agreement be completed. After numerous sharp exchanges, in which I was the innocent go-between, the differences were narrowed down. The War Department wanted the American commander in chief to exercise such control of the ports and enjoy such transit facilities through the British Zone as he might deem necessary. The War Office, on the other hand, wanted him to exercise such control and enjoy such facilities "as may be agreed hereafter by the United Kingdom and U.S. military authorities to be necessary to meet his requirements."

The American wording would have allowed the U.S. commander to issue orders and would have bound the British commander to comply with his orders. The British wording, in effect, left the arrangements to be worked out later by mutual agreement. With the two drafts so close, I worked the wires and the transatlantic telephone several times daily. Finally, on the understanding that the American Joint Chiefs of Staff would have another opportunity to spell out in detail the meaning of "control of ports" and "access" through the British Zone after the EAC protocol was submitted to Washington for confirmation, the War Department reluctantly accepted the British wording, and the second protocol on zones was signed in the EAC on November 14, 1944.[17] France joined the EAC on November 27.

This protocol on zones was in the form of a series of amendments to the protocol of September 12. Articles 1 and 2 inserted the detailed descriptions of the two Western Zones, as modified at Quebec, while article 3 set forth the arrangements, outlined above, concerning American access to the ports and American transit rights across the British Zone. Because of resentment felt in the War Department against the "mutual agreement" wording described above, approval of the protocol of November 14, as well as that of September 12, was withheld for many weeks. British approval was given on December 5. Soviet approval of EAC agreements usually came only after that of both Britain and the United States had been given. Of course, until the two protocols had been approved by all three governments they were not legally binding.

Mr. Winant was greatly disturbed by the failure to give legal finality to the agreement on zones. When Harry Hopkins passed through London late in January 1945 on his way to the Yalta Conference, Mr. Winant urged upon him, as he had done in telegrams to Washington, the importance of confirming the protocol. Our failure to do so would place an unnecessary burden of doubt and suspicion on the work of the Conference. At Malta, Hopkins reported to Stettinius, on January 31, that "Winant feared * * * that the Russians might reach the border of their zone and then keep on going" unless there was a firm prior commitment concerning the future zones of occupation.[18] Curiously enough, the decision to give U.S. approval to the protocol appears to have been taken by the combined (U.S.-U.K.) Chiefs of Staff, rather than by the Joint (U.S.) Chiefs of Staff.[19] In any case, the American approval of the protocol was forwarded from Malta on February 1 to Mr. Winant in London and was reported by him to his British and Soviet colleagues on February 2. Soviet approval followed, on February 6. The three-power agreement on zones of occupation was now in force.

Confirmation of the Three-Power agreement having been completed, there remained only two further aspects relating to the zones of occupation which concerned the EAC. There were the definition of the French zone of occupation and the preparations for the negotiations of June 1945 concerning access to Berlin. By the time of the Yalta Conference President Roosevelt had abandoned his earlier opposition to French participation in the occupation of Germany, and he now joined with Prime Minister Churchill in securing Marshal Stalin's assent to this course, which was given on the condition that the French Zone

[15] Hull, op. cit., v. II, p. 1621.

[16] Leahy, op. cit., pp. 262–263; Stimson and Bundy, op. cit., p. 576.

[17] The protocol on control machinery in Germany was signed on the same day.

[18] Edward R. Stettinius, Jr., "Roosevelt and the Russians; The Yalta Conference," edited by Walter Johnson. Garden City, N.Y.: Doubleday, 1949, p. 56.

[19] Ibid., pp. 63, 69.

be formed out of the British and American Zones, leaving the Soviet Zone unchanged.[20] After Yalta, negotiation of the detailed agreement was turned over to the EAC. The French and British delegations agreed, after some haggling, on the transfer from Britain to France of the occupation of the Saar, the Palatinate and a large part of the Rhine Province. In opening negotiations with the American delegation, the French representatives asked for Baden and Württemberg, as well as Hesse-Cassel and Hesse-Nassau. They pointed out that this would give them direct access to the Soviet Zone. On the other hand, it would have cut off the United States Zone from the British Zone and further complicated the problem of access to the north German seaports.

The American counterproposal was based on strictly logical conceptions. The boundary between the French and American Zones was to be drawn so as to leave in the American Zone the main highway, or Autobahn, through Ulm-Stuttgart-Karlsruhe, as well as the trunk railroad. Administrative and traditional divisions were disregarded completely. The sole concern was to assure access under American control to the middle Rhine region and the seaports. On two occasions Mr. Winant and I wired strong protests to Washington against the breaking up of both Baden and Württemberg. We pointed out that if it was the American intention to revive and strengthen the Federal States in Germany as a possible safeguard against excessive centralization of power, it was hardly logical to begin the reconstruction of Germany by breaking up two of the Länder possessing a strong sense of regional identity and a certain attachment to democratic self-government. We suggested that some other device be sought for assuring freedom of movement over the highways and railways.[21] Renewed instructions from Washington to insist on the War Department's proposal finally ended in the French acquiescing. The only concessions were the addition of Baden-Baden to the French Zone and a provision for French access to Baden administrative records located at Karlsruhe, in addition to written French assurances that U.S. forces would enjoy freedom of passage across and above all parts of the French Zone.

By early June 1945 these aspects of the determination of the French Zone had been completed in the bilateral Franco-British and Franco-American negotiations. The Soviet representative had meanwhile been inquiring somewhat impatiently when the agreement would be ready to sign in the EAC. Now, however, a new problem, and a new source of delay, arose when the third protocol on zones was put before the EAC. The American and British military authorities now insisted that the assignment of a sector to French occupation in Berlin required a partial readjustment of the sectors assigned earlier to the three other powers. They proposed that, in order to provide three bezirke for the French sector, each of the three powers should give up one bezirk from its own sector; then, by a little rearrangement, the French could be given three contiguous bezirke. The Soviet delegation reacted violently to this proposal, insisting that the Yalta agreement admitting France to a share in the occupation had been conditioned on no change being made in the Soviet zone of occupation. Personally, I felt that the Soviet position was based on a valid analogy, but of course I argued strenuously on the basis of the instructions of my Government. When the Potsdam Conference assembled, the EAC was still deadlocked on the question of the French sector in Berlin, although the EAC protocol, signed on May 1, 1945, had provided for full French participation in the control machinery in Germany and in Berlin.

On arriving at Potsdam I found that the representatives of the War Department at the working level were adamant on the question of detaching one bezirk from the Soviet sector in Berlin. Two days later, however, this point of view was reversed. It was now clear that joint occupation of Berlin would mean joint participation in providing food and fuel for its inhabitants, since General Zhukov had declined, on July 7, to continue supplying all of Berlin from the Soviet Zone.[22] At this time the Western commanders had urged the Russians to meet the economic needs of Berlin. If their proposal had been accepted this would have resulted in the economic amalgamation of Berlin with the Soviet Zone. It was Soviet insistence, in July 1945, which established Berlin as a separate economic area in addition to being a separate area of Allied occupation. American supplies clearly would be required to feed the British and French as well as the American Zones and sectors, and it now seemed undesirable to reduce the size of the Soviet sector. The War Department representatives therefore abandoned their insistence on subtracting one bezirk from the Soviet sector.

The British and American commanders were not yet in agreement, however, concerning which bezirke of their sectors would be taken to form the French sector. Finally, new instructions were sent from Potsdam to the American and British representatives on the EAC, and on July 26, 1945, the EAC signed a third protocol on zones. By it the French Zone in Germany was defined, and the descriptions of the boundaries of the British and American Zones were modified accordingly. The report transmitting the protocol to the four governments stated:

"In view of the physical conditions prevailing in the area of Greater Berlin, the Commission in the drafting of article 7 of the present agreement did not attempt to delineate the area in Greater Berlin to be occupied by the armed forces of the French Republic. The Commission recommends that the question of the delimitation of the French area in Greater Berlin, which will have to be allotted from the American and British areas of Greater Berlin as a consequence of the greater destruction in the Soviet area of the city, should be referred to the Control Council in Berlin for consideration."

Three weeks before the surrender of Germany a proposal to change the agreed zones of occupation had been presented in an unexpected quarter. According to Admiral Leahy's account, Prime Minister Churchill proposed to President Truman, some days prior to April 21, that the British and American forces remain, at least for the time being, on the lines to which they had advanced, far within the future Soviet Zone, and that the two Governments should use this unexpected bargaining advantage to bring about a clarification of Soviet policy toward Germany, and, in particular, to secure Soviet agreement to supply food from the Eastern Zone for a part of the needs of the food-deficient Western Zones. Mr. Winant reacted strongly to this proposal, regarding it, if adopted, as a fatal blow to inter-Allied confidence, and to prospects of any measure of Allied cooperation in Germany as well as on other matters. His reasoning, set forth in telegrams to the President as well as in direct conversations with British leaders, was fully upheld in President Truman's reply of April 21 to the Prime Minister. Mr. Churchill continued to defend his proposal until June 13.[23] Shortly after, on June 24, orders were issued to dissolve the Anglo-American SHAEF Headquarters and armies by July 1, into their separate American and British components, and to prepare to withdraw American forces to the U.S. Zone and to occupy the assigned sector in Berlin.

One further question concerned the EAC only indirectly: the provision of access to Berlin. Ever since Mr. Winant's failure to secure the consent of the Civil Affairs Division of the War Department to the negotiation of guarantees, this matter had been on his mind, and with his approval I had prepared a memorandum and a detailed draft agreement, remembering particularly the difficulties and chicaneries which the Russians had inflicted on American military missions in the countries of Eastern Europe since August 1944. About 1 week after V–E Day a representative of the American side of SHAEF came to London, and for 2 days we discussed in detail the contents, background and implications of the EAC agreements. In reply to his inquiry concerning a guarantee of access to Berlin, I explained how it happened that this matter had not been dealt with and handed him my memorandum and draft agreement on the subject. Among other things, this draft agreement provided that the American commander in chief should choose any two railroads and any two main highways for use by his troops, one each westward to the British Zone and one each southwestward to the American Zone. It authorized him to carry out any repairs to railroads, roads, signal systems and bridges which he might deem necessary and to maintain gasoline pumps, repair patrols, rest stations, and communications points along these facilities. If any of the assigned railways or highways were unusable for any cause, the Soviet commander was to be obligated to make alternative equivalent facilities available at once. It seemed to me that these provisions would afford clear and necessary safeguards for free access to Berlin. I pointed out that the withdrawal of American forces to the assigned zone and the movement of American forces into Berlin were part of one and the same agreement and must be fulfilled conjointly. I noted that the American position in negotiations at the military level for guarantees of access to Berlin was very strong, for the Soviet forces had their eyes on the Zeiss and other important plants of Thuringia and western Saxony. The representative of SHAEF took this advice and my draft documents with him.

On June 13, in reporting to the President, the Secretary of State, and the Secretary of War that the British Government had now agreed to an early withdrawal into the assigned zones, Mr. Winant again stressed the importance of linking up this movement with the entry of the Allied garrisons into Greater Berlin and with the provision of free access to Berlin.[24] He was anxious that every precaution be taken, now that the moment had arrived to negotiate at the military level, to assure freedom of access to the future seat of the Allied control machinery. So far as I am aware, neither Mr. Winant nor his staff received, at the time, any information concerning the exchange of telegrams between President Truman and Marshal Stalin on June 14 and 16, or concerning

[20] Ibid., pp. 89, 126–129, 139, 163–164, 298–299, 344–345.

[21] Ambassador Murphy joined in support of Mr. Winant's second telegram of protest (Lucius D. Clay, "Decision in Germany." Garden City, N.Y.: Doubleday, 1950, p. 13).

[22] Ibid., pp. 27–30.

[23] Leahy, op. cit., pp. 349–350, 382; Lt. Gen. Walter Bedell Smith, "My Three Years in Moscow," Philadelphia and New York: Lippincott, 1950, pp. 21–22.

[24] Leahy, op. cit., p. 382, cites a part of this telegram.

the subsequent negotiations of the American military authorities in Berlin on this subject.[25]

It has been hinted that the failure to make specific provision for the access of the Western Allies to Berlin was due to Mr. Winant's reluctance to appear to question Soviet good faith by insisting on detailed arrangements for this purpose. It has even been alleged that his sad and untimely end was, in some way, due to remorse over a failure to provide, in 1944, against the danger of a Soviet blockade of Berlin in 1948. The details of the EAC negotiations given here should dispose of these legends.

A review of the record shows that during the time when the EAC was striving to prepare the groundwork for postwar Allied cooperation in Germany the problem of making sure that the Western Allies would be able to reach Berlin freely through the Russian Zone was not a matter in which the American military authorities showed any particular interest. They did, however, show deep concern to secure free lines of communication across the British and French Zones. At the insistence of the War Department, the duty of reaching Allied agreements which would provide for adequate access to Berlin was left for direct negotiation among the military commanders in Germany. The omission of any such provision was a decision of the military staff which assumed final responsibility for planning the occupation of Germany.

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

Mr. FULBRIGHT. I yield.

Mr. JAVITS. I wrote a legal memorandum for the Republican Party Conference on our position in Berlin, which the Senator from Illinois [Mr. DIRKSEN] will ask to have printed in the RECORD today. I hope very much that the Senator from Arkansas will read the memorandum. I think he will find it bears on what he has said.

Mr. FULBRIGHT. The text I have presented is purely historical as to the way the situation grew and how we happened to be involved in this situation.

Mr. JAVITS. That is precisely why I added the supplement.

Mr. FULBRIGHT. As the Senator from New York knows, Mr. Mosely was on the staff of Ambassador Winant and was a participant in some of the negotiations which resulted. I thought the article was an authoritative one.

Mr. JAVITS. I agree.

BRAZIL CRISIS

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an editorial entitled "Brazil on the Brink," published in the New York Times of September 1, 1961. I agree with the sound observations of the editorial.

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

BRAZIL ON THE BRINK

The Brazilian military officers who defied their own constitution and the will of the voters in refusing to let João Goulart take the Presidency have now brought their nation to the verge of civil war. Only a belated acceptance of legality on their part can now save Brazil from disaster. With Senor Goulart now approaching his country, there is no time to lose.

While the results of the struggle inside the country are awaited, it is well to emphasize again how shocking and how unnecessary this crisis was in the largest and greatest of all Latin American nations. Even though motives and reasons are still obscure, we do know two verdicts that history can be expected to pass.

One is that Janio Quadros betrayed his trust and deserted his post. One cannot recall any event in Latin American history that was so irresponsible and so inexcusable. The other is that the reactionary, feudalistic forces in civil and military life that brought such fierce pressures on Janio Quadros and that are now trying to keep his legal successor, Vice President Goulart, out of the Presidency, have done their country a great disservice.

President Quadros appeared to be successfully dominating the potential revolutionary pressures that exist in Brazil as everywhere in Latin America. Brazil, under his direction, promised to be the key country in President Kennedy's Alliance for Progress plan.

Today we see a threat of civil warfare in Brazil, a reactionary drive to prevent necessary social reforms and the jeopardizing of the Alliance for Progress plan. All this because Janio Quadros threw in the sponge and because some military officers—using the arms furnished by the United States for other purposes—are trying to block constitutional procedures. It is a tragic picture.

THE REAL NECESSITY

Mr. LONG of Hawaii. Mr. President, my distinguished colleague, Senator FONG, and I have been trying ever since we came to the Senate to convince the Department of Defense that the military has a responsibility for contributing toward the costs of an urgently needed new jet runway at Honolulu International Airport which is a joint military-civilian operation. It is one of the busiest airports in the United States. Jets, including Air Force jet tankers, when taking off from the present runway, fly directly over the city of Honolulu. An editorial entitled "The Real Necessity," in the Honolulu Advertiser of August 30, graphically describes the danger we face. I ask unanimous consent that the editorial be printed in the RECORD at this point.

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

THE REAL NECESSITY

Every month more than 500 commercial jet airliners thunder down the runway at International Airport in takeoffs which send them climbing and banking over Honolulu.

At the same time, almost 10 times as many military airplanes—5,000 of them, mostly jets—also use the runway for takeoffs.

All told, including propeller planes, the State estimates that 49 percent of the traffic at International is military.

The screaming of the jet engines is an annoyance to those who live and work in the area over which the airplanes must pass.

But more than that, the runway is like a giant gun barrel pointed at the heart of the city, firing airplane projectiles in a steady stream.

Any statistician will tell you that someday, somehow, with traffic that heavy, an airplane is virtually certain to crash on takeoff, very possibly into a densely populated area.

Air traffic has reached unprecedented heights of safety. But aviation, like all other human endeavor, has not yet found a way around the law of averages.

What happens when a jet crashes into a populated area was shown just this Sunday when a Navy jet fighter slammed into a crowded department store at Horsham, Pa. The pilot was killed, the store split asunder and 30 persons injured.

It could have been much worse. For example, what might it have been like if the airplane had been a loaded jet tanker of the kind which takes off so frequently from Honolulu?

For 6 years, local officials have been aware of the hazard here and have sought Defense Department help for financing a seaward runway to channel departing aircraft away from the city.

Local Air Force commanders supported the project but were overruled by the Eisenhower administration. After a recent review, the Pentagon concluded there is no military necessity for the runway, which would cost from $12 to $20 million.

As far as we are concerned military necessity is not the governing factor. The safety argument is so compelling that other questions need hardly be discussed.

The degree of military use of the airport—which has for years been a military-civil partnership of advantage to both parties—argues heavily for military participation in financing a seaward runway.

Exploratory talks are still going on in Washington. With the question of military necessity out of the way, we hope the Defense Department will focus its attention on the safety factor and recognize its responsibility to participate.

HAWAII'S ECONOMY

Mr. LONG of Hawaii. Mr. President, the First National Bank in Honolulu has reported that personal income in the State of Hawaii has reached a new high. An article in the Honolulu Advertiser of August 30, 1961, gives a very interesting picture of Hawaii's economy, including a rundown on the various factors which are involved. I ask unanimous consent that this informative 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:

ISLANDERS' INCOMES CLIMB TO NEW HIGH

Hawaii's personal income during April, May, and June climbed 6 percent above the same period of 1960, the First National Bank said yesterday.

The islands' personal income now (figured on an annual basis) is at a new high of $1.49 billion, according to the bank's Economic Indicators, a new monthly report. The report is prepared by the bank's department of economic research, headed by Thomas K. Hitch.

The report said that there was a decline in personal income during the fourth quarter of last year and the first 3 months of 1961.

However, increased wage payments in the sugar and pineapple industries as well as slight increases in wages paid in other private industries helped boost the personal income figure to the new high.

Total wages and salaries were $30 million above the first 3 months of this year.

Incomes of independent businessmen also showed a significant increase up $6 million

[25] Clay, op. cit., pp. 24–26; Smith, op. cit., p. 234; identical note of July 6, 1948, addressed by the Governments of the United States, the United Kingdom, and France to the Government of the U.S.S.R., cited from "Germany, 1947–49," op. cit., p. 205, with Soviet reply, pp. 207–208.

to a high of $125 million (computed on annual rates).

Other features of the report:

Civilian dependents of the military increased another 1,500 in the first 6 months of this year over 1960. There are more than 62,000 such dependents here now.

In contrast to continued price stabilization on the mainland, Honolulu's consumer price index increased 2.7 percent in the past 2 months.

Total civilian employment in Hawaii reached an alltime high in July of nearly 250,000 jobs. Unemployment on the big island continued to be fairly high, but was less than the national average.

Tourism showed significant employment expansion, while Federal Government employment continued to increase modestly. There was a very modest decline in construction employment.

Military spending, at a rate of nearly $475 million a year, remained a major source of Hawaii's present prosperity.

Declining sugar prices and production still well below quota, as well as high pineapple inventories and recent cuts in pineapple juice prices were big problems of the two major agricultural industries.

Building permits indicate there is some pickup in construction of single-family dwelling units in recent months, following the collapse of the market last fall.

Growth in retail sales is considerably outdistancing growth in consumer income.

During July, the tourist industry clearly came out of its latest recession. There was an 18-percent increase in visitor arrivals. Hotel occupancies climbed back to an 85–90-percent level.

There was a phenomenal increase in stock sales as the result of mainland financial interest in local stocks.

STOP SACRIFICING AMERICAN WORKMEN'S JOBS ON ALTAR OF FOREIGN AID PROGRAM

Mr. DWORSHAK. Mr. President, recently I made some remarks in the Senate, indicating that it was time for the U.S. Government officials to stop thinking in terms of what we must do to assure our allies that we are willing to fight if necessary to defend the free world and turn to making certain that they are willing to defend and fight for their own defense and our overall collective security as we are.

Monday, September 4, is Labor Day, when we pay our respects to the workingmen of the United States. I should like to apply my same philosophy to a problem in foreign affairs confronting a number of our American workmen.

For a number of years we have been sending billions of dollars to nearly every area of the globe to assist less fortunate countries. In the beginning, these programs were based on the need to help nations which were physically and economically destroyed or gravely injured by the ravages of World War II. Then, we began to expand the program as we caught up with the first needs of the rehabilitation program. We extended our aid, financial and military, to nearly every continent.

However, about this time, waste, inefficiency, and conflict began to beset our programs of foreign aid. Each time these deficiencies were exposed, the answer was that we needed to send more American tax dollars to correct the situation.

Mr. President, we soon saw our foreign aid program take its toll of various segments of our domestic economy as products for which we had set up the dollars and machinery began to build up in the recipient nations to the point where the only outlet was our own U.S. domestic market. Of course, with the low labor costs of foreign nations, the low living standards in those countries, and with subsidy from our U.S. Government programs to these nations, our domestic producers were placed under a serious disadvantage. In time, industries like mining, lumbering, and agriculture of my own State, began to cut back as they could not effectively compete against this use of American tax dollars to produce competitive products abroad. Then, many mines and sawmills closed, and livestock and other farm activities were curtailed. Workmen in Idaho and other States lost their jobs.

Measures have been introduced to give assistance to these domestic industries, but to no avail. Always the final verdict has been rendered by the State Department that this or that type of relief measure would seriously impair our efforts to assist foreign nations. If this disregard for American industry continues, we will either have to see our standard of living go down, or we will have to move even further toward the welfare state. I am sure no true American wants either.

Many of the unemployed we are seeking to help today have become dislocated because of our foreign aid policies. Many of the Government subsidies to domestic industry would be unneeded if it were not for our foreign aid program. We should help our less fortunate nations, but it is time to completely reappraise this program and determine how we can do it without driving taxpaying American workmen off their jobs.

Opposition to foreign aid programs is not because Americans do not recognize the psychology and necessity of maintaining some semblance of cooperation among free nations. Rather, it is because we have been spending these huge sums and do not seem to be making any headway.

Foreign aid opposition is growing because in a sense we are expanding aid instead of reaching the point where recipient nations are becoming more self-reliant and more self-supporting. If the program were effective, we would be cutting down on the scope of the program instead of increasing it.

We should work out assistance programs that will increase production of materials and products that are needed in other undeveloped areas of the globe. Why should we continually encourage foreign development that can find its ultimate market only in the United States?

We are adequately endowed with natural resources, high living standards, and a highly skilled working force. We are leaders in the free world. Let us encourage efficient foreign aid programs that will stimulate trade which will be beneficial to raising the standards of living of the less fortunate nations with products they need. The American workman has been sacrificed long enough on the altar of our foreign aid fallacy, which has only one answer to every problem: More American tax dollars with no strings attached.

OUR NATIONAL CRISIS AND THE NEED FOR LIBERAL-CONSERVATIVE UNITY

Mr. DODD. Mr. President, on Monday evening of this week it was my privilege to address a meeting of the Southern California School of Anti-Communism.

The meeting was held in the Los Angeles Sports Arena, the massive building where the Democratic National Convention held its sessions last year. It was to me, a very impressive demonstration of the eager interest that exists at grassroots level in the central problem of how to deal with communism. While I did not count noses, I believe that there were almost 7,000 people present. This number is all the more impressive when you consider that the school of anticommunism met afternoon and evening for 3 successive days.

I have been increasingly disturbed by the bitterness of the cleavage between liberals and conservatives in this country. In the mortal struggle in which we are engaged, it seems to me that what liberals and conservatives have in common are far more important than the opinions that divide them. I, therefore, felt that the Los Angeles meeting would provide an appropriate platform from which to discuss the need for liberal-conservative unity. This, accordingly, was the main theme of my statement.

Mr. President, I ask unanimous consent to insert into the RECORD at this point, a copy of my remarks before the Southern California School of Anti-Communism on Monday, August 28.

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

REMARKS OF SENATOR THOMAS J. DODD BEFORE THE SOUTHERN CALIFORNIA SCHOOL OF ANTI-COMMUNISM, LOS ANGELES SPORTS ARENA, MONDAY, AUGUST 28, 1961

OUR NATIONAL CRISIS AND THE NEED FOR LIBERAL-CONSERVATIVE UNITY

There is a developing mood of anger and frustration in our country today, and there ought to be. For we are losing round after round in the cold war, and our people do not like it.

At the close of World War II, our forces stood triumphant on land and sea and in the air. We had at our command the mightiest array of military power in history. The flags of freedom were unfurled on every continent.

Had we the understanding and the will, our diplomacy, backed up by this military and moral power, could have assured the freedom of the peoples of Europe and Asia and laid the basis for a stable peace. Of this I am convinced.

Yet, the past 16 years have witnessed a calamitous retreat from victory. During all these years, we have suffered defeat after defeat at the hands of international communism; we have retreated from position after position; we have committed folly after folly.

Before World War II ended, the Baltic countries, Lithuania, Latvia, and Estonia, were formally incorporated into the terri-

tory of the Soviet Union despite our paper protests and our refusal to recognize this annexation.

Two years after hostilities ceased, Poland, Hungary, Yugoslavia, Bulgaria, Rumania, Czechoslovakia, and Albania had been lost to communism, despite solemn covenants assuring the people of these countries the right to determine their fate in free elections. East Germany, similarly, has been turned into a Soviet satrapy.

In 1948, we stood by, impotent and ineffectual, and watched the armies of Chinese communism overrun the whole of mainland China.

After successfully dealing, for a time, with Communist aggression in South Korea, and after briefly liberating North Korea from the Reds, we permitted the Chinese Communists to drive us out of North Korea, and submitted ignominiously to this defeat. Inevitably, the Chinese Reds further extended their power in Asia through the conquest of North Vietnam and through the unchallenged consolidation of their power in North Korea.

Perhaps because these defeats were suffered in faraway continents, we were still disposed to feel smug and secure. But in December 1958, what many people had considered impossible finally came to pass. While we stood by in confusion and disarray and apparent helplessness, a Communist dictatorship was installed on the island of Cuba, only 90 miles from our own shores.

In 1959, Tibet was brutally annexed by Communist China, despite the outraged protests of freemen throughout the world.

The past year has witnessed a massive increase in the scale of the Communist attack, and an almost incredible acceleration of its tempo. For the free world it has been a period of growing danger.

Since the beginning of this year alone, there has been the fiasco in Cuba, the disaster in Laos, the sealing off of East Berlin, and, only last week, the victory of Cheddi Jagan and his Communist-dominated People's Progressive Party in the British Guiana elections.

Everywhere we are on the defensive. Everywhere we find ourselves being pushed back.

We have retreated so far that we now stand perilously close to the brink of total disaster. Speaking in Paris last December, I said that if there were another 15 years like the previous 15 years, there would be no more free world left to defend. In the light of what has happened over the intervening 8 months, I feel compelled to revise this timetable.

We do not have 15 years left to us. The next 5 years, I feel, will witness a series of decisive battles between communism and the free world. The outcome of these battles will determine for centuries to come whether mankind is to live in freedom or in slavery.

We now stand with our back to the precipice. We have no ground to give, no time to lose, no margin for error.

It is not in the tradition of the American people to accept defeat, or to respond to threats and bullying with mere paper protests. That is why they are restive today.

That, I believe, is why you are here today.

Our people are convinced that the trend must be reversed and can be reversed. In their overwhelming majority they believe that we must stand up to the threat of Communist aggression and Communist subversion, even at the risk of war. They suffer from a sense of deep frustration because they feel that something is wrong, but do not know what is wrong.

If this national dissatisfaction can be channeled into concerted action to restore the supremacy of freedom, it will be a national blessing. But if this sense of anger and frustration were to vent itself in bitter feuding between liberals and conservatives here at home, it would be a national curse. This we must seek to avert and this is why I am here today.

This situation confronting us calls imperatively for two things:

First of all, it calls for a frank analysis of the lessons of the past. If we are to reverse the trend of recent years, if we are to force the Communist world back on the defensive, if we are to set our sights on the victory of freedom over tyranny, we must first of all restudy the strategy and tactics of world communism and we must draw all the hard, bitter lessons of the postwar era. We must decide where we have erred and where we have failed and what might have been done to avoid these failures. We must all be brutally frank with ourselves. Nothing less than this will suffice.

Secondly, I believe that the situation calls imperatively for national unity, for unity between Democrats and Republicans, liberals and conservatives, Catholics, Protestants, and Jews. When I speak of unity, I do not mean unity for the sake of unity. I mean unity behind a program designed to assure the defeat of communism and the worldwide triumph of freedom.

The differences that exist within our society are important, inevitable and, indeed, proper. But we all share the same basic beliefs in freedom and justice, in the God-given nature of man's rights, in the destiny of our country. And these basic beliefs that unite us are 10,000 times as important as the controversies that divide us.

In this moment of grave national peril we can no longer afford the luxury of exaggerating our political differences, of racial or religious bigotry, of emotional extremism on the right or emotional extremism on the left.

Although there is a growing recognition of the need for national unity, I believe that there is far too much accusation of party by party and group by group.

I am particularly worried by the growing bitterness of the debate between our liberals and our conservatives. In speaking about liberals, I do not mean the totalitarian sympathizers of the Soviet Union who disguise themselves as liberals; and in speaking about conservatives, I do not mean those who have so completely abdicated their belief in freedom that they still regret the defeat of nazism. In both instances, I refer to the great mass of decent Americans whose adherence to these respective philosophies of government falls within the framework of the American political tradition.

Let me give you one example of the price we pay for this suspicion and division between liberals and conservatives.

For several months there has been languishing in a pigeonhole in the Senate Committee on Foreign Relations a bill that would establish a Freedom Academy, designed to train thousands of free world leaders in the science of successfully waging the cold war against communism.

Nothing is more demonstrable than the need for this legislation. Last year this bill passed the Senate but failed in the House because of suspicions by hard anti-Communists there that the Freedom Academy would be infiltrated and taken over by pro-Communists or by liberals who were soft on communism. And this year the bill has been buried in the Senate, largely, I am inclined to believe, because of the fear of liberals that the Freedom Academy would become a sort of fortress of militant anticommunism, manned by conservative thinkers.

Thus do we let our differences rob us of the unity to do those things that must be done if we are to survive. And it need not be so.

The fact is that on the question of communism and how to deal with it, neither Republicans nor Democrats, neither liberals nor conservatives, have had a monopoly on wisdom or on folly.

There have been a few situations, but only a very few, in which one party has been more right than the other. There have been other situations in which apparent differences boiled down to the dismal fact that both parties were wrong, but for different reasons. But by and large, our foreign policy has been a bipartisan policy.

When we have had victories, they have invariably been accomplished with bipartisan support. When we have blundered with good intentions, we have blundered hand in hand.

When we have suffered defeat or accepted retreat, the policies that resulted in failure have in most cases enjoyed the active or passive support of both parties.

As for the acrimonious debate between liberals and conservatives, as I see the matter, there is, on both sides, some truth, a good deal of exaggeration, and far too much self-righteousness.

There are some conservatives who believe that the problem of communism is essentially a problem of a domestic nature and, if we could get rid of the Communists in government, then the problem of communism would somehow cease to exist. They are sometimes disposed to look upon liberals and all others who deny this thesis as abettors of the Communist conspiracy.

This, of course, is a dangerous oversimplification.

Communism is a massive international movement which has in its arsenal many weapons.

Communism means the Soviet Army and the Chinese Red Army and all the other armies that march under the hammer and sickle.

It means Radio Moscow and Radio Peiping and a propaganda network a hundred times the size of the combined propaganda resources of the free world.

It means a science of political warfare that has been systematically developed in the Red academies in the 45 years since Lenin seized power.

It means scores of thousands of trained practitioners of political warfare, distributed through every country in the world.

It means proven techniques for confusing public opinion in the free world and every conceivable device for exploiting differences within each country and among the countries of the free world.

It also means subversion and espionage and infiltration in government.

But the point I want to emphasize here is that infiltration in government is only one of many means by which communism operates.

Even if some miraculous method could be found for screening every last Communist infiltree out of government, international communism would still constitute a formidable menace to the free world.

But those liberals who decry all talk of communism in government as "witch hunting" are just as wrong as those conservatives who see in it the only real or the major danger to our society. Communist infiltration in government has been a very real and very serious problem, and it will, I am convinced, remain a problem so long as there is a Communist movement.

Let us look at a few facts from the record.

Alger Hiss, one of the top officials of our State Department was convicted of perjury for denying that he had turned over secret State Department documents to Whittaker Chambers, a self-admitted Soviet agent.

Harry Dexter White, the No. 2 man in our Treasury Department, according to incontrovertible evidence in the hands of the FBI, was also a Soviet agent.

Frank Coe, onetime assistant to White, was compelled to resign as head of the International Monetary Fund when he took the fifth amendment in reply to the question: "Are you a Communist agent, Mr. Coe?" He is now working for the Chinese Government.

Laurence Duggan, onetime head of the Latin American Division of the Department of State, was also identified in sworn testimony as a member of the Communist network in Government, before his mysterious suicide in 1952.

And for every one of these infiltrees of top rank, there were a dozen infiltrees of lesser rank.

Communist infiltration in Government may at no time constitute more than a tiny fraction of 1 percent of all Government employees and officials. The potential danger of such an infiltration, however, is obvious. It will never be able to take over the American Government from within, as some exaggerated fears have had it. But it is a matter of record that this tiny fraction of 1 percent has done a lot of damage by purveying state secrets to the Kremlin and by misdirecting American policy.

In July 1953 after extensive hearings, the Senate Subcommittee on Internal Security issued a report on "Interlocking Subversion in Government Departments." Speaking about the Communist infiltrators in Government, this report stated: "They colonized key committees of Congress. They helped write laws, conduct congressional hearings, and write congressional reports. They advised Cabinet members, wrote speeches for them, and represented them. They staffed interdepartmental committees which prepared basic American world policy. They traveled to every continent as emissaries and representatives of the American people. They attended virtually every international conference where statesmen met to shape the future."

It would be prudent to assume that Communist infiltration of Government offices did not come to an end with the Hiss hearings and the hearings held over the next several years. It would be prudent to assume this and to take the necessary precautions. In doing so, however, we must be careful to avoid extremes and careful to protect the civil rights of Government employees.

The ultraliberal extremist and the ultraconservative extremist in a sense beget and encourage each other.

On the one hand, the extremist conservative is sometimes too prone to accuse everyone with whom he disagrees of being a Communist or a Communist sympathizer. The extremist liberal, on the other hand, is able to use every untrue or unsubstantiated allegation to prove, according to his own lights, that communism is a nonexistent menace which has been dreamed up by the reactionaries, and to defend those whose complicity in the Communist conspiracy is unmistakable. The extremist conservative reacts in turn by damning all liberals as Pinks and crypto-Communists.

And so it moves, in a vicious circle.

I believe that the extremists on both sides have received far more attention than they merit, perhaps because all extremists are vociferous, and because extremism is news whereas moderation is not news. This unfortunate emphasis on the extreme elements on both sides has had the effect of driving both the liberals and the conservatives further apart, because it has distorted the impression they have of each other.

To my conservative friends I would point out that party labels really mean very little, that conservatives have sometimes been very foolish in their relations with the Communists and that liberals and, for that matter, Socialists, have often conducted themselves with wisdom and courage. Rather than judging any man on the basis of party label, he should be judged on his record of principle and of opposition to communism.

It was one of the great liberal Senators of our time, the late Robert M. La Follette, Jr., of Wisconsin, who first became aware of the seriousness of Communist infiltration in government and brought it to public attention.

It was the liberal New York weekly, the New Leader, which, during the heyday of our wartime alliance with the Kremlin, swam against Government policy and the current of editorial opinion, challenged the Yalta and Teheran agreements and warned against our overtrustful attitude toward our Soviet allies.

While there are a few unions in our country that are under Communist control, and some union leaders who suffer from fuzzy thinking, on the whole you will find more solid understanding on the subject of communism in the American trade union movement than you will in any other major sector of our society. In the fight against communism, President George Meany, in particular, has shown himself a statesman, an articulate spokesman, a pillar of strength.

It was a tough, old, European Social Democrat, Vaino Tanner, who saved Finland from communism in the difficult postwar years, while the Finnish Agrarian Party, which was supposed to be more conservative, collaborated with the Communists.

In Berlin, the free world has been fortunate to have as allies and spokesmen, first Mayor Ernst Reuter and now Mayor Willie Brandt, both of them Social Democrats.

I could go on and on with the listing. Among the moderate Socialist statesmen who have played an outstanding role in resisting communism in Europe, were the late Ernest Bevin and the late Herbert Morrison in Britain; Paul-Henri Spaak, the recent Secretary General of NATO; Jules Moch, the first French Interior Minister to crack down seriously on the Communists; and Guiseppe Sarragat, the leader of the anti-Communist Socialists in Italy.

I would ask my conservative friends to examine and weigh the record of liberal anticommunism with an open mind. I am confident that, if they do so, it will lead them to reappraise the possibilities of conservative-liberal cooperation.

To my liberal friends I would also appeal for less self-righteousness and more tolerance. The liberals may lay claim to men like George Meany and Robert La Follette in this country and men like Mayor Willie Brandt and Paul-Henri Spaak in Europe. But on the other side there have been giants like Winston Churchill, Premier de Gasperi of Italy, Chancellor Adenauer of Germany, and Gen. Douglas MacArthur, all of them conservatives.

I would urge the liberals, too, to show more balance in their political attitudes. Few of them will challenge the statement that communism is the great menace of our time, that the Communists are cheats, liars, and murderers and that they are out to cut our throats. But for some reason there are liberals who expend a hundred times more energy combating rightwing extremism than they ever seem able to put forth in the fight against communism.

Show them an extremist movement on the right, and they are off like chargers, anxious for the fray. Show them a movement like the Fair Play for Cuba Committee, organized under Communist direction and with Communist financial support but still able to attract and mislead thousands of innocent students, and these selfsame liberals are just not interested.

This completely imbalanced political attitude is, I am afraid, reflected in our press. If it is a matter of exposing some rightwing extremist movement or some movement which is accused of rightwing extremism, many of our newspapers will devote column after column to the subject, day after day. In such cases they display amazing investigative resources. But these investigative resources lie dormant and unused when there are movements like the Fair Play for Cuba Committee waiting to be exposed. And when committees of Congress expose these Communist-front movements for what they are, with overwhelming and incontrovertible evidence, the reports of these committees are frequently ignored or buried.

I report this to you on the basis of experience.

In appealing for liberal-conservative unity in the struggle against the mortal peril that confronts us, I do not underestimate the difficulties. There are ancient prejudices to be overcome, there are areas where agreement will be difficult to achieve. But I believe that such unity is possible because there have already been several highly successful experiments in liberal-conservative unity on specific issues.

Take the issue of the admission of Red China to the U.N. This is a basic issue of principle and morality on which the American people have from the first been united. Congress has repeatedly gone on record, by unanimous votes, as opposing the admission of Red China to the U.N. The broad unity which exists on this issue is further reflected in the remarkably representative membership of the Committee of One Million Against the Admission of Red China to the United Nations. On the roster of this committee you will find names as diverse as Gov. Charles Edison and the late Gen. George C. Marshall, Ambassador Joseph C. Grew and the late Ambassador Warren Austin, Senator Paul Douglas and Senator Styles Bridges. It is this broad Democratic-Republican, liberal-conservative composition that has made the Committee of One Million so effective an organization.

Let me give you another example, closer to home. During the forties, the Communists were able to establish a virtual stranglehold over the motion picture trade unions. Recently I had a conversation with Roy Brewer, one of the courageous trade union officials who helped to break this stranglehold. Mr. Brewer told me that they were successful in driving out the Communists because they were able to establish an anti-Communist coalition that embraced both liberals and conservatives. Without this kind of unity, he said, they could never have succeeded.

Now, as Ronald Reagan recently told the press, the Communists are again crawling out from under the rocks in Hollywood, and the anti-Communist forces must close ranks once again or risk losing the ground they so painfully gained.

You have come here to find out what you as private citizens can do to combat and defeat communism. There is a lot that you can do.

There is a job to be done in combating the Communist reinfiltration of Hollywood.

But even more important than these things, you can help to make Government policy.

Perhaps more than in any other country of the world, the people of America have the power to help determine Government policy on critical issues.

Before you do any of these things, you must inform yourselves. You must attend lectures. You must read books recommended by competent authorities on communism. You must engage in discussions with your friends. You must give this matter the most serious study and thought of which you are capable, because your own future and your country's future are at stake.

You must shun those who are prone to damn everyone with whom they disagree as Communists, or who impugn the motives of

everyone who has blundered in the fight against communism. For there are very few who have not blundered, even among our greatest men. I am reminded of the fact that it was Winston Churchill, himself the soul of British conservatism and one of the immortal political leaders of all time, who was responsible for installing a Communist regime in Yugoslavia.

If you are to be a true fighter for freedom, you must shun the amateurs and quacks and extremists, whose anti-Communist activities only compromise the cause of anticommunism.

You must assiduously attend the meetings of the trade unions and of the other organizations to which you belong, raise issues, encourage discussions, and submit proposals and resolutions.

You must try to remember what you learn. You will find it helpful to follow the proceedings of the Senate Subcommittee on Internal Security and of the House Committee on Un-American Activities. You must be careful about your facts and careful about making charges and allegations that you cannot prove to the hilt.

You must be tolerant, and err on the side of giving people the benefit of the doubt. We must all endeavor to make it as easy as possible for those who have joined front organizations in innocence or good faith to extricate themselves from their associations and come back to the side of freedom.

Finally, you must make your views known to your representatives in Congress, and to your local press and politicians.

We must all give our utmost to the struggle, because we are now passing through the deepest and most perilous period in our history.

I would be less than frank with you if I pretended that I was altogether satisfied with the conduct of our foreign policy.

Foreign policy must be based on an understanding of the enemy that confronts us—and by our successive follies and successive defeats under both Republican and Democratic administrations, we have demonstrated that we do not have this understanding. Over and over again we have indulged in pipe dreams and wishful thinking and shied away from the hard fact that we are locked in a life and death struggle with an incredibly cunning, ruthless, and totally evil enemy.

It requires resourcefulness to meet the many-sided aggressions of a ruthless and cunning opponent—but we have come up with nothing more original than bigger defense budgets and bigger foreign spending programs.

It requires courage and understanding to seize the initiative to challenge the enemy, to exploit every opportunity and press every advantage, to strive unrelentingly for the worldwide victory of freedom. But no such proposals have yet been made that would extricate us from the fatal defensive posture of the postwar period.

We must find a foreign policy that will lead us to victory over the evil forces of communism, because the alternative to this is the static, defensive, do-nothing foreign policy that has led us from disaster to disaster since the close of the war.

I believe we can find common ground for such a foreign policy in the timeless words of Thomas Jefferson: "I have sworn upon the altar of God eternal hostility against all forms of tyranny over the mind of man." There is no reason why all of us, Republicans and Democrats, liberals and conservatives, cannot rededicate ourselves with these words.

If we so rededicate ourselves, in deed as well as in word, I am confident that the American people and their elected representatives can devise a foreign policy that will point the way to the worldwide triumph of freedom.

OWEN LATTIMORE

Mr. DODD. Mr. President, on August 22, I made a statement on the subject of Owen Lattimore, in which I quoted from the conclusion of the report on the Institute of Pacific Relations.

Yesterday, there came to my attention a column which appeared in the Dallas Morning News for June 12, 1961, which presented some highly interesting background dealing with Lattimore's efforts, going back to 1936, to persuade the United States to extend diplomatic recognition to the so-called Mongolian People's Republic. The column was written by Miss Edith Kermit Roosevelt, a writer who has shown a consistent and remarkable understanding of the nature of the Communist conspiracy.

Mr. President, I ask unanimous consent to have inserted into the RECORD at this point, the text of Miss Roosevelt's column in the Dallas Morning News of June 12, 1961.

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

LATTIMORE APPROVAL FOR MONGOLIA SEEN

(By Edith Kermit Roosevelt)

The news that the United States is willing to recognize Outer Mongolia should delight Owen Lattimore.

Lattimore, whom the full Senate Judiciary Committee characterized as "a conscious, articulate instrument of the Soviet conspiracy," can justly be called the architect of the present U.S. policy toward Outer Mongolia.

Now a history lecturer at Johns Hopkins University, Lattimore was formerly editor of Pacific Affairs, the international quarterly published by the Institute of Pacific Relations. A report by the Senate Judiciary Committee, dated July 2, 1952, details Lattimore's activities with the IPR, a group it describes as "a vehicle used by the Communists to orient American Far Eastern policies toward Communist objectives."

According to testimony furnished this committee by Igor Bogopolev, formerly of the Soviet Foreign Office, the Soviet foreign group on recommendation by Maxim Litvinov, head of the Soviet Foreign Office, named Lattimore as its agent to "prepare the terrain" by mobilizing "writers, journalists, and other people, to describe for the Western World the progress which is achieved in the Mongolian Popular Republic."

In April 1936, while attending an IPR meeting in Moscow with the Soviet section of the institute, Lattimore called on William C. Bullitt, first American Ambassador to Soviet Russia. During this interview, Lattimore urged Bullitt to wire President Franklin D. Roosevelt recommending recognition of Outer Mongolia as an independent state. The Asian affairs expert also asked Bullitt to set up an appointment for him with Leon Mikhailovich Karakhan, Soviet Vice Commissar for Foreign Affairs.

Here it is pertinent to give a brief rundown of Karakhan's role in the establishment of Mongol independence. As far back as 1921 the Communists set up a Communist republic in Outer Mongolia and proceeded to infiltrate gradually the Outer Mongolian Army and police force with GPU agents (members of the Soviet secret police). By 1934, all that remained was for the Soviet Government to liquidate Mongol leaders. The Soviet Government dispatched Karakhan as its fingerman.

"After all," Karakhan brazenly told Bullitt on his return, "in a country of nomads there are only 300 or 400 people that count, and all I did on a given night was to have about 400 people seized by the GPU agents in the army and police force, and I had them shot before dawn and installed the people that the Soviet Government wished to have installed and Outer Mongolia is now completely ruled by the GPU."

What Lattimore and Karakhan actually said to one another regarding Mongolian "independence" 2 years after this massacre is not known. But what is known is that Lattimore continued to peddle the lie of Mongolian autonomy in his writings, lectures, and his work with State Department policymakers.

Summing up the Lattimore story, the Senate Internal Security Subcommittee said: "The indisputable fact that Lattimore knew Outer Mongolia was Soviet controlled (having, indeed, cooperated with the very persons who were exercising control over it) at a time when he was representing it as free and independent, was one of the many facts which demonstrated to the subcommittee in sharp outline that Lattimore's many misrepresentations were not proceeding from ignorance or confused thinking."

Today, the State Department holdovers from the Lattimore era and those who think like them are continuing these misrepresentations. They have urged the establishment of diplomatic relations with Outer Mongolia as a test of independence. A seat in the United Nations is to be the reward of a display of "the attributes of independence."

The reason given now is the same one Lattimore gives in his book, "Solution in Asia," in which he states that it might be well to recognize Outer Mongolia and give it a seat in the U.N. because it would be to American interest to emphasize that Outer Mongolia is between Communist Russia and Communist China.

But the picture of Outer Mongolia as a neutralist rose between Communist thorns has no basis in fact. In emphasizing common goals, Zhamsarangin Sambu, titular head of Outer Mongolia, said in 1954 at the fifth annual celebration of the Peiping regime:

"The 600 million Chinese people * * * have become an important factor and force in the mighty camp of peace, democracy, and socialism headed by our common friend, the great Soviet Union."

GRANDMA MOSES DAY

Mr. JAVITS. Mr. President, I wish to call the attention of my colleagues to the 101st birthday of Grandma Moses, which has been signalized by a proclamation by Governor Rockefeller, of New York, declaring September 7, 1961, Grandma Moses Day.

I ask unanimous consent that the proclamation be printed in the RECORD at this point as a part of my remarks.

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

One year before the beginning of the Civil War a little girl destined for unique achievement and renown, was born "back in the green meadows and wild woods on a farm in Washington County, N.Y." The quotation is in her own words. Her name today is Anna Mary Robertson Moses. We all admire and love her as Grandma Moses.

For threescore years and ten she carried on the work of a farmer's wife and mother of 11 children.

Then, as she puts it herself, she started to paint in her old age, although she had

previously painted "little pictures for Christmas gifts and things like that."

Everybody knows what happened with the canvases that Mrs. Moses created for her own pleasure. The world, in Emerson's words, "beat a path to her door." There is no more renowned artist in our entire country today.

So it becomes us, the people of the Empire State, to salute Grandma Moses on the occasion of her 101st birthday.

Now, therefore, I, Nelson A. Rockefeller, Governor of the State of New York, do hereby proclaim September 7, 1961, as Grandma Moses Day in New York State.

Given under my hand and the privy seal of the State at the capitol in the city of Albany this 21st day of August in the year of our Lord 1961.

NELSON A. ROCKEFELLER.

By the Governor:

WILLIAM J. RONAN,
Secretary to the Governor.

Mr. JAVITS. Mr. President, here is an extraordinary life, known to all Americans, of a fine American woman, who did not paint until she was over 80, and who has now been acclaimed as one of the most distinguished artists in our country and the world.

I think we would want to signalize this extraordinary life, which has now encompassed more than a century, with its tremendous productivity and artistry and its inspiration to everyone who is over 21.

Mr. MANSFIELD. Is there further morning business?

The VICE PRESIDENT. Is there further morning business? If there is no further morning business, morning business is closed.

Mr. MANSFIELD. Mr. President, under the agreement which has been reached, the Senate is now to proceed to the call of the Legislative Calendar. But before doing so, I suggest the absence of a quorum.

The VICE PRESIDENT. 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 (Mr. YOUNG of Ohio in the chair). Without objection, it is so ordered.

THE CALENDAR

Mr. BARTLETT. Mr. President, I ask unanimous consent that, under the previous order, there be a call of the calendar beginning with Order No. 770, H.R. 7154.

The PRESIDING OFFICER. Did the Senator from Alaska say commencing with Order No. 770?

Mr. BARTLETT. Yes.

The PRESIDING OFFICER. Without objection, the clerk will proceed with the call of the calendar.

REGULATION OF DOGS IN THE DISTRICT OF COLUMBIA

The bill (H.R. 7154) to authorize the Commissioners of the District of Columbia to regulate the keeping and running at large of dogs was considered, ordered to a third reading, was read the third time, and passed.

SCHOOL CENSUS IN THE DISTRICT OF COLUMBIA

The bill (S. 560) to amend the act entitled "An act to provide for compulsory school attendance, for the taking of a school census in the District of Columbia, and for other purposes," was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of article II of the Act entitled "An Act to provide for compulsory school attendance, for the taking of a school census in the District of Columbia, and for other purposes", approved February 4, 1925 (43 Stat. 807; sec. 31–208, District of Columbia Code, 1951 edition), is amended (1) by striking therefrom "all children between the ages of three and eighteen years permanently or temporarily residing in the District of Columbia, and annually thereafter or as frequently" and inserting in lieu thereof "all children under the age of eighteen years permanently or temporarily residing in the District of Columbia as frequently;" and (2) by inserting immediately after "the school attended by him," the following: "whether such school is public or private".

DISTRICT OF COLUMBIA BOARD FOR CONDEMNATION OF INSANITARY BUILDINGS

The bill (S. 563) to amend the act entitled "An act to create a Board for the Condemnation of Insanitary Buildings in the District of Columbia," was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (d) of section 2 of the Act entitled "An Act to create a Board for the Condemnation of Insanitary Buildings in the District of Columbia, and for other purposes", approved May 1, 1906 (34 Stat. 157; title 5, chapter 6, District of Columbia Code, 1951 edition), as amended, is amended by striking "same manner as general taxes are collected in the District of Columbia", and inserting in lieu thereof "manner provided in section 7 of this Act".

SEC. 2. (a) Section 7 of said Act, as amended, is amended (1) by striking "in the same manner as general taxes are collected in the District of Columbia", and inserting in lieu thereof "as provided in this section"; and (2) by inserting immediately before the period at the end of said section the following: ": *Provided further,* That the taxes authorized to be levied and collected under this Act may be paid without interest within sixty days from the date such tax was levied. Interest of one-half of 1 per centum for each month or part thereof shall be charged on all unpaid amounts from the expiration of sixty days from the date such tax was levied. Any such tax may be paid in three equal installments with interest thereon. If any such tax or part thereof shall remain unpaid after the expiration of two years from the date such tax was levied, the property against which said tax was levied may be sold for such tax or unpaid portion thereof with interest and penalties thereon at the next ensuing annual tax sale in the same manner and under the same conditions as property sold for delinquent general real estate taxes, if said tax with interest and penalties thereon shall not have been paid in full prior to said sale".

(b) Any tax levied pursuant to such Act approved May 1, 1906, as amended by the Act approved August 28, 1954, which was levied after the effective date of such Act of August 28, 1954, and prior to the effective date of this section, shall, for the purpose of computing interest thereon, be deemed to have been levied as of the effective date of this section.

SEC. 3. Section 10 of such Act, as amended, is amended to read as follows:

"SEC. 10. (a) Any notice required by this Act to be served shall be deemed to have been served when served by any of the following methods: (a) when forwarded to the last known address of the owner as recorded in the real estate assessment records of the District of Columbia by registered or certified mail, with return receipt, and such receipt shall constitute prima facie evidence of service upon such owner if such receipt is signed either by the owner or by a person of suitable age and discretion located at such address: *Provided,* That valid service upon the owner shall be deemed effected if such notice shall be refused by the owner and not delivered for that reason; or (b) when delivered to the person to be notified; or (c) when left at the usual residence or place of business of the person to be notified with a person of suitable age and discretion then resident or employed therein; or (d) if no such residence or place of business can be found in the District of Columbia by reasonable search, then if left with any person of suitable age and discretion employed at the office of any agent of the person to be notified, which agent has any authority or duty with reference to the land or tenement to which said notice relates; or (e) if any such notice forwarded by registered or certified mail be returned for reasons other than refusal, or if personal service of any such notice, as hereinbefore provided, cannot be effected, then if published on three consecutive days in a daily newspaper published in the District of Columbia; or (f) if by reason of an outstanding unrecorded transfer of title the name of the owner in fact cannot be ascertained beyond a reasonable doubt, then if served on the owner of record in a manner hereinbefore provided. Any notice to a corporation shall, for the purpose of this Act, be deemed to have been served on such corporation if served on the president, secretary, treasurer, general manager, or any principal officer of such corporation in the manner hereinbefore provided for the service of notices on natural persons holding property in their own right; and notices to a foreign corporation shall, for the purposes of this Act, be deemed to have been served if served personally on any agent of such corporation, or if left with any person of suitable age and discretion residing at the usual residence or employed at the usual place of business of such agent in the District of Columbia."

(b) In case such notice is served by any method other than personal service, notice shall also be sent to the owner by ordinary mail.

REMOVAL OF DANGEROUS OR UNSAFE BUILDINGS IN THE DISTRICT OF COLUMBIA

The bill (S. 557) to amend the act entitled "An act to authorize the Commissioners of the District of Columbia to remove dangerous or unsafe buildings and parts thereof" was considered, or-

dered to be engrossed for a third reading, was read the third time, and passed, as follows.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act to authorize the Commissioners of the District of Columbia to remove dangerous or unsafe buildings and parts thereof, and for other purposes", approved March 1, 1899 (30 Stat. 923, as amended; title 5, ch. 5, District of Columbia Code, 1951 edition), is amended by striking the term "inspector of buildings" wherever such term appears therein and inserting in lieu thereof "Commissioners". The first sentence of the first section of such Act, as amended, is amended by striking "his opinion" and inserting in lieu thereof "their opinion" and by striking "he shall" and inserting in lieu thereof "they shall".

SEC. 2. The first section of such Act, as amended (sec. 5–501, District of Columbia Code, 1951 edition), is amended by adding at the end thereof the following:

"The term 'Commissioners' means the Commissioners of the District of Columbia sitting as a board or the agent or agents designated by them to perform any function vested in said Commissioners by this Act."

SEC. 3. Section 3 of such Act, as amended (sec. 5–503, District of Columbia Code, 1951 edition), is amended by striking the third sentence therefrom.

SEC. 4. The second sentence of section 4 of such Act, as amended (sec. 5–504, District of Columbia Code, 1951 edition), is amended by striking "bear interest at the rate of 10 per centum per annum until paid, and be carried on the regular tax rolls of the District of Columbia and shall be collected in the manner provided for the collection of general taxes" and inserting in lieu thereof "be collected in the manner provided in section 6 of this Act."

SEC. 5. Such Act, as amended, is amended by inserting the following sections immediately after section 4, reading as follows:

"SEC. 5. The Commissioners shall determine the cost and expense of any work performed by them under the authority of the first four sections of this Act, including the cost of making good damage to adjoining premises (except such as may have resulted from carelessness and willful recklessness in the demolition or removal of any structure) less the amount, if any, received from the sale of old material, and shall assess such cost and expense upon the lot or ground whereon such structure, excavation, or nuisance stands, stood, was dug, was located, or existed, and this amount shall be collected in the manner provided in section 6 of this Act. Any person, corporation, partnership, syndicate, or company subject to the provisions of the first three sections of this Act who shall neglect or refuse to perform any act required by such sections shall be punished by a fine not exceeding $50 for each and every day said person, corporation, partnership, syndicate, or company fails to perform any act required by such sections.

"SEC. 6. Any tax authorized to be levied and collected under this Act may be paid without interest within sixty days from the date such tax was levied. Interest of one-half of 1 per centum for each month or part thereof shall be charged on all unpaid amounts from the expiration of sixty days from the date such tax was levied. Any such tax may be paid in three equal installments with interest thereon. If any such tax or part thereof shall remain unpaid after the expiration of two years from the date such tax was levied, the property against which said tax was levied may be sold for such tax or unpaid portion thereof with interest and penalties thereon at the next ensuing annual tax sale in the same manner and under the same conditions as property sold for delinquent general real estate taxes, if said tax with interest and penalties thereon shall not have been paid in full prior to said sale."

SEC. 6. Section 5 of such Act, as amended (sec. 5–505, District of Columbia Code, 1951 edition) is renumbered "SEC. 7." and is amended to read as follows:

"SEC. 7. (a) Any notice required by this Act to be served shall be deemed to have been served when served by any of the following methods: (1) when forwarded to the last known address of the owner as recorded in the real estate assessment records of the District of Columbia, by registered or certified mail, with return receipt, and such receipt shall constitute prima facie evidence of service upon such owner if such receipt is signed either by the owner or by a person of suitable age and discretion located at such address: *Provided,* That valid service upon the owner shall be deemed effected if such notice shall be refused by the owner and not delivered for that reason; or (2) when delivered to the person to be notified; or (3) when left at the usual residence or place of business of the person to be notified with a person of suitable age and discretion then resident or employed therein; or (4) if no such residence or place of business can be found in the District of Columbia by reasonable search, then if left with any person of suitable age and discretion employed at the office of any agent of the person to be notified, which agent has any authority or duty with reference to the land or tenement to which said notice relates; or (5) if any such notice forwarded by registered or certified mail be returned for reasons other than refusal, or if personal service of any such notice, as hereinbefore provided, cannot be effected, then if published on three consecutive days in a daily newspaper published in the District of Columbia; or (6) if by reason of an outstanding unrecorded transfer of title the name of the owner in fact cannot be ascertained beyond a reasonable doubt, then if served on the owner of record in a manner hereinbefore provided. Any notice to a corporation shall, for the purposes of this Act, be deemed to have been served on such corporation if served on the president, secretary, treasurer, general manager, or any principal officer of such corporation in the manner hereinbefore provided for the service of notices on natural persons holding property in their own right; and notices to a foreign corporation shall, for the purposes of this Act, be deemed to have been served if served personally on any agent of such corporation, or if left with any person of suitable age and discretion residing at the usual residence or employed at the usual place of business of such agent in the District of Columbia.

"(b) In case such notice is served by any method other than personal service, a copy of such notice shall also be sent to the owner by ordinary mail."

SEC. 7. Such Act, as amended, is amended by inserting a new section immediately after section 7, as renumbered by this amendatory Act, reading as follows:

"SEC. 8. Whenever the Commissioners find that any building or part of a building, staging, or other structure, or anything attached to or connected with any building or other structure or excavation shall cause a building to be unsafe for human occupancy, they shall give notice of such fact to the owner or other person having an interest in such building, and to the occupant or occupants thereof. If within five days after such notice has been served upon such owner or other interested person, such building or part thereof has not been made safe for human occupancy, the Commissioners may order the use of such building or part thereof discontinued until it has been made safe: *Provided,* That if in the opinion of the Commissioners the unsafe condition of the building or part thereof is such as to be imminently dangerous to the life or limb of any occupant, the Commissioners may order the immediate discontinuance of the use of such building or part thereof. Any person occupying, or permitting the occupancy of, such building or part thereof in violation of such order of the Commissioners shall be fined not more than $300 or imprisoned for not more than thirty days."

SEC. 8. Section 6 of such Act, as amended, is renumbered "SEC. 9."

JUNIOR COLLEGE DIVISION OF DISTRICT OF COLUMBIA TEACHERS COLLEGE

The bill (S. 1328) to authorize the establishment of a junior college division within the District of Columbia Teachers College was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Board of Education of the District of Columbia is hereby authorized to establish a junior college division within the District of Columbia Teachers College which shall offer a two-year program leading to the degree of associate in arts, which degree is hereby authorized to be granted upon certification by the president and faculty of the District of Columbia Teachers College that all requirements for the granting of such degree have been met.

SEC. 2. (a) The Board of Education of the District of Columbia, with the approval of the Commissioners of the District of Columbia, is authorized to establish and determine, from time to time, tuition rates for students at the District of Columbia Teachers College, including the junior college division thereof: *Provided,* That all moneys received for tuition payments shall be deposited in the Treasury to the credit of the general revenues of the District of Columbia.

(b) The Board of Education of the District of Columbia, with the approval of the Commissioners of the District of Columbia, is hereby authorized to establish, and determine, from time to time, fees to be paid by students at the District of Columbia Teachers College, including the junior college division thereof, and receipts from such fees shall be deposited into a revolving fund to be known as "District of Columbia Teachers College student fund" in a private depository in the District of Columbia, which fund shall be available, without fiscal year limitation, for such purposes as the Board of Education of the District of Columbia shall approve, and the Board of Education is authorized, with the approval of the Board of Commissioners of the District of Columbia, to make all necessary rules concerning deposits into, and withdrawals from, such fund.

SEC. 3. The Board of Education of the District of Columbia is authorized to promulgate such rules and regulations as may be necessary to carry out the purposes of this Act.

SEC. 4. This Act shall take effect the first day of July following its approval.

WASHINGTON HOME FOR FOUNDLINGS

The bill (H.R. 6798) to amend the act incorporating the Washington Home for Foundlings and to define the powers of said corporation was considered, ordered to a third reading, was read the third time, and passed.

COUNTERCLAIMS AND CROSS-CLAIMS OF DISTRICT OF COLUMBIA MUNICIPAL COURT

The bill (H.R. 3222) to amend section 4(a) of the act of April 1, 1942, so as to confer jurisdiction on the municipal court for the District of Columbia over certain counterclaims and cross-claims in any action in which such court has initial jurisdiction, was considered, ordered to a third reading, was read the third time, and passed.

HEIGHT OF BUILDINGS IN THE DISTRICT OF COLUMBIA

The bill (S. 1529) to amend the act entitled "An act to regulate the height of buildings in the District of Columbia," was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph 3 of section 5 of the Act entitled "An Act to regulate the height of buildings in the District of Columbia", approved June 1, 1910, as amended (36 Stat. 452; 43 Stat. 961; sec. 5–405, D.C. Code, 1951 edition), is amended by striking "over eight stories in height or".

DISTRICT OF COLUMBIA HEALING ARTS PRACTICE ACT

The bill (H.R. 8032) to amend the Healing Arts Practice Act, District of Columbia, was considered, ordered to a third reading, was read the third time, and passed.

LIFE INSURANCE ACT FOR THE DISTRICT OF COLUMBIA, SECTION 35, CHAPTER III

The bill (H.R. 7044) to amend section 35 of chapter III of the Life Insurance Act for the District of Columbia was considered, ordered to a third reading, was read the third time, and passed.

LIFE INSURANCE ACT OF THE DISTRICT OF COLUMBIA

The bill (H.R. 6495) to amend the Life Insurance Act of the District of Columbia was considered, ordered to a third reading, was read the third time, and passed.

DISTRICT OF COLUMBIA LIFE INSURANCE ACT AND DISTRICT OF COLUMBIA FIRE AND CASUALTY ACT

The Senate proceeded to consider the bill (S. 2356) to amend the act known as the "Life Insurance Act" of the District of Columbia, and the act known as the "Fire and Casualty Act" of the District of Columbia, which had been reported from the Committee on the District of Columbia, with amendments, on page 1, line 7, after the word "applicant", to strike out "who files with or otherwise submits, orally or in writing, to the Superintendent any false statement under oath shall, in" and insert "who willfully files with or otherwise submits to the Superintendent, orally or in writing, any material statement, knowing such statement to be false, shall, in", and on page 2, at the beginning of line 17, to strike out "an expiring license, files with or otherwise submits orally or in writing to the Superintendent any false statement under oath" and insert "an expiring license, willfully files with or otherwise submits to the Superintendent, orally or in writing, any material statement under oath, knowing such statement to be false,"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That sections 26 and 29 of chapter II of the Life Insurance Act approved June 19, 1934, as amended (48 Stat. 1139, 1141; sec. 35–425 and sec. 35–428, D.C. Code, 1951 ed.), are hereby amended by adding after the second sentence of each such section the following: "Any such applicant who willfully files with or otherwise submits to the Superintendent, orally or in writing, any material statement, knowing such statement to be false, shall, in addition to any other penalty prescribed by law, be guilty of perjury and subject to the penalties thereof."

SEC. 2. The second sentence of section 32 of chapter II of the Fire and Casualty Act approved October 9, 1940, as amended (54 Stat. 1078; sec. 35–1336, D.C. Code, 1951 ed.), is amended to read: "The person to whom the license may be issued shall file sworn answers, subject to the penalties of perjury, to such interrogatories as the Superintendent may require."

SEC. 3. Section 35 of chapter II of said Fire and Casualty Act, as amended (54 Stat. 1079; sec. 35–1339, D.C. Code, 1951 ed.), is amended by adding: "Any applicant who, in connection with such application for renewal of an expiring license, willfully files with or otherwise submits to the Superintendent, orally or in writing, any material statement under oath, knowing such statement to be false, shall, in addition to any other penalty prescribed by law, be guilty of perjury and subject to the penalties thereof."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

BILLS PASSED OVER

The bill (S. 902) to amend the Small Business Investment Act of 1958 and for other purposes, was announced as next in order.

Mr. BARTLETT. Over, Mr. President, by request.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 836) to amend the Small Business Act, and for other purposes, was announced as next in order.

Mr. BARTLETT. Over, Mr. President, by request.

The PRESIDING OFFICER. The bill will be passed over.

H. SMITH NATIONAL HISTORICAL SITE, ARK.

The Senate proceeded to consider the bill (H.R. 32) authorizing the establishment of the H. Smith National Historical Site in the State of Arkansas, and for other purposes, which had been reported from the Committee on Interior and Insular Affairs, with an amendment on page 2, line 17, after the word "Register", to insert a colon and *"Provided further,* That lands purchased by the Secretary for the purposes of this Act shall be within the exterior boundaries of the following described tracts of land:

"A three-sided, approximately 0.3-acre tract about 250 feet eastward of the easterly abutment of the Missouri Pacific Railroad bridge over the Arkansas River, bounded on all sides by railroad right-of-way 100 feet wide, approved by the Department of the Interior May 2, 1887, as delineated on the plat of West Fort Smith (Choctaw Nation), approved by the Acting Secretary of the Interior August 3, 1904, and filed June 24, 1911, and being block 2 thereon.

"A tract of land beginning at the intersection of the easterly right-of-way line of the Saint Louis and San Francisco Railroad and the northerly line of Garland Avenue; thence easterly along the northerly line of Garland Avenue to its intersection with the westerly line of Third Street; thence northerly along the westerly line of Third Street to its intersection with the southerly line of Rogers Avenue; thence westerly along the southerly line of Rogers Avenue to its intersection with the westerly line of Second Street; thence northerly along the westerly line of Second Street to the northeasterly corner of property of the Arkansas Warehouse Company; thence westerly along the northerly property lines of the Arkansas Warehouse Company and of the city of Fort Smith (known as the commissary) to the easterly right-of-way line of the Saint Louis and San Francisco Railroad; thence southerly along the easterly right-of-way line of the Saint Louis and San Francisco Railroad to the point of beginning."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BILL PASSED OVER

The bill (H.R. 6974) to amend section 607(b) of the Merchant Marine Act, 1936, as amended, was announced as next in order.

Mr. BARTLETT. Over, Mr. President, as not properly calendar business.

The PRESIDING OFFICER. The bill will be passed over.

CASKET FLAG FOR DECEASED MEXICAN BORDER SERVICE VETERANS

The bill (H.R. 1098) 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, was considered, ordered to a third reading, was read the third time, and passed.

BILL PASSED OVER

The bill (H.R. 5486) to prohibit the examination in District of Columbia courts of any minister of religion in connection with any communication made to him in his professional capacity without the consent of the party to the communication, was announced as next in order.

Mr. FONG. Over, by request, Mr. President.

The PRESIDING OFFICER. The bill will be passed over.

AMENDMENT OF DISTRICT OF COLUMBIA ALCOHOLIC BEVERAGE CONTROL ACT

The Senate proceeded to consider the bill (H.R. 256) to amend the District of Columbia Alcoholic Beverage Control Act, which had been reported from the Committee on the District of Columbia, with an amendment, on page 4, line 22, after the word "display", to strike out "for" and insert "or".

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BILL PASSED OVER

The bill (S. 476) to establish the Point Reyes National Seashore in the State of California, and for other purposes, was announced as next in order.

Mr. BARTLETT. Over, Mr. President, as not properly calendar business.

The PRESIDING OFFICER. The bill will be passed over.

FORT SHAW DIVISION, SUN RIVER PROJECT, MONTANA

The bill (S. 2132) to approve the revised June 1957 reclassification of land of the Fort Shaw division of the Sun River project, Montana, and to authorize the modification of the repayment contract with Fort Shaw Irrigation District, was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the June 1957 reclassification of land of the Fort Shaw division of the Sun River project, Montana, as revised in September 1959, is approved.

SEC. 2. The Secretary of the Interior is authorized, pursuant to article 8(1) of the Act of August 4, 1939 (53 Stat. 1187), to modify the contractual obligation of the Fort Shaw Irrigation District by deducting from such obligation the amount of the unmatured construction charges as of the date of this Act against five hundred thirty-one and seventy-seven one-hundredths acres classified in a paying class under the Act of May 25, 1926 (44 Stat. 636), and found to be permanently unproductive; and the contractual obligation of the Fort Shaw Irrigation District shall, by reason of a finding that thirty-four and seventy-four one-hundredths acres of land, previously classed as permanently unproductive, possess sufficient productivity to be placed in a paying class, be increased in the sum of $1,193.67.

BILL PASSED OVER

The bill (S. 2422) to establish the White House as a national monument, was announced as next in order.

Mr. BARTLETT. Over, Mr. President.

The PRESIDING OFFICER. The bill will be passed over.

EVAGELOS MABLEKOS

The bill (S. 235) for the relief of Evagelos Mablekos, was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of paragraph (19) of section 212(a) of the Immigration and Nationality Act, Evagelos Mablekos may be issued an immigrant visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of such Act: *Provided,* That this Act shall apply only to grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act.

KABALAN FARRIS

The bill (S. 2070) for the relief of Kabalan Farris was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Act of September 22, 1959 (Public Law 86-363), Kabalan Farris shall be deemed to be within the purview of section 4 of that Act.

AMELIA ANDREOLI D'ATTORRE

The bill (H.R. 1337) for the relief of Amelia Andreoli D'Attorre was considered, ordered to a third reading, was read the third time, and passed.

BENJAMIN SCHOENFELD

The bill (H.R. 2111) for the relief of Benjamin Schoenfeld was considered, ordered to a third reading, was read the third time, and passed.

WOLFGANG STRESEMANN

The bill (H.R. 5054) for the relief of Wolfgang Stresemann, was considered, ordered to a third reading, was read the third time, and passed.

DR. FERENC DOMJAN AND OTHERS

The bill (H.R. 5180) for the relief of Dr. Ferenc Domjan and others, was considered, ordered to a third reading, was read the third time, and passed.

AMERICAN PRESIDENT LINES, LTD., AND OTHERS

The bill (H.R. 5321) for the relief of American President Lines, Ltd., Nitto Shosen Co., Ltd., and Koninklyke Java-China-Paketraart Lijnen N.V. (Royal Interocean Lines), was considered, ordered to a third reading, was read the third time, and passed.

DAVID C. THOMAS AND OTHERS

The bill (H.R. 5647) for the relief of David C. Thomas, Robert W. Barber, Milton A. Chace, and Richard F. Turner, was considered, ordered to a third reading, was read the third time, and passed.

ANDREW TELESFOR KOSTANECKI

The bill (H.R. 7707) for the relief of Andrew Telesfor Kostanecki, was considered, ordered to a third reading, was read the third time, and passed.

MRS. RENEE DERI

The Senate proceeded to consider the bill (S. 1537) for the relief of Mrs. Renee Deri, which had been reported from the Committee on the Judiciary, with an amendment to strike out all after the enacting clause and insert:

That, for the purposes of the Immigration and Nationality Act, Mrs. Renee Deri shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act upon payment of the required visa fee. Upon the enactment of this Act, the Attorney General shall reduce by one number the number of refugees who may be paroled into the United States pursuant to sections 1 and 2(a) of the Act of July 14, 1960 (74 Stat. 504), during the fiscal year ending June 30, 1962.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

PEDRO A. GENERAO AND TEODORA FLORES GENERAO

The Senate proceeded to consider the bill (S. 1846) for the relief of Pedro A. Generao and Teodora Flores Generao, which had been reported from the Committee on the Judiciary, with amendments, on page 1, line 4, after the word "Act", to strike out "Pedro A. Generao and Teodora Flores Generao" and insert "Pedro Adan Generao"; in line 8, after the word "visa", to strike out "fees" and insert "fee"; in line 9, after the word "such", to strike out "aliens" and insert "alien"; in line 11, after the word "deduct", to strike out "the required numbers" and insert "one number"; on page 2, line 1, after the word "quota", to strike out "or quotas", and in line 2, after the word "quota", to strike out "or quotas are available" and insert "is available"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for

the purposes of the Immigration and Nationality Act, Pedro Adan Generao shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Pedro Adan Generao."

REAR ADM. CARL H. COTTER

The bill (H.R. 4639) for the relief of Rear Adm. Carl H. Cotter, was considered, ordered to a third reading, was read the third time, and passed.

BILL PASSED OVER

The bill (H.R. 8466) to authorize the construction of a railroad siding in the vicinity of Taylor Street NE., District of Columbia, was announced as next in order.

Mr. FONG. Over, Mr. President.

The PRESIDING OFFICER. The bill will be passed over.

MARITAL PROPERTY RIGHTS IN THE DISTRICT OF COLUMBIA

The bill (H.R. 7265) to amend the code of law for the District of Columbia so as to provide a new basis for determining certain marital property rights and for other purposes, was considered, ordered to a third reading was read the third time, and passed.

PRACTICE OF PHYSICAL THERAPY IN THE DISTRICT OF COLUMBIA

The bill (S. 1762) to regulate the practice of physical therapy in the District of Columbia, was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Physical Therapists Practice Act".

DEFINITIONS

SEC. 2. As used in this Act—

(a) The term "Commissioners" means the Commissioners of the District of Columbia sitting as a board, or their authorized agent or agents.

(b) The word "she" and the derivatives thereof shall be construed to include the word "he" and the derivatives thereof.

(c) The term "physical therapy" means the treatment of human disability, injury, or disease by supervised therapeutic procedures embracing the specific scientific application of physical measures to secure the functional rehabilitation of the human body. Nothing in this Act shall be construed as authorizing a physical therapist, whether registered or not, to practice medicine, osteopathy, chiropractic, naturopathy, or any other form or method of healing.

(d) The term "physical therapist" means a person who practices physical therapy under the prescription, supervision, and direction of a person licensed to practice under the Healing Arts Practice Act of the District of Columbia, approved February 27, 1929 (45 Stat. 1326), as amended.

(e) The word "State" or "States" shall be deemed to include any territory of the United States and the Commonwealth of Puerto Rico.

EXEMPTION FROM REGISTRATION

SEC. 3. This Act shall not apply to any person employed in the District of Columbia by the Federal Government or any agency thereof while such person is acting in the discharge of her official duties.

REGISTRATION

SEC. 4. (a) No person shall practice physical therapy in the District of Columbia unless (1) she is duly registered in accordance with the provisions of this Act, or (2) is exempted from such registration by the terms of this Act.

(b) No person not registered in accordance with the provisions of this Act, unless exempted from registration by the terms of this Act, shall, directly or indirectly, (1) represent herself to be so registered or (2) represent herself to be certified, licensed, or authorized to practice physical therapy.

(c) No person shall use in connection with her name the words "physical therapist", "physiotherapist", "physical therapy technician", or use the initials "P.T.", "P.T.T.", "R.P.T.", or any other letters, words, abbreviations, or insignia indicating or implying that she is a registered physical therapist, unless such person is a holder of a valid registration under this Act.

(d) Nothing in this section shall prohibit any person duly licensed or registered in the District of Columbia under any other Act from engaging in the practice for which she is duly registered or licensed.

(e) Nothing in this Act shall apply to any person licensed under the Healing Arts Practice Act of the District of Columbia, nor to any employee of any such person working under his immediate supervision and direction in his private office, provided no such employee shall hold herself out, or otherwise represent herself to be a physical therapist.

POWERS OF COMMISSIONERS

SEC. 5. The Commissioners are hereby vested with full power and authority to delegate, from time to time, to their designated agent or agents, any of the functions vested in them by this Act.

ESTABLISHMENT OF BOARD

SEC. 6. The Commissioners may establish a physical therapists examining board to perform any of the functions vested in the Commissioners by this Act, and, if so established, such board shall be composed of such persons possessing such qualifications as the Commissioners shall determine. The Commissioners are authorized to prescribe the terms of office of members of such board and to fix the compensation of such members. The Commissioners may appoint as members of such board, Federal and District government employees, and such members shall not be entitled to receive compensation as board members, and any such member shall not be debarred by such membership from employment in the Federal or District governments not inconsistent with her duties as a board member. Any board member may receive her compensation as a board member as well as any retirement pay, retirement compensation, or annuity to which she may be entitled on account of previous service rendered to the United States or the District of Columbia governments.

POWERS AND DUTIES

SEC. 7. (a) The Commissioners are authorized to adopt from time to time and prescribe such rules and regulations as may be necessary to enable them to carry into effect the provisions of this Act. The Commissioners shall maintain a register of all persons registered as physical therapists. The Commissioners shall maintain a register of approved schools which they deem afford adequate training in physical therapy.

(b) The Commissioners may make such studies and investigations, and obtain or require the furnishing of such information under oath or affirmation or otherwise, as they deem necessary or proper to assist them in prescribing any regulation or order under this Act, or in the administration and enforcement of this Act, and regulations and orders thereunder. For such purposes, the Commissioners may administer oaths and affirmations, may require by subpena or otherwise the attendance and testimony of witnesses and the production of documents at any designated place. In the event of contumacy or refusal to obey any such subpena or requirement under this section, the Commissioners may make application to the municipal court for the District of Columbia for an order requiring obedience thereto. Thereupon the court, with or without notice and hearing, as it in its discretion may decide, shall make such order as is proper and may punish as a contempt any failure to comply with such order in accordance with the provisions of subsection (c), section 5, of the Act of April 1, 1942 (56 Stat. 193, chapter 207; sec. 11–756(c), D.C. Code, 1951 edition).

REGISTRATION

SEC. 8. The Commissioners shall register as physical therapists all applicants who prove to the satisfaction of the Commissioners their fitness for registration under the terms of this Act. The Commissioners shall issue to each person registered a certificate of registration, which shall be prima facie evidence of the right of the person to whom it is issued to represent herself as a registered physical therapist, and authorized to practice as such under this Act.

REGISTRATION WITHOUT EXAMINATION

SEC. 9. The Commissioners shall register as a physical therapist, without examination, any physical therapist who is at least twenty years of age and of good moral character and who presents evidence satisfactory to the Commissioners that she was, prior to the effective date of this Act, practicing physical therapy in the District of Columbia for a period of two years immediately preceding the effective date of this Act, and that she (1) has graduated from an approved school of physical therapy listed in the register of approved schools or (2) received comparable training or experience in the practice of physical therapy as determined by the Commissioners. Application for registration under this section shall be made on or before the expiration of one year from the effective date of this Act.

REGISTRATION AFTER EXAMINATION

SEC. 10. The Commissioners shall pass upon the qualifications of applicants for registration, provide for and conduct all examinations, determine which applicants have successfully passed the examination and duly register such applicants. To be eligible to be examined for registration as a physical therapist, an applicant must meet the following requirements:

(a) Be at least twenty years old.

(b) Be of good moral character.

(c) Be in good physical and mental health, as certified by a physician licensed to practice in the District of Columbia.

(d) Be a graduate of an approved school of physical therapy listed in the register of approved schools; or possess comparable educational qualifications as determined by the Commissioners.

The examinations specified in this section shall be conducted at such times and places as the Commissioners may determine, and notice of time and place of such examination shall be published not less than thirty days before the first day of each examination in one or more newspapers of local circulation.

The examination shall embrace such coverage of the following subjects to determine the applicant's qualification: The applied sciences of anatomy, neuroanatomy, kinesiology, physiology, pathology, physics; "physical therapy" as defined in this Act, applied to medicine, neurology, orthopedics, pediatrics, psychiatry, surgery; medical ethics; technical procedures in the practice of "physical therapy" is defined in this Act.

RECIPROCITY

SEC. 11. Any applicant who has practiced physical therapy and has been registered, certified, or licensed as such in any State may, upon proof of good moral character, be registered without examination, provided the applicant has graduated from a school of physical therapy approved by the Commissioners, or has received competent comparable training as determined by the Commissioners. It is intended that the standards of education and training required for registration under this section shall be substantially equivalent to those required for registration pursuant to section 10 of this Act. This section shall be construed to apply only to candidates from States which admit registered physical therapists of the District of Columbia without examination.

RENEWAL OF REGISTRATION

SEC. 12. (a) Every registered physical therapist engaged in or who proposes to engage in the practice of physical therapy in the District of Columbia is hereby required to register with the Commissioners annually. Any registrant who allows her registration to lapse by failing to renew the registration annually may be reinstated by the Commissioners by showing cause satisfactory to the Commissioners for such failure and upon payment of all required fees. The Commissioners are authorized, after public hearing, to change from time to time the period for which registration or renewal thereof may be issued.

(b) Any person registered under the provisions of this Act but not so practicing in the District of Columbia shall give written notice of such fact to the Commissioners. Upon receipt of such notice, the Commissioners shall place the name of such person upon the nonpracticing list. While remaining on such list, such person shall not be subject to the payment of any renewal fee and shall not hold herself out as a registered physical therapist nor practice as such in the District of Columbia. Application for renewal of registration and payment of renewal fee for the current year shall be made to the Commissioners by any such person desiring to resume practice as a registered physical therapist.

DENIAL, REVOCATION, AND SUSPENSION OF REGISTRATION

SEC. 13. The Commissioners are authorized and empowered to deny, revoke, or suspend any registration or certificate of renewal of registration issued by the Commissioners or applied for in accordance with the provisions of this Act if the applicant or holder thereof—

(1) has been guilty of fraud or deceit in procuring or attempting to procure any registration or renewal thereof provided for in this Act;

(2) has been convicted of a crime involving moral turpitude;

(3) is an intemperate consumer of intoxicating liquors or is addicted to the use of habit-forming drugs;

(4) has been guilty of unprofessional conduct;

(5) has willfully violated any of the provisions of this Act, or rules or regulations promulgated by the Commissioners pursuant to authority contained in this Act;

(6) is mentally incompetent;

(7) is guilty of undertaking to treat ailments of human beings other than by physical therapy as authorized by this Act, or the undertaking to practice physical therapy independent of the prescription, and direction of a person appropriately licensed to practice under the Healing Arts Practice Act of the District of Columbia; or

(8) is otherwise professionally incapacitated.

Provided, That such denial, revocation, or suspension shall be made only upon specific charges in writing. A copy of any such charges and at least ten days' notice of the hearing of the same shall be mailed to the holder of or applicant for such registration, addressed to her at her last known address.

COURT REVIEW

SEC. 14. Any person aggrieved by any final decision or final order of the Commissioners denying, suspending, or revoking any registration, or renewal of registration, issued or applied for under this Act may obtain a review thereof in the municipal court of appeals for the District of Columbia, and may seek a review by the United States Court of Appeals for the District of Columbia Circuit of any judgment of the municipal court of apeals entered pursuant to its review of any such decision or order, all in accordance with subsection (f) of section 7 of the Act approved April 1, 1942, as added by the Act approved August 31, 1954 (68 Stat. 1049).

UNAUTHORIZED PRACTICE OF PHYSICAL THERAPY

SEC. 15. It shall be unlawful for any person in the District of Columbia to—

(a) sell or fraudulently obtain or furnish any diploma, license, certificate of registration, or record required by this Act; or required by the Commissioners under authority of this Act, or aid or abet in the selling, fraudulently obtaining, or furnishing thereof;

(b) practice physical therapy under cover of any diploma, certificate of registration, or record required by this Act or required by the Commissioners under authority of this Act, illegally or fraudulently obtained or signed or issued unlawfully or under fraudulent registration;

(c) use in connection with her name any designation tending to imply that she is a registered physical therapist unless duly registered under provisions of this Act;

(d) practice physical therapy during the time her registration shall be suspended or revoked.

PRACTICE OF REGISTERED PHYSICAL THERAPISTS

SEC. 16. A person registered under this Act as a physical therapist shall not treat human ailments by physical therapy or otherwise except under the prescription and direction of a person duly licensed or registered under the Healing Arts Practice Act of the District of Columbia.

ENFORCEMENT

SEC. 17. Any person who shall violate the provisions of section 4, 15, or 16 of this Act shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding $500 or by imprisonment for not more than one year, or both.

CONDUCT OF PROSECUTIONS

SEC. 18. (a) Prosecutions for violations of any provisions of section 4, 15, or 16 of this Act shall be conducted in the name of the District of Columbia in the municipal court for the District of Columbia, by the Corporation Counsel or any of his assistants.

(b) It shall be necessary to prove in any prosecution or hearing under this Act only a single act prohibited by law or a single holding out or an attempt without proving a general course of conduct in order to constitute a violation.

FEES AND CHARGES

SEC. 19. (a) The Commissioners are authorized and empowered, after a public hearing, to fix and, from time to time increase or decrease, fees for any services rendered under this Act. The Commissioners shall, pursuant to this section, increase, decrease, or fix fees in such amounts as will, in the judgment of the Commissioners, approximate the costs to the District of Columbia of administering this Act: *Provided,* That no fee shall be increased, decreased, or fixed except after a public hearing.

(b) Upon the change of a registration period as authorized by subsection (a) of section 12 the fee for registration or renewal of registration shall be prorated on the basis of the time covered.

(c) All moneys collected for fees and charges made pursuant to authority contained in this Act shall be paid into the Treasury to the credit of the District of Columbia.

SEVERABILITY

SEC. 20. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of the Act, and the application of such provision to other persons and circumstances, shall not be affected thereby.

APPROPRIATIONS

SEC. 21. There is hereby authorized to be appropriated out of the revenues of the District of Columbia such sums as may be necessary to pay the expenses of administering and carrying out the purposes of this Act.

REORGANIZATION

SEC. 22. Nothing in this Act shall be construed so as to affect the authority vested in the Board of Commissioners of the District of Columbia by Reorganization Plan Numbered 5 of 1952 (66 Stat. 824). The performance of any function vested by this Act in the Board of Commissioners or in any office or agency under the jurisdiction and control of said Board of Commissioners may be delegated by said Board of Commissioners in accordance with section 3 of such plan.

EFFECTIVE DATE

SEC. 23. This Act shall take effect one hundred and twenty days after funds are appropriated for the purpose of administering the provisions of this Act.

TISSUE BANKS IN THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (S. 2321) to encourage and aid the development of reconstructive medicine and surgery and the development of medicosurgical research by authorizing the licensing of tissue banks in the District of Columbia, by facilitating antemortem and postmortem donations of human tissue for tissue bank purposes, and for other purposes, which had been reported from the Committee on the District of Columbia, with amendments,

on page 3, line 4, after the word "persons," to strike out "holding valid licenses as physicians or osteopaths" and insert "duly licensed or duly registered as physicians"; on page 5, line 10, after the word "Any", to strike out "physician, osteopath," and insert "physician"; on page 6, line 2, after the word "any", to strike out "physician, osteopath," and insert "physician"; on page 8, line 6, after "Sec. 10.", to insert "Movement and Disposition of Tissue by Tissue Banks."; on page 9, line 1, after "Sec. 11.", to insert "Removal of Tissue Immediately After Death."; at the beginning of line 8, to strike out "or osteopath licensed" and insert "duly licensed or duly registered"; in line 22, after "Sec. 12.", to insert "Exemption of Licensed Undertakers From Act."; on page 10, line 12, after "Sec. 13.", to insert "Coordination of Act with Reorganization Plan No. 5.", and in line 22, after "Sec. 14.", to insert "Effective Date."; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "District of Columbia Tissue Bank Act".

SEC. 2. STATEMENT OF POLICY AND PURPOSE.—Because of the rapid medical progress in the field of tissue preservation, tissue transplantation, and tissue culture, and because it is in the public interest to aid the development of this field of medicine, it is the policy and purpose of Congress in enacting this Act to encourage and aid the development of reconstructive medicine and surgery and the development of medicosurgical research by providing for the licensing and regulation of tissue banks, and by facilitating antemortem and postmortem authorizations for donations of tissue.

SEC. 3. DEFINITIONS.—For the purposes of this Act, except where the context indicates a different meaning—

"Commissioners" means the Commissioners of the District of Columbia or their designated agent.

"Donor" means any person who, in accordance with the provisions of this Act, bequeaths or donates his tissue for removal after death in furtherance of the purposes of this Act, and also means any deceased person whose tissue is donated or disposed of for the purposes of this Act.

"Tissue" means any portion of the body of a dead human.

"Tissue bank" means a facility for procuring, removing, and disposing of portions of bodies of dead humans for the purposes of reconstructive medicine and surgery, and research and teaching in reconstructive medicine and surgery.

SEC. 4. TISSUE BANK LICENSES AND REGULATIONS.—(a) No person shall operate any tissue bank in the District of Columbia without a valid license issued pursuant to this Act. No such license shall be issued except to persons duly licensed or duly registered as physicians under the Healing Arts Practice Act of the District of Columbia (45 Stat. 1326; title 2, ch. 1, D.C. Code, 1951 ed.) or to persons holding valid licenses to operate and maintain hospitals for humans pursuant to the Act entitled "An Act to regulate the establishment and maintenance of private hospitals and asylums in the District of Columbia", approved April 20, 1908 (35 Stat. 64; D.C. Code, 1951 ed., title 32, ch. 3).

(b) The Commissioners are authorized, after public hearing, to adopt and promulgate rules and regulations prescribing, without limitation, (1) the terms and conditions under which a tissue bank license may be issued and renewed; (2) the fees to be paid for the issuance and renewal of such licenses; (3) the duration of such licenses; (4) the grounds for suspension and revocation of such licenses; (5) the operation of tissue banks; (6) the conditions under which tissue may be processed, preserved, stored, and transported; and (7) the making, keeping, and disposition of records by tissue banks or by other persons processing, preserving, storing, or transporting tissue.

(c) The Commissioners may, after notice and hearing, deny, suspend, or revoke any tissue bank license issued or applied for pursuant to this Act.

(d) Any person aggrieved by any final decision or final order of the Commissioners denying, suspending, or revoking any tissue bank license or renewal thereof, issued, or applied for under this Act, may obtain a review of such decision or order in the municipal court of appeals for the District of Columbia, and may seek review by the United States Court of Appeals for the District of Columbia of any judgment of the municipal court of appeals entered pursuant to its review of any such decision or order, all in accordance with subsection (f) of section 7 of the Act approved April 1, 1942, as added by the Act approved August 31, 1954 (68 Stat. 1048; sec. 11–772, D.C. Code, 1951 ed.).

(e) Except with respect to the provisions as to licensing, the provisions of this Act, and the regulations made pursuant thereto, shall apply to Federal agencies situated in the District of Columbia, and to District of Columbia agencies.

SEC. 5. PENALTIES.—Any person violating any provision of this Act, or any regulation made pursuant to this Act, shall be fined not more than $300, or be imprisoned for not more than ninety days. Prosecution for violations of this Act and regulations made pursuant thereto shall be brought in the name of the District of Columbia.

SEC. 6. DONATION OF TISSUE.—(a) Any person who, under the law of the District of Columbia, has capacity to make a valid will, may by will, codicil, or any written statement donate his tissue for the purposes of this Act. Any person who, in accordance with this Act, donates his tissue may, but shall not be required to, designate the purpose for which his tissue is to be used. Any physician or hospital validly operating a tissue bank shall have full authority to take the tissue so donated and use the same for the purposes enumerated in this Act.

(b) No particular words shall be required for such person to donate his tissue, but any will, codicil, or written statement shall be liberally construed to effectuate the intent and purpose of the person desiring to donate his tissue for any purpose authorized by this Act. If, pursuant to this section or sections a person donates tissue by a written statement other than by a will or codicil, such statement shall be signed by him and be witnessed by two persons of legal age.

(c) A provision in any will, codicil, or written statement which donates tissue as provided by this Act shall become effective immediately upon the death of the testator or donor, and shall constitute the authority for any physician or hospital validly operating a tissue bank to remove said tissue.

SEC. 7. TISSUE DONATIONS BY THOSE HAVING RIGHT TO BODY.—Any person having the right to a body for the purpose of burial may by a written statement donate any tissue from such body to any tissue bank, and in such written statement may designate the purpose or purposes for which such tissue is to be used. Such writing shall constitute full authority for the tissue bank to use such tissue for the purposes of this Act.

SEC. 8. PERSONS ENTITLED TO THE BODY.—For the purposes of this Act, the order of priority in which persons are entitled to the body for burial and who may donate tissue therefrom shall be the following:

(a) The surviving spouse.

(b) If there be no surviving spouse, or if the surviving spouse is incompetent, unavailable, or does not claim the body for burial, then an adult child, a parent, an adult brother, or an adult sister of the decedent. Any one of such persons may make such donation: *Provided,* That tissue shall not be removed pursuant to a donation made by any one of such persons designated in this subsection if, before such tissue is removed, any one of such persons shall, in writing, notify the tissue bank which is to remove the tissue that he objects to such removal.

(c) Any person whom the deceased during his lifetime designated by written instrument to take charge of his body for burial.

(d) The person or agency who or which assumes custody of the body for burial, in any case in which the person designated as provided in paragraph (c) or all of the persons mentioned in paragraph (a) or (b) of this section have failed to claim the body.

SEC. 9. OFFICE OF THE CORONER.—(a) The Commissioners are authorized to appoint such number of licensed physicians as they deem appropriate to perform such of the functions of the Coroner of the District of Columbia as the Commissioners shall prescribe. The Commissioners are authorized to fix the compensation of such physicians at a rate or rates not in excess of the per diem equivalent of the maximum rate for grade 18 of the General Schedule of the Classification Act of 1949, as amended. The Commissioners are further authorized, in their discretion, to accept the services of such physicians without compensation.

(b) The Coroner of the District of Columbia may, in his discretion, allow tissue to be removed from any dead human body in his custody or under his jurisdiction: *Provided,* That such tissue removal shall not interfere with other functions of the Office of the Coroner: *Provided further,* That the person who, in accordance with section 8 of this Act, is entitled to the body for burial, shall first authorize such tissue removal.

SEC. 10. MOVEMENT AND DISPOSITION OF TISSUE BY TISSUE BANKS.—Sections 675 and 676 of the Act entitled "An Act to establish a code of laws for the District of Columbia", approved March 3, 1901 (31 Stat. 1296), as amended by the first section of the Act approved September 22, 1950 (64 Stat. 904; sec. 27–119a, D.C. Code, 1951 ed.), are amended (a) by striking, in the first sentence of such sections, the words "remove, transport,"; (b) by inserting immediately after "designate," in such first sentence the following: "or to remove from place to place, or transport, the dead body, or any part thereof, of a human being, except"; and (c) by inserting immediately after such first sentence of such sections the following: "Notwithstanding the provisions of the preceding sentence, the Commissioners may, in their discretion, by regulation authorize (a) tissue banks operating pursuant to the District of Columbia Tissue Bank Act or (b) other persons subject to regulations made pursuant to such Act, or both, to remove, transport, and dispose of tissue taken from such dead body without such permit."

SEC. 11. REMOVAL OF TISSUE IMMEDIATELY AFTER DEATH.—Section 683 of the Act entitled "An Act to establish a code of laws for the District of Columbia", approved March 3, 1901 (31 U.S.C. 1298; sec. 27–125, D.C. Code, 1951 ed.), is amended by adding at the end thereof the following: "Notwithstanding the provisions of this section, whenever any person is pronounced dead by a physician duly licensed or duly registered under the Healing Arts Practice Act of the District of Columbia (45 Stat. 1326; title 2, ch. 1, D.C. Code, 1951

ed.), tissue donated in accordance with the provisions of the District of Columbia Tissue Bank Act may be removed by or under the supervision of a person licensed under the authority of section 4 of such Act for preservation in a tissue bank operating pursuant to such Act, without regard for any time limitation, or for any permit or certificate requirement, established by this section: *Provided,* That with respect to a dead human body in the custody of the Coroner or under his jurisdiction, no tissue shall be removed therefrom for preservation except with the specific approval of the Coroner in each case."

SEC. 12. EXEMPTION OF LICENSED UNDERTAKERS FROM ACT.—Nothing in this Act shall be construed (1) to prohibit undertakers licensed pursuant to paragraph 44A of section 7 of the Act entitled "An Act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes", approved July 1, 1902, as amended (61 Stat. 711; sec. 47–2344a, D.C. Code, 1951 ed.), from discharging their duties, or (2) to prohibit or affect in any way the authority, duties, rights, or obligations vested, imposed, or granted by the Act entitled "An Act for the promotion of anatomical science and to prevent the desecration of graves in the District of Columbia", approved April 29, 1902 (32 Stat. 173, D.C. Code, 1951 ed., title 2, ch. 2).

SEC. 13. COORDINATION OF ACT WITH REORGANIZATION PLAN NO. 5.—Nothing in this Act shall be construed so as to affect the authority vested in the Board of Commissioners of the District of Columbia by Reorganization Plan Numbered 5 of 1952 (66 Stat. 824). The performance of any function vested by this Act in the Board of Commissioners or in any office or agency under the jurisdiction and control of said Board of Commissioners may be delegated by said Board of Commissioners in accordance with section 3 of such plan.

SEC. 14. EFFECTIVE DATE.—This Act, except section 4, shall take effect upon approval. Section 4 shall take effect sixty days after the Commissioners have initially promulgated regulations pursuant to such section.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

ALIEN EMPLOYMENT IN SCIENTIFIC OR TECHNICAL CAPACITY

The bill (S. 2236) to authorize the Secretary of Commerce to employ aliens in a scientific or technical capacity, was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Commerce to the extent he determines to be necessary, and subject to such investigations as he may determine to be appropriate, is authorized to employ and compensate aliens in a scientific or technical capacity without regard to statutory provisions prohibiting payment of compensation to aliens.

FISHERY LOAN FUND

The bill (H.R. 206) to facilitate administration of the fishery loan fund established by section 4 of the Fish and Wildlife Act of 1956, and for other purposes, was considered, ordered to a third reading, was read the third time, and passed.

PROPERTY MOVING IN INTERSTATE COMMERCE

The bill (H.R. 2429) to prohibit destruction of, or injury to, certain property moving in interstate or foreign commerce, and for other purposes, was considered, ordered to a third reading, was read the third time, and passed.

LANDING OF FISH OF FOREIGN-FLAG VESSELS IN VIRGIN ISLANDS

The bill (H.R. 3159) to permit certain foreign-flag vessels to land their catches of fish in the Virgin Islands in certain circumstances, and for other purposes, was considered, ordered to a third reading, was read the third time, and passed.

CITIZENS OF TRUST TERRITORY OF PACIFIC ISLANDS TO BE CADETS AT U.S. MERCHANT MARINE ACADEMY

The bill (H.R. 3296) 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, was considered, ordered to a third reading, was read the third time, and passed.

BILL SENT TO FOOT OF CALENDAR

The bill (H.R. 3788) 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, was announced as next in order.

Mr. MORSE. Mr. President, I ask that the bill go to the foot of the calendar and that someone seek information from the Senator from Washington [Mr. MAGNUSON] as to the benefit to the Federal Government in dollars and cents from such a transfer.

The PRESIDING OFFICER. The bill will go to the foot of the calendar.

PRINTING OF HEARINGS AND REPORTS, SUBCOMMITTEE ON NATIONAL POLICY MACHINERY

The concurrent resolution (S. Con. Res. 39) to print 3,000 copies of a compilation of the hearings, reports, and committee prints of the Subcommittee on National Policy Machinery, was considered and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of the Senate Committee on Government Operations three thousand copies each of volumes 1, 2, and 3 of a compilation of the hearings, reports, and committee prints of its Subcommittee on National Policy Machinery issued during the Eighty-sixth and Eighty-seventh Congresses.

BILL PASSED OVER

The bill (S. 230) to make certain provisions in connection with the construction of the Garrison diversion unit, Missouri River Basin project, by the Secretary of the Interior, was announced as next in order.

Mr. BARTLETT. Over, Mr. President, as not properly calendar business.

The PRESIDING OFFICER. The bill will be passed over.

PRINCESS ANNE COUNTY SCHOOL BOARD, VIRGINIA

The bill (H.R. 1627) for the relief of the Princess Anne County School Board, Virginia, was considered, ordered to a third reading, was read the third time, and passed.

NOTICE OF APPLICATIONS TO U.S. COURTS OF APPEALS

The bill (H.R. 5656) to provide for reasonable notice of applications to the U.S. courts of appeals for interlocutory relief against the orders of certain administrative agencies, was considered, ordered to a third reading, was read the third time, and passed.

BILLS PASSED OVER

The bill (H.R. 6691) to amend title 18, United States Code, sections 871 and 3056, to provide penalties for threats against the successors to the Presidency, to authorize their protection by the Secret Service, and for other purposes, was announced as next in order.

Mr. MANSFIELD. Over, Mr. President.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2395) to amend the Railroad Retirement Act of 1937 to provide reduced annuities to male employees who have attained age 62, and for other purposes, was announced as next in order.

Mr. BARTLETT. Over, Mr. President, as not properly calendar business.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 5968) to amend the District of Columbia Unemployment Compensation Act, as amended, was announced as next in order.

Mr. FONG. Over, Mr. President.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2491) to permit the application of the bulk commodity exemption when other commodities are concurrently transported in the same vessel, was announced as next in order.

Mr. BARTLETT. Over, Mr. President, by request.

The PRESIDING OFFICER. The bill will be passed over.

DELEGATION OF CERTAIN DUTIES UNDER INTERSTATE COMMERCE ACT

The bill (H.R. 8033) to amend section 17 of the Interstate Commerce Act so as

to authorize the delegation of certain duties to employee boards, was considered, ordered to a third reading, was read the third time, and passed.

LEGAL STUDY OF THE BERLIN SITUATION

Mr. DIRKSEN. Mr. President, sometime back I asked the distinguished senior Senator from New York [Mr. JAVITS] to make a legal study of the Berlin situation for the benefit of his colleagues, and this has been done.

In collaboration with Mr. Martin J. Clancy, of the Republican policy committee staff, he has developed an absolutely complete and accurate memorandum setting forth all of the communications, agreements and other data which constitute the basis for the contentions of the United States with respect to its legal rights and occupational rights in Berlin. I believe this will be a very useful document for all Members of the Senate, and I therefore ask unanimous consent to have it printed as a part of my remarks.

I salute the distinguished Senator from New York for doing a masterly job.

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

BERLIN

1. Berlin has had a special status ever since Allied planning began during World War II with respect to Germany. The agreements bearing upon the occupation of Germany, providing for separate zones of occupation, and establishing an overall Allied governing authority, in each instance made separate provisions for a joint Four Power occupation of Berlin. The following may be cited as examples:

(a) "Conditions of Surrender of Germany" (submitted by the U.S.S.R. at the February 18, 1943, meeting of the European Advisory Commission (EAC)).

(b) "Protocol on the Zones of Occupation in Germany and the Administration of Greater Berlin," September 12, 1944, EAC (final form included France, as of July 1945, ratified August 1945 by Four Powers). In its final form this protocol contained the following provisions:

(1) "Germany within her frontiers as they were on the 31st of December, 1937, will for the purposes of occupation, be divided into four zones, one of which will be allotted to each of the Four Powers, and a special Berlin area, which will be under joint occupation by the Four Powers."

(5) "An Inter-Allied Governing Authority (Kommandatura) consisting of four commandants, appointed by their respective commanders in chief, will be established to direct jointly the administration of the Greater Berlin area."

(c) Four Powers statement issued on zones of occupation and governing by Inter-Allied Authority, June 5, 1945.

(d) In addition, the West's position rests upon the agreements of the Potsdam Conference of Truman, Churchill, and Stalin, in the summer of 1945. At this conference the Three Powers declared that Germany was to be treated as a single economic unit, and that with some readjustment of its boundaries it was to be reestablished as one nation. Indeed, in setting "eventual peaceful cooperation in international life," as a goal, the agreement spoke of "Germany," not of "two or more Germany's." Stalin, himself, advocated at this time a single Germany. In his proclamation to the people, May 8, 1945, he declared that "the Soviet Union does not intend to dismember or destroy Germany."

(NOTE.—Greater Berlin is still occupied territory. Under the Four Power agreement June 5, 1945 it was to become the capital of a united Germany.)

The real difficulty comes from the radically different aims of the Western Powers and the U.S.S.R. as to Germany. The West proposes free elections for a unified democratic Germany, with Berlin as its capital. The Soviet Union proposes a divided Germany, has forcibly communized its own zone of occupation and Berlin sector; and presumably hopes eventually to drag West Berlin into the Communist orbit.

Insofar as West Berlin is concerned, it has been allowed by the Western Powers to establish certain connections with the Federal German Republic. The basic law of the Republic refers to Berlin as one of the "lands" thereof. However, the Federal German Republic recognizes the fact of occupation, as indicated by the following quotations from one of its official publications:

"Under the basic law, West Berlin is a 'land' of the Federal Republic. Because of the Four Power agreements of 1945, it cannot be governed through the Bund, and the application of the basic law to Berlin is still subject to certain restrictions. The West Berlin representatives in the Bundestag and Bundesrat have, therefore, only a consultative status.

"The special status of Berlin means that in practice neither the agreements on the termination of the occupation regime (in the Western Zones of occupation), nor the Western European treaty nor the soldier's law can be applied to the city, which remains under a mitigated occupation statute and Four Power control, though in practice this has not been exercised for years."

It is worth noting that the East German regime has military units stationed in East Berlin, in violation of the Four Power agreements. Since Berlin is an occupied territory, the Western Powers have not permitted West German (German Federal Republic) troops to enter West Berlin.

In summary, it must be said that the occupation of Berlin continues according to a Four Power agreement which cannot be unilaterally terminated. Rather than seeking for an exact legal precedent, let us concede that we have here a unique situation—an occupation "sui generis"—but an occupation nevertheless.

2. The right of access to Berlin by the Western Powers through and over the Soviet Zone of occupation was taken for granted after the German surrender as is indicated by the following:

(a) Message, President Truman to the heads of Governments of the other Three Powers, June 14, 1945, with reference to withdrawal of American troops from Soviet Zone, and arrangements for "simultaneous movements of national garrisons into Greater Berlin and provision for free access by air, road, and rail from Frankfurt and Bremen for U.S. forces."

(b) Reply by Premier Stalin, June 18, 1945, "On our part all necessary measures will be taken in accordance with the above-stated plan."

(c) It should be noted that at this time Russian forces occupied all of Berlin, while American and British forces were well over 100 miles into Soviet Zone of occupation.

3. This right of access to Berlin was spelled out in clear and unmistakable terms both as to routes and free passage, in the following manner:

(a) Upon instructions, General Clay (United States), General Meeks (United Kingdom), and Marshal Zhukov (U.S.S.R.), met on June 29, 1945, and worked out the arrangements as to specific air, rail, and motor routes of entry into Berlin for the Western Powers. These agreements were not formalized as written treaties.

(b) These rights of access were reaffirmed by the Four Powers in various subordinate agreements by such agencies as the Coordinating Committee (Allied Control Council's top working level committee), and the special committees appointed to deal with each kind of transportation.

4. The illegal Soviet blockade of the Western Powers' routes of access by motor, rail, and water was ended under the New York Four Power Agreement of May 4, 1949:

"All the restrictions imposed since March 1, 1948, by the Government of the Union of Soviet Socialist Republics on communications, transportation, and trade between Berlin and the Western Zones of Germany and between the Eastern Zone and the Western Zones will be removed on May 12, 1949."

This was followed by the Paris communique, June 20, 1949, of the Four Power Ministers, which acknowledged the Western Powers' right of access, and made mandatory the resumption of normal communications between the Western Zones and Berlin, and between the sectors in Berlin. This communique included the following paragraph:

"The Governments of France, the Union of Soviet Socialist Republics, the United Kingdom, and the United States agree that the New York agreement of May 4, 1949, shall be maintained. Moreover, in order to promote further the aims set forth in the preceding paragraphs and in order to improve and supplement this and other arrangements and agreements as regards the movement of persons and goods and communications between the Eastern Zone and the Western Zones and between the zones and Berlin and also in regard to transit, the occupation authorities, each in his own zone, will have an obligation to take the measures necessary to insure the normal functioning and utilization of rail, water, and road transport for such movement of persons and goods and such communications by post, telephone, and telegraph."

5. The latest Soviet claim is that the Western Powers have violated the agreement that their air corridors were to be used to carry only troops and officials of these countries. The following facts refute this claim:

(a) No such restrictions as to type of passenger, nationality thereof, or cargo were included in the original agreements as to these routes of access.

(b) The agreement of November 30, 1945, approved by the Allied Control Council, reaffirmed the three flight corridors, 20 miles in width, from the West to Berlin, as previously arranged for on June 29, 1945. Rather than the restrictive terms now claimed by the Soviets, this agreement contained the following language:

"Flights over these routes will be conducted without previous notice being given by aircraft of the nations governing Germany."

(c) In 1947, in a memorandum filed with the Berlin Air Safety Center, jointly operated by the Four Powers, the Russians used precisely the same language as quoted above when referring to the Western Powers' right of air access.

(d) This unrestricted right of air access has been confirmed by its exercise for over 16 years by the Western Powers.

6. There is no legal basis for the U.S.S.R.'s attempts to repeal these rights by unilateral denunciation, since these rights are based on multilateral agreements with no termination date. Nor can the Soviet Union transfer its purported control over these rights to a third party. The East German regime cannot acquire legal powers in the Soviet Zone or Berlin sector which the Soviets themselves have no authority to give.

7. The U.S.S.R. makes the general claim that the treaties and agreements heretofore cited are no longer valid. It argues that East Germany and East Berlin have been administered as separate governmental units for 16 years, and thus present circumstances as compared with those of 1945 are materially changed. The Soviet Union therefore claims to be free to make a peace treaty with the East German regime, recognizing it as sovereign and at that point vesting it with full governmental authority over the whole of its territory, including West Berlin which is physically within this territory.

(a) Its contention is that the international law doctrine of "clausula rebus sic stantibus" is now applicable. It would be more accurate to refer to the latter as a legal maxim rather than a doctrine, for it has neither been defined by an international tribunal nor by a treaty between states. There is no one definition upon which a majority of jurists agree. Nevertheless, most students of international law would find acceptable the following definition: "Obligations of a treaty terminate when a change occurs in those circumstances which existed at the time of the conclusion of the treaty, and whose continuance formed, according to the intention or wills of the parties, a condition of the continuing validity of the treaty" (citing Chesney Hill, in Herbert Briggs' "The Law of Nations," 2d ed., pp. 917–918).

(b) As to the Soviet resort to this doctrine in the present situation, it should be noted that there is nothing in international law allowing for a unilateral application thereof in order to terminate a treaty:

"It remains true that customarily international law lays down the rule that a party who seeks release from a treaty on the ground of a change of circumstances has no right to terminate the treaty unilaterally, and that recognition that the doctrine is applicable must be obtained either from the parties to the treaty or from some competent international authority" (citing Hill in Briggs, ibid.).

"The principle is well established that one party to a treaty does not have the right to terminate its treaty obligations unilaterally merely on the grounds that it believes that the doctrine 'rebus sic stantibus' is applicable to the treaty" (citing Harvard Research in Briggs, ibid., p. 918).

(c) It is interesting to note as well that for many years Soviet jurists have rejected the doctrine of "rebus sic stantibus" as undermining the more basic concept of "pacta sunt servanda" (cf. R. Schlesinger, "Soviet Legal Theory"; W. W. Kulski, "Soviet Comments on International Law," 46 American Journal of International Law 719, 1952; Julius Stone, "Legal Controls of International Conflict," p. 62).

(d) It cannot be denied that the Soviet Union bears the responsibility for the conditions which so far have made unification of Germany or Berlin by free, democratic processes impossible. The doctrine of "rebus sic stantibus" cannot be invoked against the occupation agreements by the very nation which has made the aims of the same agreements impossible of achievement.

(e) Lapse of time in itself does not affect the Four Power agreements, for no terminal point as to the occupation was set forth in such agreements, nor need there be one so long as the purposes of the occupation are not yet fully accomplished.

(f) If conditions have changed, the goals of the occupation have not, and indeed, it would seem even more necessary today that Berlin be occupied. Regardless of illegal changes made by the Soviet Union there remains as well the need of access to support the occupation. Occupation and free access to Berlin, and between the sectors of Berlin, have a legal basis grounded in the Four Power agreements to aid in the establishment of a united, democratic Germany.

8. Based upon all of these commitments, the contentions of the Western Powers fall into focus, giving a sound legal basis to their present position. The Western Powers seek to carry out the commitments as to the joint administration of all Berlin, East and West alike, with a special status for the Four Powers in Berlin until the unification of Germany has been achieved. In the absence of free elections, the U.S.S.R. cannot reasonably claim that the reunification of Germany has now become so impossible as to no longer remain an attainable condition.

9. Legal analysis still leaves open the problem of what can be considered negotiable between the Four Powers within this frame of reference. First, the freedom and independence of West Berlin is not negotiable. Secondly, access to West Germany for the Three Powers in Berlin must be secure; it must also include access for those who live and work there.

But given a genuine will to negotiate successfully on the part of the Soviet Union, there are some alternatives. In this regard it is not enough to deal with Berlin and the question of German unification which is, of course, directly involved and the question of peace treaties with the two Germanys, but these discussions should be extended to other matters, including the Communist position in south and southeast Asia where there is growing pressure upon Vietnam and where the Lao situation is not yet settled; and including even the situation with regard to the negotiations for a nuclear test ban and for disarmament; and also the Communist pressures exercised upon the whole free world, for example, in Latin America, through Cuba and Castro and the very active Communist activity among the new nations of Africa. In short, if the area of discussion among the Foreign Ministers is to be widened to include many other problems which are causing the present buildup of tension in addition to Berlin and the German crisis, there is more elbowroom for negotiations among the parties.

Now this is not to say that there is not an area for negotiation in respect to Berlin and Germany as well. It may be possible to negotiate on the size of the Western garrison needed to maintain the allied presence in Berlin. No one would argue seriously that the forces now committed there are strong enough to defend the city against a massive Communist assault, and since they are therefore primarily a token of allied rights in Berlin, the character and size of the token to be present could be a subject of negotiation. It might perhaps be possible even to include troops from small neutral countries with those of the Allied and Soviet Powers. A source of friction could be removed by employing the United Nations to monitor the allied access corridors between West Berlin and West Germany and for other duties of the same kind.

There are also many questions of economic relations between West and East Germany that are negotiable. There are monetary matters; there are matter of workers moving from East Berlin to West Berlin. All of these can certainly be discussed.

Resort to the United Nations should be had only if negotiations become deadlocked and a threat to peace arises as a result. The Security Council can take up this threat to peace and may be able to keep discussions going. If a resolution is decided on by the West in spite of the likely Soviet veto, further steps can be taken in the General Assembly. While there is little likelihood that an imposed solution can be acceptable, the General Assembly can help to preserve the status quo in Berlin.

BILL PASSED OVER

The bill (H.R. 7482) to amend the Life Insurance Act of the District of Columbia approved June 19, 1934, as amended, was announced as next in order.

Mr. FONG. Mr. President, over.

The PRESIDING OFFICER. The bill will be passed over.

ADDITIONAL DISTRICT OF COLUMBIA JUDGES FOR JUVENILE COURT

The bill (S. 486) to provide for the appointment of two additional judges for the juvenile court of the District of Columbia was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. BIBLE. Mr. President, reserving the right to object—and I shall certainly not object—the bill is most important proposed legislation. The bill has been before the Senate a number of times. The juvenile delinquency problem in the District of Columbia is a critical one and is growing worse hour by hour. We have done our level best to add additional judicial manpower to the court system in the District of Columbia.

A bill on this subject has passed in the House of Representatives. I hope by the passage of the pending bill, we can look forward to a conference in order to reconcile the differences between the two Houses, with the objective in mind that, having more judges, we shall be able to try to reduce a backlog of approximately 2,000 cases as of today. I certainly hope that through the passage of the bill we can get to conference and resolve the problem that has stayed with us too long.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. BIBLE. Mr. President, I have no objection.

The bill (S. 486) was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 19 of the Juvenile Court Act of the District of Columbia, approved June 1, 1938, as amended (D.C. Code, sec. 11–920), is amended to read as follows:

"APPOINTMENT, QUALIFICATIONS, OATHS, AND SALARY OF JUDGES

"SEC. 19. (a) The juvenile court of the District of Columbia shall consist of three judges learned in the law and appointed by the President, by and with the advice and consent of the Senate. Each judge appointed after the date of the enactment of this subsection shall serve for a term of ten years or until his successor is appointed and qualified.

"(b) To be eligible for appointment as judge of the juvenile court a person must

(1) have been a member of the bar of the District of Columbia for a period of five years preceding his appointment, (2) during a period of ten years immediately preceding his appointment, have been a resident of the District of Columbia or of the metropolitan area of the District for at least five years, of which not less than three years shall immediately precede his appointment, and (3) have a broad knowledge of social problems and procedures and an understanding of child psychology. For the purpose of this subsection the term 'metropolitan area of the District' means Montgomery and Prince Georges Counties in Maryland and Arlington and Fairfax Counties and the cities of Alexandria and Falls Church in Virginia. Each judge shall, before entering upon the duties of his office, take the oath prescribed for judges of the courts of the United States.

"(c) The President shall designate one of the judges to be the chief judge of the juvenile court. The chief judge shall be responsible for the administration of the court. During the temporary absence or disability of the chief judge, the associate judge of the juvenile court designated by the chief judge or acting chief judge of the United States District Court for the District of Columbia shall be responsible for the administration of the court. The salary of the chief judge shall be equal to the salary of the chief judge of the municipal court for the District of Columbia, and the salary of each associate judge shall be equal to the salary of an associate judge of the municipal court for the District of Columbia."

SEC. 2. The judge of the juvenile court of the District of Columbia who, on the date of the enactment of this Act, is occupying the position of judge created by the Juvenile Court Act of the District of Columbia, approved June 1, 1938, shall continue in office and shall be deemed to be occupying one of the three positions of judge provided for by section 19 of such Act, as amended by the first section of this Act, until the term for which he was appointed shall expire and his successor is duly appointed and qualified. Such judge shall be entitled to compensation in accordance with the provisions of section 19 of the Juvenile Court Act of the District of Columbia as amended by the first section of this Act.

SEC. 3. (a) Section 20 of the Juvenile Court Act of the District of Columbia is amended by striking out "death of the" and inserting in lieu thereof "death of any".

(b) Sections 3 and 27 of such Act are amended by striking the word "judge" wherever it appears therein and inserting in lieu thereof the word "judges".

(c) Sections 22 and 24 of such Act are amended by inserting the word "chief" immediately before the word "judge" wherever the same appears therein.

(d) Sections 5, 13, 26, and 36 of such Act are amended by striking out "the judge" wherever it appears in such sections and inserting in lieu thereof "a judge".

(e) Section 23 of such Act is amended (1) by striking from the second sentence "the judge" and inserting in lieu thereof "a judge"; and (2) by striking out "the judge as he may direct and keep full records of its work", and inserting in lieu thereof "the court as it may direct and such department shall keep full records of its work".

(f) Subsection (b) of section 28 of such Act is amended by striking out "The judge may also provide by rule or", and inserting in lieu thereof "The court may also provide by rule or a judge may provide by".

(g) Section 42 of such Act is amended by striking out "judge and other".

SEC. 4. Section 21 of the Juvenile Court Act of the District of Columbia is amended by striking the word "judge" and inserting in lieu thereof the word "court".

SEC. 5. The Juvenile Court Act of the District of Columbia is amended by adding at the end thereof the following new section:

"SEC. 45. The chief judge or the acting chief judge of the juvenile court shall submit to the Attorney General of the United States and to the President of the Board of Commissioners of the District of Columbia a detailed quarterly report of the work of the court, such report to be made within thirty days of the end of the quarter, and to include the number of juvenile and adult cases heard, the number of juvenile and adult cases calendared, the number of juvenile and adult complaints filed, the number of juvenile cases closed without court hearing, moneys collected for fines and support of legitimate and illegitimate family members, and such other information as may reflect the court's operation and volume of work. A copy of such report shall be kept in the office of the clerk of the court and be subject to public inspection during the regular hours that the court shall be open for business."

SEC. 6. Wherever in any laws of the United States reference is made to the judge of the juvenile court of the District of Columbia such reference shall be construed to mean any judge of such court.

Mr. BARTLETT. Mr. President, I ask that the call of the calendar be concluded with the bill last considered, because reports on the remaining bills came in too late for study.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

ESTABLISHING WHITE HOUSE AS NATIONAL MONUMENT

Mr. BARTLETT. Mr. President, I ask unanimous consent that the Senate return to the consideration of Calendar No. 791, Senate bill 2422, since the distinguished Senator from Nevada [Mr. BIBLE] is now present in the Chamber.

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

The LEGISLATIVE CLERK. A bill (S. 2422) to establish the White House as a national monument.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs, with an amendment, to strike out all after the enacting clause and insert:

That all of that portion of reservation numbered 1 in the city of Washington, District of Columbia, which is within the President's park enclosure, comprising eighteen and seven one-hundredths acres, shall continue to be known as the White House and shall be administered pursuant to the Act of August 25, 1916 (39 Stat. 535; 16 U.S.C. 1–3), and Acts supplementary thereto and amendatory thereof. In carrying out this Act primary attention shall be given to the preservation and interpretation of the museum character of the principal corridor on the ground floor and the principal public rooms on the first floor of the White House, but nothing done under this Act shall conflict with the administration of the Executive offices of the President or with the use and occupancy of the buildings and grounds as the home of the President and his family and for his official purposes.

SEC. 2. Articles of furniture, fixtures, and decorative objects of the White House, when declared by the President to be of historic or artistic interest, together with such similar articles, fixtures, and objects as are acquired by the White House in the future when similarly so declared, shall thereafter be considered to be inalienable and the property of the White House. Any such article, fixture, or object when not in use or on display in the White House shall be transferred by direction of the President as a loan to the Smithsonian Institution for its care, study, and storage or exhibition, and such articles, fixtures, and objects shall be returned to the White House from the Smithsonian Institution on notice by the President.

SEC. 3. Nothing in this Act shall alter any privileges, powers, or duties vested in the White House Police and the United States Secret Service, Treasury Department, by section 202 of title 3, United States Code, and section 3056 of title 18, United States Code.

The amendment was agreed to.

Mr. BIBLE. Mr. President, I offer an amendment to the title, which I send to the desk and ask to have stated.

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

Mr. BIBLE. I am happy to yield.

Mr. KEATING. What is involved in the establishment of the White House as a national monument? Are the words "national monument" words of art?

Mr. BIBLE. The amendment I have offered is directed to exactly that point. If the Senator from New York will permit the amendment to be read, I think it may answer the question he has in mind.

The PRESIDING OFFICER. Without objection, the amendment will be read.

The LEGISLATIVE CLERK. It is proposed to amend the title so as to read: "A bill concerning the White House and providing for the care and preservation of its historic and artistic contents".

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

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

Mr. BIBLE. I yield.

Mr. KEATING. I believe that the actual bill has another title. I have always thought of a national monument as something stodgy and dull—an edifice with pillars—which is certainly not in keeping with the spirit of the White House or the present occupants of the White House. We have the youngest first family in history. To make their surroundings a national monument would seem to me to be very unwise.

If Larry O'Brien wanted to call Senators, he would have to say he had "word from the President's national monument." Such a greeting, I am afraid, would not be in keeping with present practices and ideas.

Mr. BIBLE. Mr. President, for that reason we have offered an amendment to strike out all after the enacting clause and to insert new language, the effect of which would merely continue the White House as it is, to be administered pur-

suant to the National Park Act. It has no characteristics of a national monument. The particular section of the bill which is most important is section 2. The section provides:

SEC. 2. Articles of furniture, fixtures, and decorative objects of the White House, when declared by the President to be of historic or artistic interest, together with such similar articles, fixtures, and objects as are acquired by the White House in the future when similarly so declared, shall thereafter be considered to be inalienable and the property of the White House. Any such article, fixture, or object when not in use or on display in the White House shall be transferred by direction of the President as a loan to the Smithsonian Institution for its care, study, and storage or exhibition, and such articles, fixtures, and objects shall be returned to the White House from the Smithsonian Institution on notice by the President.

The question was raised in the committee that the White House should not be a national monument. The committee went along with the suggestion. I believe we have approximately 83 national monuments throughout the United States. We did not want to characterize the White House as one of them.

The bill is more or less of a bookkeeping provision. It provides that as the occupants of the White House change from presidential election to presidential election, tastes may vary and the desires of the various occupants may change. If they desire to remove furniture which is in the White House, they may do so, and the able Superintendent of the Smithsonian Institution, Mr. Carmichael, has agreed that such furniture can be consigned to his care and it will be left in the Smithsonian Institution for future generations to see.

The furniture that graced the White House during the terms of office of President Eisenhower, President Truman, President Roosevelt, President Kennedy, or whoever it might be, will always be available, but the designation of the White House as a national monument has been completely removed from the bill.

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

Mr. BIBLE. I yield.

Mr. KEATING. I think the suggestion is a constructive one. We are all familiar with the fine work that the present First Lady has done in embellishing the White House in accordance with her unusually good taste.

The White House has been enriched in meaning because of the dedication and good taste of its present occupants. It is gratifying to note that this splendid tradition is being carried on in most praiseworthy fashion by our present Chief Executive and the charming and talented First Lady. It has been a pleasure to learn of the First Lady's warm personal concern with the decorating of the White House and with the preservation of the time-mellowed symbols and attributes of our national past.

Mr. President, I am very happy to have been assured that from now on when we call the White House we shall not receive the answer, "President's National Monument." I certainly think that the amendment would make a great improvement in the bill.

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

Mr. BIBLE. I yield.

Mr. BARTLETT. In addition, we now have the assurance of the Senator from Nevada that in the future furniture will be placed on loan with the Smithsonian.

Mr. HOLLAND. Mr. President, I wonder if the Senator from Nevada will yield for a question?

Mr. BIBLE. I am delighted to yield to my distinguished friend.

Mr. HOLLAND. I wonder if the bill would preclude such practices as have prevailed in the past, under which such items as, for example, the Dolly Madison mirror and numerous chandeliers and other objects of art have been transferred from the White House to the Senate wing of the Capitol and presumably to the House wing also?

Mr. BIBLE. I think the bill would not preclude such practices.

I think the procedure would be under the exclusive jurisdiction of the occupant of the White House, whoever he might be. The bill merely provides a logical repository for many of the great items that are in the White House through different administrations. I see nothing in the bill that would preclude what the Senator from Florida has suggested.

Mr. HOLLAND. In other words, if an item were about to be marked for elimination from the White House which either the Senate or the House of Representatives would want to have in the Capitol, if that course were agreeable to the occupant of the White House at that time, arrangements could be worked out to make the desired transfer without the item coming under the provisions of the proposed legislation?

Mr. BIBLE. I would think so.

Mr. HOLLAND. I thank the Senator.

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

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

TRANSFER OF U.S. VESSEL "ALASKA" TO STATE OF CALIFORNIA

Mr. MORSE. Mr. President, I ask unanimous consent that the Senate return to the consideration of Calendar No. 813, H.R. 3788.

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

The LEGISLATIVE CLERK. A bill (H.R. 3788) 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.

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

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

Mr. MORSE. I wish to make a few comments on the bill.

I am at a loss to understand the explanation of Calendar 813, H.R. 3788, which the Department of the Interior has made. A letter from Kenneth Holum, Assistant Secretary of the Interior, states:

In 1956, the vessel was no longer required for our research purposes and was declared to be in excess of our needs. Thereafter, the General Services Administration authorized disposal of the vessel as surplus to the needs of the Government. Bids were solicited for sale of the vessel; however, no sale was consummated at that time.

I understand, therefore, that bids were received by the General Services Administration, but they did not think the bids were sufficient, and therefore no sale was consummated.

Notice what happened then:

The State of California requested that the *Alaska* be made available to it on an indefinite loan basis. In the circumstances, that request was approved and the vessel has remained in use by the State since that time.

Mr. President, that is a remarkable transaction. I think we had better find out by what authority any department proceeds to loan out Federal property to a State or to anyone else for use by that State or any other recipient as property of all the taxpayers of this country with apparently no rental and no compensation to be received by the Federal taxpayers.

Notice what happened then:

We believe the value of the *Alaska*, as a fishing boat, probably would not exceed $25,000. We are advised, however, that the State has expended $195,000 for alteration and conversion of the craft as a biological research vessel.

That is very interesting. By what authority did the General Services Administration proceed to let the State of California spend $195,000 on a piece of Federal property without any transfer of title of that property to the State of California, with the State of California investing all that money in the vessel, without even introducing a bill in Congress to give the vessel to the State? Yet the State spent $195,000 on the vessel.

I do not like the procedure. I do not like anything about this procedure. I want a full and detailed explanation from the General Services Administration and from the Department of the Interior with regard to this procedure. If we once allow this precedent to be established, if we once allow this procedure to be followed on the part of the General Services Administration and the Department of the Interior, we will open the gates for this kind of procedure which is not in the interest of the taxpayers of the country.

There are a great many State fishery and wildlife departments who would like to be the recipient of this kind of handout. If we are going to start this with California, let us see what we can do for the benefit of fishery and wildlife departments of other States, too.

I object to the bill being considered on the calendar until I get a full explanation from both the General Services Administration and the Department of the Interior, telling me by what procedure and by what law the vessel was turned over to the State of California and by what right this course of action was followed.

It would be very easy to get approval for this kind of transfer. It would be very easy, if they are going to spend $195,000, to pay 50 percent of the appraised fair market value of the vessel, which is all that the Morse formula calls for. That would amount to $12,500.

MARKETING OF PERISHABLE AGRICULTURAL COMMODITIES

Mr. BARTLETT. Mr. President, I ask that the Senate proceed to the consideration of Order No. 726, S. 1037.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1037) to amend the provisions of the Perishable Agricultural Commodities Act of 1930, relating to practices in the marketing of perishable agricultural commodities.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection the Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry with amendments.

Mr. HOLLAND. Mr. President, this item was cleared yesterday not only with the two Senators who had previously objected to its passage, but also with the calendar committees on both sides of the aisle, and with the leadership on both sides of the aisle. The item was agreed upon as one that should be brought up today. I know of no objection. That does not mean, of course, that a Senator may not have objection to it at this time.

The bill relates to the Perishable Agricultural Commodities Act which was passed in 1930, to give much better protection to farmers throughout the country producing and marketing perishable commodities than they had theretofore.

I shall not expand that subject. I believe everyone knows that there was a time in the remote past, before the passage of the act, when some commission merchants and others did not fairly treat the producers of highly perishable commodities.

That day has gone forever since the passage and administration of the Perishable Agricultural Commodities Act. However, various imperfections have been discovered in the administration of the act which call for modernization and minor amendments. The bill as unanimously reported by the Committee on Agriculture and Forestry attempts to correct various small deficiencies and to modernize the act.

I ask unanimous consent to have printed in the RECORD at this point an explanation of the provisions of the bill, and I shall be very happy to go into any of them if any Senator wishes to ask me about any of them.

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

STATEMENT BY SENATOR HOLLAND

This bill contains a number of amendments to the Perishable Agricultural Commodities Act, 1930. The Perishable Agricultural Commodities Act is designed to suppress unfair and fraudulent practices in the marketing of fruits and vegetables. Under it commission merchants, dealers, and brokers are licensed; required to keep accurate accounts of their transactions; and prohibited from fraudulent accounting, unjustifiable rejections, failure to deliver, misbranding, and other improper practices. For violation of the act, their licenses may be revoked or suspended, or reparation orders may be issued against them requiring them to pay such amounts as may be necessary to fulfill their obligations. The cost of administering the act is borne out of license fees.

Since 1930, the act has been very successful in regulating the fresh fruit and vegetable industry. Experience under the act has, however, disclosed some minor inequities which should be corrected, and it is the purpose of this bill to do so. For instance, a person who might be ineligible for employment by a licensee might nevertheless be eligible to obtain a license himself. Again, a person whose license was revoked for certain misconduct might be ineligible for employment by another licensee, while another person guilty of the same conduct and guilty of the further violation of not obtaining a license would not be so ineligible. Another example of an imperfection in the existing law is the lack of uniformity with respect to the periods of license ineligibility. A person whose license has been revoked for a flagrant violation of the act can at present be relicensed after the expiration of 1 year, while a person who has merely failed to pay a reparation award, no matter how small the amount, cannot be relicensed for a period of 2 years. The bill would correct these and similar situations dealing with the eligibility of a person for a license or the eligibility of a person for employment by a licensee.

In addition, the bill would also (1) increase the annual license fee from $25 to $50, except in the case of retailers; (2) regulate the use of trade names by licensees to prevent deception; (3) limit the cases in which an opportunity for an oral hearing must be provided to those involving in excess of $1,500; (4) clarify and strengthen the provisions relating to appeal bonds; (5) defer license suspensions until all appeals have ended; and (6) provide for the use of appropriated funds instead of license fees to carry out the unrelated Export Apple and Pear Act.

The bill has been developed through a series of industry meetings over a period of several years and has the general approval of the industry as well as the Department of Agriculture. Hearings were conducted by the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices. At the hearings an amendment was proposed to expand the already nearly complete exemption of retail grocers. The committee felt that any further expansion of this exemption would not be wise and would lessen the effectiveness of the act. However, the committee has recommended an amendment to prevent any increase in the license fee charged retail dealers.

Mr. HOLLAND. When the calendar was called some time ago the Senator from Tennessee [Mr. KEFAUVER] and the Senator from Oklahoma [Mr. MONRONEY] objected to the passage of the bill, so that they might look into it. I did not understand that they had any fundamental objections whatever to the bill. Since that time the Senator from Tennessee has advised me that he has no objections whatever, and has authorized me to so state to the Senate. The Senator from Oklahoma made the same statement to me, except for suggesting a minor amendment, which is thoroughly agreeable to me, and which I send forward at this time on behalf of the Senator from Oklahoma.

I know of no objection whatever to the bill. It is certainly to the interest of all the producers of perishable commodities. I may say that this is the first time in a long, long time when we found every one of the national agricultural organizations coming before our committee to support the enactment of the bill, without any objection whatever, and without any exception. I believe that facts should speak rather loudly for the enactment of the bill.

The PRESIDING OFFICER. The first committee amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 13, after the figure "$50", to insert "and, for a person buying perishable agricultural commodities solely for sale at retail, such fee shall not exceed $25".

Mr. HOLLAND. Mr. President, I call up the amendment offered to the committee amendment by the Senator from Oklahoma [Mr. MONRONEY], who is necessarily absent on official business, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 14, after the word "retail", to insert ", and for a person who is subject to the Act solely because of his operations as a broker of frozen fruits and vegetables,".

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. MONRONEY] to the committee amendment.

The amendment to the amendment was agreed to.

The committee amendment, as amended, was agreed to.

The LEGISLATIVE CLERK. On page 4, line 15, after the word "and", it is proposed to insert the words "opportunity for".

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first section of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499a), is amended by adding at the end thereof the following new paragraphs:

"(9) The term 'responsibly connected' means affiliated or connected with a commission merchant, dealer, or broker as (A) partner in a partnership, or (B) officer, director, or holder of more than 10 per centum of the outstanding stock of a corporation or association;

"(10) The terms 'employ' and 'employment' mean any affiliation of any person with the business operations of a licensee, with or wihout compensation, including ownership or self-employment."

SEC. 2. The third sentence of section (3)b of such Act (7 U.S.C. 499c(b)) is amended to read as follows: "Upon the filing of the application, and annually thereafter, the applicant shall pay such fee as the Secretary determines necessary to meet the reasonably anticipated expenses for administering this Act and the Act to prevent the destruction or dumping of farm produce, approved March 3, 1927 (7 U.S.C. 491–497), but in no event shall such fee exceed $50 and, for a person buying perishable agricultural commodities solely for sale at retail, and for a person who is subject to the Act solely because of his operation as a broker of frozen fruits and vegetables, such fee shall not exceed $25. Such fee, when collected, shall be deposited in the Treasury of the United States as a special fund, without fiscal year limitation, to be designated as the 'Perishable Agricultural Commodities Act Fund', which shall be available for all expenses necessary to the administration of this Act and the Act approved March 3, 1927, referred to above: *Provided,* That financial statements prescribed by the Director of the Bureau of the Budget for the last completed fiscal year, and as estimated for the current and ensuing fiscal years, shall be included in the budget as submitted to the Congress annually. The Secretary shall give public notice of any increase to be made in the annual fee prescribed by him hereunder and shall allow a reasonable time prior to the effective date of such increase for interested persons to file their views on or objections to such increase."

SEC. 3. Section 3 of such Act (7 U.S.C. 499c) is further amended by adding at the end thereof the following new subsection:

"(c) A licensee may conduct business in more than one trade name or change the name under which business is conducted without requiring an additional or new license. The Secretary may disapprove the use of a trade name if, in his opinion, the use of the trade name by the licensee would be deceptive, misleading, or confusing to the trade, and the Secretary may, after notice and opportunity for a hearing, suspend for a period not to exceed ninety days the license of any licensee who continues to use a trade name which the Secretary has disapproved for use by such licensee. The Secretary may refuse to issue a license to an applicant if he finds that the trade name in which the applicant proposes to do business would be deceptive, misleading, or confusing to the trade if used by such applicant."

SEC. 4. Section 4(a) of such Act (7 U.S.C. 499d(a)) is amended by inserting before the period at the end thereof ": *And provided further,* That the license of any licensee shall terminate upon said licensee, or in case the licensee is a partnership, any partner, being discharged as a bankrupt".

SEC. 5. Section 4(b) of such Act (7 U.S.C. 499d(b)) is amended to read as follows:

"(b) The Secretary shall refuse to issue a license to an applicant if he finds that the applicant, or any person responsibly connected with the applicant, is a person who, or is or was responsibly connected with a person who—

"(A) has had his license revoked under the provisions of section 8 within two years prior to the date of the application or whose license is currently under suspension;

"(B) within two years prior to the date of application has been found after notice and opportunity for hearing to have committed any flagrant or repeated violation of section 2, but this provision shall not apply to any case in which the license of the person found to have committed such violation was suspended and the suspension period has expired or is not in effect;

"(C) within two years prior to the date of the application, has been found guilty in a Federal court of having violated the provisions of the Act of March 3, 1927 (7 U.S.C. 491–497), relating to the prevention of destruction and dumping of farm produce; or

"(D) has failed, except in the case of bankruptcy and subject to his right of appeal under section 7(c), to pay any reparation order issued against him within two years prior to the date of the application."

SEC. 6. Section 4(c) of such Act (7 U.S.C. 499d(c)) is amended to read as follows:

"(c) Any applicant ineligible for a license by reason of the provisions of subsection (b) of this section may, upon the expiration of the two-year period applicable to him, be issued a license by the Secretary if such applicant furnishes a surety bond in the form and amount satisfactory to the Secretary as assurance that his business will be conducted in accordance with this Act and that he will pay all reparation orders which may be issued against him in connection with transactions occurring within four years following the issuance of the license, subject to his right of appeal under section 7(c). In the event such applicant does not furnish such a surety bond, the Secretary shall not issue a license to him until three years have elapsed after the date of the applicable order of the Secretary or decision of the court on appeal. If the surety bond so furnished is terminated for any reason without the approval of the Secretary the license shall be automatically canceled as of the date of such termination and no new license shall be issued to such person during the four-year period without a new surety bond covering the remainder of such period. The Secretary, based on changes in the nature and volume of business conducted by a bonded licensee, may require an increase or authorize a reduction in the amount of the bond. A bonded licensee who is notified by the Secretary to provide a bond in an increased amount shall do so within a reasonable time to be specified by the Secretary, and upon failure of the licensee to provide such bond his license shall be automatically suspended until such bond is provided."

SEC. 7. Subsections (c) and (d) of section 6 of such Act (7 U.S.C. 499f) are amended by striking out "$500" each place it appears and inserting in lieu thereof "$1,500".

SEC. 8. Section 7(c) of such Act (7 U.S.C. 499g(c)) is amended by striking the second sentence thereof and substituting therefor the following: "Such appeal shall be perfected by the filing with the clerk of said court a notice of appeal, together with a petition in duplicate which shall recite prior proceedings before the Secretary and shall state the grounds upon which petitioner relies to defeat the right of the adverse party to recover the damages claimed, with proof of service thereof upon the adverse party. Such appeal shall not be effective unless within thirty days from and after the date of the reparation order the appellant also files with the clerk a bond in double the amount of the reparation awarded against the appellant conditioned upon the payment of the judgment entered by the court, plus interest and costs, including a reasonable attorney's fee for the appellee, if the appellee shall prevail. Such bond shall be in the form of cash, negotiable securities having a market value at least equivalent to the amount of bond prescribed, or the undertaking of a surety company on the approved list of sureties issued by the Treasury Department of the United States."

SEC. 9. Section 7(d) of such Act (7 U.S.C. 499g(d)) is amended by striking the proviso at the end of the section and substituting therefor the following: "*Provided,* That if on the appeal the appellee prevails or if the appeal is dismissed the automatic suspension of license shall become effective at the expiration of thirty days from the date of the judgment on the appeal, but if the judgment is stayed by a court of competent jurisdiction the suspension shall become effective ten days after the expiration of such stay, unless prior thereto the judgment of the court has been satisfied."

SEC. 10. Section 8(b) of such Act (7 U.S.C. 499h(b)) is amended to read as follows:

"(b) Except with the approval of the Secretary, no licensee shall employ any person, or any person who is or has been responsibly connected with any person—

"(1) whose license has been revoked or is currently suspended by order of the Secretary;

"(2) who has been found after notice and opportunity for hearing to have committed any flagrant or repeated violation of section 2, but this provision shall not apply to any case in which the license of the person found to have committed such violation was suspended and the suspension period has expired or is not in effect; or

"(3) against whom there is an unpaid reparation award issued within two years, subject to his right of appeal under section 7(c).

The Secretary may approve such employment at any time following nonpayment of a reparation award, or after one year following the revocation or finding of flagrant or repeated violation of section 2, if the licensee furnishes and maintains a surety bond in form and amount satisfactory to the Secretary as assurance that such licensee's business will be conducted in accordance with this Act and that the licensee will pay all reparation awards, subject to its right of appeal under section 7(c), which may be issued against it in connection with transactions occurring within four years following the approval. The Secretary may approve employment without a surety bond after the expiration of two years from the effective date of the applicable disciplinary order. The Secretary, based on changes in the nature and volume of business conducted by the licensee, may require an increase or authorize a reduction in the amount of the bond. A licensee who is notified by the Secretary to provide a bond in an increased amount shall do so within a reasonable time to be specified by the Secretary, and if the licensee fails to do so the approval of employment shall automatically terminate. The Secretary may, after thirty days' notice and an opportunity for a hearing, suspend or revoke the license of any licensee who, after the date given in such notice, continues to employ any person in violation of this section."

SEC. 11. The Act of June 10, 1933 (48 Stat. 123; 7 U.S.C. 581–589), popularly known as the Export Apple and Pear Act, is amended by adding at the end thereof a new section as follows:

"SEC. 10. There are hereby authorized to be appropriated such sums as may be necessary for the administration of this Act."

AGE 62 REDUCED ANNUITIES OF RAILROAD RETIREMENT ACT

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 819, S. 2395.

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

The LEGISLATIVE CLERK. A bill (S. 2395) to amend the Railroad Retirement Act of 1937 to provide reduced annuities to male employees who have attained age 62, 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 amendments on page 2, after line 10, to insert a new section, as follows:

SEC. 3. Section 5(1)(1) of the Railroad Retirement Act of 1937 is amended by inserting before the semicolon at the end thereof the following: ". Where a woman has qualified for an annuity under this section as a widow, and marries another employee who dies within one year after the marriage, she shall not be disqualified for an annuity under this section as the widow of the second employee by reason of not having been married to the employee for one year".

And, in line 19, to change the section number from "3" to "4"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2(a)3 of the Railroad Retirement Act of 1937 is amended to read as follows:

"3. Men who will have attained the age of sixty and will have completed thirty years of service, or individuals who will have attained the age of sixty-two and will have completed less than thirty years of service, but the annuity of such men or such individuals shall be reduced by 1/180 for each calendar month that he or she is under age sixty-five when the annuity begins to accrue."

SEC. 2. Section 2(f) of the Railroad Retirement Act of 1937 is amended by striking "three years" and inserting in lieu thereof "one year" and by inserting after the word "filed" where it first appears the following: ", or in the month prior to her or his marriage to such annuitant or pensioner was eligible for an annuity under subsection (a) or (d) of section 5 of this Act or, on the basis of disability, under subsection (c) thereof".

SEC. 3. Section 5(1)(1) of the Railroad Retirement Act of 1937 is amended by inserting before the semicolon at the end thereof the following: ". Where a woman has qualified for an annuity under this section as a widow, and marries another employee who dies within one year after the marriage, she shall not be disqualified for an annuity under this section as the widow of the second employee by reason of not having been married to the employee for one year".

SEC. 4. The amendments made by this Act shall be effective with respect to annuities beginning to accrue in calendar months after the calendar month of enactment thereof.

Mr. BURDICK. Mr. President, the purpose of the bill is to permit persons eligible to receive benefits under the Railroad Retirement Act to have substantially the same benefits as those who receive benefits under the social security system. The bill permits workers who have not had 30 years of service to qualify for annuities at age 62. It also provides for benefits for spouses and widows and widowers. The principal change in that regard is that it permits a wife to be eligible for benefits after 1 year of marriage instead of 3 years.

Mr. President, I ask unanimous consent to have a statement of the purpose of the bill printed at this point in the RECORD.

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

The principal purpose of the bill is to permit, under the Railroad Retirement Act, men (not entitled to full annuities on the basis of disability) who do not have 30 years of creditable service to qualify for and receive an annuity after attainment of age 62, which would be reduced on an actuarial basis to compensate for the qualification before age 65. This would conform to the provisions of subsections (a) and (q) of section 202 of the Social Security Act, added by the 1961 amendments to that act (Public Law 87–64), under which men who have at least the minimum of service needed to qualify for old-age benefits may after attainment of age 62 obtain old-age benefits on a reduced basis. Women already had the right under the Social Security Act and now have it under the Railroad Retirement Act.

The second purpose is to reduce from 3 years to 1 year the time which must elapse after marriage before any wife or husband who is otherwise eligible for a spouse's annuity can qualify for such an annuity, and to enable wives or husbands who in the month before marriage were eligible for a widow's, widower's, parent's, or a child's annuity which is based on disability, to receive a spouse's annuity immediately upon marriage if then otherwise eligible and, if not, as soon as eligibility otherwise is obtained. This would also conform with similar rights which the Social Security Act affords through provisions which were incorporated into subsection (b) and (f) of section 216 of that act by the 1958 amendments (Public Law 85–840) and the 1960 amendments (Public Law 86–778).

In addition, the bill would also cause women who had qualified for an annuity under the Railroad Retirement Act as a widow before their marriage not to be disqualified for an annuity as the widow of the new husband if he dies within 1 year of the marriage.

GENERAL CONSIDERATIONS

The following is quoted from pages 5 and 6 of House Report No. 216, the report of the Committee on Ways and Means, House of Representatives, to accompany H.R. 6027 (which was enacted as Public Law 87–64, the Social Security Amendments of 1961):

"The provision of benefits at age 62 for men will help to alleviate the hardships faced by that group of men who, because of ill health, technological unemployment, or other reasons, find it impossible to continue working until they reach 65. It is well known that older workers who lose their jobs find it more difficult to get new jobs than do younger unemployed workers. The plight of the older unemployed man is particularly bad. It is, of course, worse during periods of recession and in areas of chronic unemployment. Even with relatively high employment there will always be individuals nearing age 65 who will lose their jobs and find it impossible to get new ones. Adoption of this amendment will make the program, to which these people have made contributions over the years in expectation of receiving benefits when they are too old to work, flexible enough to provide a degree of protection for them when they find themselves unable to get work because of conditions beyond their control when they are getting along in years, even though they have not reached the age of 65.

"Provisions for optional retirement before age 65 are quite common in private pension plans. A study of the pension programs of 230 companies, made by the Bankers Trust Co. of New York in 1960, showed that among the collectively bargained plans 96 percent permitted early retirement and among the noncollectively bargained plans 88 percent permitted early retirement. In another 1960 study (by the Bureau of Labor Statistics) it was found that early retirement provisions were included in 224 of the 300 plans studied (75 percent), and covered about 3 million of the 4.6 million workers who were members of these plans (12 of these plans covering about 350,000 workers provided early retirement for women only). Moreover, it appears that the number of plans providing for optional early retirement is increasing; in a comparable 1952 study (by the Bureau of Labor Statistics) only 166 of the 300 plans which were included had early retirement provisions."

The same considerations which were applicable to the liberalization of the Social Security Act in respect of the time relative to marriage at which a wife's or husband's benefit may begin are applicable to the amendment provided in section 2 of the bill as to the time relative to marriage at which a spouse's annuity may begin.

A widow who had qualified for an annuity as such loses the annuity when she marries. The bill by preventing her disqualification for annuity as the widow of the new husband if he dies within a year of the marriage would protect her against the loss of rights to annuity which she would have otherwise except for the marriage and early death of the new husband.

SECTIONAL EXPLANATION OF THE BILL

Section 1. Reduced annuities for men: Section 1 of the bill would revise section 2(a)(3) of the Railroad Retirement Act so that men as well as women can obtained a reduced annuity after attainment of age 62 even though they do not have 30 years of creditable service. The reduction would be by one one-hundred-and-eightieth for each calendar month that the applicant is under age 65 when the annuity begins to accrue. This is the same basis by which retirement annuities and spouse's annuities now provided by the act for individuals who are not eligible for those annuities in the full amount are reduced.

The requirement of at least 10 years of service for eligibility for any retirement annuity would remain unchanged, as would the right of a woman with 30 years of service to obtain a full annuity at age 60, and the right of any individual to obtain a full annuity before age 65 on the basis of disability.

Section 2. Liberalization of time requirement for spouse's annuity: Section 2 of the bill would amend section 2(f) of the Railroad Retirement Act, which defines the term "spouse," so as to reduce from 3 years to 1 year the maximum time which must elapse after marriage before any wife or husband can qualify for and receive a spouse's annuity; and so as to enable a wife or husband who in the month before her or his marriage was eligible for a widow's, widower's, or parent's annuity, under subsections (a) or (d), or a child's disability annuity under subsection (c), of section 5 of the Railroad Retirement Act, to qualify for and receive a spouse's annuity beginning in the month of marriage if she or he had then attained the age of eligibility and is otherwise eligible, or immediately upon meeting the eligibility requirements.

For example, if a woman or man who was eligible for such an annuity in January marries an annuitant age 65 or over in February of the same year, she, or he, if age 62 in February, could, if otherwise qualified, receive a reduced spouse's annuity beginning in February. If in such a case in January she or he was only age 61 but attained age 62 in June of the same year, she or he could receive a reduced spouse's annuity beginning in June if then otherwise qualified. The same example would apply in the case of a full spouse's annuity if the spouse was age

65 in February or June. The amendment would affect only the time after marriage at which a spouse's annuity could begin. It would not alter the age of eligibility for a spouse's annuity or the other eligibility and qualifying conditions. The right of a wife or husband who is the parent of the annuitant's or pensioner's son or daughter to receive an annuity immediately, without the elapse of any time, following marriage would remain unchanged.

Section 3. Removal of widow's disqualification: Section 3 of the bill would amend section 5(1)(1) of the Railroad Retirement Act which prescribes the qualifications for a widow by adding a sentence thereto which would save a widow who had qualified for an annuity as such before a new marriage from being disqualified for annuity as the widow of her new husband if he dies within a year of the marriage.

Section 4. Effective date: Section 4 of the bill would make the amendments applicable to annuities beginning to accrue in months following the month in which the act is enacted.

COSTS OF THE BILL

The costs of the amendments provided by section 1 of the bill to permit men without 30 years of service to receive reduced annuities upon attainment of age 62 are estimated to be about 0.04 percent of taxable payroll (assumed to be $4.3 billion a year) or about $2 million a year on a level basis.

As of the end of 1959, there were about 10,000 employees in the 62 to 64 age group with 10 to 29 years of service who had withdrawn from the railroad industry. How many of these people will apply for reduced annuities is hard to predict. The 1956–58 experience on withdrawals in this employeee category was as follows: 850 withdrawals in 1956; 1,100 in 1957; and 1,300 in 1958. Except for those among them who died before 1960, these employees are included in the 10,000 figure previously cited.

The following is an estimate of the effect on the first year of the provisions for reduced annuities for men after age 62 who have less than 30 years of service:

Number to be awarded reduced annuity	5,000
Average reduced annuity on an annual basis	$1,000
Total to be paid in year	$5,000,000

Of the $5 million, an undetermined amount will be reimbursable under the financial interchange provisions of section 5(k)(2) of the Railroad Retirement Act, although not in the same year.

The costs of the amendments provided by section 2 of the bill respecting the time relative to marriage at which a spouse's annuity could be payable would be insignificant. The reduction from 3 years to 1 year in the maximum time which must elapse after marriage before a spouse's annuity can be paid would extend eligibility to a very small group of persons who have been denied spouse's annuities because they have been married less than 3 years.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

SMALL BUSINESS INVESTMENT ACT OF 1958

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar 782, S. 902.

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

The LEGISLATIVE CLERK. A bill (S. 902) to amend the Small Business Act of 1958, 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 Banking and Currency with an amendment to strike out all after the enacting clause and insert:

That this Act may be cited as the "Small Business Investment Act Amendments of 1961".

SEC. 2. As used in this Act, unless otherwise indicated, references to "the Act" are to the Small Business Investment Act of 1958, as amended.

SEC. 3. Section 103 of the Act is amended—

(1) by striking out paragraph (3) and inserting in lieu thereof the following:

"(3) the terms 'small business investment company', 'company' and 'licensee' mean a small business investment company organized and chartered under State law for the sole purpose of performing the functions and conducting the activities contemplated under title III and which has the approval of the Administrator, pursuant to section 309 of this Act, to operate under the provisions of this Act;"; and

(2) by striking out "and" at the end of paragraph (5), by striking out the period at the end of paragraph (6) and inserting in lieu thereof "; and", and by adding at the end of such section a new paragraph as follows:

"(7) the term 'license' means a permit granted by the Administrator to operate under the provisions of this Act."

SEC. 4. The text of section 202(b) of the Act is amended to read as follows: "There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act."

SEC. 5. Section 302(a) of the Act is amended by striking out the second sentence and inserting in lieu thereof the following: "In order to facilitate the formation and growth of small business investment companies, the Administration is hereby authorized, notwithstanding any other provisions of law, to purchase the debentures of any such company in an amount not to exceed the lesser of $300,000 or the amount of the capital and surplus of the small business investment company from other sources."

SEC. 6. Section 302(b) of the Act is amended by striking out "1 percent" and inserting in lieu thereof "3 percent".

SEC. 7. Section 303(b) of the Act is amended by adding at the end thereof the following: "No loan under this subsection shall be made if the total amount outstanding and committed to the borrower under this subsection would exceed $3,000,000."

SEC. 8. Section 304 of the Act is amended by adding at the end thereof the following subsection:

"(d) Equity capital provided to incorporated small business concerns under this section may be provided directly or in cooperation with other investors, incorporated or unincorporated, through agreements to participate on an immediate basis."

SEC. 9. Section 305(b) of the Act is amended by striking out the phrase "other lending institutions" and inserting in lieu thereof the following: "other lenders, incorporated or unincorporated,".

SEC. 10. Section 306 of the Act is amended by striking out the matter following the word "exceed" and inserting in lieu thereof the following: "(1) 20 per centum of the combined capital and surplus of such small business investment company authorized by this Act, or (2) $500,000, whichever is the lesser."

SEC. 11. (a) The text of section 308(a) of the Act is amended to read as follows: "Wherever practicable the operations of a small business investment company, including the generation of business, may be undertaken in cooperation with banks or other investors or lenders, incorporated or unincorporated, and any servicing or initial investigation required for loans or acquisitions of securities by the company under the provisions of this Act may be handled through such banks or other investors or lenders on a fee basis. Any small business investment company may receive fees for services rendered to such banks or other investors or lenders."

(b) Section 308 of the Act is amended by striking out subsection (e) and by redesignating subsections (f) and (g) as (e) and (f) respectively.

SEC. 12. Title III of the Act is amended by adding at the end thereof the following new sections:

"SUSPENSION OF LICENSES; CEASE AND DESIST ORDERS

"SEC. 310. (a) A license may be suspended by the Administration—

"(1) for false statements knowingly made in any written statement required under this title, or under any regulation issued thereunder by the Administration, for the purpose of obtaining the license;

"(2) if any written statement required under this title, or under any regulation issued thereunder by the Administrator, for the purpose of obtaining the license, fails to state a material fact necessary in order to make the statement not misleading in the light of the circumstances under which the statement was made;

"(3) for willful or repeated violation of, or willful or repeated failure to observe, any provision of this Act;

"(4) for willful or repeated violation of, or willful or repeated failure to observe, any rule or regulation of the Administration authorized by this Act; or

"(5) for violation of, or failure to observe, any cease and desist order issued by the Administration under this section.

"(b) Where a licensee has not complied with any one or more of the provisions of this Act, or of the regulations issued thereunder by the Administration, the Administration may order such licensee to cease and desist from such action or failure to act. The Administration may further order such licensee to take such action or to refrain from such action as the Administration deems necessary to insure compliance with the Act and the regulations. The Administration may also suspend the license of such licensee until the licensee has complied with such order.

"(c) Before suspending a license pursuant to subsection (a) of this section, or issuing a cease and desist order pursuant to subsection (b) of this section, the Administration shall serve upon the licensee involved an order to show cause why an order revoking the license or a cease and desist order should not be issued. Any such order to show cause shall contain a statement of the matters of fact and law asserted by the Administration and the legal authority and jurisdiction under which a hearing is to be held, and shall inform the licensee that a hearing will be held before the Administration at a time and place stated in the order. If after hearing or a waiver thereof the Administration determines on the record that an order suspending the license or a cease and desist order should issue, it shall promptly issue such order, which must include a statement of the findings of the Administration and the grounds and reasons therefor and specify the effective date of the order, and shall cause the same to be served on said licensee.

"(d) The Administration shall have the power upon its own motion or the motion of any party to require by subpena the attendance and testimony of witnesses and the production of all books, papers, and documents relating to the hearing from any place in the United States. Witnesses summoned before the Administration shall be paid by the party at whose instance they were called the same fees and mileage that are paid witnesses in the courts of the United States. In case of disobedience to a subpena, the Administration, or any party to a proceeding before the Administration, may invoke the aid of any court of the United States in requiring attendance and testimony of witnesses and the production of books, papers, and documents.

"(e) An order issued by the Administration under this section shall be final and conclusive unless within thirty days after the service thereof the licensee appeals to the United States court of appeals for the circuit in which such licensee has its principal place of business by filing with the clerk of such court a petition praying that the Administration's order be set aside or modified in the manner stated in the petition. After the expiration of said thirty days, a petition may be filed only by leave of court on a showing of reasonable grounds for failure to file the petition theretofore. The clerk of the court shall immediately cause a copy of the petition to be delivered to the Administration, and the Administration shall thereupon certify and file in the court a transcript of the record, if any, upon which the order complained of was entered. If before such record is filed the Administration amends or sets aside its order, in whole or in part, the petitioner may amend the petition within such time as the court may determine, on notice to the Administration. The filing of a petition for review shall not of itself stay or suspend the operation of the order of the Administration, but the court in its discretion may restrain or suspend, in whole or in part, the operation of the order pending the final hearing and determination of the petition. The proceedings in such cases shall be made a preferred cause and shall be expedited in every way. The court may affirm, modify, or set aside the order of the Administration. If the court determines that the just and proper disposition of the case requires the taking of additional evidence, the court shall order the Administration to reopen the hearing for the taking of such evidence in such manner and upon such terms and conditions as the court may deem proper. The Administration may modify its findings as to the facts, or make new findings, by reason of the additional evidence so taken, and it shall file its modified or new findings and amendments, if any, of its order with the record of such additional evidence. No objection to an order of the Administration shall be considered by the court unless such objection shall have been urged before the Administration or, if it was not so urged, unless there were reasonable grounds for failure to do so. The judgment and decree of the court affirming, modifying, or setting aside any such order of the Administration shall be subject only to review by the Supreme Court of the United States upon certification or certiorari as provided in section 1254 of title 28 of the United States Code.

"(f) If any licensee against whom an order is issued under this section fails to obey the order, the Administration may apply to the United States court of appeals within the circuit where the licensee has its principal place of business for the enforcement of the order, and shall file a transcript of the record upon which the order complained of was entered. Upon the filing of the application the court shall cause notice thereof to be served on the licensee. The evidence to be considered, the procedure to be followed, and the jurisdiction of the court shall be the same as provided in subsection (e) of this section for applications to set aside or modify orders. The proceedings in such cases shall be made a preferred cause and shall be expedited in every way.

"INVESTIGATIONS

"SEC. 311. The Administration may make such investigations as it deems necessary to determine whether a licensee or any other person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this Act, or of any regulation thereunder, or of any order issued under this Act. The Administration shall permit any person to file with it a statement in writing, under oath or otherwise as the Administration shall determine, as to all the facts and circumstances concerning the matter to be investigated. For the purpose of any investigation, the Administration is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents which are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in any State. In case of contumacy by, or refusal to obey a subpena issued to, any person, including a licensee, the Administration may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents. The court may issue an order requiring such person to appear before the Administration, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found.

"INJUNCTIONS AND OTHER ORDERS

"SEC. 312. (a) Whenever in the judgment of the Administration a licensee or any other person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this Act, or of any regulation thereunder, or of any order issued under this Act, the Administration may make application to the proper district court of the United States or a United States court of any place subject to the jurisdiction of the United States for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, or regulation, and such courts shall have jurisdiction of such actions and, upon a showing by the Administration that such licensee or other person has engaged or is about to engage in any such acts or practices, a permanent or temporary injunction, restraining order, or other order, shall be granted without bond. The proceedings in such a case shall be made a preferred cause and shall be expedited in every way.

"(b) In any such proceeding the court as a court of equity may, to such extent as it deems necessary, take exclusive jurisdiction of the licensee or licensees and the assets thereof wherever located, and the court shall have jurisdiction in any such proceeding to appoint a trustee or receiver to hold or administer under the direction of the court the assets so possessed."

SEC. 13. Section 502 of the Act is amended—

(1) by striking out "$250,000" in paragraph (3) and inserting in lieu thereof "$350,000"; and

(2) by striking out "ten," where it first appears in paragraph (5), and inserting in lieu thereof "twenty-five."

Mr. MANSFIELD. Mr. President, I offer a conforming amendment to the committee amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 8, line 12, it is proposed to strike out "revoking" and insert in lieu thereof "suspending".

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

The amendment to the amendment was agreed to.

Mr. PROXMIRE. Mr. President, S. 902, a bill to amend the Small Business Investment Company Act of 1958, was introduced on February 9, 1961, by Senator SPARKMAN, for himself and other members of the Select Committee on Small Business. Hearings were held on July 31 and August 2, 1961, by the Subcommittee on Small Business of the Senate Banking and Currency Committee, of which I am chairman. The bill was reported, with amendments, to the Senate on August 28, 1961.

The Small Business Investment Company Act of 1958 established a program to facilitate the formation of an entirely new type of company, licensed by the Small Business Administration, and regulated by that agency. The act authorized the Small Business Administration to license privately owned small business investment companies for the purpose of providing equity capital and long-term loans to small business concerns. Under the provisions of the act, each SBIC must have a minimum initial paid in capital and surplus of $300,000. The SBA was authorized, however, to purchase from the company up to $150,000 of subordinated debentures, which amount can be considered as part of the required initial capital. Also the SBA was authorized to make loans to SBIC's to a maximum of 50 percent of the paid in capital and surplus, which may include the capital investment by SBA in the form of subordinated debentures.

The SBIC's under the present law may supply funds to small businesses in two ways: First, by investing in stock or other equity securities of the small business concern, and second, by direct term loans for periods up to 20 years, with possible extensions of the time.

The act also authorized the SBA to make loans to any State development company in an amount not exceeding the amount borrowed by the company from all other sources. It also provided for secured loans to both State and local development companies for site acquisition and plant construction, where the proceeds of the loan will assist an identifiable small business concern.

S. 902 makes three principal changes in this SBIC program. First, it encourages increased capitalization of SBIC's, by raising the amount of capital SBA may invest in an SBIC, on a matching

basis from $150,000 to $300,000, and by raising the limit on such investments, generally applicable to commercial banks, from 1 percent, as permitted by the present law, to 3 percent.

Second, it would fix a $3 million limit on the amount of operating loans SBA may make to any one SBIC. There is no dollar limit in the present law, although such loans are limited to 50 percent of the SBIC's capital and surplus, and this 50 percent would be retained in the law.

SBA has indicated that its policy is not to grant loans under section 303 of the act unless there are no funds available from private sources. In its regulations, published in the Federal Register for August 31 of this year, the SBA states that private funds are considered unavailable when the appropriate certificate submitted to SBA so indicates. The certificate submitted by an SBIC includes a statement that the money sought was not otherwise available. Perhaps this might be clarified to include the statement that no funds were otherwise available, even on an SBA standby takeout commitment. I know that other Senators and I were impressed with the description of SBA's procedure for standby takeout commitments. In essence, SBA stands ready to loan money to an SBIC when the lender of prior privately loaned money calls it in.

The bill would also limit the amount that an SBIC can provide to a single small business concern. It limits this amount to either 20 percent of the SBIC's capital and surplus, or $500,000, whichever is the lesser. Upon application, the SBA may permit a larger amount.

Third, the bill would strengthen the hand of the SBA in regulating SBIC's by authorizing certain administrative procedures for suspending an SBIC's license, or issuing a cease or desist order, or authorizing judicial proceedings to take control of the assets of an SBIC where it is necessary.

The committee approved enforcement provisions for SBA with mixed feelings. On the one hand it recognized the clear need for SBA to have flexible authority to deal with licensees who either violate the law or SBA regulations. On the other hand, however, the committee recognized that giving to one man, the SBA Administrator, the power to suspend an SBA license was an extremely broad delegation of power, including as it would a prohibition against the extension of further loans; an acceleration in the repayment schedule of loans owed to SBA; the loss of the privileges of an SBIC, including the privilege to borrow from SBA; and the possible loss of substantial income tax benefits that accrue to SBIC's and their shareholders.

The committee amended the language of section 302 of the SBI Act to include "growth" as a reason for which subordinated debentures of an SBIC might be purchased. However, consonant with the rationale for this act, I would hope that SBA would give preference to new SBIC's, rather than to increase the funds available for the extant corporations.

S. 902 would increase the limit of SBA loans under section 502 of the act to State and local development companies from $250,000 for each identifiable small business concern assisted to $350,000, and by raising the maximum maturity on such loans from 10 years to 25 years.

The bill would also permit private investors to participate with SBIC's in providing equity and long-term loans to small business concerns.

The bill would provide other technical amendments to the act.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 902) was ordered to be engrossed for a third reading, was read the third time, and passed.

HELP FOR RAILROADS

Mr. KEATING. Mr. President, those of us who have been struggling to find some kind of relief for the hard-pressed railroad industry in the United States have been greatly encouraged by two developments that have occurred during the past few days.

First of all, the Interstate Commerce Commission issued a report calling for direct Federal assistance to maintain essential railroad passenger service.

This proposal would be very costly to the Government, and of course the Congress is going to have to study it carefully before deciding whether or not to put it into effect. The very fact that the proposal has been made is, however, heartening evidence that responsible officials in the Government have finally been alerted to the seriousness of this situation.

The critical nature of the railroad problem was brought clearly before the Nation by the recent bankruptcy of the New Haven Railroad. In the weeks preceding that bankruptcy, other Senators and myself sought desperately to find some means that the Federal Government might intercede to help save this vital element in the transportation system of New York and New England. However, the New Haven went under, and is now going through a painful reorganization, which all of us still hope will prevent the reduction of its needed passenger service.

In spite of our failure to save the New Haven from bankruptcy, perhaps our efforts helped to convince the ICC and other Federal officials that some means to save the railroads must be found. Newspaper articles and editorials inserted into the RECORD at the time of the New Haven crisis made clear that other railroads are hovering on the edge of similar financial difficulties.

If we do not take action in the very near future, there is no doubt that the passenger railroad service in the East will be thrown into absolute chaos. This could lead to pressure for nationalization of the railroads, a dangerous recourse that I am sure all of us wish to avoid, if possible.

Neither Federal funds nor Federal action, however, provide the entire answer. We must have vigorous efforts on the State and local levels if our vast network of commuter railroads is to be saved.

It therefore gave me great satisfaction that on the same day the ICC made public its report, the Governors of New York, New Jersey, and Connecticut set up a Tristate Transportation Committee for the Metropolitan Area of New York City. This committee was directed not only to find means to rescue the commuter railroad service, but also to explore the problems of motor traffic, air travel, and freight transportation.

Governor Nelson Rockefeller of New York, who initiated the talks that led to the establishment of this committee, made it clear that this will be an "action agency" rather than just another study group. We can expect that this committee will be a key instrument in solving the transportation problems of the world's greatest metropolitan region.

I was particularly pleased by a remark made by Governor Rockefeller at the time the new committee was announced. Explaining that the State and local governments must take primary responsibility for transit problems, he said:

> We can't just throw up our hands and run to Washington.

Surely this is the attitude that provides the basis for solution to the problems of mass population centers without the loss of freedom and our republican institutions. The Federal Government has its role to play in solving these problems, but if we were to rely on it entirely, we may be certain that would mean the end of self-government in the United States.

I commend Governor Rockefeller and his fellow Governors in Connecticut and New Jersey. They have shown us that State government has the hardiness and the determination to attack the problems of modern society. We at the Federal level should respond by backing up their efforts.

The problem of the railroads will not be solved in a few weeks or a few months. But if we all work together, I am confident that we will find some means to maintain effective free enterprise in this important segment of American transportation.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an editorial published in the New York Times of August 31 and an article written by Don Ross and published in the New York Herald Tribune of the same date, both on the subject of the new hope which has been held out to the railroads.

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

[From the New York Times, Aug. 31, 1961]

RAIL RESCUE IN SIGHT

The congressional battle ahead cannot be minimized, but the Interstate Commerce Commission recommendation yesterday of direct Federal subsidies to help the railroads maintain essential passenger services may very well prove to be a landmark in the long struggle for official recognition of a national, and especially metropolitan, problem.

Occurring as it did on the very day the Governors of New York, New Jersey, and Connecticut were meeting to explore and effectuate a tristate approach to regional transportation improvement, the Federal action brightens immeasurably the prospect for a beneficial partnership of three levels of government. New York City and the metropolitan regional council representing county and local government in the three States are active and interested parties to betterment of rail service.

Government awakened slowly to its responsibility for saving this sick industry. It subsidized competitors, air, sea, and land. It submitted the railroads to overly exacting regulation, including the double jeopardy of Federal and State supervision. It overtaxed them, sometimes for public improvements that contributed to decline of rail travel, a form of compulsory suicide. It treated the railroads as a monopoly to be feared, when they had already become a fallen contestant deserving only pity.

So perhaps we are now emerging from contradictions of the past, and are ready to construct consistent governmental policy. The ICC says: "A nation that is serious about propelling a man to the moon should be able to solve the mundane problem of moving its citizens dependably and comfortably some 50 miles or less from home to work without multiplying ribbons of concrete and asphalt that would strangle the central cities they are supposed to serve."

But it is not enough merely to rescue the railroads, or what is left of them. Without modernization, expansion, coordination, and vast improvement by imaginative planning the railroads will not recapture the passenger who has taken to the highways or prevent further desertion of customers. If we are to meet the challenge of the future, as the Interstate Commerce Commission suggests, the preservation of status quo will be a meager victory.

[From the New York Herald Tribune, Aug. 31, 1961]

TRISTATE GOVERNORS VOW TO SOLVE TRANSIT MESS

(By Don Ross)

The Governors of New York, New Jersey, and Connecticut announced the appointment yesterday of a tristate transportation committee. They promised that it will not be just another study committee but will come up with a program of action to solve the metropolitan region's massive transportation problems, including those of commuters.

Announcement of the committee, which includes official representatives from the three States and New York City, was made by the Governors—Rockefeller of New York, Robert B. Meyner of New Jersey, and John N. Dempsey of Connecticut—at a press conference in Mr. Rockefeller's office, 22 West 55th Street. The Governors had previously met privately for an hour and a half.

NEW COMMITTEE MEETS

The new committee held its first meeting in Mr. Rockefeller's office immediately after the press conference. Among other things, it will presumably look into the feasibility of establishing a tristate transportation agency to supervise the operation of the region's commuter railroads. The metropolitan regional council, composed of the region's top elected officials, has long been in favor of establishing such an agency. Mayor Wagner, chairman of the MRC, yesterday expressed his approval of the Governors' action.

The committee's first report, the Governors said, is expected November 1. The Governors said that Federal participation in the study will be sought and that representatives of the Federal Bureau of Roads and of the Federal Housing and Home Agency will be invited to become members of the committee. The committee's work is expected to be financed "primarily from Federal and State funds," the Governors said.

LOCAL OFFICIALS INVITED

Local officials of the three States will be invited to consult and work with the committee, it was said and public and private agencies in the metropolitan region will be asked for their cooperation and support.

The Governors declined to get down to details about the problems that the committee will look into. "Instead of just talking about the problems we'd like to be able to say 'here is the problem and here's the solution'," Governor Rockefeller said: "We don't want to raise a problem and then have it kicked around in the press for a couple of weeks. The public gets discouraged."

"We're all tired of study committees," Governor Dempsey said. "I'm willing to go back to my State and tell the people that we will get action this time."

Reporters at the press conference brought up the point that cooperation between New York and New Jersey lately has been less than perfect. Would the two States be able to cooperate in working out transportation solutions?

Among the current points of friction between the two States are New Jersey's new commuter income tax, which is intended to siphon some $50 million annually from the New York State treasury. New York is resisting this. The New York Legislature has passed bills empowering the Port of New York Authority to buy and operate the bankrupt Hudson & Manhattan Railroad (the Hudson tubes) and build a $335 million World Trade Center in lower Manhattan. New since the port authority is a bistate agency. But many New Jersey legislators, viewing the World Trade Center as of benefit mostly to New York and not to New Jersey are against it.

"This region will not grow and develop by furtherance of provincial views," Governor Meyner said. "Bob and I are working together to advance projects that will benefit both sides," Governor Rockefeller said.

Mr. Meyner, a Democrat, will retire as Governor in November. Mr. Rockefeller, a Republican, is expected to run again next year. Mr. Dempsey, a Democrat, is also expected to run in 1962.

In their reported statement announcing the formation of the committee, the Governors said that the following were illustrative of the studies to be undertaken by it:

1. Analysis of the economic and financial resources available to support a coordinated transportation system.

TRANSIT ANALYSIS

2. Analysis of railroad and highway passenger transportation as to adequacy and compatibility as parts of an integrated regional transportation network.

3. Analysis of freight movements by rail, highway, water, and air looking toward a flexible, efficient system that can contribute positively to the region's economic development.

4. Analysis of the region's airport needs, including short-haul taxi service, intermediate ranges and intercontinental requirements.

5. Forecasting the impact of any proposed transportation plans on land use patterns in the region.

6. Evaluation of methods, including technological developments, for improving the service and economics of mass transit.

7. Study of methods and machinery to insure continuing intergovernmental cooperation on the region's transportation matters.

The members of the tristate transportation committee are:

For New York State: William J. Ronan, secretary to Mr. Rockefeller; J. Burch McMorran, superintendent of public works; Arne C. Wiprud, director of office of transportation; and George A. Dudley, director of office of regional development.

For New York City: James Felt, chairman of the planning commission.

JERSEY MEMBERS

For New Jersey: Dwight R. G. Palmer, highway commissioner; Otto H. Fritzsche, highway engineer; Herbert A. Thomas, Jr., director, State division of railroads; and Matt Adams, commissioner of conservation and economic development.

For Connecticut: Carl Lalumia, executive aid to Governor Dempsey; Howard Ives, highway commissioner; Eugene S. Loughlin, chairman, public utilities commission; and Graham Treadway, chairman, Connecticut Development Commission.

An announcement from Mr. Rockefeller's office late yesterday said that the committee, at a 4-hour meeting, had elected William J. Ronan, the Governor's secretary, as its chairman. The committee will hold a meeting in Washington September 18 with representatives of the Federal Bureau of Public Works and of the Federal Housing and Home Finance Agency.

ACTION PRAISED

The Governors' action drew praise yesterday from the Regional Plan Association, a private planning group. C. McKim Norton, its executive vice president, said:

"The Governors' agreement creates machinery for tristate action which the association has urged for several years. This new regional approach opens the way for solutions tailored to the needs of the whole tristate region including its older central cities and mushrooming suburbs. For the first time under chief executive leadership all forms of transportation will be analyzed to create a balanced system of moving goods and people. We can now anticipate that necessary measures will fit into a comprehensive, long-range and permanent regional transportation plan."

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, regardless of the unanimous-consent agreement entered into, the Senator from Delaware [Mr. WILLIAMS] be recognized for 5 minutes, and that the Senator from Ohio [Mr. YOUNG] be recognized for 5 minutes thereafter.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

PROPOSED AMENDMENT OF CIVIL SERVICE RETIREMENT ACT

Mr. WILLIAMS of Delaware. Mr. President, on July 10 the Senate passed S. 739, the purpose of which is to amend the Civil Service Retirement Act, as

amended, with respect to the method of computing interest earnings of special Treasury issues held by the civil service retirement and disability fund. There appeared to be no objection to this provision as approved by the Senate.

On August 16 the bill was reported to the House, but with a significant amendment. It subsequently was passed by the House of Representatives, with this amendment to the Civil Service Retirement Act the purpose of which appears to be to give substantially increased benefits to Members of Congress and employees of Members of Congress.

I have not had time to examine fully the bill and all its implications. However, I have examined it enough to know that there will be opposition to any conference report which is brought before the Senate embracing these provisions. I so serve notice at this time.

I understand the Committee on Post Office and Civil Service is holding hearings this morning on this amendment which was adopted by the House. I regret that I shall not be able to attend the hearing; however, I have notified the chairman of the subcommittee that there will be opposition to this provision. It is indefensible that we should even consider extending to ourselves and our employees such unwarranted benefits. It is recognized that to extend similar benefits to the other employees would bankrupt the whole retirement fund.

I shall discuss the bill and its implications in greater detail at a later date, after I have had an opportunity to examine it more carefully. In the meantime, I quote sections 6, 7, and 8 of the bill, which provide these additional benefits for Members of Congress and our employees:

SEC. 6. The third sentence of section 6(f) of the Civil Service Retirement Act, as amended (5 U.S.C. 2256(f)), is amended to read as follows: "Any Member who completes twenty years of service, or who attains the age of fifty years and shall have served in nine Congresses, or who attains the age of fifty-five years and completes fifteen years of service (at least ten years of which is service as a Member), shall, upon separation from the service (other than by resignation or expulsion), be paid a reduced annuity computed as provided in section 9.".

SEC. 7. Section 6(d) of the Civil Service Retirement Act, as amended (5 U.S.C. 2256 (d)), is amended—

(1) by inserting "(1)" immediately following "(d)"; and

(2) by adding at the end thereof the following new paragraph:

"(2) Any congressional employee who completes twenty years of service shall, upon involuntary separation from service as a congressional employee not by removal for cause on charges of misconduct or delinquency, be paid a reduced annuity computed as provided in section 9.".

SEC. 8. (a) The first sentence of section 9(b) of the Civil Service Retirement Act, as amended (5 U.S.C. 2259(b)), is amended by inserting ", or former congressional employee," immediately following the words "congressional employee" where first appearing in such sentence.

(b) The second sentence of such section 9(b) is amended—

(1) by inserting ", or former congressional employee," immediately following the words "congressional employee" where first appearing in such sentence;

(2) by inserting the word "and" immediately following "service," at the end of clause (1) thereof; and

(3) by striking out ", and (3) has served as a congressional employee during the last eleven months of his civilian service".

Mr. LAUSCHE. Mr. President, I wish to join in the remarks made by the distinguished Senator from Delaware. The President of the United States, in several of his messages, called upon the people of the country to make sacrifices. He asked especially that we not indulge in programs which will accelerate the spiral of inflation.

As pointed out by the Senator from Delaware, we find that today Congress is contemplating the passage of a bill to increase the retirement benefits of Members of Congress and of congressional employees. I cannot bring myself to an understanding of how we in the Congress can ever call upon the citizenry to make sacrifices, when we disregard wantonly every principle which would make possible a course of conduct compatible with that recommended by the President. How can we turn down anyone's demands upon the Government when and if we vote, in these times, to increase our own retirement benefits?

If we are to follow a course which will be serviceable to our country, this is the time to place sacrifices upon ourselves, and then, realizing that we have done that, go to the people of the country and ask them to join with us.

I will stand foursquare with the Senator from Delaware in opposing this measure, which contemplates at this time increasing the retirement benefits of the Members of the U.S. Congress.

Mr. WILLIAMS of Delaware. Mr. President, I thank the Senator from Ohio for his support.

As one example of what the bill would do, it appears that it would extend to Members of Congress or to congressional employees immediate retirement benefits after 20 years of service if they were involuntarily separated from the service. This period is even reduced under certain circumstances. This would place a premium on having a congressional employee discharged after he has served 20 years—for that would make him eligible for larger retirement benefits than he otherwise would be eligible to receive—should he resign or get a letter of regret from his employer at the time of his departure.

A similar situation would exist in the case of the Members of Congress. We know that in most instances the Members of Congress are involuntarily separated from their jobs.

This bill would place the taxpayers in the position of having to pay a Member of Congress a bonus if he were defeated for reelection. How ridiculous can we get?

I wish to pay my respects to the Senator from Oklahoma [Mr. MONRONEY], a member of the Committee on Post Office and Civil Service, who ascertained the joker in the bill when it came to the Senate and insisted on having his committee examine the bill carefully and prepare a report on it. The Senator from Oklahoma has been most alert to this situation, and I desire to thank him and the other members of his committee for placing a red flag on this bill.

The House amendment should be defeated.

Mr. YOUNG of Ohio obtained the floor.

Mrs. NEUBERGER. Mr. President, will the Senator from Ohio yield briefly to me?

Mr. YOUNG of Ohio. I yield.

WATERED HAMS—NO WATER

Mrs. NEUBERGER. Mr. President, I should like to announce that I have just now received a call from the Department of Agriculture, which announces that it has rescinded the order in regard to the adulteration of hams.

I wish to commend the Secretary of Agriculture, Mr. Orville Freeman, and his Department for the watered ham decision announced today. It is certainly refreshing to note that the voice of the consumer, for so long a distant echo, has at last been heard in the offices where administrative decisions are made. While the return to waterless hams will not please some members of the meat industry, it will be signaled as a significant victory for the general public. If the ham is federally inspected, the shopper will once again be able to buy with confidence.

I believe the experience of holding public hearings around the country has been a valuable one for the Department of Agriculture. I trust the lesson has not been lost on the other Federal departments and agencies, for they have not been accustomed to hold hearings on consumer matters. From this experience the departments should have learned that the American consumer does not take lightly to being bypassed by administrative decree. The departments invariably justify their decisions as being in the public interest; yet too frequently they arrive at them with a minimum of public inquiry.

The new no-water-allowed provision is a step in the right direction to restore integrity to the marketplace. The large volume of mail that I and the Department of Agriculture have received in response to my testimony given at the Washington watered ham hearings on May 17, demonstrates the great need for a consumer's forum from which to plead for quality and fair treatment. Such a forum would be available through the establishment of the Senate Select Committee on Consumer Interests. I believe such a committee is needed; and I have submitted a resolution—Senate Resolution 115—which would make this possible.

I thank the Senator from Ohio very much for yielding to me.

Mr. YOUNG of Ohio. I have been happy to yield.

ANOTHER TAX DODGE

Mr. YOUNG of Ohio. Mr. President, American taxpayers should not be required to foot the bill for rumpus rooms and basement bars in dwellings, and

underground parking lots in commercial buildings under the guise of civil defense shelters.

Recently, there was introduced in the House of Representatives by a Member from my State of Ohio, proposed legislation which would permit income tax deductions for fallout shelters in private homes and business establishments.

If citizens wish to pay for shelters, that is their own business. The only conceivable responsibiilty that the Federal Government might have would be to make available to them information as to the various types of shelters that could possibly afford them and their families any protection. I have said repeatedly it is my belief that bomb shelters in basements and backyards will be of little use, if any, in a nuclear war.

To allow an income tax deduction at this time, when we are faced with the largest peacetime budget in our history, would be unconscionable. It would benefit only private homeowners and businessmen. For those who rent their homes or live in apartments it would be meaningless. It would be giving home and apartment owners a special privilege. To allow this measure to pass would be to open a tax loophole, for the benefit of a few, for which the great majority of American taxpayers would have to bear the burden. In this grim period of international anarchy we should be looking for ways to close present tax loopholes, instead of opening new ones.

A chain reaction has begun for those eager to clamber on the civil defense gravy train. Hundreds of contractors are now advertising fallout shelters, so-called, and enticing people who have no need whatsoever for them to go into debt in purchasing them. Members of Congress from wheatgrowing States are importuning department heads to use our wheat surplus to stock these shelters for 14 days. We may depend upon it that the corngrowers, the dairymen, and others will soon follow.

The enticing scent of honey has the civil defense opportunists swarming in droves toward the Treasury. Over $1 billion has already been wasted on civil defense in the past 10 or 11 years. Let us not open the door to a tax subterfuge for the benefit of the few, and cause further waste.

Mr. President, a recent editorial, entitled "Another Tax Dodge," was published in the Cleveland Press on August 26, 1961, and in the Columbus Citizen-Journal on August 28, 1961. Both of these great newspapers are members of the Scripps-Howard league, which for many years has been cognizant of the waste, inefficiency, and uselessness of civil defense, as it has been conducted since 1950. This cditorial points out the inequity of an income tax deduction for civil defense fallout shelters, so-called.

The editors of these two fine newspapers are once again to be commended for their service to the public in exposing this latest civil defense scheme. I commend this editorial to my colleagues, and ask unanimous consent that it be printed at this point in the RECORD, as part of my remarks.

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

[From the Cleveland Press, Aug. 26, 1961, and the Columbus Citizen-Journal, Aug. 28, 1961]

ANOTHER TAX DODGE

A loophole once was a small opening in the wall, through which the brave settlers shot at the noble redman, on the warpath. By a process of evolution it has come to mean a method to duck taxes. The latest proposed loophole is a plan to remit taxes on money spent for private air raid shelters. The Press hopes that Congress doesn't take it seriously.

Author of the scheme is Congressman WILLIAM E. MINSHALL, of Cleveland. Governor Rockefeller of New York has endorsed the general idea. Most articulate opponent is that longtime foe of civil defense boondoggling, Senator STEPHEN M. YOUNG, also of Cleveland. He anticipates homeowners would build rumpus rooms and businessmen underground garages, and call them air raid shelters.

Congressman MINSHALL, on the other hand, says people are building swimming pools and barbecue pits, instead of protecting themselves "against the awesome possibility of being incinerated like flies on a grill."

Shelters thus far suggested provide no protection whatever against incineration. The most that is claimed for them is defense against fallout, in areas remote from bomb blasts.

It is sound policy, in the opinion of this newspaper that U.S. citizens be permitted to build shelters and/or swimming pools to the extent they feel the need of either or both; but not out of taxes.

Federal tax legislation is so full of loopholes now that few are chosen to get stuck with the entire tab and many escape their fair share of the burden. Exemptions of this type get far away from the sound principle that taxes are meant to raise revenue, rather than to regulate the lives of the people.

Senator YOUNG has the right name for this one, "a raid on the Treasury in the name of civil defense."

IMPROVED COMMUNITY FACILITIES FOR HEALTH CARE OF AGED PERSONS

Mr. MANSFIELD. Mr. President, after consultation with interested Senators and the leadership on the minority side, I move that the Senate proceed to the consideration of Calendar No. 828, House bill 4998.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 4998) to assist in expanding and improving community facilities and services for the health care of aged and other persons, and for other purposes, which had been reported from the Committee on Labor and Public Welfare, with amendments, on page 2, line 3, after "$50,000,000", to strike out "for each such fiscal year"; in line 5, after the word "out", to strike out " "$3,000,000" " and insert " "an amount, not to exceed $3,000,000" "; in line 6 after the word "thereof", to strike out " "$5,000,000" " and insert " "such amount as may be necessary" "; in line 21, after the word "authority", to insert "or, where appropriate, the State mental health authority"; in line 22, after the word "reduce", to strike out "to" and insert "the"; on page 3, line 9, to strike out "agency"; in line 17, after "$10,000,000", to strike out "for each such fiscal year"; in line 24, after the word "year", to strike out "shall" and insert "may"; on page 6, line 9, after the word "year", to strike out "shall" and insert "may"; in line 22, after the word "of", to strike out "the cost of such project" and insert "so much of the cost of such facility or such equipment as the Surgeon General determines is reasonably attributable to experimental or demonstration purposes"; on page 7, at the beginning of line 7, to insert "There is hereby authorized to be appropriated not to exceed $10,000,000 for grants in any fiscal year for projects under this section"; on page 8, after line 8, to insert:

AMENDMENT TO DEFINITION OF REHABILITATION FACILITY

SEC. 5. Section 631(n) of the Public Health Service Act is amended to read as follows:

"(n) The term 'rehabilitation facility' means a facility which is operated for the primary purpose of assisting in the rehabilitation of disabled persons through an integrated program of—

"(1) medical evaluation and services, and

"(2) psychological, social, or vocational evaluation and services,

under competent professional supervision, and in the case of which—

"(3) the major portion of the required evaluation and services is furnished within the facility; and

"(4) either (A) the facility is operated in connection with a hospital, or (B) all medical and related health services are prescribed by, or are under the general direction of, persons licensed to practice medicine or surgery in the State."

On page 9, after line 4, to insert:

EXTENSION OF AUTHORIZATION FOR LOANS

SEC. 6. Section 661 of the Public Health Service Act is amended by striking out "prior to July 1, 1962" and inserting in lieu thereof "prior to July 1, 1964".

After line 8, to strike out:

(d) Effective July 1, 1963, the parenthetical phrase in the first sentence of section 433(a) of such Act which reads "(including grants-in-aid for drawing plans, erection of buildings, and acquisitions of land therefor)" is repealed.

After line 12, to insert:

SEC. 7. Section 433(a) of the Public Health Service Act is amended by striking out the parenthetical phrase "(including grants-in-aid for drawing plans, erection of buildings, and acquisition of land therefor)" and inserting in lieu thereof "(including, when in the judgment of the Surgeon General such action is necessary to provide for regional or national research needs, grants-in-aid for drawing plans, erection of buildings, and acquisition of land therefor)".

At the beginning of line 21, to strike out "(e)" and insert "Sec. 8. (a)"; in line 23, after the word "inserting", to strike out "six"." and insert "eight," and by striking out "$30,000,000" and inserting "$50,000,000"; on page 10, at the beginning of line 1, to strike out "(f)" and insert "(b)"; in line 3, to strike out "1962" and insert "1964"; after line 3, to insert:

(c) Section 706(a) of such Act is amended by striking out ", or in the case of a multipurpose facility," and inserting in lieu thereof "in the case of a facility which the Surgeon General determines is to be used for

research, or research and purposes related thereto (including research training), in the sciences related to health or, in the case of any other multipurpose facility,".

And, after line 10, to insert:

(d) Sections 704 and 705(c)(2) of such Act are each amended by inserting ", or research and related purposes," after research", wherever it appears therein. Section 705(e) of such Act is amended by inserting ", or research and related purposes," after "research" the first time it appears therein and inserting "or related purposes" after "research" the second time it appears therein. Section 707(b) of such Act is amended by inserting ", or research and related purposes," after "research purposes". Section 706 (a) of such Act is amended by striking out "facility for research" and inserting in lieu thereof "facility for research, or research and related purposes,". Section 708 of such Act is amended by inserting "or related purposes" after "research".

Mr. HILL. Mr. President, H.R. 4998, the proposed Community Health Services and Facilities Act of 1961, was unanimously reported by the Committee on Labor and Public Welfare. Its passage would greatly assist in expanding and improving community facilities and services for the health care of the aged and the chronically ill outside of hospitals.

The bill would continue or expand several existing grant-in-aid programs for specified time periods, and would create one new program in the Public Health Service.

The major objectives of the bill are as follows:

First, to increase from $30 million to $50 million, for the next 5 years, the annual authorization for grants and services to States, to assist them in developing public health programs to provide out-of-hospital health services to the aged and chronically ill;

Second, to authorize $10 million of appropriations in each of the next 5 years to finance project grants to develop new or improved methods of providing health services outside of hospitals, particularly for the chronically ill and aged;

Third, to amend the Hill-Burton hospital and medical facility construction program, to provide for four changes: (a) To increase from $10 million to $20 million per year the authorization for appropriations to assist in the construction of public and other nonprofit nursing homes; (b) to increase from $1.2 million to $10 million the annual authorization for appropriations for research projects related to the effective utilization and development of hospitals and other medical facilities and to expand the program to permit the paying of up to 66⅔ percent of the experimental construction costs of hospitals and other medical facilities; (c) to liberalize the eligibility criteria of rehabilitation centers by requiring that they provide medical services and either psychological, social, or vocational services to qualify for Federal construction assistance. Under existing law, all four of these categories of services must be provided; and (d) to extend the termination date of the loan program under the Hill-Burton hospital and medical facility construction program until June 30, 1964, when the grant program expires.

Fourth, to restrict the nonmatching program for the construction of health research facilities to projects that are of national or regional value.

Fifth, to extend for an additional 3 years the expiring matching program for the construction of health research facilities, with an increase in the authorization for appropriations from $30 million per year to $50 million per year.

The Committee on Labor and Public Welfare held hearings on S. 1071, H.R. 4998, and a related bill, S. 719, on August 3 and 4, 1961. During these hearings it received testimony from representatives of the Department of Health, Education, and Welfare; the vice president for medical affairs, University of Pennsylvania; the president-elect, American Association for the Advancement of Science; the Association of Schools of Public Health; the American Public Health Association; the Association of State and Territorial Health Officers; the American Hospital Association; the Rochester, Minn., Methodist Hospital and Mayo Clinic; the AFL–CIO; the American Optometric Association; and the American Podiatry Association.

All of these witnesses strongly supported the proposed legislation.

In addition, statements in support of this proposed legislation were submitted by the U.S. Conference of Mayors, the U.S. Conference of City Health Officers, the American Dental Association, the American Nurses Association, and many other interested organizations, officials, and individuals.

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

Mr. HILL. I yield to the majority leader.

Mr. MANSFIELD. I understand that the bill makes available $10 million for grants-in-aid for the construction of research or experimental projects relating to improving hospital design and function in order to provide better patient care and more economical hospital operation.

I will ask the chairman of the Committee on Labor and Public Welfare, who is handling this bill, and whose lifelong interest in the health of the Nation is well known. What types of projects does the committee contemplate would qualify for such grants?

Mr. HILL. Since very little controlled research has been done to determine how the structural design of a hospital facility may be related to improved patient care, more efficient utilization of personnel and the consequent reduction of the cost of care to the patient, the Surgeon General is directed by the bill to carefully evaluate the intended results of any project requesting construction funds in order to determine whether the project proposed is in fact for controlled scientific research, experiment, or demonstration. That is, the qualifying project must demonstrate its scientific nature, and the Surgeon General may determine its qualification by reference to such things as the proposed plans of design, the extent and results of any preliminary research, pilot test projects, professional reports, analyses, or recommendations. Matching funds could then be made available to assist in the construction of a total hospital facility or to assist in the construction of a part or parts of hospitals for the purposes of studying one or more specific areas.

Mr. MANSFIELD. I thank the distinguished chairman of the committee for the detailed answer he has given to the question.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

Mr. HILL. Mr. President, I ask unanimous consent that the committee amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, the committee amendments will be considered en bloc.

The question is on agreeing to the committee amendments en bloc.

The committee amendments were agreed to en bloc.

Mr. DIRKSEN. Mr. President, my understanding is that there was no controversy over the bill.

Mr. HILL. The Senator is correct. The bill was unanimously reported by the Committee on Labor and Public Welfare.

Mr. DIRKSEN. That was once my committee, the Senator will remember.

Mr. HILL. Yes. We were very proud to have the Senator from Illinois as a member of the committee, and we regretted it very much when he left.

Mr. DIRKSEN. I did not want to leave.

Mr. HILL. We shall be glad to have him back any time.

Mr. DIRKSEN. Circumstances forced me to leave.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

The bill (H.R. 4998) was passed.

AMENDMENT OF FEDERAL AIRPORT ACT

Mr. MANSFIELD. Mr. President, I assume the unfinished business, S. 1703, the bill to amend the Federal Airport Act, is now before the Senate.

The PRESIDING OFFICER. Consideration of the bill does not come before the Senate automatically prior to the expiration of the morning hour.

Mr. MANSFIELD. I ask unanimous consent that the unfinished business (S. 1703) be laid before the Senate.

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

The Senate resumed the consideration of the bill (S. 1703) to amend the Federal Airport Act so as to extend the time for making grants under the provisions of such act, and for other purposes.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to suggest the absence of a quorum, without the time being taken from either side.

The PRESIDING OFFICER. Without objection, it is so ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MONRONEY. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

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

Mr. MONRONEY. Mr. President, I yield myself 3 minutes on the bill.

At 4 minutes after 2 this morning, a TWA Constellation, en route from the East Coast, via Chicago, to Las Vegas and California, disappeared off the tower radar screen at Midway and crashed in a suburban area of Chicago. It, fortunately, struck open space, and, so far as we know, there were no ground casualties. The plane carried 71 or 72 passengers and a crew of 5.

I take this occasion, because of the lack of information at this time, since there apparently is no tape of the communication between the tower and the pilot of the plane, and, so far as we can ascertain at this time through the FAA, there was no communication between the pilot and the company radio, to announce that Mr. Halaby, the Administrator of the FAA, and members of the Civil Aeronautics Board, whose duty it is to investigate all accidents, and other accident specialists, are already en route or have already arrived at the scene of the crash.

Since this is one of that type of accident, the probable cause of which cannot be ascertained until an analysis of the wreckage can be made, after the fire has cooled, I make a plea to the press, as a former member of the press, not to speculate, without definite information of some kind, as to the probable cause.

We have just gone through a series of difficulties in the recent hijacking cases that could have greatly endangered aviation. We have been through other types of air disasters, which occur only once in more than 2 million flights. But there is a tendency, when newspaper headlines feature these spectacular happenings, without definite proof or evidence to sustain a conclusion in the early stages of the investigation, to stimulate delusions of grandeur on the part of psychopathic persons, which has a tendency to further endanger aviation.

I hope that, as a responsibility of the press, they will follow closely and print all of the factual data that can be obtained, and which will be released to the press as rapidly as it can be ascertained and verified and that speculation be withheld until we have more firm and reliable information.

To speculate as to some spectacular cause can actually be one of the most dangerous things that can occur in aviation. As a result of our committee's investigations of accidents over the past several years, we have ascertained that there seems to be a trend, when there is newspaper publicity involving the type of accidents which are largely occasioned by psychopaths, that others who read about them are stimulated, and thereby a dangerous situation is created.

I merely wish to make this announcement, and to assure the Senate and the House that, with the usual speed in getting to the scene, and combing the scene for details in the most scientific way, the experts of the Civil Aeronautics Board and the specialists of Federal Aviation Agency will soon begin to ascertain the cause, as they have been able to do in most accidents of the past.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. MONRONEY. I yield.

Mr. LAUSCHE. Has there been any speculation, in spite of the fact that the tapes give no explanation of the accident?

Mr. MONRONEY. I understand that there was such speculation on a radio news report. There is also a report that some ham operator, some amateur operator, had heard the pilot call by radio to report that there was an electrical fire aboard, or a fire in the electrical system. This could or could not be true. If it can be verified, of course, it will be valuable evidence.

The tape—at the airport tower which was only 4 minutes distant from the plane—so far the tape has been rerun several times by the accident investigator on the scene. It indicates nothing.

The FAA advises me that the company radio, the only other normal source of communication with the plane, was reported to be not monitoring or not in communication with this particular flight.

That would not be the type of dangerous speculation to which I referred.

Some dangerous speculation at times stimulates psychopaths to think of these things. It is perhaps better not to speculate unless there is evidence. The evidence will certainly be released, if there is any, as rapidly as it can be ascertained.

Mr. LAUSCHE. I concur with the Senator's remarks.

Mr. MONRONEY. I thank my distinguished colleague.

Mr. PROXMIRE. Mr. President, I call up my amendment 8–30–61—C, and ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin? The Chair hears none; and, without objection, the amendment will be printed in the RECORD without being read.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 2, beginning with line 14, strike out all through line 16 and insert in lieu thereof the following: "'and the sum of $66,500,000 for the fiscal year ending June 30, 1962, $50,000,000 for the fiscal year ending June 30, 1963, $45,000,000 for the fiscal year ending June 30, 1964, and $35,000,000 for each of the fiscal years ending June 30, 1965, and June 30, 1966'."

On page 3, beginning with line 1, strike out all through the period in line 3 and insert in lieu thereof the following: "sum of $1,500,000 for the fiscal year ending June 30, 1962, $1,000,000 for each of the fiscal years ending June 30, 1963, and June 30, 1964, and $500,000 for each of the fiscal years ending June 30, 1965, and June 30, 1966."

On page 3, beginning with line 19, strike out all through line 20 and insert in lieu thereof the following: "the fiscal year ending June 30, 1962, $6,000,000 for the fiscal year ending June 30, 1963, $5,000,000 for the fiscal year ending June 30, 1964, and $3,500,000 for each of the fiscal years ending June 30, 1965, and June 30, 1966,".

Mr. PROXMIRE. Mr. President, I yield myself 15 minutes.

Mr. President, the amendment would not change the method of financing. Last night I offered an amendment to do that, and it was defeated.

This amendment would provide for an orderly reduction in funds, year by year, as proposed by President Eisenhower and by the former head of the FAA, General Quesada, in 1958–59.

The amendment would authorize $261 million over a 5-year term, instead of the $375 million proposed in the bill, a saving of $114 million.

The reduction would be provided in an orderly way. Funds for the matching grants to the States would be the same in fiscal year 1962 as provided in the bill, a total of $75 million. The funds would be scaled down for each of the 4 years to follow, to accomplish the saving of $114 million.

I feel very strongly, on the basis of the hearings and on the basis of all the justifications, that the $261 million would be ample to accomplish what the committee report describes as desirable and essential, and what the authors of the bill argue should be provided by the Federal Government.

The heart of the issue on how much is to be spent on airport construction lies in the type of projects contemplated and how information was gathered on this question. The bill asks for a 5-year authorization of $375 million. That sum would be fully committed by this bill.

How does the figure of $375 million of Federal money relate to the need for planned airport projects? The answer is to be found in the hearings held on the airport construction bills both in the Senate and House of Representatives this year, in which a national airport survey was given very careful consideration.

The national airport survey was conducted by the Airport Operators' Council, the American Association of Airport Executives, and the National Association of State Aviation Officials. Obviously, these men have a vested interest, one might say, in seeing that as much Federal assistance is provided as can be obtained. No one could say that this particular survey would err on the side of underestimating the needs or the desires for aid.

A chart on page 61 of the hearings on the companion bill in the House shows that the survey correlates closely with later requests for subsidies.

The survey takers wrote to 736 publicly owned air carrier or passenger airports and 2,628 publicly owned general aviation airports. Air carrier airports are served by CAB-certified scheduled flights. The general aviation airports are not served by scheduled airlines and may be thought of as airports which serve occasional charter flights, business flights, and recreational flights. The

airports were asked to say what the cost of the projects they had planned for the period 1961–64 was.

The total cost reported by the airports replying to the survey was $1,125,044,435. That is virtually the same as the $1.1 billion reported in the national airport plan of the Federal Aviation Agency.

Of this sum, $588,065,224 was available from the sponsors of the projects, and from local and State assistance. The survey takers then concluded that $536,979,211 was needed from other sources. But the airport survey has serious weaknesses, and can in no way serve as an adequate foundation for the claim that $375 million is needed in Federal assistance over the next 5 years.

For one thing, as reported on page 38 of the House hearings, 11.9 percent of the $1.1 billion would be for revenue-producing areas in terminals. Under the Federal Airport Act as amended, and printed in the back of the Senate report, on page 41, allowable project costs are those which accomplish airport development. Projects not allowed included bars, cocktail lounges, nightclubs, theaters, private clubs, garages, hotel rooms, commercial offices, or gamerooms.

Reading further, we discover that the cost of airport buildings was allowed insofar as it contributed to the safety, convenience, or comfort of persons using airports. In other words, allowable project costs under existing legislation include barbershops, restaurants, ticket counters, baggage rooms, newsstands, and so on: all facilities which contribute to the comfort and convenience of travelers except those listed above. And 11.9 percent of the $1.1 billion was to be devoted to such areas.

But when we look at S. 1703, on page 8, lines 5–13, we find that allowable project costs will no longer include terminal facilities which contribute to the comfort of passengers, or to their convenience, but only to their safety. In other words, the act itself does away with 11.9 percent of the airport survey's figures or $133,875,000. This leaves $991,169,435 of the original $1.1 billion.

How will the $133,875,000 be raised to build the revenue-producing areas which are intended for airports in the period of 1961–64? Shall this sum be taken from the $588 million available in State and local funds? If it were, and only $454 million in available funds were left, the Government would only have to provide $454 million in 50–50 matching funds and not the $536 million called for by the takers of the airport survey.

On the other hand, let us assume that all of the revenue-producing areas are financed out of funds which no one suspected would become available. In that case $588 million would be available in funds but only $991,169,435 would be needed for all allowable projects; so the Federal share remaining would be about $403 million. That, too, is a long way from the $536 million which this survey reported.

I commend the distinguished Senator from Oklahoma [Mr. MONRONEY] for that very desirable provision in the bill which limits allowable project cost to only those parts of terminal buildings which deal with public safety. It has the result, however, of knocking $133.8 million out of the airport survey offered in support of this legislation.

James Ramsey of the National Association of State Aviation Officials testified before the House subcommittee on page 83 of their hearings that the airport survey figure of $1.1 billion includes $44 million for construction of rent-free space for weather and control tower facilities which could not be included under the terms of this bill. The airport survey also includes $27.5 million for parking areas, which cannot be included under existing legislation or under the Airport Act as this bill would amend it.

I now direct my remarks at another part of the airport survey, which also has to do with matching funds. What are we to make of those projects for which less than 50 percent is available? I cannot believe that the Senate will depend upon the figure of $536 million for Federal needs when the airport sponsors have indicated no plans to make funds available. If the funds are not to become available, there is clearly no need for the Federal Government to match them.

In the list of States which appears on table 9 of the House hearings, page 53, projects are listed under 12 States for which local matching funds are not programed. This does not indicate a failure on the part of the several States, which usually bear a small part of airport construction cost, but of the individual sponsors of the projects and in some cases of the municipalities. Nevertheless, 12 States there are. I ask unanimous consent that a table showing the State, the funds available, the supposed need for Federal funds, and the difference between each pair of amounts be inserted in the RECORD at this point.

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

Table showing project groups (by States) where insufficient funds are available

State	Funds available	Funds needed	Difference
Alabama	$2,105,150	$2,434,850	$329,700
Alaska	11,174,750	16,419,750	5,245,000
Delaware	338,000	392,400	54,400
Florida	28,941,441	56,502,503	7,561,062
Illinois	20,371,300	26,992,300	6,621,000
Kansas	1,197,950	4,248,850	3,050,900
New Mexico	693,524	5,187,776	4,494,252
New York	42,904,695	45,527,855	2,623,160
Ohio	11,672,300	12,829,350	1,157,050
South Carolina	7,716,000	10,266,420	2,550,420
Texas	12,379,061	37,343,723	24,964,662
Utah	900,450	3,452,072	2,551,622
Total			81,203,228

Mr. PROXMIRE. Mr. President, we can see that in the 12 States of Alabama, Alaska, Delaware, Florida, Illinois, Kansas, New Mexico, New York, Ohio, South Carolina, Texas, and Utah projects are planned which call for more than 50 percent of Federal funds. Again the bill as drafted by the Senate committee frustrates the takers of the survey, for only 50 percent of allowable project costs, with small exceptions, are to be met by the Federal Government. But hoped-for Federal contributions are $81,203,228 greater than the expected local project funds available in those 12 States on the basis of overall summaries by States.

There are many individual projects in various States for which local financing is less than 50 percent, which would further reduce the potential Federal participation.

I should like to point out that in the State of California, where there are 178 projects planned, local funds account for $77 out of $122 million, or well over half. In Iowa, where there are 58 projects planned, local funds account for $6 out of $10.5 million. In Michigan, where there are 252 projects planned, local funds account for $54 out of $84.6 million. In Montana, where there are 96 projects planned, local funds account for $6.2 out of $8.7 million. In Tennessee, where there are 63 projects planned, local funds account for $21.4 out of $37.6 million. In Pennsylvania, where there are 29 projects planned, local funds account for $26 out of $37.5 million. In New Jersey, where there are two projects planned, local funds account for $26 out of $40.6 million. In these States a majority of the projects clearly are financed by local funds without subsidy.

These States should be singled out for praise. But in the 12 States I mentioned, the available funds fall over $81 million short of the so-called need for Federal funds. Because the money is not available locally, $81 million of the so-called need of $536 million may safely be dropped, bringing that total down to $455 million.

Yet another part of this subsidy program which will not bear inspection is the provision for 131 new general aviation airports in communities where there already are air carrier airports. This enormous duplication to accommodate the man who owns his own plane and business aircraft which are increasing in such spectacular numbers is hard to understand. My amendments do not eliminate the discretionary fund provided for this purpose to finance projects in the most urgent cases where compatible use is clearly impossible. If this field is increasing so fast that 131 new airports are needed, I should think its capacity for bearing the expense of some $86 million for improvement of general aviation airports would also be increasing. I think the Government should get out of the business of providing airports for business and pleasure aircraft, particularly because no shift to jets is taking place in this field which requires enormous runway extension programs.

Here again, there is a discrepancy in the airport survey. The project plans for general aviation are stated to be some $160 million, or 14 percent of the whole. Yet the Federal Aviation Administrator has testified that his national airport plan, which resembles the airport survey in other respects, calls for only $85 million over the next 5 years, of which the Federal share was to be some $42.8 million. The phaseout procedure in my amendment would provide $25 million specifically for this purpose, in addition to the portion of other funds which may finance such projects. But

to return to the matter of the airport survey, the projects in general aviation exceeded the amount provided for in the national airport plan by some $75 million. Here is another area in which the Federal Government will not have to pay its 50-percent share.

A further reduction should be made in this survey because, as the Senator from Oklahoma [Mr. MONRONEY] said yesterday, only 80 percent of planned projects have been actually built in the past. Thus we can reduce the airport survey by 20 percent, which in dollars may be as much as $220 million. Yet, under the advance contract authority provided in the bill the full sums authorized are certain to be committed.

Mr. President, in sum, the airport survey, which provides a detailed account of how the airport subsidy funds are to be spent, does not support the authorization in the bill in its present form. The bill in its present form provides for $375 million. My amendment would cut that amount to $261 million. The airport survey presented as evidence to complement the national airport plan falls far short of convincing me of the need for $375 million.

When we examine the figure of $1.1 billion in the airport survey for which detailed information is available, we find that $75 million of that amount is for general aviation airports not provided for in the national airport plan. We find that $81 million at least is not matched by local funds, and that some $27.5 million is provided for parking lots. We find that $133.8 million was intended to be spent on revenue-producing areas which may no longer be assisted under a change to be made in the law by S. 1703, that $44 million for control towers and weather facilities cannot be included either.

The national airport survey plays an important part in the evidence in support of the need for $375 million and is a good indication of how it would be spent. I am unimpressed with that evidence. I find that if I subtract these four figures from the $1.1 billion set forth both in the national airport plan and the national airport survey, the need is about $730 million. Local sources have $588 million according to the survey, much of which will be available for matching. This provides a healthier picture of the ability of our communities and the aviation industry itself to support airports than one might have imagined. I am not an expert in these matters, and I may well be misreading some technical aspects of the national airport survey. But I believe that $261 million provided for by my amendment will finance a substantial share of the needs reported by the airports.

There is yet another consideration. The Engineering News-Record reported on March 10, 1960, that 87.5 percent of the total allocated under the Federal Airport Act construction subsidy program for the fiscal year ending June 30, 1961, was for land acquisition and the construction of runways, taxiways, and aprons. It can be argued that many airports required a temporary assist from the Federal Government for conversion to jet airplane capability. To a degree this represents an extraordinary cost, which some might expect the Government to underwrite.

My criticism of the FAA national airport plan is that the project totals are not related to the distribution formula contemplated for the several States. It is altogether possible that a preponderance of costs would lie in some States, so that no airport construction subsidy based on a State distribution formula could get Federal money into all of the projects. One of the chief weaknesses of the appropriation measure behind this bill is that it bears so little relation to the national airport plan. If that plan is to be used to justify the bill, let the proponents of the measure provide a distribution formula based on the airport plan itself rather than on a State basis.

A justification frequently heard for Federal aid to this enormously wealthy sector of our economy lies in the shift of jet capability. So I looked at exhibit 4 on page 204 of the national airport plan, which lists the estimated development costs of turbojet airports. I find that for 1962–66 $386 million is proposed for land acquisition, site preparation, and the paving of runways, for turbojet airports only. Runway construction on all air carrier airports would run to about $580 million, including all land acquisition. Runway construction on all general aviation airports would run to about $287 million. In other words, the total for all runway construction would be about $867 million.

My amendment, assuming matching funds of 50 percent, would provide $522 million of that figure.

But the national airport survey indicates that only 63.1 percent of the proposed projects from 1961 to 1965 involve runway extension. Land and approach acquisition will take 13.9 percent of the total of $1.1 billion. Landing area development will take 15.4 percent. Paving will take 33.8 percent. These figures are reported on page 38 of the House hearings. So the need for runways has begun to taper off. Where 87.5 percent of the funds for fiscal year 1961 went for runway, taxiway, and apron acquisition and construction, only 63.1 percent of the projects planned by the airports over the next 4 years involve runways, taxiways, and aprons.

My amendment follows the general lines of this change by reducing the airport construction funds each year. This gradual reduction makes sense as the shift to jet runways is gradually effected. The figure in my amendment bears the same relation to the provision in the bill as the percentage of funds for runways in the next 4 years bears to the percentage for runways in fiscal year 1961.

It should be noted that the rest of the FAA budget is enormous. Airports at least could eventually become a local responsibility. The Eisenhower budget for this year was $686 million for new authority. Adding existing authority, it provided $811 million for fiscal 1962 for the FAA. FAA has over 34,000 employees, with an annual wage bill of $290 million.

Forty million dollars of the Eisenhower budget was for airport construction. My amendment would provide an annual average of $52 million for the next 5 years, while the bill would provide $75 million annually. It should also be noted that $8 million is spent annually for the National Capital airports, which is not computed in the regular airport aid plan.

In 1957, the entire FAA program cost $308 million. In 5 years there has been a 250-percent increase in the Federal Aviation Agency, the Agency that provides assistance to the aviation industry.

How much does the aviation user contribute to that?

In fiscal year 1959 the Treasury stated that the 2-cent-per-gallon tax on aviation gasoline brought in revenues of $30 million. The Bureau of Mines reported that slightly more than 2 billion gallons were sold.

In fiscal year 1960 the gasoline tax was raised to 4 cents per gallon, with provision for refunds of 4 cents per gallon to farm users and 2 cents per gallon to nonhighway users such as aviation gasoline consumers. In that year refunds of $24.8 million were made, indicating that some $25 million was retained as aviation gasoline revenue. Incidentally, in that same year, some 60 billion gallons of gasoline were sold, of which 2.4 billion went for farm use and 1 billion for aviation. Thus the highway users paid $2.4 billion, the farmers paid no taxes, and the aviation gasoline users paid $25 million. Aviation used 2 percent of the gas but paid 1 percent of the taxes.

In fiscal year 1961 some 1.26 billion gallons of aviation gasoline were sold, at a very rough estimate from the Bureau of Mines, while some $25 million in aviation gasoline refunds were made. That figure includes refunds made in fiscal year 1961 for taxes received in fiscal year 1960.

For fiscal year 1962, the Treasury Department has made public an estimate of $20 million for receipts from the taxation of aviation fuel.

For fiscal year 1963, the Federal Aviation Agency has estimated that returns from aviation gasoline taxation will decline still further to $18.3 million.

I was surprised to learn from yesterday's RECORD that the Senator from Oklahoma thought that $60 million was raised annually in gasoline taxes. The actual figure is much less, based on the most authoritative sources available. I have listed them. Does the Senator from Oklahoma have more authoritative sources?

The steady decline in returns from aviation gasoline taxation reflects the ever-larger part played in aviation by tax-exempt jet fuel. These figures sound a feeble piping against the crescendo of increasing Federal grants for airport construction. The highway user pays a 4-cent tax on gasoline which costs from 24 to 34 cents a gallon. The aviation gasoline consumer pays a 4-cent tax on gasoline which costs from 42 cents—80

octane—to 45 cents—100 octane—per gallon, and then applies for a refund of 2 cents per gallon on the gasoline he has used.

It is, of course, the small user who is penalized by this bureaucratic scheme and who rarely manages to obtain a full refund, while the large commercial users of aviation gasoline account for almost all of the refunds received. But refunds aside, a tax of only 2 cents out of 43 to 45 cents for aviation fuel is a poor comment on the extent to which airport users are paying their own way for the airport construction program. And if the shift to jet use is the main justification for the program, I cannot understand why the 1.4 billion gallons of jet fuel sold in 1960 were not taxed.

Here is a gross subsidy of $811 million. Taxes on airline travel brought in $158 million in 1960. Taxes for aviation gas brought in between $20 million and $25 million. The result: The general taxpayer is required to pay an enormous net subsidy of over $600 million to this well-to-do industry.

General aviation airports particularly do not merit Federal subsidy. Private and business planes are used by the most affluent segment of our population. This is Federal aid to the super-Cadillac class, to the owners of the Cessnas and Convairs, who must have an average of $7,000 or $8,000 to spend for a plane, and often far more than that. Many private planes cost anywhere from $100,000 to a quarter of a million dollars.

Furthermore, the States with a large number of general aviation projects, which do not benefit air passenger services, have the largest deficiencies of State and local funds.

Mr. President, to sum up, this is a very heavily oversubsidized industry. It is an industry which is extremely affluent and which can well afford to pay more in user taxes and require less in subsidy. My amendment is carefully drawn to provide substantial assistance, enough for jet runways and most of the essential safety facilities. The proponents of the bill have justified no more than that.

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

Mr. MONRONEY. I yield 2 additional minutes to the Senator from Wisconsin.

Mr. PROXMIRE. I yield.

Mr. MAGNUSON. During the course of the Senator's statement he mentioned the increase in the appropriations for FAA. The Senator from Washington, of course, handles the appropriations for the Independent Offices budget, and FAA is one of the agencies included in that appropriation bill. There has been a great increase in the FAA appropriations over the years. I have watched it grow. However, I believe the RECORD should show that probably 72 or 75 percent of the increase has been for the installation of navigational aids, which is a tremendous program throughout the country. It is not quite complete. It involves weather aids, radar aids, and navigation aids, which we are spotting all over the country for the safety of air travel. I get somewhat concerned about this. I believe that we may have reached a plateau in this area so far as our aids are concerned. The country is pretty well covered now.

Mr. PROXMIRE. The Senator is absolutely right. It is a very worthwhile effort.

Mr. MAGNUSON. I am hopeful that after a year or two, when we get the installations completed, that the costs will go down. A part of the personnel increase, of course, is reflected in the people who must be hired to run the installations.

Mr. PROXMIRE. Two hundred and ninety million dollars of the increase goes for personnel.

Mr. MAGNUSON. Some of them are automatic. I am hopeful, as is the Senator from Wisconsin, that we will reach a plateau and that we will then start to go down, because it is quite costly. However, we were quite deficient.

Mr. PROXMIRE. I thank the Senator for underlining the fact that there is enormous aid being given to the aviation industry, and that it is time we taper off. Indeed, we should begin to reduce this vast subsidy to aviation.

Mr. President, I yield the floor.

Mr. MONRONEY. Mr. President, I yield to the distingushed Senator from Kansas [Mr. SCHOEPPEL] the senior minority member of the committee, as much time as he needs. How much time does the Senator think he will need?

Mr. SCHOEPPEL. From 5 to 8 minutes.

Mr. MONRONEY. I yield 5 minutes to the Senator from Kansas.

Mr. SCHOEPPEL. Mr. President, I desire to speak from the historical standpoint with reference to the amendment which has been offered by the Senator from Wisconsin. Checking the figures in the proposal submitted by the Senator from Wisconsin, they provide on the average, if my memory serves me correctly, for about $10 million less per year than my proposed amendment to the airport bill of 2 years ago. As I recall, my amendment at that time provided for $63 million.

It will be recalled that the administration of that day made certain recommendations concerning the needs of aviation. Not a single member of the President's party, which was in the minority in the Senate at that time, offered any amendment or took any active, participating part in opposing the request or suggestions made by the President and the Bureau of the Budget.

At the time I offered an amendment to provide $63 million, as I recall, the distinguished junior Senator from Kentucky [Mr. MORTON] offered an amendment to provide $70 million.

Quite frankly, at that stage of the game, we would have been delighted to have had the support of the Senator from Wisconsin, because I remember that he, according to the RECORD, voted against my amendment and against the amendment offered by the junior Senator from Kentucky, as well. I know that at that time he did not see fit to approve the amendment I had offered.

After all the analysis we have had with respect to the bill, and considering the progress and growth of aviation during the last 2 years, with the great advances which have been made, I think the amount provided in the bill is a proper amount to provide if we expect to have a program which will conform with the new requirements in aviation.

I cannot support the amendment of the Senator from Wisconsin, because it amounts to a cut of approximately $10 million below what was thought to be the minimum amount 2 years ago.

Mr. PROXMIRE. Mr. President, since the Senator from Kansas has mentioned the name of the Senator from Wisconsin, will he yield to me?

Mr. SCHOEPPEL. I yield.

Mr. PROXMIRE. I wish to explain that my position has been modified in the past 2 years, with good, solid reason. Two years ago 90 percent of the money proposed for airport aid was to be for jet runways. Now the share for that purpose is 60 percent. At that time the conversion to jets was in full swing. The rate of conversion has now tapered off. At that time, the overwhelming need was for jet runways. That need is now largely met. That was the reason for the position I took 2 years ago. The record is absolutely clear. That need has begun to be met. It is now less. This is why my amendment is carefully drawn to provide an appropriate gradual reduction.

Mr. SCHOEPPEL. I appreciate the Senator's explanation. Historically, from the standpoint of the recommendation made by the Republican administration 2 years ago, not one Member of the majority, after analyzing the situation, took the position that an amendment should be offered sustaining the reduction they proposed. Quite to the contrary, amendments were offered which we thought were more in line with the needs. The needs were underestimated in some respects, but we desired to be on the safe side.

The present measure has received careful thought and study by our committee, especially by the distinguished Senator from Oklahoma [Mr. MONRONEY], the chairman of the subcommittee. The staff work has been thorough.

I believe the amendment offered by the Senator from Wisconsin would cripple the program. Aviation is a growing industry. Jet runways have been provided in a great many metropolitan areas. But who knows what facilities may be required when the newer commercial jets begin to operate? Facilities will be required in many less important airport areas, away from the large cities. More traffic will be diverted to those areas. General aviation is growing, small light airplanes are meeting an ever-growing number of commercial, business and agricultural needs and airport development must keep pace with that growth.

I hope the Senate will reject the amendment.

Mr. MONRONEY. Mr. President, I strongly oppose the amendment. I am disappointed that the Senator from Wisconsin chooses to attack the general aviation airports with such vehemence.

This field of aviation is undergoing great change and development. I could better understand the Senator attacking our providing Federal funds to New York City, for its Idlewild Airport, or for a needed third international airport there; or attacking providing funds for O'Hare or Midway, in Chicago, or Los Angeles International. But when the Senator thinks that the only people who are flying into the general aviation airports are those who fly jet planes in or super de luxe twin-motor executive aircraft, either he does not know the facts and has not been on the small city and small town airports, or the State of Wisconsin is far behind in the march of aviation progress and is ready to go back to the horse and buggy.

I have received great pleasure in traveling around the small airports of Oklahoma, which is not nearly so wealthy a State as Wisconsin. I have attended the farmers' fly-ins. On one occasion, I found 125 planes from the Flying Farmers' Organization, flown in to a fine small airport by farmers who came up for flapjacks. Our farmers fly. Of course, they do not fly Jet Stars, or Gulf Streams, or Convairs. They fly Piper Cubs or Tri-Pacers or Cessna 170's, and similar planes. They fly planes that sell from between $5,000 and $20,000. They fly because they find it useful to do so in their business. They like to be a part of the modern world.

If the Senator from Wisconsin has not become acquainted with the Flying Farmers and the great use which people in agriculture make of planes, I am afraid he is out of contact with what is taking place.

Many of the young aggie school graduates learn to fly in school. Many of the young men who come out of the military want to stay in the air. Many small communities want to become a part of the aviation picture.

The Senator from Wisconsin proposes drastic meat-ax cuts to reduce Federal aid to a total of $35 million for the whole Nation by the fiscal year 1965, at a time when the number of air travelers and aircraft are increasing steadily.

The Senator's amendment would deny to the small towns of the Nation, which are ambitious to become a part of the Nation's airport network, to serve private and business aircraft, the aircraft operated by small contractors, salesmen, and suppliers; people who find that the airplane is the best and cheapest instrumentality of their business. To deny these funds on a 50–50 matching basis to small airports is to say, "Let us channel all the money into the big airports," because we know it will be necessary to maintain the big airports, which are a "must" in interstate communications and international travel.

I am certain the Senator knows—if he does not, he should know—that today, in intercity travel, more people fly or travel by air than on any other form of transportation except private automobile, and this traveling is done mostly on commercial airlines. I am not speaking of the large amount of passenger miles which is racked up by general aviation. More people fly the commercial airlines nationally—interstate—than travel on the railroads and buslines combined.

The only means of intercity transportation that outdistances it is the private automobile. Yet the amendment of the Senator from Wisconsin would reduce the amount to $35 million at a time when, using the best methods of modern technology, the general aviation fleet the Senator's amendment would hit so hard will be increased from the present 68,000 aircraft to 86,000 or more by 1965. Furthermore, these planes are low-cost planes, not the "Cadillacs of the air" to which the Senator from Wisconsin referred. I suggest that he visit the small airfields in his State, and he will be surprised to find how many Piper Cubs and surplus service planes and even some homemade planes are in use. Some of the homemade planes are fantastic. I have seen some college boys land at such airports with planes with wings no larger than this tier of desks—so small that I could not understand how they were able to fly them at all; but they did.

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

The PRESIDING OFFICER (Mr. BURDICK in the chair). Does the Senator from Oklahoma yield to the Senator from Kansas?

Mr. MONRONEY. I yield.

Mr. SCHOEPPEL. I cannot help interjecting at this point that the Cessna Co., with its aircraft, and the Beech Co., with its aircraft—planes in the middle price bracket—are two of the companies which manufacture great numbers of the planes the Senator from Wisconsin will find in use at the airfields in his great State of Wisconsin, just as they are used all over the country for a host of purposes.

Mr. MONRONEY. Mr. President, let me say that I think the Senator from Wisconsin might be interested in the figures we have for the revenue from the 10-percent passenger tax from buses, railroads, and airlines. The figure for buses is $43 million; that for railroads is $49 milion; and that for the airlines is $181 million.

So this bill involves more than a parochial matter and more than a sportsmen's paradise. These are the basic air transportation facilities of the United States and the world, and they constitute essential connections with the rest of the world, for the figures show that many more passengers now cross the ocean by air than by sea. Therefore, to permit—as the pending amendment would—complete obsolescence of the airport system would be fatal, indeed.

Similarly, Mr. President, our figures do not correspond with those of the Senator from Wisconsin in relation to the estimated airport needs. To give some idea of the soundness of the cost estimate, we are moving the Anacostia Naval Air Station, here on the outskirts of Washington—it is a rather small installation—to Andrews Field, and the cost of moving it will be over $95 million, which is almost three times the amount the amendment of the Senator from Wisconsin would permit for all 50 of the States in 1965.

And before the Dulles International Airport is completed, its cost will be more than $110 million, or more than three times the amount which all the airports of the Nation would be able to share in 1965 under the amendment of the Senator from Wisconsin.

It seems to me that in order to be realistic, we have made every possible cut in the total amount. We have decreased the cost to $75 million a year—the least amount we think the Nation can live with. I should like to have gone higher than the $75 million, instead of going down to the $35 million provided by the amendment of the Senator from Wisconsin, because all of us know that the need for airports is constantly increasing, and so is the need for increased facilities in order to care for larger and larger numbers of planes. For instance, the Senator from Wisconsin refers to the fact that many of the runways have been extended. It is true that they have been extended, but the body of the runways has been given only a light coating. Many of the runways were designed to handle DC–3's, DC–4's or DC–6's, which weigh less than half what the modern jets which are using the runways weigh.

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

Mr. MONRONEY. Mr. President, I yield myself 3 more minutes.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 3 more minutes.

Mr. MONRONEY. Mr. President, in another year or two the nose wheels of the 707's or the DC–8's will be dropping through that thin coating of the runways, as it wears out. In short, there will be far more need than there is now, and under this amendment the States will have to provide an even greater share of the necessary improved and additional facilities.

The tables which show that a billion dollars of work will be done over this period use a conservative figure.

But I believe that by eliminating the aid to terminals for nonsafety elements, we have reduced the program sufficiently. That will reduce the total needs by only $90 million. That is all we can safely eliminate, because we have to build the communications facilities which are used by the FAA and the Weather Bureau, and we have to build other structures which will be purely for safety purposes. The remainder is reduced 20 percent, based on past experience.

But now the Senator from Wisconsin would apply that 20-percent reduction a second time. I believe in economy, but I do not believe the 20-percent reduction should be used twice. That would be carrying it too far.

The total for all this—including these reductions from the estimates—will be $780 million, for the 5 years. The Federal share, on the 50–50 matching basis, will be $390 million; but the bill has been reduced by $15 million below this amount because we feel we can recover in a year or two the $14 million that has not yet been claimed by the States to which it is

allocated. Not all of this amount will be spent, unless the States submit satisfactory projects and match it. Before they get through, they will be providing 60 percent to 80 percent of the total, not 50 percent. Even this amount does not include some of the staggering expenses which large metropolitan centers, such as New York, Los Angeles, and other large cities, must provide for if they are to keep their airports adequate and sufficiently modernized and enlarged to accommodate the increasing traffic.

The PRESIDING OFFICER. The additional time of the Senator from Oklahoma has expired.

Mr. MONRONEY. Mr. President, I yield myself 1 more minute.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 1 more minute.

Mr. MONRONEY. Mr. President, this money is needed for better safety. It is high time for the airport facilities to be improved, so that the large planes which use the runways will have the aid of modern lighting equipment, rather than just the lighted pizza pie signs and hamburger stand signs that are to be seen near many of the runways. So we have included in the bill provision for the fine, new, safety feature, namely, narrow-gage runway lights. As the pilot approaches the runway, the two lanes of lights are rather far apart; but as the plane moves along the runway, the two rows of lights grow closer and closer together, so that at the far end of the runway the two rows have almost joined. All the lighting will be embedded in concrete. Thus the pilots will know just where the planes are on the runways.

Mr. BIBLE. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield.

Mr. BIBLE. First, let me commend the distinguished chairman of the Aviation Subcommittee. It was my pleasure, 2 years ago, to serve on this great committee with the distinguished Senator from Oklahoma, and in my opinion he is Mr. Aviation.

I wish to point out that Nevada has many problems in many fields, but I know of no one program that has done more to meet the transportation needs, particularly those in the State of Nevada, than this Federal airport program. As the Senator from Oklahoma has so correctly pointed out, this program depends upon local cooperation and upon having the municipalities involved float the necessary bonds, in order to be able to match the Federal funds. These bonds are among the most popular with the electorate of our State.

I commend very highly the distinguished Senator from Oklahoma, Mr. Aviation, for the outstanding work he has done in this field. He is truly one of the great authorities in the United States, if not in the entire world.

Mr. MONRONEY. Mr. President, the Senator from Nevada is most kind; but let me say that we hated to lose him from our Aviation Subcommittee, because so many of the great, pioneering pieces of legislation bear his name and have benefited by his guidance. So the gain of the Appropriations Committee has been the great loss of the Aviation Subcommittee.

The PRESIDING OFFICER. The additional time of the Senator from Oklahoma has expired.

Mr. MONRONEY. Mr. President, I yield myself 1 more minute.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 1 more minute.

Mr. MONRONEY. Mr. President, practically all transportation in the Senator's great State of Nevada is by means of aviation.

Similarly, the Senator from Alaska, who wishes to speak briefly in regard to this bill, knows that aviation is essential to transportation in his great, new State.

Similarly, the Senators from Hawaii know that the only transportation between various parts of that State and various of its islands is by aviation.

The aviation feeder lines are picking up the traffic load which the railroads have written off. Unless people want to drive long distances, there is no way for them to get to certain points.

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

Mr. MONRONEY. I yield.

Mr. BIBLE. The Senator from Oklahoma has prompted an additional remark which I should like to make, which is that in my own State of Nevada we have the Bonanza Air Lines, which is one of the greatest feeder service lines in the entire world. It is the first completely jet prop feeder line service in the entire world. It was pioneered by private industry and private initiative, by a few men who had the vision to see that in this new era they could shorten the time and improve methods of aviation. The aid that has been given to them by bills reported by the Commerce Committee, and particularly the Aviation Subcommittee, has been of inestimable value. Not only that, but they will ultimately pay their way in dividends and money brought back to the Treasury.

Mr. MONRONEY. I yield 2 minutes to the Senator from Alaska [Mr. GRUENING].

Mr. GRUENING. Mr. President, I could not agree more with the fine tribute which the Senator from Nevada has paid to the chairman of the Subcommittee on Aviation. Quite truly, the Senator from Oklahoma is Mr. Aviation himself.

I went along with the Senator from Wisconsin [Mr. PROXMIRE] as one of a small number of Senators who opposed a recent nomination. I felt that he had made his case against confirmation, but only a few of us, a dozen, supported his position with our votes.

In this case, however, I find it difficult to understand his opposition in its present form to a measure which is so vital to our country's progress, our commerce, the national defense and indeed the safety of our traveling public. It is inconsistent with the position he and most of us have taken that we need to strengthen our economy and our security.

Of course, we in Alaska are particularly conscious of aviation, because we have few highways connecting our cities. When Alaska entered the Union it was and is unique in that not only a few, but the majority of our communities are unconnected with any other either by highway or railroad. That is due to Alaska's long exclusion from all Federal highway aid legislation. So aviation is essential to us. In Alaska our bush pilots have developed a magnificent air transportation system. In many parts of our vast area it is the only transportation we have. I hope the amendment will not prevail, and that the bill will be passed as reported. It is a fine bill and will be of immense help to Alaska and the Nation.

As a cosponsor and strong supporter of the bill now before the Senate, S. 1703, to amend and extend provisions of the Federal Airport Act, I wish to repeat my commendation of my colleague, the Senator from Oklahoma [Mr. MONRONEY], who as chairman of the Aviation Subcommittee of the Commerce Committee, has done such fine work in presenting the Senate with legislation that will benefit air transportation enormously.

Alaskans, for reasons I have pointed out, are particularly aware of the great importance of improving air transportation. In a statement I made on this bill before the Senate Commerce Committee, I called attention to the fact that Alaska is the flyingest State in the Union. Our people fly more miles, per capita, own more airplanes, and are more completely dependent on air transportation than those of any other State in the Union.

This being the case we are especially happy that the bill now under consideration will place Alaska on the same basis as other States with respect to allocation of funds provided by the legislation. Until passage of this bill, Alaska has been receiving funds for airports on the same basis as it did during territorial days—a formula woefully inadequate for the need.

We welcome, too, the more liberal approach of the present administration, reflected in its support of this bill, which will provide larger funds for the entire Nation than were allowed by the previous Republican administration. During the 86th Congress, the able chairman of the Aviation Subcommittee introduced legislation to provide funds for the States on a more generous basis than had been the case previously. The Republican administration opposed this flatly, recommending a greatly reduced program that would have fallen far short of meeting the urgent requirements of air transportation. That administration would have approved only an amount of $200 million over a 4-year period, and wanted then to phase out the Federal aid program completely, thereafter, as compared with the present bill which would authorize expenditure of $75 million annually over a 5-year period, and assumes that Federal aid to aviation, like Federal aid to highways, is a continuing obligation.

Now, with the increased authorization provided by S. 1703, together with the provision which will allow Alaska to participate on the same basis as the other States, we find that Alaska will be entitled, during the next 5 years, to an

allocation of funds amounting to $3,994,000 annually, as compared with the meager $1,350,000 allowed under the bill we were able to pass in the 86th Congress. This is of major importance to my State and I know the benefits the increased funds will bring will be an exceptionally important contribution to the further development of Alaska.

Another provision of S. 1703 which is of particular interest to Alaska, with its important international airport at Anchorage, is the committee amendment that will authorize various Federal agencies performing functions in connection with admission of foreign travelers, such as the Immigration and Naturalization Service, the Public Health Service, and the Customs Bureau, to acquire the space they need at airports—in contrast with the present arrangement which requires these facilities to be provided by the carriers. Since these are services on behalf of the Federal Government, it seems entirely fitting that this amendment should be adopted.

Mr. PROXMIRE. Mr. President, I checked with the Federal Aviation Agency, the Department of the Treasury, the Bureau of Mines, and the Joint Committee on Internal Revenue Taxation. I was told in each case that for 1960 and 1961 the amount received from aviation gasoline taxes was between $20 and $25 million. I do not know what else could have been done. I checked with the most authoritative sources. The Senator from Oklahoma has given no sources.

My proposal provides funds to procure the essential safety devices and runways, the need for which was described in the report. The question is, Who is going to pay for less essential services to flying? Is it going to be the general taxpayer? Is the taxpayer going to continue to oversubsidize aviation which already receives over $800 million? Or should it be those who enjoy the benefits of flying—people who can well afford it?

Or do the proponents of this bill believe this lavish subsidy, a fat multiple of the tax revenues from aviation users, should continue forever?

My amendment provides a modest, long-overdue reduction in the subsidy. I urge that it be adopted.

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

Mr. PROXMIRE. If I may have 1 more minute, I will yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. Does the Senator change the formula for participation between the Federal Government and the States, or does he leave it approximately the same as it is in the bill?

Mr. PROXMIRE. I have not changed the formula. I have an amendment pending that would provide a different formula for some of the aids, but it is not this amendment. All this amendment does is reduce the amount on a gradual basis. It is still on a 50–50 matching basis except for certain limited features.

Mr. WILLIAMS of Delaware. I notice the bill as reported by the committee proposes to put the formula on a 75–25 basis rather than a 50–50 matching basis. Personally, I would prefer to see the same formula kept.

Mr. PROXMIRE. It is my understanding that the 75–25 basis is limited to a relatively small amount of money and to certain safety features.

Mr. WILLIAMS of Delaware. That is true, but it does change the formula.

Mr. MONRONEY. Mr. President, I wish to say that relatively small amounts for landing aids are involved, but they add great safety to aviation. We have changed the law so we can require municipalities getting grants to provide these features as a condition precedent to receiving the grants. Since some of them already carried a 75–25 formula, we decided to make it uniform. Items such as runway distance guides will probably amount to less than $200 an airport, but it is very important for the pilots to know where they are on the runway and how much additional yardage or distance remains.

Mr. President, I do not intend to use any further time. I would like to help the Senator from Wisconsin get the yeas and nays.

I merely point out that we are only on the threshold of the greatest days of aviation. Some of my colleagues may have seen the Canadair CL–44 at the airport. It will carry 44,000 pounds of cargo at more than 400 miles an hour, and have a worldwide, transatlantic and transpacific, range. We are going to make a breakthrough on air cargo. We have not seen anything like what we will see in the growth of aviation.

Mr. President, I ask for the yeas and nays on the amendment of the Senator from Wisconsin.

The yeas and nays were not ordered.

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

The PRESIDING OFFICER. Does the Senator wish the time taken on the rollcall to be charged to either side?

Mr. MONRONEY. I ask unanimous consent that the time for the rollcall, since it is to secure the yeas and nays, not be taken out of the time of either side.

The PRESIDING OFFICER. Without objection, it is so ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MONRONEY. 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. MONRONEY. Mr. President, I ask for the yeas and nays on the Proxmire amendment.

The yeas and nays were ordered.

Mr. MONRONEY. Mr. President, I believe the Senator from Wisconsin has no time remaining. I have no time remaining on the amendment.

The PRESIDING OFFICER. All time on the amendment has expired. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. PROXMIRE]. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Mississippi [Mr. EASTLAND], the Senator from Wyoming [Mr. HICKEY], the Senator from North Carolina [Mr. JORDAN], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Georgia [Mr. RUSSELL], and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

I also announce that the Senator from New Mexico [Mr. ANDERSON] and the Senator from New Mexico [Mr. CHAVEZ] are absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], the Senator from Wyoming [Mr. HICKEY], the Senator from North Carolina [Mr. JORDAN], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Georgia [Mr. RUSSELL], and the Senator from Missouri [Mr. SYMINGTON] would each vote "nay."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from New Mexico [Mr. ANDERSON]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from New Mexico would vote "nay."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Kansas [Mr. CARLSON] are absent because of illness.

The Senator from Connecticut [Mr. BUSH] is absent because of death in his family.

The Senator from Nebraska [Mr. HRUSKA] is absent on official business.

The Senator from Utah [Mr. BENNETT], the Senator from New Hampshire [Mr. COTTON], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Arizona [Mr. GOLDWATER] and the Senator from Vermont [Mr. PROUTY] are detained on official business. If present and voting, the Senator from Nebraska [Mr. HRUSKA], the Senator from Connecticut [Mr. BUSH], and the Senator from Vermont [Mr. PROUTY] would each vote "nay."

On this vote, the Senator from Utah [Mr. BENNETT] is paired with the Senator from New Hampshire [Mr. COTTON]. If present and voting, the Senator from Utah would vote "yea," and the Senator from New Hampshire would vote "nay."

The result was announced—yeas 10, nays 72, as follows:

[No. 179]

YEAS—10

Case, S. Dak.	Mundt	Wiley
Curtis	Proxmire	Williams, Del.
Douglas	Robertson	
Lausche	Tower	

NAYS—72

Aiken	Case, N.J.	Gore
Allott	Church	Gruening
Bartlett	Clark	Hart
Beall	Cooper	Hartke
Bible	Dirksen	Hayden
Boggs	Dodd	Hickenlooper
Burdick	Dworshak	Hill
Butler	Ellender	Holland
Byrd, W. Va.	Engle	Humphrey
Cannon	Ervin	Jackson
Capehart	Fong	Javits
Carroll	Fulbright	Johnston

Keating	Metcalf	Scott
Kefauver	Miller	Smathers
Kerr	Monroney	Smith, Mass.
Kuchel	Morse	Smith, Maine
Long, Mo.	Morton	Sparkman
Long, Hawaii	Moss	Stennis
Long, La.	Muskie	Talmadge
Magnuson	Neuberger	Thurmond
Mansfield	Pastore	Williams, N.J.
McCarthy	Pell	Yarborough
McGee	Randolph	Young, N. Dak.
McNamara	Schoeppel	Young, Ohio

NOT VOTING—18

Anderson	Chavez	Jordan
Bennett	Cotton	McClellan
Bridges	Eastland	Prouty
Bush	Goldwater	Russell
Byrd, Va.	Hickey	Saltonstall
Carlson	Hruska	Symington

So Mr. PROXMIRE's amendment was rejected.

Mr. MONRONEY. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. PASTORE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KEATING. Mr. President, I call up my amendment identified as "8–10–61–A."

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 6, after line 15, insert the following:

(b) Section 11 of such Act is amended—

(1) by striking out "and" at the end of paragraph (7);

(2) by striking out the period at the end of paragraph (8) and inserting in lieu thereof "; and"; and

(3) by adding immediately after paragraph (8) the following new paragraph:

"(9) with respect to any project in Nassau County, New York, the Board of Supervisors of Nassau County approves such project."

Redesignate "(b)" on page 6, line 16, as "(c)".

(At this point Mrs. NEUBERGER took the chair as Presiding Officer.)

Mr. KEATING. Madam President, this amendment is designed as a specific remedy to a specific problem. However, to be generally valid.

The decision by the Air Force to cease operations from Mitchel Field in Nassau County, N.Y., has presented the citizens of that county and of all Long Island with a splendid opportunity. This strategically located real estate may be developed in a number of ways that would be of great value to the surrounding communities.

Among the uses that have been suggested have been an industrial park, a hospital, a university, and a YMCA recreation center. Just recently a comprehensive plan for the development of the entire area was unveiled by a committee headed by the distinguished planner, Mr. Robert Moses.

Most of the plans that have been proposed for development of Mitchel Field do not include continuation of an airport at that site. Besides wishing to use the land for other purposes, many citizens of Nassau County are understandably apprehensive over the possibility that they may be plagued by the problem of airplane noise that has become so serious in the vicinities of Idlewild and La Guardia Airports.

The Federal Aviation Agency, however, has indicated that Mitchel Field should be put into use as a general aviation airport. It has set out with great vigor to find a public body in the Long Island area that would be willing to operate the airport. A public body, such as a county or municipality, must, of course, operate the airport if it is to be eligible for funds under the bill that is now before us.

This effort by the FAA has so far been unsuccessful, but it has caused much concern and some resentment in Nassau County. Although the county government is on record against an airport at Mitchel Field, there is always the possibility that some public body may be found to operate the airport, even though this may be contrary to the wishes of the great majority of the persons who will be affected.

My amendment would serve to inhibit this possibility. It would not, of course, completely rule it out. There is nothing in my amendment that would prevent a public body or a private enterprise from operating an airport at Mitchel Field. My amendment would not even necessarily deny Federal funds to such an airport, if it were operated by a public body. It would merely assure that Federal funds could not be used for an airport in Nassau County unless the views of the governing body of Nassau County, which is the jurisdiction affected by Mitchel Field, are first given fair consideration.

Let me make it clear, Madam President, that this amendment does not oppose an airport at Mitchel Field. It merely seeks to make certain that a federally supported airport shall not be established there contrary to the wishes of the people who reside in the locality.

My amendment, which has already been included in the bill passed by the other body, is based on one of the fundamental principles of our system of government. That is the principle of local self-determination. In the history of our country, we have always insisted that the interest of a local community be given fair consideration on any issue by which it is directly affected, and overridden only in the face of a compelling contrary national interest. This emphasis on local self-determination is one of the major reasons why the American system of government has been able greatly to expand its responsibilities without departing from its foundations in popular rule and freedom.

Adoption of my amendment will give application in a particular case to the generally valid principle of local self-determination.

Mr. JAVITS. Madam President, will the Senator yield to me?

Mr. KEATING. I yield to my colleague.

Mr. JAVITS. I should like to propound an inquiry to the Senator from Oklahoma, if I may, on this question. As the Senator knows, my colleague and I have done a little work on this matter. We understand that it is contrary to the policy of FAA to operate any airport where clearly the community—the governmental body of the county in this case—is against it. Can the Senator give us any expression of view on that?

Mr. MONRONEY. First, I should like to understand the point the Senator is making. He said "the policy of FAA to operate any airport." The FAA operates only Washington National Airport and its research airport, NAFEC, at Atlantic City. FAA is not set up, and in my opinion would not be permitted by the Commerce Committee or by the Appropriations Committee, to engage in the operation, per se, of other airports. Its duty under the Federal Airport Act is confined to handling requests for airport aid which are made by a State or a local community.

Mr. JAVITS. Would it be the policy for the FAA to lend itself to the operation of an airport, by aid or otherwise, where the local community was against it?

Mr. MONRONEY. It would be possible under existing law for the FAA to make a grant agreement with a multi-State authority, or some other public body which is created by State law, if the local authority is one which is permitted by State law to operate the airport and it makes application to FAA.

For example, application might be made by the authority responsible for the operation of the Newark-Idlewild-La Guardia airport complex. I think they are now trying to find a location for a fourth airport for the New York area.

Mr. JAVITS. If the county, for example, in this case Nassau County, were against it, would FAA nonetheless lend itself with private developers or others to back an airport?

Mr. MONRONEY. There is no way in which the Federal Aviation Agency could finance or give any financial assistance to a private agency under the Federal Airport Act. Under section 2(a)(9) the sponsor would have to be a public agency that was authorized under the law of that area.

Mr. JAVITS. I may say that the Nassau County Board of Supervisors, the governing body, both on May 8, 1961, and on July 10, 1961, has directly voiced its stand against any airport at Mitchel Field, as a result of any change in Mitchel Field's status.

I ask unanimous consent that the resolutions of the Board of Supervisors of Nassau County be printed in the RECORD at this point.

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

OFFICE OF THE EXECUTIVE,
Mineola, N.Y., August 21, 1961.

JACOB K. JAVITS,
U.S. Senate, Senate Office Building, Washington, D.C.

DEAR SENATOR: The report of the committee for the development of Mitchel Field, requested by the Nassau County Board of Supervisors, has just been filed.

I am sending you a copy under separate cover.

The Nassau County Board of Supervisors on May 8, 1961, adopted Resolution 337, which states in part: " * * * maximum beneficial use of the property be achieved, consistent with the desire of the county to attain the greatest measure of use from this area for

the benefit of all of its residents * * * major uses to be for institutions of higher learning, both public and private, recreational uses, and an industrial park."

On July 10, 1961, the Nassau County Board of Supervisors again in retaining the services of experts to: "* * * formulate and establish a coordinated plan for the use of the area at Mitchel Field * * * make recommendations that the 1,100 acres of land at Mitchel Field * * * be set apart for use by institutions of higher learning, both public and private, proposed recreational uses, and the possibility of creating * * * an industrial park or garden."

Resolution 485 of the Nassau County Board of Supervisors also provided for: "the making of recommendations relating to such other use or uses that may, following study, seem to be best suited for the acreage available."

You will see from the recommendations of the committee that they have not deemed aviation one of the uses best suited for the acreage. Each and every member of the board of supervisors—Republican and Democratic—has been quoted in the public press of Nassau County as opposed to an airport at Mitchel Field.

The letters which I have received and which Members of Congress and town officials have received from the public run 10 to 1 in opposition to an airport.

As a matter of fact, Jack, the temper of the people of Nassau County right now runs pretty high against airports, whether their operation be jet or piston. They are just overwhelmingly opposed to increased flying over their homes and the consequent disturbance of their peace.

Both Nassau County daily newspapers have editorially opposed an airport at Mitchel Field and their mail, despite an inspired campaign of letter writing by advocates of an airport at Mitchel, runs proportionately the same as mine, pro and con.

It is my belief that the two resolutions already adopted unanimously by the Nassau County Board of Supervisors convincingly conveys their sentiments and the reflection of the sentiments of their constituents.

Sincerely yours,

A. HOLLY PATTERSON,
County Executive.

Mr. JAVITS. Under those circumstances, can the Senator give us his general expression as to the policy of the FAA? We are trying to help the local community in what it is trying to do for itself in behalf of its own rehabilitation.

Mr. MONRONEY. I cannot in this case, because I do not know whether any laws of the State of New York give some other public agency, such as the New York Port Authority, the right to develop an airport in Nassau County. I do not know about that or whether any other rights are given to other local public bodies.

What I am saying is that the FAA cannot finance a private airport with Government funds. Likewise, it would not be permitted to operate an airport itself. If the laws of the State of New York empower the Governor or empower other groups to request these funds, then the FAA would have the right to match those funds and develop an airport which was suitable to the terrain and to the surrounding conditions.

I have studied the amendment, but I do not believe that the committee could take it in its present form. Perhaps it would be acceptable with a proper amendment, giving local governing bodies the right to be heard to present their views to the FAA authorities. I do not feel I could give any assurance that there is not a State authority or regional authority which exists—and I am not familiar with the laws—that could be prohibited from acting by this legislation.

Mr. JAVITS. If the Senator will allow me, I should like to develop this point. The Port of New York Authority's jurisdiction does not include Mitchel Field. I should like to summarize what the Senator has told us in his very able language. Unless a governmental body, that is, a State or lower political subdivision—and we are not talking about the United States now—seeks the aid of the FAA, under the Airport Act, it is not the policy of FAA to give such aid, to continue an airport.

Mr. MONRONEY. It could not give such aid. A public body would have to make the application for Federal aid in developing an aviation facility.

Mr. JAVITS. Considering the situation in New York, and considering our situation, I am very hopeful that my colleague from New York can work out an amendment with the Senator from Oklahoma which will give us fairly good assurance as to our situation.

Mr. MONRONEY. The Senator from Oklahoma is reluctant to take an amendment applying only to a specific locality.

Mr. JAVITS. I understand.

Mr. MONRONEY. Senators from 50 States may have constituents who are unhappy with the noise level of adjoining airports. That could be the case in Kansas City, and certainly could involve people living near Idlewild or perhaps those in the vicinity of Georgetown here in Washington, who would like to have Washington National Airport moved, after being awakened at 3 o'clock in the morning. It is not a very pleasant thing, I am sure, when one's house is in the landing or takeoff pattern. But we cannot engage in strictly local prohibitions or guarantee that one particular body of supervisors would be given this authority. Therefore, I discussed the situation with both Senators from New York, who have been very strong in their desire to have action taken to relieve the situation. While I feel that we cannot accept the amendment as it is, the suggestions we have discussed would perhaps enable us to provide for a guarantee of the right to be heard by the proper aviation authorities prior to the granting of any Federal funds in that area. This would apply not only to the Mitchel Field area, but to any State in the Union.

Mr. KEATING. The Senator from Oklahoma feels that the interest of the communities in or near the project should be given fair consideration by the administrator?

Mr. MONRONEY. That is correct. That is what I suggested. I hope the Senator has prepared the language which we might consider and which would afford the communities this kind of hearing.

Mr. KEATING. I appreciate the Senator's expression. I am to some degree reassured by his statement of the interest of the Federal Aviation Agency in considering the interests of communities. I sympathize with his wish that we should not legislate for particular areas in a bill of this kind. I think that particularized legislation in connection with a national problem is, as a rule, unwise. I agree with the Senator in general. I resorted to that practice in this case because I feared that to raise the general principle might endanger the particular cause of Nassau County. It seemed to me that to frame the amendment in general language might excite the opposition of Senators from other areas, who, however much they might approve of the principle of local self-determination, might be uncertain of its application in a particular case.

I gather, however, from the Senator's remarks, that my apprehension on this score may be unfounded. If it is possible to protect the interests of Nassau County while, at the same time, writing into the bill a general safeguard for the principle of local self-determination, I should certainly be more than happy to do so.

Mr. MONRONEY. The Senator from New York is carrying me beyond the flight plan, because I did not say that we would accept any amendment which would give the governing body of Nassau County an absolute veto right. I do not wish to go that far, because I do not think there could be any airport program, as vital as such a program is, if at some point or other in the expansion of an existing airfield—even the Washington National Airport—the county commissioners of the county where it is located could negate a $110 million investment simply by saying that the airport may not be extended or may not be improved. I do not intend to revise the law of eminent domain. My suggestion would enable the local governing body to be heard. That is where the Senator has a strong point.

Mr. KEATING. I recognize the point made by the Senator from Oklahoma that he is unwilling to grant a veto power to the local governing body. As I understand him, he is willing to accept language which would indicate that the Administrator should give fair consideration to the interests of the communities in or near the area where the project is to be located.

Mr. MONRONEY. The Senator from New York would be helpful to our committee if he would supply the language he has in mind, so that we might examine it.

Mr. KEATING. In the light of the discussions, the language I suggest would be on page 6, between lines 15 and 16. I propose to insert the following:

(3) No project shall be approved by the Administrator unless he is satisfied that fair consideration has been given to the interest of communities in or near which such project may be located.

Mr. MONRONEY. The amendment appears to be one to which we could agree, since it confers no absolute right with respect to the administrative deci-

sion, but does guarantee to the local people the right to have their views considered, which is properly and justly their due as Americans. I believe it would be unwise for the Administrator to enter into any project where not only the official governing body, but other citizens, as well, have not had the right to be heard.

Mr. KEATING. If the amendment were adopted, it would, to a large extent, protect the interests of Nassau County, a majority of the citizens of which feel strongly about this condition. At the same time, the larger principle of local self-determination will be added to the items which the Adminstrator must consider before giving his approval to an airport project anywhere in the United States.

Mr. MONRONEY. That is true. Nassau County has a particular situation because the field in question is to be declared surplus.

The Federal Aviation Agency and the committee have been of the view that this would be a useful facility for general aviation. However, if it were used for this purpose it would be limited to small, low-speed, relatively quiet aircraft and would operate only during VFR; that is, visual flight rules conditions. By this I mean that it would operate during daylight hours in good weather. Its operation on this basis would serve to relieve some of the congestion at the larger airports in New York. Its use for this purpose would not require all of the land that is available.

As the Senator has indicated, there is substantial sentiment in the local area that this land should be used for educational and park purposes rather than as an airport. The problem will be resolved not under the Federal Airport Act, but under the Surplus Property Disposal Act. Under that act the Federal Aviation Agency is permitted to recommend disposal of surplus Federal airports in such a way as to permit their continued operation as airports.

This provision of law dates from the time after World War II when a great number of military fields which had been built at Government expense were no longer required. Congress provided, I believe wisely, that these facilities built with Federal funds should be retained in the airport system where they could serve a useful purpose. By being maintained as airports, the Federal Government could avoid expenditures under the Federal Aviation Act to duplicate these facilities and the fields would be available for use by reserve military elements and by the military in the event of emergency.

In all candor, I may say to the two Senators from New York, it is not at all unlikely that the safety of international flying will probably cause international flights to be diverted, under the authority of the Government, to other airports, because of the saturated condition of the flight patterns of Idlewild and Newark Airports.

If some place can be found within this vital metropolitan region to siphon off light aircraft to small airports, which can handle 10 or 15 percent of the landings and takeoffs from the large airports, that would perhaps postpone the time when the oversaturation of the major airports of the Port of New York Authority would require a limitation of flights in the interest of safety. This will not be a problem immediately, but it will become a problem of safety when it is found that the larger airports can no longer accommodate safely the number of flights which are being scheduled.

Mr. JAVITS. Madam President, will my colleague yield?

Mr. KEATING. I should like to make one comment before I yield to my colleague.

The Senator from Oklahoma stated in his reply to my original amendment that it would be necessary to condemn land for airport purposes.

Mr. MONRONEY. I did not say that. I said it would be necessary to acquire land.

Mr. KEATING. "By eminent domain" was the phrase used by the Senator. I know of no authority for a private operator of an airport to take property by eminent domain for use as an airport.

Mr. MONRONEY. No one is talking about a private operator; the bill does not refer to them or provide aid for them.

Mr. KEATING. But the Senator has said the FAA would not operate this airport.

Mr. MONRONEY. Yes, and neither would a private operator receive Federal funds under the terms of the bill. This issue really arises under the terms of the Surplus Property Act. The bill before us does not include any provision in any way related to the disposal of this airfield as surplus. Without any prospect of Federal aid, if the General Services Administration could put it up to the highest bidder, so that it would be possible for a private operator to put in his bid, I do not know of anyone who would care to do so, because in view of the large amounts of taxes and other expenses it is difficult to "make a go" of a private airport. They are going out of the picture, rather than coming in; and that is one of our problems.

Mr. JAVITS. Madam President, will my colleague yield?

Mr. KEATING. I yield.

Mr. JAVITS. As a practical matter the GSA—not the Federal Aviation Agency—would be selling this property. And as we understood the Senator, not only now, but when he previously expressed his point of view, the FAA itself certainly would not operate an airport in the teeth of the opposition of the community.

Mr. MONRONEY. In my opinion the FAA would not be permitted to operate it—either by the Congress or by the Appropriations Committee or by the Commerce Committee. This is a bridge that I do not have to worry about crossing.

Mr. JAVITS. I thank the Senator. As to an individual's acquiring the property for any purpose, of course, that is subject to other problems involved in the GSA disposition.

Mr. MONRONEY. Yes. But the FAA has a first-priority claim on the land—if it thinks it should be developed for aviation purposes. If the FAA or if some agency with lesser priority did not claim the land and try to use it, so that it reverted to the General Services Administration for disposal, under the laws GSA would determine the proper disposal of it.

Mr. KEATING. Can the FAA acquire the property and hold it without doing anything about it?

Mr. MONRONEY. I do not know but I would be less than frank if I did not say there is a strong likelihood that it could—for future use as an airport.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. MONRONEY. Madam President, I yield 4 minutes to the Senator from New York.

Mr. JAVITS. I thank the Senator from Oklahoma.

As we understand, the general policy involved here is one which, as the Senator has explained, will take real cognizance of the views of the local community, which has been unalterably opposed. In addition, the local community has underway a very high level development plan. I ask unanimous consent that the plan, as set forth in an article, and certain editorials in regard to it be printed at this point in the RECORD. They refer to college, civic center, and other development.

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

[From Newsday, Aug. 21, 1961]

URGE A CIVIC CENTER AT MITCHEL

(By John Cummings)

MINEOLA.—An all-inclusive plan for the transformation of Mitchel Field into a genuine center for the county was made public today by the Nassau County Committee on the Development of Mitchel Field.

The bulk of the 1,112 acres that make up the former Air Force base would be allocated for the Nassau Community College, Hofstra College, a county civic center and light industry. Included also in the integrated plan would be sites for parks, schools, homes, business and the Long Island Park Commission.

Proposals for a general aviation airport at the field got the expected thumbs down from County Executive Patterson's committee and from Robert Moses, chairman of the group's executive committee, which prepared the plan.

Patterson hailed the committee's conclusions as "a practical plan with permanent values," and said that "it provides more advantages for all the people of Nassau County."

Moses said of the plan: "It is at least a bold and far-sighted and practical program." He called the Air Force's decision to abandon the field "an almost miraculous opportunity for sensible community development based upon forethought, experience, commonsense and cooperation."

Moses, as usual, minced no words concerning those who advocated the continued use of the field as an airport; although the fiery president of the Long Island State Park Commission did not mention the airport advocates by name.

"This is neither the time nor place for experimentation by academic pundits and amateur planners, nor for commercial exploitation, selfish maneuvering for advantage and bickering over details," Moses said. "Rather, it is a rare occasion to advocate

a practical plan which will be in the best interests of the future citizens of Nassau County."

Moses closed his statement in the foreword to the report with a plea to all segments of the community to support the committee's proposals for the field's use. Only in this way, Moses said, can the county get a quick and favorable decision from the Federal Government on the plan.

The General Services Administration, which has jurisdiction over all federally owned property, has held off on the disposition of the land until December. This delay is to give the Federal Aviation Agency (FAA) time to find a local sponsor for an airport at Mitchel. Today's report by Patterson's committee all but dooms any hope that a local municipality would sponsor such a plan.

In arriving at its overall plan for the field, the report said: "Our effort has been directed to the limited practical uses and realizable objectives which would best serve the public welfare and enlist the support of thinking citizens."

Ranking first in the committee's considerations was the need for increased facilities for higher education. It recommended that the county acquire 235 acres for the Nassau Community College to meet bulging enrollments expected within the next 10 years. The site would be the northeast corner of the base, a natural in the minds of the committee because of the present facilities there. "The base with its tree-lined streets, lawns and campus-like atmosphere has many fine permanent buildings, which can easily be converted to college use," the report said. "This conversion can be accomplished quickly and at a saving of millions of dollars which would otherwise be required over a long period for college facilities on another site."

In addition to the administration building and barracks that could be used as classrooms and laboratories, such facilities as theaters, auditorium and athletic facilities have already been built. The college now occupies the west wing of the new county courthouse in Mineola. The school now has 675 full-time students, but its enrollment is expected to swell to 8,000 by 1970.

Under the committee's plan, Hofstra College, too, would get a sizable chunk of the land. The committee recommended 150 acres for the college, which would be just across Hempstead Turnpike from the present campus. The proposed Hofstra land is bounded by the turnpike and Oak Street.

The present 73-acre Hofstra campus, the committee said, is inadequate to meet increased enrollments. The immediate use of the Mitchel Field land would be for parking and as a drill field for the college's ROTC. "Ultimately," the report said, "the site would be further developed with academic buildings for a proposed law school and other units."

The proposed county civic center is visualized by the committee as the "focal point" for all of the county's cultural and civic interests. "There are a number of contemplated civic enterprises, which, if brought together in one location, could serve as a nucleus for a distinguished community center," the report added.

The committee urged that 200 acres in the southeast corner of the field be set aside for this project. On the site would be an auditorium suitable for public meetings, conventions, concerts, and dramatic productions. The civic center, arranged in a quadrangle, would also include a health clinic.

The report urged 144 acres for light industry, most of it in the northwest corner of the field and including the Mitchel Gardens area on the north side of Stewart Avenue. The committee said it was likely that "substantial firms" could be attracted to the 144-acre area. "The location serves a populous, growing community, is well served by the Long Island Railroad, and has good arterial access." This area was picked, the report added, because industry already exists there and zoning would not be a problem. The report suggests, in addition to light industry, related uses for the northwest portion of the site, "including warehousing, possibly a heliport if approved by the local officials, and other forms of commerce."

Other suggestions called for the setting aside of 55 acres for future school sites, 40 acres for neighborhood parks, 80 acres that would go to the Long Island State Park Commission for future use, 44 acres as residential, 5 acres for local businesses to service the homes there, 97 acres for streets and thoroughfares and 62 acres for the Federal Government.

The report concluded by saying that the plan was drawn up so as not to conflict with neighborhoods presently bordering the field. "In general the existing zoning would accommodate the proposed land uses," it said.

The members of the committee in addition to Patterson and Moses are Dr. John Cranford Adams, president of Hofstra College; Lt. Gen. Blackshear M. Bryan, retired, president of the Nassau Community College; Thomas M. Goodfellow, president of the Long Island Railroad; Robert W. MacGregor, president of the Long Island Federation of Labor, AFL–CIO; James A. Heaney, Jr., of Rockville, a real estate expert; Arthur T. Roth, chairman of the Franklin National Bank; Augustus B. Weller, chairman of the Meadow Brook National Bank; Howard B. Wakeman, senior vice president of the Long Island Lighting Co., and Julius Lippman, New Hyde Park lawyer and a prominent Democrat. Moses headed the executive or advisory committee made up of Goodfellow, Heaney, Roth, and Weller.

Consultants included Sidney M. Shapiro, chief engineer for the Long Island Park Commission; G. Frank Dougherty, park commission counsel; and Gifford Clarke, a Manhattan engineer.

[From the New York Herald Tribune, Aug. 22, 1961]

PUT MITCHEL FIELD TO CIVIC PURPOSE

What is the best use to be made of 1,168-acre Mitchel Field, largest remaining open space in congested Nassau County, which the Air Force no longer wants?

The decision, it seems to us, ought to rest with the county government, which passionately desires a community development devoted to education, civic center, parks and some light industry.

The counterargument, as espoused by the Federal Aviation Agency, is that Nassau needs to keep an eye to transportation, and that a large portion of the tract should be reserved for a civil airport.

But the committee headed by Robert Moses and county executive A. Holly Patterson vigorously contends that Nassau's citizen interest will be best served by converting Mitchel Field to new and broader civic purpose.

This strikes us as a question of the greatest good for the greatest number, now and in the future. It isn't often that such an opportunity is presented for orderly planned development of a community's most pressing needs. We'd rate the airport far behind colleges, community building and the rest. The logic and vision are on local government's side.

[From the Long Island Daily Press, Aug. 3, 1961]

THE HOUSE AGREES: NO AIRPORT

An important tactical victory has been won in a battle that never should have happened.

The Federal Aviation Agency, flying in the face of preponderant public opinion, is determined to establish a general airport at Mitchel Field, the military base abandoned by the Air Force as unsuitable.

FAA's uncalled-for intrusion into a community project has been dealt a serious blow, however. The House of Representatives has forbidden FAA to set up an airport at Mitchel. It did so by specifying that no FAA funds be spent in Nassau County for airport purposes without the approval of the Nassau Board of Supervisors. And Nassau's leaders oppose the FAA airport plan.

This is an important victory for the people of Long Island. Special thanks go to Representative STEVEN B. DEROUNIAN, of Roslyn Estates, who introduced the measure, and to his colleagues.

The battle is not won, however. Similar legislation must pass the Senate. We are most hopeful that it will, since both Senator JACOB K. JAVITS and Senator KENNETH B. KEATING have already expressed opposition to an airport at Mitchel.

Long Island needs the acreage for purposes other than a convenient parking place for executives' private planes or company planes. It needs this land—in the very heart of Nassau County—for a civic and cultural center, for a library, for an expanded Hofstra College, Nassau Community College, and possibly a Veterans' Administration Hospital and a medical college.

The FAA was way off course in proposing a general airport at Mitchel. We hope and trust the U.S. Senate will underscore that fact by endorsing the strong stand taken by the House.

[From Newsday, Aug. 21, 1961]

A GREAT PLAN FOR MITCHEL

Our news pages today describe the outstanding proposal which has been made for the Mitchel Field area by the Nassau County Committee on the Development of Mitchel Field.

This committee, led by County Executive Patterson and Robert Moses and composed of a group of Long Island's most dedicated residents, has shown wisdom, fairness and vision in drawing its plans for the development of these vital 1,112 acres.

Every major need has been satisfied to the fullest extent of the available land. For instance:

The Nassau Community College gets the largest allotment of space—235 acres of lawns, buildings and tree-lined streets which need only students to make it look like the lovely campus it will be. Many of the facilities which formerly made up the Mitchel Airbase can be converted to college use at a minimum of expense. Consider that estimates are for a student body of 8,000 for the Nassau Community College by 1970 and the importance of the Mitchel land to it needs no further underlining. Hofstra College is similarly cramped for space and can hardly be blamed for casting longing looks across the street at the Mitchel area. The committee allots 150 acres to Hofstra, acres which can be used immediately for student parking, for athletics, ROTC drills and faculty housing, and ultimately can be developed with buildings for the proposed law school.

The space allotted to Hofstra, plus that for the Nassau Community College, gives 385 acres out of the 1,112 for purely higher educational purposes. One would have to be horribly shortsighted to argue with that.

The county civic center will fill a need long felt on Long Island. Ultimately, this center will be the cultural center of Long Island as well, with concerts, exhibitions, lectures, dramatic productions, a library, and many other facilities available. The 200 acres to be devoted to this civic and cultural center could be the best 200 acres in Long Island.

LIGHT INDUSTRY, TOO

Light industry is the only other high-acred recipient, with 144 acres to be turned over in this fashion. The location, well served by the Long Island Railroad, will be a good attraction for substantial firms and their use of the land would help the county's economy and bolster its tax income.

There would be land for elementary or secondary schools (55 acres), neighborhood parks (40 acres), parks and parkways of the Long Island State Park Commission (80 acres), Federal Government use (62 acres), residential (44 acres) and thoroughfares and streets (97 acres).

Holly Patterson calls the plan "a practical plan with permanent value." Moses describes it as "a plan which if not perfect and to everybody's satisfaction is, we are convinced, the best we can get." It is, indeed, an excellent plan and the committee members are to be congratulated for formulating it. It may not be all things to all people and, we are sure, there will be some carping from the dissatisfied. We trust this carping will be held to a minimum, that criticism of the plan be confined to constructive criticism and that those diehards who still favor an airport at Mitchel will prove themselves to be good enough losers to be able to see the overall good in the committee's plan and then to give their wholehearted support to it.

Our wholehearted support is behind it already, and we are confident the big majority of Long Island will be as enthusiastic in its support. The closing of Mitchel Field has given Long Island a once-in-a-lifetime opportunity which the Mitchel committee has seized and carried forward. This is a crackajack plan for Mitchel Field. Let's make sure it's put into effect.

[From Newsday, Aug. 16, 1961]

"Where there is no vision, the people perish."—Old Testament: Proverbs xxix: 18.

A DANGEROUS PRECEDENT

"If the Federal Government operates an airport in Nassau County, why shouldn't it do the same thing in Chicago and Detroit and Elko, Nev.?"

That sensible question neatly puts in its place the Federal Aviation Agency's (FAA) stubborn efforts to take over Mitchel Field and operate it—with Federal funds—as a civilian airport. The question was posed by a man who knows both the FAA and the Government—Lt. Gen. Elwood R. Quesada, the Chief of the FAA during the Eisenhower administration.

Quesada contends, and rightly so, that Federal operation of Mitchel would set a "dangerous precedent." The maintenance of municipal airports, he said, is the "traditional and proper responsibility" of State and local governments.

Quesada thus joins a growing list of military, legislative, State, and local officials who object to the FAA's attempt to ram a civilian airport down the throats of Long Islanders. The vast majority of residents here want to escape forever from the always-present possibility of a Mitchel based or bound plane dropping from the skies into our streets, homes and, as has happened too many times before, into our people.

Long Island wants, and needs, a redevelopment of Mitchel along the lines being worked out by Nassau County officials and Robert Moses. This would give badly needed land for the expansion of colleges, and devote portions of land to light industry, residential uses, and Government offices.

But the current FAA chief, Najeeb E. Halaby, keeps insisting he's going to have his own way and Long Island is, by Halaby, going to have its airport at Mitchel even if the Federal Government has to set a "dangerous precedent" and pay the operating costs. But once the Government starts paying for Mitchel's operation, how is it going to turn down the airports "in Chicago and Detroit and Elko, Nev." and anywhere else?

That's what Halaby's dangerous precedent would provoke. And that's only another of the many reasons why no airport should be operated at Mitchel.

[From the Long Island Star Journal, Aug. 3, 1961]

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An important tactical victory has been won in a battle that never should have happened.

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This is an important victory for the people of Long Island. Special thanks go to Congressman STEVEN B. DEROUNIAN, of Roslyn Estates, who introduced the measure, and to his colleagues.

The battle is not won, however. Similar legislation must pass the Senate. We are most hopeful that it will, since both Senator JACOB K. JAVITS and Senator KENNETH B. KEATING have already expressed opposition to an airport at Mitchel.

Long Island needs the acreage for purposes other than a convenient parking place for executives' private planes or company planes. It needs this land—in the very heart of Nassau County—for a civic and cultural center, for a library, for an expanded Hofstra College, Nassau Community College, and possibly a Veterans' Administration hospital and a medical college.

The FAA was way off course in proposing a general airport at Mitchel. We hope and trust the U.S. Senate will underscore that fact by endorsing the strong stand taken by the House.

Mr. JAVITS. Madam President, under these circumstances can the Senator inform us about the policy of the FAA, especially in view of the fact that the Senator has not said anything about safety in terms of either LaGuardia Field or Idlewild?

Mr. MONRONEY. This goes beyond the bill now under consideration, because the Senator is referring to the ultimate disposal of the land if it is not to be used by the FAA, but is turned over to the GSA.

Mr. JAVITS. But the Senator said the FAA could hold onto it.

Mr. MONRONEY. I believe the FAA can, under the law; and so can any other Federal agency which might claim the land—for instance, the Maritime Administration or the Department of Agriculture or any of the other agencies before it would revert to the GSA for disposal to State or local governmental agencies.

Mr. KEATING. But I have just now been informed that the GSA has given a deadline to the FAA, and has said that if the FAA does not find a sponsor for this before November 1, the GSA will dispose of it.

Mr. MONRONEY. It would be news to me to find that the GSA had that power if the FAA asked for it.

Mr. KEATING. It would be news to me to find that it did not.

Mr. JAVITS. At any rate, in the absence of a show of "force majeur," I think it is highly unlikely that the FAA would proceed in that way, especially when no governmental agency on the State or local level has shown an interest in developing a general aviation airport. Therefore, in view of the way the amendment has been worked out—it now seems to be satisfactory to the Senator from Oklahoma—and also in view of the stated policy, I can understand how the Senator can take the position that we can only go by the attitude of the Agency and the attitude of the GSA itself, as evidenced by their actions. It seems to me that is as effective an arrangement as any that can be made with respect to this matter in connection with this bill.

Madam President, I should like to express my appreciation to my colleague [Mr. KEATING].

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

Mr. JAVITS. Madam President, I yield myself 4 minutes on the bill. The minority side has 45 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized for 4 minutes on the bill.

Mr. JAVITS. Madam President, I should like to express my appreciation to my colleague [Mr. KEATING] for his very fine work on this matter and in developing this new language.

Mr. KEATING. I thank my colleague.

Madam President, in accordance with the colloquy and with the consent of my colleague, I modify my amendment in accordance with the language I have read.

Mr. MONRONEY. Madam President, the colloquy has gone into so many areas, and so many things have been said—statements which perhaps could be interpreted as an absolute prohibition against the establishment of a general aviation airport at Mitchel Field—that I would not want to leave the impression that everything in the colloquy, particularly in the remarks of the Senator from New York [Mr. KEATING], relates to this amendment. If it is his suggestion and feeling that this will put an end to any possibility of the use of this very valuable area for an airport, and that those concerned can be given an absolute guarantee in that connection, I would not be prepared to go any further than the language of the amendment itself. If the Senator wishes to submit his original amendment, I am prepared to have it put to a yea-and-nay vote.

Mr. KEATING. Madam President, nothing which I said was designed to indicate that there would be an absolute prohibition against the Administrator's locating an airport in this area if the local residents did not want it there. I understand the position of the Senator from Oklahoma; namely, that he cannot agree to that, and that that is the reason why he is unwilling to accept an

amendment which would provide an absolute prohibition. The language proposed is as follows:

No project shall be approved by the Administrator until he is satisfied that fair consideration—

And this is admittedly and avowedly the province of the Administrator—

has been given to the interests of the communities in or near the project.

That is all that the amendment provides.

Mr. MONRONEY. I am prepared to accept that, as I have informed the Senator, because the amendment speaks for itself. But I am not willing to have the Senator take me into all the highways and byways of this beautiful area of Long Island, where no doubt I would become lost, for, being a country boy, I could not find my way out of that complicated area. So I do not wish to be involved in that way.

Mr. KEATING. Madam President, I have noticed that the Senator from Oklahoma can take good care of himself in any area, either urban or rural. However, I am perfectly willing to modify my amendment accordingly. I recognize that it does not go as far as I would like to have the committee and the Senate go, but I hope the Senator from Oklahoma will accept the amendment in its modified form.

This will do more than assure that proper consideration will be given to persons who live near airports as well as to persons who use them. It will provide support for the regional plans that are now being developed in most of the metropolitan areas of the United States.

A few months ago we included an open spaces program in this year's housing bill. By so doing, we indicated our concern for the healthy and coordinated development of our metropolitan areas. Certainly, airports are going to play a most important role in this development. What is the value of planning the location of our parks and recreation areas if we do not plan the location of our airports?

Passage of this amendment will add another important legislative segment to the framework we are building to assure the healthy growth and development of our communities. It will benefit Nassau County, but it will be of even greater benefit to the Nation at large.

I hope that my friend, the junior Senator from Oklahoma, and in fact all Senators, will join in support of this most worthwhile amendment.

Mr. JAVITS. Madam President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. JAVITS. I can understand the Senator's concern. He wants the amendment to say what the amendment says, and he does not want to qualify it or amend it or substitute other things for it. I think it is very clear.

Also, specifically, for the record, my colleague from New York [Mr. KEATING] and I understand that the expressions of view which the Senator has given are based upon his knowledge of the subject and his acquaintance with the policies of the agencies, and he was giving us the benefit of his expertise, if you will. So we understand perfectly clearly that the amendment, which is the document of the first magnitude, will speak for itself. I should like to join my colleague in giving him that assurance.

Mr. MONRONEY. I feel very much better about it, because we have covered so much territory that one could pick out certain parts which could be misleading. So I appreciate the gracious attitude of the Senators from New York, who have taken a very courageous stand for the people they represent, to the extent of wanting to amend a national bill, if necessary, to provide for that protection. I can appreciate their high degree of service, but I believe the working of the natural procedures relating to government has been amply assured by the language of the amendment itself.

Therefore, I am prepared, on behalf of the committee, to accept the amendment as modified.

The PRESIDING OFFICER. The modification of the amendment will be stated by the clerk.

The LEGISLATIVE CLERK. On page 6, between lines 15 and 16, it is proposed to insert the following:

(3) No project shall be approved by the Administrator unless he is satisfied that fair consideration has been given to the interest of communities in or near which such project may be located.

The PRESIDING OFFICER. All time on the amendment has expired. The question is on agreeing to the amendment, as modified.

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. CASE of South Dakota. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CASE of South Dakota. Is time on this measure limited?

Mr. MONRONEY. The time is limited, and all time on the amendment has expired. If the Senator has an amendment, he can obtain time on it, or perhaps the Republicans will yield him a little time. We have used most of our time.

Mr. JAVITS. I yield 5 minutes to the Senator from South Dakota.

MEXICO IS A GOOD FRIEND

Mr. CASE of South Dakota. Mr. President, Mr. P. C. Green, of Aberdeen, S. Dak., has recently brought to my attention a letter from Mr. Leo M. Roy, president, of the Comité Norteamericano Pro-Mexico, A.C. The letter, sent Mr. Green by an American friend of his living in Mexico, is entitled "Take it from us—we live here." This letter deals with the successful battle Mexico is waging against Communist infiltration despite stepped-up efforts by the Kremlin in our neighboring country to the south.

The letter states, in part:

Mexico today is a good friend. It is not Communist. The government of President Adolfo López Mateos is striking back at the Communists, has gone out of its way to make clear its friendship for the United States.

The Sioux Falls Argus-Leader, in my home State of South Dakota, on August 26, 1961, printed an editorial based on this same information, entitled "The Propaganda War on Our Doorstep."

The letter and editorial are so timely at a time when our eyes seem to be diverted in other directions that I commend their reading. I therefore ask unanimous consent that the letter and editorial be printed in the RECORD.

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

JULY 21, 1961.

TAKE IT FROM US—WE LIVE HERE

DEAR FRIEND: Just a year ago we wrote you about rumors spreading north of the Rio Grande concerning anti-American feelings and a trend toward communism in Mexico.

We U.S. citizens who live in Mexico and know the situation firsthand want to bring you up to date, because the rumors—and they are vicious rumors—have been intensified this year.

First, we must admit there have been some minor incidents, but mostly so insignificant they were hardly noticed down here. These incidents, the malicious rumor spreading are truly the work of paid agents of certain foreign powers, who exaggerated them out of all proportion for publicity purposes abroad.

These agitators are making every effort to disrupt the friendship between Mexico and the United States, to frighten tourists out of coming here, and to alarm investors. Their efforts will surely be repeated since this is a long-term campaign to cause a break between our two countries. And if you believe them, you are playing into the hands of the Communists. You will be doing just what they desire.

We need Mexico's friendship, which is traditional. We share a border over 1,600 miles long, without forts or guns, where friendship and mutual respect have been the byword for generations. Mexico is one of the United States of America's best customers. Our exports to and imports from Mexico are extremely important to both nations. In turn, Mexico needs our friendship and understanding, she needs our tourists, who spend about $650 million here every year.

If the Communists succeed in doing what they are trying to do, we both lose. Mexico will be hard hit economically and standards of living will drop. You well know that a country with great poverty and unemployment could be a pushover for the Communists.

So let's get the picture straight:

Mexico today is a good friend. It is not Communist. The government of President Adolfo López Mateos is striking back at the Communist, has gone out of its way to make clear its friendship for the United States. In an address delivered on June 7, 1961, in which he pulled no punches, the President said: "My government will repress the excesses of demagogic persons or groups of the right or of the left who, working outside the framework of the Constitution, would attempt to dismember the life of the nation and violate constitutional order."

And just last week former President Abelardo Rodríguez declared: "Mexico denounces foreign doctrines being propagated on this continent which endanger the liberty of free peoples."

At no time have the Mexican people been other than friendly. Nowhere will you find such courtesy, friendliness, and good will. There is a remote possibility you may see a "Cuba Si, Yankees No" sign, but you may

also see them in Washington, New York, San Antonio. Here they are the work of professional agitators, deliberately trying to create bad feelings, acting without the support or sympathy of the Mexican people or their Government.

We know. We live here, and are close to developments. We have our homes and businesses in Mexico. We attend the churches of our choice, our children go to the schools we like.

The comité, without prejudice or ulterior motives, by its vote of confidence reaffirms its belief that a cordial and lasting bond of friendship exists between our two countries.

And we ask you not to let the Communists hoodwink you. The next time you see a headline shrieking "Anti-American Riot in Mexico," read the full story. It will probably say that only a few individuals were involved, and that they were led by known agitators, that no Americans were molested, that the Government stepped in and broke it up.

Such a "riot" definitely does not represent "anti-American" feeling on the part of the people themselves. We who live here may not even hear about it until we read it in our hometown papers from the States.

Visit Mexico. See for yourselves what this wonderful country has to offer. Let's all help keep Mexico where it belongs, one of the free and democratic nations of the world.

Sincerely yours,

COMITÉ NORTEAMERICANO
PRO-MEXICO, A.C.[1]
LEO M. ROY, *President.*

[From the Sioux Falls Argus-Leader, Aug. 26, 1961]

THE PROPAGANDA WAR ON OUR DOORSTEP

The Red cloud over Havana has diverted attention of most Americans from another cold war battle right in our own backyard: the Kremlin's propaganda efforts in Mexico.

The Soviet Embassy in Mexico City has a staff of 140 with a budget of $70 million. The U.S. Embassy has 110 employees and a budget of $675,000.

Mexico City is important to the Russians. They hope that they can stir up the Mexicans against the United States. One of their first targets is to frighten American tourists. Another is to alarm investors.

In recent months several incidents which illustrated antipathy toward the United States have received far more attention in the news than they deserved. A Mexican legislator made a speech announcing himself for Castro. Paid demonstrators representing themselves as students staged an anti-American parade.

Mexican authorities said the events did not represent the attitude of their country. The events were hardly noticed in Mexico, but were given heavy news treatment in the United States. Here at home we have a lunatic fringe, too. Nutty Americans post signs like "Cuba Si, Yankees No" on the nearest wall in Washington or New York. Some nitwits run around with Hitler's swastika on their arms.

MEXICANS RECOGNIZE THREAT

Mexico today is our good friend. It is not Communist. It is a federal, democratic Republic of 29 States, with the President, legislature, and judiciary elected by universal suffrage. Primary education is free and compulsory to age 15. There is full religious freedom. Military training is compulsory.

Mexicans are fiercely proud of their own revolution (1910)—and of their emerging middle class. The Mexican way has been good for Mexico and Mexicans. They want to grow and develop on their own, without being dominated by their big uncle to the north.

The government of President Adolfo López Mateos is striking back at the interfering Communists. It has gone out of its way to make clear its friendship for the United States.

In an address delivered June 7, President Mateos said: "My government will repress the excesses of demagogic persons or groups of the right or of the left who, working outside the framework of the Constitution, would attempt to dismember the life of the nation and violate constitutional order."

A few weeks later former President Abelardo Rodriguez declared: "Mexico denounces foreign doctrines being propagated on this continent which endanger the liberty of free peoples."

HELP BY VISITING MEXICO

The relationship between Mexico and the United States is a matter of special concern to the Comité Norteamericano Pro-Mexico, A.C., or "Operation Amigos." It is a nonprofit organization of U.S. citizens resident in Mexico.

Says their president, Leo M. Roy: "We ask you not to let the Communists hoodwink you. The next time you see a headline shrieking "Anti-American Riot in Mexico," read the full story. It will probably say that only a few individuals were involved, that they were led by known agitators and that no Americans were molested, that the Government stepped in and broke it up."

We have an idea that winning this propaganda war doesn't involve a larger appropriation for our Embassy in Mexico City. Our friends, the Mexicans, might resent it if we leveled our shotgun barrels of propaganda at them. Mr. Roy of the Comité Norteamericano has better advice:

"Visit Mexico. See for yourselves what this wonderful country has to offer. Let's all help keep Mexico where it belongs, one of the free and democratic nations of the world."

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[1] The Comité Norteamericano Pro-Mexico, A.C., or "Operation Amigos," is a nonprofit organization of U.S. citizens resident in Mexico. It represents over 100 of the more important U.S. businessmen operating in Mexico, and was formed in 1954 for the purpose of promoting better understanding between the people of our 2 countries.

COWBOY IN THE SKY

Mr. CASE of South Dakota. Madam President, the effort of western ranchers to break a dry spell by cloud seeding from aircraft has inspired Nana Phillips, of Belle Fourche, S. Dak., to write a few verses which graphically portray the experiences of some westerners in trying to seed clouds to increase rainfall. I ask unanimous consent to have the poem printed in the RECORD at this point.

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

COWBOY IN THE SKY

(By Nana Phillips)

'Way out on the distant horizon
Lies a thunderhead, big and blue;
And the farmer, deep down in the valley
Is wondering, what will it do?

Will it bring us lifesaving moisture,
The scourge of the drought to stop;
Or will it bring hail and disaster
To ruin the rest of my crop?

Shall I move the sheep into shelter,
The tractor to higher ground?
Can I hope for a rain on the pasture,
Or will the darn thing go around?

Then, out of the east comes the wrangler
With a fiery and powerful steed,
To round up the stray bits of vapor
And try to prevent a stampede.

For, out on that distant horizon
Is a priceless but wandering band
Of stray little droplets of moisture
In need of a guiding hand.

The strays must be herded together,
And driven over the land;
But the wrangler must move with caution
Lest it get out of hand.

Anxiously still, the farmer
In the valley far below,
Watches the bellowing monster
In darkness and anger grow.

Closer and closer the rain cloud;
But wait—it is growing pale
With windtorn tatters of cloudlets;
You can almost smell the hail.

But, there is the daring wrangler,
He rides in the teeth of the storm,
Changing the icy pellets
Into a softer form.

And so the drought-ridden farmer
Can smile, and hope again;
For, with the help of the wrangler
Comes the wonderful, God-given rain.

Mr. CASE of South Dakota. Madam President, lest some readers of the CONGRESSIONAL RECORD may think cloud modification lacks scientific support, I also offer for the RECORD, and ask unanimous consent to have printed, a brief article from the science section of Newsweek for September 4, 1961. It will be noted that, under sponsorship of the National Science Foundation, the Illinois State Water Survey is pumping electrical charges into a definite area of atmosphere to determine if that will encourage the coalescence of the minute water droplets that make up a cloud so that they will become big enough and heavy enough to fall as raindrops.

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

WEATHER: CLOUD CHARGING

Since 1946, when the era of scientific rainmaking began, meteorologists have been peppering the atmosphere with artificial ice nuclei to encourage the clouds to give forth rain.

The spotty results of this cloud seeding discouraged some scientists, but others figured they were just missing important steps in the complicated process by which nature makes rain. One of these is the little-known role of electrical charges in making millions of tiny water droplets merge into a single drop heavy enough to fall out of a turbulent cloud.

To see if this could be duplicated, the Illinois State Water Survey was busy last week pumping electrical charges into the atmosphere over 60 square miles of central Illinois farmland. Heart of the experiment, sponsored by the National Science Foundation, is a 30-mile network of thin-gage wire carrying a charge of 20,000 volts. Dust particles wandering close to the wire pick up a charge and waft downwind, rising to 7,000 feet or more on warm days.

Though the array of high-voltage lines won't be able to modify weather in any substantial way, the Illinois researchers expect to get a detailed picture from five ground stations and two tracking aircraft of how the charged dust motes assist the formation of raindrops in small, fair-weather cumulus clouds. "We know electrical effects must play a part in rain formation," observed Dr.

Edward Todd of NSF. "The Illinois project, the largest of its type undertaken in the United States, should tell us what our next steps should be."

ANTI-COMMUNIST FEVER IN WEST BERLIN

Mr. THURMOND. Madam President, the distinguished newspaper columnist, Holmes Alexander, of the McNaught Syndicate, recently returned from a quick visit to West Berlin with Vice President JOHNSON. I have been particularly impressed with Mr. Alexander's first report of this visit on his return to the United States. It is one of the best columns Mr. Alexander has ever written and is entitled "Weapon Is Needed in United States: Anticommunism Fever in West Berlin." This column has been printed in a number of newspapers throughout the country. I ask unanimous consent to have Mr. Alexander's column, as printed in the Columbia Record of Columbia, S.C., of August 25, 1961, printed in the CONGRESSIONAL RECORD at the conclusion of my remarks.

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

WEAPON IS NEEDED IN UNITED STATES—ANTICOMMUNISM FEVER IN WEST BERLIN

(By Holmes Alexander)

WITH JOHNSON IN BERLIN.—Last week the United States conquered Berlin. As history runs, it may be that the weapon of conquest will prove more important—and is surely more important to remember—than the conquerors.

The weapon which brought out a million or so Berliners, all of them waving and many of them weeping for joy, was there for all to know—the weapon of anticommunism.

LOATHING OF REDS

This is a fact which cannot be overstated in a story which cannot be overwritten. Virulent loathing of communism lined these streets for miles and miles, filled the windows of nearby apartment houses, lifted voices in roar after roar, pressed flowers upon the American paraders and made Americans (at least this one) so proud to be an American that eyes became moist and voices choked among hardened reporters and old soldiers who had seen great cities liberated from terrible enemies of mankind.

Anticommunism overthrew West Berlin with such swiftness and totality that I wondered as I rode between the crowds, and got out and ran beside the distinguished visitors—I wondered if anticommunism could not conquer everywhere else on earth.

(To one only a few hours from Washington, and only a day or two from Senate debates on whether we should teach anticommunism to soldiers, students, and citizens, it was as if the heavens had opened and presented a revelation.) It didn't seem possible that foreign cities have raised "Yankee, Go Home" signs to us, and that only last summer President Eisenhower was kept out of Tokyo, and that a year or so back Richard Nixon was stoned in Caracas, and that only in April we permitted the liberation of Cuba to fail. One weapon might have won everywhere—the weapon of unrelenting anticommunism.

LYNDON JOHNSON and Lucius Clay brought this weapon to West Berlin and that is how they conquered.

STREET CROWD

After a so-so reception in Bonn, where Chancellor Adenauer and the Federal Republic are not displeased that the refugee flood has been stemmed and not at all disposed to take up arms against communism, we did expect to find a warmer welcome in Berlin. But nothing like this was anticipated, or could have been reasonably imagined.

At Templehof Airport, there was the official greeting by Mayor Willy Brandt, and the inevitable honor guard and military band. A fair crowd stood on the steps or pressed around the off-loading plane.

But as the motorcade went up the street, we saw a herd of people charging toward the moving cars. "They've broken through the police lines," somebody shouted. Our next intimation of something unusual was when one of us turned for female verification to Marguerite Higgins of the New York Herald Tribune and asked: "Maggie, aren't those people crying?"

Many were using the same handkerchiefs with which they waved to dry the tears. Many faces, mostly of middle age and beyond, were contorted and flushed. JOHNSON rode in a closed car, so that only the flapping of a big hand was visible to those on his side of the street. We heard them shouting in German, "Bravo" and "He comes here," almost as if they spoke of the resurrection.

It was too much for the old Texan politico. As he leaped from his limousine, the press bus emptied with a rush. Nothing that ever happens to me will make me prouder of my country than being in that lively, joyous crowd which, by its voice and gestures, was literally worshiping the American image.

JOHNSON's familiar cornpone-and-coronet manner, the combination of ham acting and ducal dignity, made him magnificent. But he might not have shone so superbly if he hadn't had Gen. Lucius Clay in the supporting role.

GENERAL CLAY

Clay, compact and restrained, while JOHNSON is rangy and outgiving, completed a perfect team. To Berliners, Clay is Herr Airlift (1948–49), the militant anti-Communist who wanted to run an armored train through the Russian blockade, the commandant of the city who showed neither bluster nor concern at the ragings of the Reds.

Later on, when Brandt spoke to an outdoor rally at the Schoneberg Rahtaus, the mayor gave a stirring "man who" eulogy of Clay who, Brandt said, had promised upon leaving here 10 years before that if Berlin was ever again in trouble, he'd take the first plane back.

The crowd shouted again and louder still in worship of the American image as personified in Clay.

But men and the offices they hold will change. The weapon of anticommunism remains. We must use it at home and abroad.

THE NEW DRIVE AGAINST THE ANTI-COMMUNIST PROGRAM

Mr. THURMOND. Madam President, George E. Sokolsky's nationally distributed newspaper column, as published August 31, 1961, in the Washington Post and the New York Journal-American, is given over to Edward Hunter's testimony entitled "The New Drive Against the Anti-Communist Program." What is particularly noteworthy in it is this declaration:

As it stands, the Senate Internal Security Subcommittee's report stands as an indictment and it must be answered.

What is equally noteworthy, in appraising this document, is Mr. Sokolsky's appraisal of Mr. Hunter, whom he says he has known during most of his life. Mr. Sokolsky writes:

His integrity cannot be questioned.

Because of the clarity which Mr. Sokolsky gives to his subject, as compared with a Washington Post editorial of August 27, 1961, accusing Mr. Hunter of "brainburning," I ask unanimous consent to have Mr. Sokolsky's column printed in the RECORD at the conclusion of my remarks.

This Senate Internal Security Subcommittee document can be obtained from the Superintendent of Documents, Government Printing Office, Washington, D.C., at 25 cents a copy, with a reduction of 25 percent for orders of 100 or more.

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

HUNTER'S TESTIMONY

(By George E. Sokolsky)

There will undoubtedly be a storm over the testimony of Edward Hunter before the Senate Internal Security Subcommittee. Already Senators KEATING and DODD have protested the publication of Hunter's testimony, although they had a chance to read it.

I have known Edward Hunter during most of his life, much of which was spent in China. His integrity cannot be questioned. He has devoted his years to a study of psychological warfare and has made a specialty of the technique which he calls "brainwashing." This technique is used by the Russians and the Red Chinese as it was used by Hitler to predetermine human responses to propagandistic stimuli. For instance, the current universal slogan, "I'd rather be Red than dead," is a Communist brainwashing tactic.

In his testimony before the Senate Internal Security Subcommittee, Hunter sought to prove that a powerful anti-anti-Communist movement was being developed.

To prove his case, Edward Hunter has made a study of simultaneous articles and editorials in the non-Communist press which, so far as he is concerned, prove that the Communists have evolved a clever technique in the United States which, as I understand his testimony, seeks to establish that those who are not Communists, spread the Communist line. He cites this as an example:

"One of the most glaring examples of the double standard is in Red racism. The Reds use the term, 'racial liberation wars,' in the native languages of Asia and Africa, and make no bones about it being a war against the white man, specifically the Western white man. So-called liberals who fall into the trap of equating defense of freedom with racism, following the Red line, never raise a voice against the obvious racism engaged in by Communists."

After the defeat and death of Senator Joe McCarthy, the anti-Communist movement in the United States paled. Men and women were ashamed to be associated with McCarthyism.

Recently, a strong grassroots anti-Communist movement developed, particularly in the colleges and universities. This movement is a sincere response to political necessity. Such an organization as the Young Americans for Freedom or the Committee for a Responsible National Student Organization represents the best in American life and it is such efforts which the Communists now seek to kill off.

Hunter goes further than the politicians by mentioning names, citing articles and showing a correlation of ideas. If Hunter is wrong, those whom he accuses of being

brainwashed should establish his error. As it stands, the Senate Internal Security Subcommittee's report stands as an indictment and it must be answered. It is not an indictment involving turpitude; it does involve softheadedness, a failure to study the material that comes before us all.

It must be acknowledged that the United States has suffered from the effort to poohboo anticommunism. That is one reason why we are now sending more troops into Berlin. Rather than ridicule Hunter, it would be wiser to study his testimony carefully.

RUSSIAN TACTICS

Mr. CURTIS. Madam President, as the entire Nation, and in fact the free world, turns its attention to Khrushchev and the Communists and their ideological "pals," the Socialists, there are certain fundamentals I think we should never forget.

First, we should not underestimate the military strength of an adversary.

Second, we should always view a situation objectively. Regardless of how serious is the situation, we shall make it worse if we panic.

Third, we must always remember that a show of weakness invites aggression.

At the same time, Mr. President, there are two other established facts we must remember.

Fourth, we should never underestimate the ability of the Communists to lie, to bluff, and to deceive. They are the world's champions.

Fifth, we must never forget that we cannot do business with, we cannot negotiate with, we cannot compromise with the Communists. The history of communism is not only a history of enslavement of people with a low standard of living, but also a history of broken promises and broken treaties.

Madam President, I ask unanimous consent to have printed in the RECORD an article written by the distinguished writer David Lawrence, published August 9, 1961, entitled "The Greatest Hoax of All Time?" an article written by the same distinguished writer published August 21, 1961, entitled "How To Simulate Manned Orbit," and an article by the distinguished writer, Constantine Brown, published August 31, 1961, entitled "Rushing Into Khrushchev's Hands."

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

THE GREATEST HOAX OF ALL TIME?

(By David Lawrence)

IN EUROPE.—Until and unless the Soviet Union allows disinterested scientists and members of the press from other countries to witness the ascent into and descent from space of astronauts aboard satellites which circle the earth, the alleged exploit of Gherman Titov must remain a matter of doubt.

It could have been the greatest hoax of all time.

Everything that has been reported from Moscow and from other countries about conversations by radio to and from the satellite could have been reproduced artificially by tape recordings in advance.

Indeed, a Reuters News Service dispatch from Cape Canaveral, Fla., Sunday contained this significant paragraph about an American space project:

"A 2-ton Project Mercury capsule, it is hoped, will be launched into a single orbit by an Atlas rocket this month. This capsule will contain an 'artificial astronaut,' a 'crewman simulator' which will 'breathe, sweat and talk.'"

That experiment, if successful, is to be followed by a manned capsule sent into orbit by the United States.

But the press of the world will be invited to see the launchings and the return, and to hear the uncoded reports from the spaceship.

In attempting to get ahead of America, the Soviets may well have "simulated" the whole flight.

It seems incredible, for example, that Titov would sleep 8 hours while engaged on such a hazardous and momentous undertaking wherein every minute, it may be assumed, would require him to be alert to see that nothing went wrong mechanically.

It doesn't seem possible that the astronaut, who is but 26 years old and supposed to be in the air only 25 hours, would waste any of those hours in sleep, or that he really could be so calm as to drop off into slumberland at the appointed time with the greatest of ease.

In fact, the Moscow report said that by prearrangement he was supposed to sleep only 7½ hours, but extended his slumbers by 37 minutes.

This recess, incidentally, afforded an opportunity for complete silence in communications while the satellite was supposedly over certain parts of the globe.

Whatever messages came from the ship and were heard at all could easily have been taped beforehand and broadcast from the satellite.

It is significant that nobody but the Russian ground staff could communicate with the satellite during its flight, and that no conversations from outside Russia were permitted.

No television reels were shown in Russia of pictures taken at the beginning or end of the flight, though even these could also have been taped beforehand.

The flight was timed to coincide with the meeting of the Western Foreign Ministers at Paris and has all the aspects of a propaganda stunt, cleverly conceived and executed.

The Russians do not hesitate to lie or forge official documents or to fake stories of episodes for propaganda purposes.

HOW TO SIMULATE MANNED ORBIT—PROJECT MERCURY AUTOMATIC FLIGHT PLAN POINTS TO POSSIBILITY OF RUSSIAN TRICK

(By David Lawrence)

IN EUROPE.—Did the Russians, in their anxiety to achieve a worldwide propaganda victory in the midst of the Berlin crisis, send an automatically operated satellite around the globe with tape recordings aboard and then land a well-rehearsed "cosmonaut" by parachute from a separate flight, and claim to have actually sent a man around the globe?

The evidence with which to answer the foregoing question conclusively either way has not been made available to the public. But, bearing on the subject of automatic space flights, the U.S. Government, through the National Aeronautics and Space Administration, has just issued an enlightening and significant statement describing a satellite to be launched this very week from Cape Canaveral, Fla. It reads in part as follows:

"The most comprehensive test to date—orbital flight and reentry on a completely automatic basis—is the next step in Project Mercury. * * *

"The spacecraft in this test is similar to the one in which the U.S. Mercury astronauts will fly in orbital flight. Since this is the first orbital flight of a Mercury craft, a mechanical 'crewman' simulator will replace man in the cockpit. The 'crewman' simulator will consume oxygen, expel carbon dioxide and fill the cabin with heat and moisture much as a man would in the course of normal breathing.

"On this flight, two 45-minute voice tapes will broadcast preplanned messages to stations in the worldwide network of tracking stations to check on high-frequency and ultra-high-frequency transmissions.

"The spacecraft, measuring 6 feet across its widest diameter and 9 feet from the blunt heat shield to the top of its parachute container, will contain all the complex space-age equipment which makes it possible to fly the complete orbital mission on an automatic basis. In addition to the standard onboard systems through which the pilot can control the vehicle, electronic equipment and sensing devices have been installed to try to duplicate man's judgmental and corrective capacity. * * *

"Other mechanical devices will be on board the MA–4 spacecraft to attempt to reproduce the actions of man. A tape recorder, located in the vicinity of what would be the pilot's head, will record the noises of flight into space and back to earth. A special color camera will be pointed out of the portholes to record the view. Another camera will look through the pilot's periscope while a third one records instrument panel readings.

"Special instrumentation has been installed in the MA–4 spacecraft to record vibration, accelerations and temperature.

"During the flight, information from tracking and ground instrumentation points around the globe will pour into the Goddard Space Flight Center of the National Aeronautics and Space Administration at Beltsville, Md., at the rate, in some cases, of more than 1,000 bits per second. Upon almost instantaneous analysis, the information will be relayed to Cape Canaveral for action.

"The orbiting phase of the mission will last approximately 110 minutes and will carry the Mercury craft around the earth at altitudes ranging from 154 statute miles off the west coast of Australia to 100 miles insertion altitude near Bermuda."

The same official statement defines the expected landing place as 200 miles east of Bermuda, in the Atlantic Ocean. Helicopters will be used to recover the main landing parachute carrying certain equipment and data.

It would, of course, be feasible simultaneously to send an astronaut into the air separately in a plane flying in the stratosphere, parachute him to a landing, and tell the world that a man had actually been aboard the satellite itself in the round-the-world flight. It undoubtedly will be possible to put an American astronaut aboard a satellite itself some day and send him around the world many times—where there are today several American satellites still circling the earth after many months of flight. But the United States hasn't been ready to take the risk of a single human life until a test has been made.

The Russians may have taken such a risk but the "evidence" they have produced thus far is by no means convincing. In fact, several statements made by Yuri Gagarin and Gherman Titov about what they saw from orbital flight are not believed at all by a number of scientists in America, France, and Britain. Both the Russian airmen spoke, for example, of having seen plowed fields while in orbit. Maybe they saw them on the way down to earth, but there is no known telescope that could be installed in the spacecraft used from which—at an altitude of nearly 160 miles—one could distinguish a plowed from an unplowed field on earth.

It was important for the Communists to register a "first" in space at this critical time in world history, and they would, of

course, not hesitate to simulate an actual flight in order to gain a propaganda victory.

RUSHING INTO KHRUSHCHEV'S HANDS—ALLIES SEEN SOLVING KREMLIN'S PROBLEMS BY EAGERNESS FOR NEW NEGOTIATIONS

(By Constantine Brown)

ROME, ITALY.—The fear expressed some weeks ago by some realists in the political and military world that we would bail out Premier Khrushchev at a time when conditions in the Soviet Union and the satellite states were at their worst—for him—is now by way of being realized.

Despite President de Gaulle's definite opposition to the West's making overtures to the Kremlin for negotiation to solve the Berlin problem and other pending difficulties, Washington, London and even Bonn are anxious for a summit meeting.

General de Gaulle's initial opposition to the Western Powers' urging negotiation with Mr. Khrushchev was based on incontrovertible evidence that things in the U.S.S.R. were at their worst economically and at the same time the political and economic situation in East Germany had become desperate.

Under these conditions, General de Gaulle argued, why not let the Russians come to us and suggest that we meet to discuss not only Berlin but everything else? We would then be at a great advantage by condescending to talk with the Soviet boss. Our military strength (all panicky reports and rumors about Russia's superiority notwithstanding) is such that the Russians would not dare pull the trigger.

This realistic French approach to the diplomatic crisis is shared by the military of the NATO. We definitely have the wherewithal to make the Russians pay dearly for any military attempt. And the Russian general staff is aware of this.

Mr. Khrushchev is a shrewd and stubborn man, however. Before swallowing a bitter pill, he intended to try something against the West, as usual by proxy. That something was to be Berlin where he decided to create a real brink, pitting the East German Government against the allies in West Berlin.

There were, according to responsible informants, two plans. One, the most daring and likely to cause a real explosion, was to order the East German forces to raid a sector (preferably not American) and take it over. Mr. Khrushchev is reported to have toyed with that idea as being the most spectacular. But it could have involved a shooting problem which could occur before the whole matter could be brought before the United Nations. The Russian general reportedly said "Nyet."

The second plan, which was put into effect on the night of August 13, was then decided on. It involved less risk, especially if the closing of all communications between the Eastern and Western city was to be done by piecemeal. Mr. Khrushchev's expectations were fulfilled. The step-by-step measures taken by Walter Ulbricht after several days of discussions in Moscow with the Russians and the prime ministers of the satellite countries created only an academic reaction in Washington, London, and Paris.

The closing of the avenues between free and Communist Berlin brought the usual meaningless protests. The frame of mind in Washington and London was, "There is nothing we can do about it except make diplomatic representations." Even the decision to send Vice President JOHNSON and token reinforcements was taken only after President Kennedy received agonizing cries from Chancellor Adenauer and Berlin Mayor Brandt to do something. But simultaneously with these gestures, Washington, London, and Rome let it be known to the world that the situation was so tense and full of danger to the peace of the world that a meeting with Mr. Khrushchev at the earliest convenient time must be held. The Russian dictator had not miscalculated.

On the surface the Soviet Union is not directly involved. It is the "sovereign People's Republic of East Germany" which has taken the restrictive measures to defend herself against "espionage, saboteurs and black marketers." The Soviet Union, it was announced, stands firmly as usual behind her allies. A number of Red divisions were brought to the Russian Zone and Marshal Ivan Konev, one of the heroes of the last war, was placed in command.

Today, despite General de Gaulle's stubborn opposition to rushing to a summit conference, the betting in Europe is that the other powers will make their approach to the Kremlin boss. This will add another feather to his cap by having won another victory over the powerful West by his usual method of bluff and blackmail.

Perhaps at the time when the NATO was at its lowest ebb, such an attitude by the Western Powers might have been described as necessarily circumspect. But today when the Allied forces are strong—although not yet at their peak—and when there is a definite will in America and Europe to stop Mr. Khrushchev's nibbling tactics, this rush to negotiate appears from this side as ludicrous, especially when conditions in the Soviet Union are such that Mr. Khrushchev cannot pull the trigger.

A PROGRAM FOR THE RAILROADS

Mr. JAVITS. Madam President, the ICC recommendations for direct Federal subsidy for the railroads is realistic in relation to the new term financial road that seems to stretch particularly before the eastern railroads, but they fail to take account of the basic problem.

If eastern railroads continue in their present direction without Federal assistance, they are very likely to end up nationalized because there would be no other alternative. This would be a disaster for private enterprise in our country—one of the strongest supports of our freedoms.

Accordingly, the ICC recommendations represent a first step. But this will not solve the railroads' problems unless the Federal Government wants to give them long-term subsidy of a size tantamount to nationalization and this would be self-deception.

Modernization of the railroads is necessary if they are to survive their crisis, and the research and investment needed to bring about proper modernization should be made available. Also, commuter roads and terminal facilities need to be tied in with local rapid transit systems and other local means of transportation under more efficient metropolitan area planning. The problem of displaced employees must also be dealt with in a constructive way without any hardships to them and in the interest of the best in labor management relations.

A new program for the railroads may also involve a new approach to rates, taxation, depreciation, utilization of rights of way and similar measures.

These are very preliminary obligations but a master plan is essential for the railroads' short-term survival and long-term usefulness, as a leading example of private enterprise in the United States. In the past, I have proposed a Federal research program for the railroads. I am now preparing other measures which I will present at the next session of Congress to help deal with this critical problem.

AMENDMENT OF FEDERAL AIRPORT ACT

The Senate resumed the consideration of the bill (S. 1703) to amend the Federal Airport Act so as to extend the time for making grants under the provisions of such act, and for other purposes.

Mr. JAVITS. Madam President, I yield myself 5 minutes on the bill.

I wish to develop with the Senator from Oklahoma the situation on another matter which has been of great interest to me. I gave notice yesterday I would go into it.

This matter concerns the fact that a great many airports in the southern part of the Nation are segregated on the ground of color; and that, by whatever strategem this design is carried through, it nonetheless remains the fact that international travelers and interstate travelers are deeply offended by a situation of this character in our own country, notwithstanding all of our Federal laws and everything we have been able to do on the Federal level so far.

I notice the tempest which has been stirred up in New York by an alleged assault by a policeman on a diplomat from one of the new African countries. Madam President, this is so unusual, because it rarely happens in New York; but in the airport situation, we have a built-in, accepted pattern of segregation, notwithstanding all the laws that we apparently have on the books relating to airports of the country.

We can do something about it, Madam President. It is my deep conviction that the government agencies concerned can do something about it, including the FAA, with which we are dealing today in this measure, which gives it the money to help build airports.

I say the Agency can do something about it, and I say it can be done very specifically, because the law today is completely adequate to enable a vigorous administration in the FAA, and through the White House, to put an end to airport segregation.

May I repeat that no new law is necessary—not one line. The FAA itself, with the backing of the President, can eliminate segregation in the airports of the South.

That is the reason why there is no need for me to submit at this time an amendment to the bill. The law is complete on the subject. The point is, it is not being effectively administered. I have in my hand a letter from the FAA which is only 1 day old, sent to me on August 31, 1961, at my request, which makes that fact crystal clear.

Why do I say that the law is adequate? Let me refer to section 11 of the Federal Airport Act, which provides as follows:

As a condition precedent to his approval of a project under this chapter, the Administrator shall receive assurance in writing satisfactory to him that the airport to which the project relates will be available for public use on fair and reasonable terms and without unjust discrimination.

If that were not enough, we have section 404 of the Federal Aviation Act of 1958, which reads as follows, and I invite Members of the Senate to follow the reading of this section closely, because section 404 is exactly the same provision as is contained in the law which covers railroad or bus terminals, about which the Supreme Court has just ruled in a case, in so many words, which I shall refer to. Bear in mind that the provision I shall read is precisely in the same terms:

> No air carrier or foreign air carrier shall make, give, or cause any undue or unreasonable preference or advantage to any particular person, port, locality, or description of traffic in air transportation in any respect whatsoever or subject any particular person, port, locality, or description of traffic in air transportation to any unjust discrimination or any undue or unreasonable prejudice or disadvantage in any respect whatsoever.

Madam President, precisely upon this particular provision, in exactly these words, the Supreme Court of the United States, in the case of Boynton against Virginia, decided in October 1960, reversed the Supreme Court of Virginia and held that segregation was prohibitable in every one of the bus terminals, exactly as it should be in every one of the airport terminals.

The ICC is now moving into this area. Hearings are being held, and the ICC is going to invoke criminal sanctions, as should have been done years ago.

The Boynton case certainly made clear, with respect to the operation of bus terminals, that the operation of the terminal related to any part of it, and that included the restaurant or the restroom, as it does in an airline terminal. It is made very clear that is one and the same entity for the carrier or owner of the airport, in toto, including the runways, and so on. The mere fact that the restaurant or the restroom is part of a general system of transportation makes it susceptible to precisely the law I have read.

Nonetheless, despite that, there is still segregation in our airports.

When we argued this question with respect to the appropriation bill, I had the right—indeed, the need—to offer an amendment, because I was trying to cut off the money, since the Federal Agency was not, in my opinion, enforcing the law. When that was argued I was told, "We have made contracts. We have to go through with those contracts. That is fundamental to our jurisprudence. We should go through with those contracts."

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. JAVITS. Madam President, I yield myself 5 more minutes.

That statement was made notwithstanding the fact that any contract against public policy is invalid, and every lawyer knows it. We argued that point, but we were defeated.

Madam President, we no longer face that situation. There is no contract involved. There is only a Federal law to be enforced, and it is not being enforced. It will not be enforced until this Agency, with the backing of the White House, takes the bit in its teeth to enforce it.

This Agency, in addition to the CAB, has the authority to take away licenses from carriers which use segregated airports.

This Agency, in addition to the CAB, has the power to cripple any airport which engages in segregation.

Not satisfied to use that power, what is being attempted now, under color of the Boynton case, which is an excellent case, is that the administration has instructed the Attorney General to institute suits to desegregate airports in the South.

That is the same as the school desegregation. It is a fine idea to institute suits, but it will take far more years than we have any right to wait, especially since all the African diplomats are circulating around the United States and they still go into the southern airports, even international airports, and see in the waiting rooms and restrooms the signs "For Colored Only," or "For White Only."

This is a shocking disgrace to our country, and it can be completely stopped and prohibited by the Federal Agency concerned. The law is adequate on the subject, but the Agency will not use it.

All we can do is to protest, to cry out to the high heavens against this practice. That is my purpose today.

Let us consider the specifics of the problem.

Madam President, I ask unanimous consent that the letter from the Federal Aviation Agency may be printed in the RECORD as a part of my remarks, so that there will be no question about the position and what the Agency says.

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

FEDERAL AVIATION AGENCY,
Washington, D.C., August 31, 1961.

Hon. JACOB K. JAVITS,
U.S. Senate, Washington, D.C.

DEAR SENATOR JAVITS: This is written in response to a request from your office for information as to the administration of the Federal Airport Act, insofar as it concerns racial segregation at airports.

You have asked first for information with respect to administrative action being taken to terminate racial segregation at airports. At one time it was the policy of our predecessor, the Civil Aeronautics Administration, to decline to authorize any Federal grants under the Federal Airport Act for the construction of any portion of an airport terminal building which was to be segregated—these portions usually consisting of facilities such as restaurants and toilets. This policy was not wholly effective, and was altered by the Agency on October 28, 1960, to provide that, in the future, Federal grants would be limited to the construction of items necessary for airport safety, and that no further funds would be made available for the construction of terminal buildings except in unusual circumstances. One of the conditions of such grant is that the facilities must be available to the public without regard to race, creed, or color. A copy of our Agency regulation on this subject is attached.

In this connection, I should point out that S. 1703, to extend the Federal Airport Act, now pending before the Senate, would amend section 13(b) of the Federal Airport Act to eliminate, as an eligible project cost, the construction of any part of an airport building except those buildings or parts of buildings which are intended to house facilities or activities directly related to the safety of persons at the airport. While this amendment would terminate the Agency's present ability to authorize the construction of terminal buildings in special circumstances, it is generally in accord with our present policy.

This Agency has also requested the Department of Justice to institute suit under the Federal Aviation Act to enjoin racial segregation at all airports where it is now practiced, and that Department is now aggressively pursuing this request. I enclose a copy of my letter to the Attorney General, dated June 16, 1961, on this subject.

The Department of Justice has recently commenced suit against the city of New Orleans, La., and the city of Montgomery, Ala., seeking injunctions to terminate racial segregation at the municipal airports of those cities. (*United States* v. *City of New Orleans et al.* (E.D. La.), (*United States* v. *City of Montgomery et al.* (M.D. Alabama).) Federal funds were used for the construction of terminal buildings at both airports. In the case of the New Orleans grant, a written assurance was required and was received from the city, as a part of its application for Federal funds, that segregation would not be practiced at the airport. However, this assurance was not honored thereafter, and a major count in the Government's complaint is based upon this breach of a contract.

The grant to the city of Montgomery, Ala., was made under the former policy of the Civil Aeronautics Administration that no Federal funds would be made available to those portions of a terminal building which were to be segregated; and, in this case, the city constructed those portions entirely with its own funds. The complaint of the United States against the city of Montgomery is based on section 404(b) of the Federal Aviation Act, which prohibits discrimination by air carriers. In *Boynton* v. *Virginia* (364 U.S. 454 (Dec. 5, 1960)) the U.S. Supreme Court held that an identical provision of the Interstate Commerce Act prohibits segregation by privately owned terminals and restaurant facilities which serve interstate passengers. It is our opinion that the Boynton decision will be an effective precedent which will enable the Government to terminate racial segregation at airports even though the discrimination may be practiced by a privately owned lessee or concessionaire. I anticipate that further suits will be filed by the Department of Justice, if efforts to seek a voluntary end to discrimination are not successful.

In addition, this Agency has taken other steps to terminate any possible racial discrimination in connection with Federal grants under the Federal Airport Act. Section 16 of the act provides that federally-owned land may be conveyed to a public agency sponsoring an airport project. This Agency has recently decided to alter the form for future conveyances of land to include a provision that the grantee will not discriminate, on the airport property, because of race, creed, color, or national origin. We have also recently amended our Agency regulations governing grant agreements to require that construction contracts entered into by airport operators who have received Federal grants will obligate their contractors not to discriminate against any employee or applicant because of race, creed, color, or national origin.

You have also asked whether this Agency has made, or will make, grants under the Federal Airport Act for buildings or portions of buildings which are constructed for safety purposes, and which are attached to or a

part of terminal facilities which are segregated. The answer to this is "Yes." Section 11(5) of the Federal Airport Act provides that the airport operator or owner receiving a Federal grant will furnish to any civil agency of the Government, without charge, space in airport buildings for use in connection with air traffic control, weather reporting and communications activities. These facilities may be located within or on a terminal building which is otherwise segregated. However, we should point out that these furnished facilities are under the exclusive control and occupancy of a Federal agency and are, of course, not segregated, either as to the Federal personnel employed there or as to members of the public who may have business to transact there.

This situation would not exist as to any future grants, of course, in view of our present policy not to extend Federal grants for the construction of any portion of a terminal building. In this connection, S. 1703 would amend the Federal Airport Act to relieve the sponsor of its obligation to furnish space without charge for housing Government facilities for air traffic control, weather reporting, and communications. Under this amendment, future facilities of this nature would be constructed by the Government at direct Federal expense. If this legislation is acted, it would probably still be possible for such construction to be attached to, or in the case of control towers constructed on top of, terminal buildings in which segregation is practiced. Here again, however, the Government facility would be owned and operated and under the exclusive control of a Federal agency; and segregation would not be practiced in these areas.

Finally, you have asked whether, in our opinion, present legal and administrative steps will be sufficient to terminate segregation at airports. In our opinion, these steps should be adequate. As stated above, this Agency intends to make no future grants for the construction of airport terminals unless written assurance is given that there will be no discrimination. This would, of course, be strengthened by the enactment of S. 1703 in its present form. In addition, existing judicial decisions are, in our opinion, sufficient to persuade the courts to enjoin segregation at existing airport facilities in actions brought either by the United States or by private individuals concerned.

Sincerely,

DAGGETT H. HOWARD,
General Counsel.

3.0607 Airport Buildings:

3.060701 Eligibility: In order to insure that funds made available under the Federal Airport Act are utilized for items of airport development required in the interest of safety, it will hereafter be the policy of the FAA to participate in the cost of construction of only those airport buildings or portions thereof that are required for the safety of aircraft operating to, from, and in the vicinity of, the airport. Accordingly, effective immediately, no airport buildings will be considered eligible items of airport development except those buildings or portions of buildings required to house the following facilities:

(a) Flight Service Station (FSS).

(b) Airport Air Traffic Control Quarters (Combined Air Traffic Control Tower/FSS).

(c) Weather Bureau (Aeronautically Connected Services).

(d) Aircraft fire and crash equipment.

The policy outlined herein is not to be considered applicable to any projects for which an allocation has been issued prior to October 28, 1960, the date of A.P. & P. Memorandum No. 76.

Notwithstanding the above, under special circumstances outlined below, the construction of airport terminal buildings may be authorized under the Federal-aid airport program upon the personal approval of the Administrator. The constuction of airport terminal buildings will be considered only in those States having an unprogramed balance of State apportionment funds. In addition, Federal participation will be limited to the public use facilities of such buildings consisting of public waiting areas, ticket lobbies (excluding airline space), restrooms, baggage claim areas and circulatory space in the terminal building and fingers.

Where a request is received for FAAP participation in the construction of a terminal building, it will be necessary as a part of the programing recommendations to include a statement in writing from the chief executive officer of the sponsor as to whether or not it is the intent of the sponsor that all of the areas and facilities in the airport buildings, including the building proposed for construction, will be available without regard to race, creed, or color, and are operated, and are intended to be operated on a nonsegregated basis. In addition, the program recommendation should include a statement from the region as to whether segregation is practiced in the airport buildings and whether it is recommended that the particular terminal building be included in the approved program.

FEDERAL AVIATION AGENCY,
OFFICE OF THE ADMINISTRATOR,
Washington, D.C., June 16, 1961.

Hon. ROBERT F. KENNEDY,
The Attorney General,
Washington, D.C.

DEAR MR. ATTORNEY GENERAL: Since my letter to you of March 24, 1961, in which I expressed my views on some of the aspects of legal action to eliminate racial segregation practices at airports and particularly at Moisant International Airport, at New Orleans, La., members of my staff have met with representatives of your Department several times.

In the course of these discussions, as I am sure you have been informed, the various aspects of the problems involved have been discussed in great detail. As I am also sure you are aware, it is our recommendation that legal action be initiated at the earliest possible date at New Orleans and at other locations where segregation is practiced in airport terminal buildings. At the same time, we are concerned that the legal basis for such suits by the Government be that which provides the best assurance of a favorable court decision and has a minimum of adverse impact on this Agency's program for needed safety improvements at airports.

I believe it is opportune at this time to request, pursuant to section 1007 of the Federal Aviation Act of 1958 (49 U.S.C. 1487), that the U.S. attorney for the eastern district of Louisiana at New Orleans institute suit for an injunction to restrain violations of section 404(b) of the Federal Aviation Act of 1958 (49 U.S.C. 1374(b)) under authority of the Supreme Court decision in *Boynton* v. *Virginia* (364 U.S. 454), and on the further ground that practice of discrimination in the terminal buildings at Moisant Airport constitutes a violation of the terms of the contract between the city of New Orleans, New Orleans Aviation Board, and the Civil Aeronautics Administration dated August 29, 1957.

I further request that the appropriate U.S. attorneys be instructed to institute similar actions to restrain violations of section 404(b) at other airport locations where racial discrimination is practiced in terminal facilities.

Sincerely,

N. E. HALABY,
Administrator.

Mr. JAVITS. Madam President, this subject is divided by the Agency into a number of parts.

First, in the past there was financing of terminal buildings with FAA help. The terminal buildings were owned by a municipality, and the financing was not with direct Federal money, but instead was a financing of the shell rather than the restaurant facilities or the restroom facilities. The Agency permitted the municipality to build those facilities. Then that portion was segregated. The Agency held, for a long time, that procedure was all right, that the Agency had nothing to do with something to which it did not actually contribute specific dollars for the building of the particular walls involved.

Now the Agency has gotten away from that, and has regulations in this regard.

The Senator from Oklahoma [Mr. MONRONEY] was kind enough to say that this action was partially attributable, at least, to the fight I have made.

The Agency now has regulations to provide that this will not be done, and that there is required a commitment that there will be no segregation when there is Federal financing of the shell.

Madam President, the Federal Government is not to finance the air terminals any more. Indeed, the bill we shall pass today expressly excludes that. In a sense, that is an academic matter. Nonetheless, I think it is a great thing. I am delighted the Agency took that position and changed the regulations. I give it all credit and honor for doing so.

As I say, that is a problem no longer germane to the existing situation.

We move to the next situation, Madam President, which is that the Agency itself has asked the Department of Justice to institute suits to desegregate certain airports. Those suits are pending in New Orleans, La., and in the city of Montgomery, Ala. One airport, when threatened with a suit—at Columbus, Ga.—has already desegregated.

Perhaps we can get some understanding of why people like me are so exercised about this issue when we consider the situation at the New Orleans Airport terminal.

Do my colleagues know that the New Orleans municipality agreed by contract it would not have a segregated airport, and nonetheless has one? The Federal Government is now starting a suit. Think of the circumlocution. Think of the injustice. The United States has to start a suit to desegregate the New Orleans Airport, notwithstanding the solemn promise and the written assurance of the New Orleans Airport that it would not be segregated.

This is what we are up against, and this is why people like myself can sometimes get perhaps more passionate and exercised than one ought to be, even with respect to a legislative proposal.

That is the second point. Suits are being started in a number of cases.

We come to point 3. The Agency is taking precautions to see that land which may be used for airport projects is not used in a segregated way, and the Agency is taking precautions to see, also, that in respect to particular structures which the FAA will construct under this act—like weather stations and other sta-

tions— those structures will not be segregated.

But there is something the FAA is not doing. I shall read to the Senate the precise words on that score. The FAA is not using the power it has under the bill, because it has authority to help with respect to all kinds of runways and communications areas and weather stations.

The Agency is not planning to use its power to deny that kind of help to any airport which is segregated. Let me repeat that. The Agency is not planning to use the money and the authority given under the terms of the bill—to provide assistance for things other than terminals, or the appurtenances of terminals used as terminals, such as runways, safety elements, weather elements—to deny assistance to any airport on the ground that that airport is segregated.

The reason which the Agency gives is as follows, and I wish to read it. The letter is addressed to me:

> You have also asked whether this Agency has made or will make grants under the Federal Airport Act for buildings or portions of buildings which are constructed for safety purposes and which are attached to or a part of terminal facilities which are segregated. The answer is "Yes."

I repeat:

> The answer is "Yes."

In short, Madam President, an airport operator or owner who will get that kind of help will not be required to make a commitment that the airport will not be segregated.

The PRESIDING OFFICER. The time of the Senator from New York has again expired.

Mr. JAVITS. I yield myself 2 additional minutes.

This may be sought to be justified on the ground of safety, but is there not also at least an equal obligation to enforce the Constitution of the United States, so that airports which are segregated will not be a part of our safety chain?

Madam President, at that particular point the airport, under a particular operator, under those particular conditions, is not indispensable. It is useful. It is valuable. It is important to the community. However, if the community—and practically all the airports are municipally owned—insists on violating the Federal Constitution, shall we therefore resolve the doubt in favor of the community rather than in favor of all the people of the United States?

We all know the practicalities of legislation. We all know that no community could for a minute survive if it deprived its own citizens of the use of an airport and of all the safety devices it can get from the Federal Government, simply because it wishes to keep the airport segregated.

I ask the Senator to look at the history. When the law provides, or a court rules, after a great deal of fighting, that schools must be desegregated, they are desegregated. When the "sit-ins" make those involved desegregate lunchrooms, they do so. The social order has not collapsed. It will not collapse. On the contrary, as we all know, this is what the future must hold. It cannot be changed. All we are doing now is permitting a Federal agency not to enforce the law merely because we have not the strength, courage, determination, and conviction to say to the Agency that the law must be enforced. It is high time that we did so.

That is my case.

Mr. PASTORE. Madam President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. PASTORE. I congratulate the distinguished Senator from New York for his eloquent and brilliant presentation. I agree with him implicitly, and I desire to associate myself with everything he has said today.

Mr. JAVITS. I am very grateful to the Senator from Rhode Island, who is an extraordinarily able lawyer. I could not hope for any help and support which would be more influential and more gratifying to me than that of the distinguished Senator from Rhode Island.

Mr. MAGNUSON. Madam President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. MAGNUSON. Did the Senator say that the ICC was beginning to do some of the things suggested?

Mr. JAVITS. It is. I have given it credit. It is holding hearings. It will bring some criminal prosecutions. The Senator from Oklahoma [Mr. MONRONEY] has done for myself and my colleague [Mr. KEATING] a real favor that we appreciate. I am not berating the Senator from Oklahoma. He is as much a humanitarian as I am. I do not arrogate the virtues to myself.

It is only when we fight very hard for these things, as we have begun to do with respect to the desegregation of airports, that something happens. The Senator from Illinois [Mr. DOUGLAS] referred to the glacial mountain of indifference. We see it even when the law is with us, as it is with respect to the airports.

The southern railroad terminals must be desegregated. There is no way out of it. There is a progressive move toward that end. I should like to see the same march of progress go into the airports as well, and not depend upon selective individual suits for each airport in an injunction case, which seems to be the present course. The law is clear with respect to the power of the Federal Government.

Mr. MONRONEY. Madam President, I yield myself 2 minutes on the bill.

I have listened with interest to the forceful speech and factual presentation of the law and other statements of the distinguished Senator from New York. I wish again to assure the Senate that no segregated facilities can be built under the bill that is now before the Senate.

In the first place, no Federal funds will be available under this bill for construction of any terminal facilities, except those directly related to safety, and the latter type of facilities are not involved in the segregation problem.

Thus, a building may be constructed in the center of an airport as a control tower. Control towers at one time were built as a part of the terminal buildings themselves. But more adequate air traffic control has required their construction elsewhere. Radar rooms may be either within or without the terminal buildings, but for the most part I venture the assertion that even those which are connected with the terminal building itself would have an absolute no-admittance prohibition on such rooms for anyone excepting authorized personnel.

As the Senator knows, radar rooms and air traffic control rooms permit no visitors, so they could not be involved. I am happy to say that in such parts of the terminals the FAA has made great progress in bringing many fine colored people into the expertise of air traffic control and radar work. Such action has been the result in part, I think, of the efforts of the distinguished Senator from New York and many from areas farther south who have insisted that jobs be given commensurate with ability, regardless of color.

As the Senator is aware, there is already a requirement in the Federal Aviation Act that sponsors undertake as a condition for Federal assistance to operate the facilities on a nondiscriminatory basis. Section 11 states:

> As a condition precedent to his approval of a project under this act, the Administrator shall receive assurances in writing, satisfactory to him, that (1) the airport to which the project relates will be available for public use on fair and reasonable terms and without unjust discrimination.

As the Senator also knows, the Agency has already taken legal steps to enforce such undertakings.

Furthermore, even under existing law permitting participation in terminal construction the Agency has refused to participate in the cost in any segregated facilities.

So I feel that we are making progress. A complete job has not yet been done. But the Senator from New York will find less segregation of facilities in the nationwide aviation system than he will find in rail or bus service. At least that is a step forward to which we can point with pride. Far less segregation exists in respect to air transportation than in respect to the other forms of public transportation. There is more work to be done.

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

Mr. MONRONEY. Madam President, I have nothing further to add.

I move that the Senate proceed to the consideration of H.R. 8102.

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

The LEGISLATIVE CLERK. A bill (H.R. 8102) to amend the Federal Airport Act so as to extend the time for making grants under the provisions of such act, and for other purposes.

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

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 8102) to amend the Federal Airport Act so as to extend the time for

making grants under the provisions of such act, and for other purposes.

Mr. MONRONEY. Madam President, I move that all language after the enacting clause in H.R. 8102 be stricken and that the language of the Senate bill (S. 1703), "to amend the Federal Airport Act so as to extend the time for making grants under the provisions of such Act, and for other purposes, as amended," be substituted in lieu thereof.

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

The motion was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mr. JAVITS. Madam President, I have heard the Senator from Oklahoma with the deepest interest. I point out that what he has said is completely consistent with the case which I have made. Certainly so far as concerns any structure which houses safety facilities or airport operational facilities to which the FAA contributes, there will be no discrimination or segregation. I am satisfied as to that point. That is not any part of what I charge. What I charge is that the money that is proposed to be used for that type of facility, which is important to any municipality—something which all municipalities want, as is clear from the votes in the Senate on the substantive aspects of the bill—will be extended to airports which are segregated.

I point out that the Agency has chosen the longest, not the shortest, way around in making requests to the Attorney General to institute injunction suits, when by the mere cutting off of money we could bring about desegregation of all airports which are now segregated with practically no exceptions. If such procedure is within the Federal purview—and it is within the power and authority of the Federal Government, the agencies and the President—the power should be exercised in accordance with the Constitution, and we should not give support to efforts to delay the day when millions of Americans enjoy its full benefits.

In the Boynton case the terms of the law are precisely the same as those in the Aviation Act. In the Boynton case the Court made crystal clear that whoever operates segregated facilities, if they are a part of the general scheme of transportation which is involved, can be reached by the action of the courts and is subject to the provisions of these laws.

So, Madam President, I end as I began, with a plea to the President and to these agencies to take action to eliminate, not after years and through a great many suits, but right now, or almost right now, segregation in airports which get any Federal help at all.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The bill (H.R. 8102) was passed.

The PRESIDING OFFICER. Without objection, Senate bill 1703 will be indefinitely postponed.

Mr. MONRONEY. Madam President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MONRONEY. I move that the Senate insist upon its amendment, ask a conference with the House thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer appointed Mr. MAGNUSON, Mr. MONRONEY, Mr. SMATHERS, Mr. COTTON, and Mr. SCHOEPPEL conferees on the part of the Senate.

THE COMMUNITY HEALTH SERVICES AND FACILITIES ACT OF 1961

Mr. JAVITS. Madam President, I am gratified that the Community Health Services and Facilities Act of 1961 was passed by the Senate today. I was a sponsor of one of the bills which entered into this same effort and dated from my sponsorship of my bill in the previous administration when it was administration policy under President Eisenhower.

I ask unanimous consent that a statement which I have prepared on the subject be printed in the RECORD at this point.

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

STATEMENT BY SENATOR JAVITS

Mr. President, I rise to express my satisfaction over the passage of the Community Health Services and Facilities Act of 1961, which is designed to help the States and localities improve health services outside the hospital. This assistance in new nursing home construction and expanded home care services is very much needed. Equally essential is the encouragement provided in this bill for the training of State and local public health personnel and the grants to aid public health schools.

Early in the session I introduced a bill which carried the same purport as this one, the Health Facilities and Training Act of 1961, which was prepared at the instance of Arthur Flemming, Secretary of Health, Education, and Welfare, under the administration of President Eisenhower. Both of these bills are precise steps in the direction of meeting the needs for more health facilities and more professional personnel. The growing recognition of our need was made evident in a report entitled "Physicians for a Growing America," issued in October 1959 by the Surgeon General's Consultant Group on Medical Education, which calls for a $1 billion program over a 10-year period to expand and extend our country's medical facilities.

We ought to be training many more doctors, more nurses, more public health specialists to meet the needs of our expanding population. We should be in a position also to take off some of the crushing burden now placed on our hospitals by providing the trained personnel and the expanded facilities necessary to care for our chronically ill and other unhospitalized cases.

The rich benefits that the health, medical, and related sciences can provide toward a better life should be made available to all our people who need them irrespective of their economic position. And we should be mindful, too, of the impact which American medicine can make in other lands to help build the strength and well-being of the free world. Medicine has no geographic boundaries and I hope the day will soon be here that sees us embark on a worldwide crusade against sickness and disease.

FEDERAL AID TO EDUCATION

Mr. JAVITS. Madam President, next week we will deal with the matter of Federal aid to education. There has been no more tragic failure of Executive leadership or greater legislative problems in this Chamber, that we have seen in a long time, than what took place here in the collapse of this great effort in behalf of Federal aid to education, so vital to our defense.

I am gratified by one thing. I have strongly opposed, and continue to oppose, aid to federally impacted school districts, about which so many efforts have been made here, unless it contains at least a 1-year extension of the National Defense Education Act. I have a printed amendment to S. 2393, the impacted areas school bill to that effect.

I am glad to say that at long last opinion is rallying in the country to the fact that we cannot, that we dare not, extend aid to impacted areas without attaching to such legislation, at the very least, a 1-year extension of the National Defense Education Act, including college housing loans, fellowships, and other programs directly related to the defense of the Nation.

I ask unanimous consent that an editorial published in the New York Times today entitled "School Aid Debacle" be printed in the RECORD at this point.

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

SCHOOL AID DEBACLE

Satisfactory Federal aid to the public schools, although solemnly promised in both the Republican and Democratic Party platforms and labeled with highest priority by the Kennedy administration, has been killed beyond hope for revival in this session of Congress. This is the tragic end to a chapter of legislative irresponsibility and inept Executive leadership.

Inevitably, the postmortems will allocate the blame to everyone's political advantage. The fact is that the blame must be shared across party boundaries. The bipartisan antiaid coalition, of course, did its best to exploit every extraneous controversy. The parochial school issue was welcomed by those who gladly use any means to obstruct aid to public education.

But much of the burden of the defeat remains on those who mismanaged the measure. Inept behind-the-scenes talk of compromise, particularly the offer to use the National Defense Education Act as a vehicle for back-door aid to nonpublic schools, consolidated the opposition and disheartened supporters. The bill that was held captive in the Rules Committee was sound. It was worth a far greater effort for rescue. It needed the urgency of pressure from the White House and the Department of Health, Education, and Welfare; instead it received offers of soft compromise.

When the inadequate hybrid measure was finally brought to the floor under the Calendar Wednesday procedure it lost even the support of some honest advocates of Fed-

eral aid. The totally new bill, based on a distribution formula different from earlier measures, had to be voted on within 1 day, without proper study or debate. This leaves room for suspicion that some of those who adopted this dubious procedure were more interested in going through the motions and clearing themselves of responsibility than in having school aid enacted.

There remains, however, another issue of overriding importance. As a result of the political horse trading, extension of the vital National Defense Education Act has not yet been voted. Without such extension the colleges will not be able to offer loans to this year's high school seniors. Nor will academic institutions be able to plan effective science, mathematics, language, and fellowship programs, with any assurance of continuity. Enough damage has already been done through the failure to enact public school aid; it must not be compounded by failure to extend the entire National Defense Education Act before Congress adjourns.

Mr. MANSFIELD. I have listened with attention to the remarks of the distinguished Senator from New York about the education bill. I believe he said something to the effect that somebody should be ashamed for the little we have done in this Chamber with respect to that subject.

I believe the Senate can take great credit for what it has done in the field of education. It has passed the general aid to education bill. It has reported from committee a bill having to do with extension of the National Defense Education Act, and another bill having to do with aid to impacted areas. Assurances have been given that both of these bills will be brought up before the Senate adjourns.

So I believe Senators—Democratic and Republican alike—can take great credit for what has been accomplished.

Mr. JAVITS. I believe we have gone into this before. I have always given credit to the Senator from Montana. I have already said that the Senate has done very creditable work. The New York Times editorial makes that very clear. I am not complaining about the Senator's leadership.

Mr. MANSFIELD. The credit should go to the chairman of the Committee on Labor and Public Welfare, the Senator from Alabama [Mr. HILL], and especially to the senior Senator from Oregon, who, as chairman of the Subcommittee on Education, devoted long hours to these measures. We have tried to do our part to live up to our responsibility on this side of the aisle with the aid of some of our Republican colleagues in the Senate.

Mr. JAVITS. I thoroughly agree with the role played by the Senator from Oregon [Mr. MORSE]. I wonder if the Senator from Montana is in a position to answer as to the intention of adding a 1-year extension of the National Defense Education Act to the impacted areas bill.

Mr. MANSFIELD. I would suggest that the Senator take that up with the Senator from Oregon. I will be guided to a large extent by what the Senator from Oregon and the members of his committee want done.

Mr. JAVITS. I thank the Senator.

ULTIMATE IN AUTHORITARIANISM

Mr. DIRKSEN. Madam President, I ask unanimous consent that there be printed at this point in the RECORD, an editorial, "Ultimate in Authoritarianism," which appeared in the July 19, 1961, issue of the Daily Republican Times, Ottawa, Ill.

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

ULTIMATE IN AUTHORITARIANISM

Few have heard about it—but legislation is being considered by Congress which can have a profound effect on the public health.

One of the bill's major provisions would prohibit the patenting of many pharmaceutical products unless the newly discovered compound could be proven significantly more effective than all chemically related drugs already on the market. In other words, proving that a drug is safe and good would no longer be enough. A Government agency would have to agree that it was better.

If this sounds plausible to you, think again. A preparation which is effective with one patient may fail entirely with another. Only the practicing physician is competent to decide which particular drug is best in any given case. Patients, after all, are individuals, with individual idiosyncracies. And, as the old saying has it, one man's meat may be another man's poison.

Moreover, authoritarian bodies—and any Government agency with the power to decide which of a group of related drugs is best must be authoritarian—often have been guardians of orthodoxy rather than champions of progress. In the past, medical experts rejected Jenner's smallpox vaccine, Pasteur's anthrax vaccine, Lister's theory of antisepsis, and Semmelweis' discovery of the cause of childbed fever. All of these innovations have proven to be milestones in medical history.

The proposed legislation would amount to a roadblock in the way of pharmaceutical development.

KHRUSHCHEV OR THE NEW XERXES

Mr. DIRKSEN. Madam President, current issue of the Helenic Review of New York City contains an editorial entitled "Nikita Khrushchev or the New Xerxes, the Acropolis, Berlin, and Beyond." I ask unanimous consent that the editorial be printed at this point in the RECORD.

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

NIKITA KHRUSHCHEV OR THE NEW XERXES—THE ACROPOLIS, BERLIN, AND BEYOND

(By P. B. Peciaris)

It was on September 17 of the year 480 B.C. that the great King of Persia, Xerxes, ordered his men to storm the Acropolis of Athens and burn it down. After a resolute resistance of 2 weeks, the Athenian garrison gave up and the Persian soldiers plundered and destroyed the temples. Herodotus, called the Father of History, tells us that on the Acropolis was the temple of Erechtheus, the "earthborn," which contained an olive tree and a salt water pool.

"The tale goes among the Athenians," says Herodotus, "that the tree and the pool were placed there as witnesses by Poseidon and Athena, when they had their contention about the country. Now this olive tree had been burnt with the rest of the temple when the barbarians took the place. But when the Athenians, whom the King (Xerxes) had commanded to offer sacrifice, went up into the temple for this purpose, they found a fresh shoot, 1½ feet in length, thrown out from the old trunk."

By some odd coincidence, it was in September of 1687 that the second desecration of the Acropolis took place, when the Doge of Venice, Francisco Morosini, during a siege of Athens, bombed, and partially destroyed the Parthenon, which was transformed by the Turks to a powder magazine.

It is now a modern Asiatic despot, Nikita Khrushchev, who threatens to repeat what Xerxes did 2,000 years ago. In a speech to the world, he boasted having warned the Greek Ambassador in Moscow, who expressed doubts that he, Khrushchev, would ever order "atomic bombs to be dropped on the Acropolis and other historical monuments of Greece," that "I should without wavering give my military men the order to come down on the military bases of the North Atlantic bloc, which are situated in Greece, and they naturally would not spare the olive groves nor the Acropolis, because bombs do not differentiate."

THE GREEK ANSWER IS "NO"

Master-propagandist Nikita Khrushchev, by making this cynical remark, might have expected either to terrorize the Greeks or to help his friends, the Communists and other leftists in Greece, to improve their shaky positions in the forthcoming general elections. But this time Mr. Khrushchev committed a serious blunder, thus proving his complete ignorance of Greek character. How mistaken this new Xerxes is was shown by the reaction which his words have produced in Greece. Prime Minister Caramanlis, in a fierce reply, worthy of Greece's glorious past, said:

"If the Soviet Premier hopes, by this gratuitous behavior, to intimidate the Greek people and give encouragement to the extreme left, he may as well know that the contrary will be the result. It may be in Mr. Khrushchev's power, as he says, to destroy the Acropolis. What he cannot do, however, is to destroy the ideals of which the Acropolis is the symbol. Ideals whose power is greater than that of any missile."

Mr. Khrushchev did his fellow travelers in Greece a great disservice with his ill-tempered remark. Never since the end of World War II, were the Greeks as united as they are today in the face of the omninous plans of the Soviets and their vassals in the Balkans. History repeats itself. The Greek nation, represented by its Government and the national opposition leaders, gave the Soviet Premier the one answer the Greeks used to give to all invaders and conquerors: A firm and unequivocal "no." Chairman Khrushchev, drunk with the sweet taste of his successes in out-of-space exploration, in the field of military aviation, and in the construction of superbombs capable of killing millions of people, overlooked some very sobering and inescapable truths. His Marxist-Leninist fanaticism does not allow him to recognize clearly that freemen in Greece, in Berlin, or elsewhere, do not fear his threats because the freedom they are enjoying is the fruit of a long and bloody struggle against tyranny and oppression, which began in the shadow of the Acropolis.

SOVIET PREMIER'S WRONG IDEAS

The Acropolis is a symbol of the free world, as in Berlin, which Mr. Khrushchev thinks is not worth fighting for. He seems to believe that the Western nations are decadent and will never go to war to defend Berlin. He brushes aside all legal arguments and threatens to destroy millions of people if he does not get what he wants, under the terms he sets forth. He introduces big-scale blackmail and extortion as a legitimate form of "diplomacy." He speaks of peace and means war, he heralds coexistence and

translates it as domination, he degrades capitalism, and looks forward to surpassing it.

However, Mr. Khrushchev, when he pulls the strings to intensify the Berlin crisis, should bear in mind that his troops are today in Berlin because his Western Allies of World War II allowed them to take the capital of the German Reich. He knows very well that in April–May 1945 the American, British, French, and other Allied armies were about to occupy all of Germany before the Red Army was ready to launch its offensive from the east. Documented history makes clear that the German general staff had given strict orders for a regular retreat in the west and fierce resistance in the east. Only the Yalta agreements induced General Eisenhower to stop the march on Berlin and acquiesce to the occupation of the eastern part of Germany by the Soviets.

THE WORLD'S EXPECTATIONS

That the situation in Berlin is an abnormal one is a fact that is recognized by the West. Nevertheless, no unilateral action can lead to a solution of the problem. On the contrary, unilateral measures are bound to bring about a dangerous deterioration. The stakes in Berlin are great for Mr. Khrushchev as they are for the Western Allies and the West Berliners. However, as long as this "strange sequence of television diplomacy" continues, the chances of a settlement are growing dimmer daily. The Berlin problem should be taken out of the context of prestige considerations. Both the Soviet Union and the West should work out concrete proposals to be tabled as a basis for negotiations at a conference, which should possibly deal with the German problem as a whole.

The East Germans acknowledged the bankruptcy of their regime by closing the access of West Berlin to their people. Undoubtedly, this is a very heavy blow to Mr. Khrushchev who wants the world to recognize this unpopular regime as the legal government of the 16 million Germans who live in the Soviet occupation zone. From the point of view of prestige the Soviet leader is on the defensive, a fact that makes things more complicated and delicate, when one understands the character of the Soviet Premier.

On the other hand, the West seems not to know what to do in the face of the present crisis. Routine protests to the effect that the restrictive measures of the so-called German Democratic Republic are a violation of solemn agreements and token military demonstrations by the West against East Germany though inescapable, certainly do not represent constructive action aimed at reducing the existing tensions and quieting down high-running emotions.

World public opinion today demands more from the leaders of the West as well as from Mr. Khrushchev. It is still time for President Kennedy and Chairman Khrushchev to review and scrutinize their respective positions before things get out of hand. There is sufficient room for maneuvering on both sides since not all roads to an honest compromise have been explored in depth. What seems to be urgent at this crucial hour is restraint in oral assessments of the situation and in tough statements, both in Washington and Moscow. Secret diplomacy might not only be useful, but also necessary and fruitful under the circumstances. As long as world leaders are standing and talking under the glare of television lights there is no justified hope for an improvement.

The frail tree of the uneasy peace the world lives in need not be destroyed like the olive tree on the Acropolis. To believe Herodotus, the trunk of the burnt tree produced green shoots, thus announcing to the world the renaissance of the temporarily fallen Hellenic civilization. But modern weapons of annihilation will scarcely leave any spark of life on earth.

EXPENDITURE FOR RESEARCH, DEVELOPMENT, AND DESIGN EXPENSES UNDER THE MERCHANT MARINE ACT OF 1936

Mr. MANSFIELD. Madam President, I move that the Senate proceed to the consideration of Calendar No. 176, Senate bill 1185.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1185) to amend the Merchant Marine Act, 1936, in order to authorize the expenditure from certain capital reserve funds of certain amounts for research, development, and design expenses.

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 Commerce, with amendments, on page 1, line 7, after the word "consent," to insert "and upon terms and conditions which the Secretary of Commerce shall by regulation prescribe to give priority to the foregoing purposes of the fund (and with respect to any transfer of funds from the special reserve fund, to give priority to the purposes of that fund) and to carry out the purposes of this act,", and on page 2, after line 5, to insert:

The contractor may also make disbursements from the capital reserve fund (1) for the purchase of cargo containers, delivered after June 30, 1959, of a type approved by the Administrator for use in connection with any of the contractor's subsidized vessels, (2) for the payment of the principal of any indebtedness incurred for such containers, or (3) to reimburse the contractor's general funds for expenditures for such purchases or payments. Such cargo containers to the extent paid for out of the capital reserve fund shall be treated as vessels for the purpose of deposits and withdrawals from the capital reserve fund under this section 607, and the regulations and closing agreements relating thereto, except that the depreciation on such cargo containers shall be based upon the life expectancy used for such containers in the determination of "net earnings" under paragraph (d)(1) of this section 607.

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the last sentence of section 607(b) of the Merchant Marine Act, 1936 (46 U.S.C. 1177(b)) is amended by inserting before the period at the end thereof a comma and the following: "and may also pay from such fund, with such consent and upon terms and conditions which the Secretary of Commerce shall by regulation prescribe to give priority to the foregoing purposes of the fund (and with respect to any transfer of funds from the special reserve fund, to give priority to the purposes of that fund) and to carry out the purposes of this Act, amounts contributed toward research, development, and design expenses incident to new and advanced ship design machinery and equipment".

"The contractor may also make disbursements from the capital reserve fund (1) for the purchase of cargo containers, delivered after June 30, 1959, of a type approved by the Administrator for use in connection with any of the contractor's subsidized vessels, (2) for the payment of the principal of any indebtedness incurred for such containers, or (3) to reimburse the contractor's general funds for expenditures for such purchases or payments. Such cargo containers to the extent paid for out of the capital reserve fund shall be treated as vessels for the purpose of deposits and withdrawals from the capital reserve fund under this section 607, and the regulations and closing agreements relating thereto, except that the depreciation on such cargo containers shall be based upon the life expectancy used for such containers in the determination of 'net earnings' under paragraph (d)(1) of this section 607."

Mr. MANSFIELD. Madam President, it is the intention of the Senate, after discussing the matter with the distinguished minority leader, to take up the bills reported by the Commerce Committee in the order in which they appear on the calendar. After Calendar No. 176 is disposed of, it will be followed by consideration of Calendar Nos. 177, 233, 324, 463, 548, and 643.

Mr. MAGNUSON. The Committee on Commerce has reported the pending bill to amend the Merchant Marine Act in order to authorize the expenditure from certain capital reserve funds of certain amounts for research, development, and design expenses. The bill was reported unanimously by the committee, It is one of the really forward looking bills which we have reported, to help an industry and to help the Government and to help the American people in this field.

I point out that under the Merchant Marine Act of 1936, as amended, vessel operators holding operating-differential subsidy contracts are required to establish a capital reserve fund, in which must be deposited an amount equal to the annual depreciation on their subsidized vessels, the proceeds of sale or other disposition of any subsidized vessels, all indemnities and insurance from loss of vessels, and such additional profit from operations of subsidized vessels as the Secretary of Commerce may deem necessary to insure adequacy of the fund.

A special reserve fund also must be set up to take care of any operating losses and subsidy recapture. Into this fund must go all annual profits in excess of 10 percent of capital necessarily employed.

At the present time, under the provisions of the act, there is no authorization to use any of these funds which are lying there unused.

The committee and the witnesses who appeared before it felt that with the highly competitive situation in ocean transportation, it was highly important that the United States remain in the forefront of vessel design. Heretofore the law has not permitted the fund to be used for that purpose, and the Government has not seen fit to appropriate money directly for as much research as should be made in order to keep pace.

The proposed legislation before the Senate, S. 1185, permits such steamship operators to use their own reserve funds

for that purpose. It applies to containers delivered after June 30, 1959, the date marking the beginning of the container programs of these lines.

The proposed legislation is not retroactive in any sense which would affect Government funds or expenditures. The provision simply permits the operators to pay for this capital equipment from their own reserve funds without any expense to the United States. Everyone agrees that it is appropriate that these funds be available for this purpose.

An amendment is suggested by the Department of Commerce itself, which I shall present to the bill, and which will cover containers.

The bill will allow the operators to borrow from the reserve funds for this kind of research.

The amendment requested by the Secretary of Commerce would assure jurisdiction over the expenditure of funds for containers to prevent undue depletion of reserve funds for vessel replacement.

The amendment I send to the desk was made to apply to the House bill, which is also on the calendar.

This is the sum and substance of the bill.

Madam President, I ask unanimous consent to have printed at this point in the RECORD that portion of the report which includes an explanation of the technical amendment to the bill and the letter from the Comptroller General of the United States, who urges the passage of the bill; a statement by me with respect to the bill; and a letter to me from the Secretary of Commerce, suggesting the amendment which gives further protection for the use of the reserve funds.

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

AMENDMENT TO THE BILL

The bill was amended by the committee to assure that its aims be achieved while at the same time safeguarding the integrity of reserve funds for future replacement of vessels. This has been done by specifying that the acquisition of new vessels and payment for existing vessels remains the primary purpose of the fund thereafter. A portion of such funds can be utilized for research, development, and design expenses incident to new and advanced ship design machinery and equipment by giving priority to the present purposes of the reserve funds.

The bill as amended carried out the original intent of the Merchant Marine Act, which has proved so successful in operation over the years.

As an additional element in the development of more effective techniques in cargo handling and in the production of reduced costs and greater efficiency the bill also provides that the capital reserve funds may be utilized for the purchase of cargo containers with the provision that such purchases may be amortized within their life expectancy. In the field of container ship development such containers are as much a part of the cargo handling system aboard the vessels as cargo booms and winches. It is logical that they be classified in the same manner so that their cost will be defrayed from the same source.

The committee believes that enactment of this bill will contribute substantially to the future development of the American merchant marine and accordingly recommends its enactment.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, June 5, 1961.

Hon. HERBERT C. BONNER,
Chairman, Committee on Merchant Marine and Fisheries, House of Representatives.

DEAR MR. CHAIRMAN: Further reference is made to your letter of May 23, 1961, acknowledged on May 25, requesting the comments of the General Accounting Office concerning H.R. 6974, 87th Congress, 1st session, entitled "A bill to amend section 607 (b) of the Merchant Marine Act, 1936, as amended."

The proposed amendment would permit subsidized vessel operations, if approved by the Maritime Administration, to make expenditures from their capital reserve funds for research, development, and design incident to new and advanced-design machinery and equipment.

We have no special information or knowledge as to the desirability of the proposed legislation and, therefore, we make no recommendation with respect to its enactment. However, we should like to suggest for the consideration of your committee that under the provisions of the present section 607(b) of the 1936 act, each subsidized operator is required by contract to create and maintain a capital reserve fund for the stated purposes of insuring the prompt payment of his obligations to the Government and the replacement of his subsidized vessels as may be required. In view thereof, we believe that in order to assure the maintenance of a sufficient balance of reserve funds to fulfill these contractual obligations, the bill, if given favorable consideration, should establish definite limitations on the porportion or amount of reserve funds which may be expended for research and related purposes.

In this connection, we should like to call attention to the fact, of which you no doubt are aware, that Public Law 86-451 (74 Stat. 95) making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1961, specifically authorizes a sum not to exceed $5,900,000 for research, development, and design expenses incident to new and advanced ship design, machinery, and equipment. In the light of this authority and specific appropriation therefor which has been granted to the Maritime Administration, it is not clear whether the funds being made available by the proposed amendment are intended to augment the governmental research and development program already authorized. Therefore, in the event it is intended that the proposed legislation contemplates a cooperative undertaking by the operators and the Maritime Administration, and is designed to authorize contributions from both sources in seeking the same objective, we recommend that the bill be clarified to remove any question in this regard. Otherwise, there could conceivably arise a question concerning an unwarranted augmentation of the existing appropriation.

Furthermore, while not so stated in the amendment, we assume that in the event the research and development program is undertaken by the shipowners individually, it is intended that the Maritime Administration will coordinate the contemplated projects in order to prevent possible duplication or overlapping of effort.

Sincerely yours,

JOSEPH CAMPBELL.

STATEMENT BY SENATOR MAGNUSON

The survival of this country's hard-pressed commercial shipping fleet, in the face of foreign competition operating at vastly lower costs, will depend in large measure upon the ability of U.S. vessel owners to make fullest use of scientific and technical advances in vessel propulsion, automation, etc. Development of such facilities to the point of practical utility, however, is a costly process, and particularly burdensome in this time of rocketing costs of operation and declining revenues.

This bill would amend section 607(b) of the Merchant Marine Act, 1936, to authorize subsidized vessel operators to pay from their capital reserve funds, with the consent of the Secretary of Commerce, amounts expended for research and design development. At the suggestion of the Maritime Board an amendment has been added, designed to safeguard the original purposes of both capital and special reserve funds.

A second amendment to the bill would permit borrowing from capital reserve funds for construction of containers, these borrowings to be repaid in annual amounts based on the life expectancy of the containers. This would permit utilization of the proven advantages of containerization, but at the same time would avoid any permanent depletion of vessel reserve funds while easing the pressure on currently limited general operating funds. A further amendment requested by the Secretary of Commerce would assure jurisdiction over expenditure of funds for containers, to prevent undue depletion of the reserve funds for vessel replacement.

THE SECRETARY OF COMMERCE,
Washington, D.C.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to S. 1185 as it was reported by your committee. The bill as reported would amend section 607(b) of the Merchant Marine Act, 1936, in two respects.

First it would amend the section to authorize use of capital reserve funds for research and development purposes, with the consent of the Secretary of Commerce and under regulations prescribed by the Secretary to give priority to use of the funds for the acquisition of new vessels and payment for existing vessels.

Second, it would amend the section so as to authorize use of the capital reserve funds to pay for containers. This second amendment would not require the consent of the Secretary of Commerce for this use of the fund, nor would it provide authority for the Secretary to issue regulations to give priority to use the fund for acquiring new vessels and paying for existing vessels.

We believe that use of the fund to pay for containers should be permitted only with the consent of the Secretary of Commerce, and that the Secretary should be authorized to regulate use of the fund to pay for containers so as to safeguard the primary purposes of the fund.

Our recommendation could be carried out by amending the bill (as reported) as follows:

1. Insert "(A)" after the comma in line 3, page 2.

2. Strike out the quotation marks in line 5, page 2, and all matter following it down through the word "fund" in line 7, page 2, and insert in lieu thereof the following: "and (B) amounts."

H.R. 6974, as it passed the House of Representatives, is in substance identical to S. 1185 as reported by your committee. If the action is to be on that bill, we recommend that similar amendments be made to it.

The Bureau of the Budget advises there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely yours,

EDWARD GUDEMAN,
Under Secretary of Commerce.

The PRESIDING OFFICER. The first committee amendment will be stated.

The LEGISLATIVE CLERK. On page 1, line 7, after the word "consent", it is proposed to insert: "and upon terms and conditions which the Secretary of Commerce shall by regulation prescribe to give priority to the foregoing purposes of the fund (and with respect to any transfer of funds from the special reserve fund, to give priority to the purposes of that fund) and to carry out the purposes of this Act,".

The PRESIDING OFFICER. The amendment to the committee amendment will not be stated.

The LEGISLATIVE CLERK. On page 2, line 3, after "Act," it is proposed to insert "(A)".

The PRESIDING OFFICER. The question is on agreeing to the amendment to the committee amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The second committee amendment will be stated.

The LEGISLATIVE CLERK. On page 2, after line 5, it is proposed to insert:

The contractor may also make disbursements from the capital reserve fund (1) for the purchase of cargo containers, delivered after June 30, 1959, of a type approved by the Administrator for use in connection with any of the contractor's subsidized vessels, (2) for the payment of the principal of any indebtedness incurred for such containers, or (3) to reimburse the contractor's general funds for expenditures for such purchases or payments. Such cargo containers to the extent paid for out of the capital reserve fund shall be treated as vessels for the purpose of deposits and withdrawals from the capital reserve fund under this section 607, and the regulations and closing agreements relating thereto, except that the depreciation on such cargo containers shall be based upon the life expectancy used for such containers in the determination of net earnings under paragraph (d) (1) of this section 607.

The PRESIDING OFFICER. The amendment to the second committee amendment will be stated.

The LEGISLATIVE CLERK. On page 2, after line 5, it is proposed to strike out "The contractor may also make disbursements from the capital reserve fund" and insert in lieu thereof "; and (B) amounts".

The PRESIDING OFFICER. The question is on agreeing to the amendment to the second committee amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. BUTLER. Madam President, I call up the amendment which is at the desk, and which is offered in the names of myself and the distinguished Senator from Delaware [Mr. WILLIAMS].

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the end of the bill, it is proposed to add the following new section:

SEC. A. That the Merchant Marine Act, 1936 (49 Stat. 1985), is amended by striking out subsection (d) of section 502.

Mr. BUTLER. Madam President, the Senator from Delaware has joined with me in urging the Senate adopt his amendment to S. 1185 and thereby eliminate the unrealistic, inequitable, and totally unwarranted 6-percent preference which the west coast shipyards presently enjoy to the detriment of their counterparts on the other coasts when bidding for the construction of a ship under certain provisions of the Merchant Marine Act of 1936. The preference, which may have had some justification when first enacted over 25 years ago, now represents no more than geographical discrimination. It selects one coastal region and gives its shipyards a decided advantage over the yards of the gulf, Great Lakes and the East at great expense to the country and all of its taxpayers.

Those who oppose the elimination of this differential usually do so on the ground that it is necessary for national defense purposes. They argue that the preference equalizes costs as between the coasts and thereby permits a diversified shipbuilding capability on all coasts which is not only desirable from a defense standpoint, but necessary. I shall demonstrate, Madam President, that the argument, which may have been valid in 1936 when the preference was created, is no longer valid; that fiscal responsibility and equity require the 6-percent preference be repealed; that component material costs in most cases, excepting perhaps steel—and probably even steel—are competitive regardless of where the shipyard is located; that, in any event, the competitive equality of the west coast yards should be the determining factor in repeal or retention of the preference, not component material costs, since those external shipyard costs are not a true indication of competitive equality.

Mr. KEATING. Madam President, will the Senator from Maryland yield?

Mr. BUTLER. I yield.

Mr. KEATING. I congratulate the Senator from Maryland for offering the amendment. I support the amendment wholeheartedly. It is in accordance with the Senator's consistent regard for the interests of his State and the interests of all of us in the eastern part of the Nation. I see no reason whatever for this highly discriminatory effort on the part of the west coast shipbuilding interests.

Mr. BUTLER. I thank the distinguished Senator from New York. I hope we will be successful in having the amendment adopted.

Mr. KUCHEL. Madam President, will the Senator from Maryland yield?

Mr. BUTLER. I yield.

Mr. KUCHEL. Has the Senator's amendment ever been the subject of any Senate committee hearings?

Mr. BUTLER. The amendment has been in the Committee on Commerce a number of times. I know I have offered it at least twice. With due respect to the Committee on Commerce, of which I am a member, we have been unable to have hearings on it.

Mr. KUCHEL. Then it is the Senator's answer that there have been no hearings on the amendment?

Mr. BUTLER. There have been no hearings on the amendment in the Senate. As I understand, quite extensive hearings have been held in the House of Representatives.

Mr. KUCHEL. Has the House of Representatives ever considered the proposed legislation?

Mr. BUTLER. I think the House of Representatives has considered it within the last 30 days. It was rejected by the House.

Mr. KUCHEL. I thank the Senator.

Mr. BUTLER. I hope that we who favor the amendment will be able to show that it should not be rejected by the Senate.

Internal efficiency, negotiating ability, technology, labor costs, and general management know-how enter into a determination of the competitive equality of one enterprise as against another, in addition to external costs, that is, costs over which the yard has no control. It is for this very reason that the General Accounting Office report which resulted from hearings before the House Subcommittee on Merchant Marine and Fisheries is virtually useless in determining the necessity of continuing the preference.

That report was extremely narrow and unrealistically limited in authorized scope since its stated objective was "to establish as accurately and objectively as possible the relative regional shipbuilding cost picture." The GAO report categorically stated that "actual costs represent the only true measure of cost differences." It therefore concentrated on material and other costs and ignored almost completely the true test of the need for the 6-percent preference, as demonstrated by actual bids—the bid, of course, representing a distillation of all costs plus technical ability, efficiency, and other intangibles not related directly to material or labor costs. In addition, the General Accounting Office report did not develop whether the preference had accomplished the original purpose of the act, to wit, establishment of a strong west coast shipbuilding capability in view of potential or actual national defense requirements. This, of course, was not part of its assignment, but all should be mindful of the fact when considering the report.

Also fatal to the antirepeal argument that the preference is essential to national defense is the fact that even if it is withdrawn, there remains within the Merchant Marine Act of 1936 itself ample protection to guarantee a continued shipbuilding capability on the west coast. Section 502(f) gives the Federal Maritime Board power to allocate contracts among the coasts in case

of need. Our national defense shipbuilding capability cannot, therefore, be injured by repeal.

Madam President, I ask unanimous consent that the pertinent provisions of section 502(f) be printed in the RECORD at this point in my remarks.

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

Section 502(f) (52 Stat. 597, as amended, 46 U.S.C. § 1152) provides in pertinent part:

"The Secretary of Commerce, in connection with ship construction, reconstruction, reconditioning, or remodeling under title VII and section 509, and the Federal Maritime Board, in connection with ship construction, reconstruction, or reconditioning under title V (except section 509), upon a basis of a finding that the award of the proposed construction, reconstruction, reconditioning, or remodeling work will remedy an existing inadequacy in such mobilization base as to the capabilities and capacities of a shipyard or shipyards at a strategic point, and after taking into consideration the benefits accruing from the standardized construction, the conditions of unemployment, and the needs and reasonable requirements of all shipyards, may, with the approval of the President, allocate such construction, reconstruction, reconditioning, or remodeling to such yard or yards in such manner as it may be determined to be fair, just, and reasonable to all sections of the country, subject to the provisions of this subsection."

Mr. BUTLER. Madam President, over the years I have continually examined the many complexities involved in the 6-percent shipbuilding preference, and I cannot see how anyone in good conscience can oppose repeal. The opponents are usually those from the Western States and their concern is understandable. When one gets a windfall, he does not like to relinquish it—ever. But the reasons for their opposition are not so understandable.

On the one hand, they argue the 6-percent preference is necessary because of the disparity in costs as between the west coast and other coasts, and they say that if it were withdrawn, irreparable harm would result to their shipbuilding capability, and that this would be disastrous from a defense standpoint. On the other hand, in the case of defense contracts other than shipbuilding, the west coast interests argue that the West has 27 percent of all prime defense procurement contracts and 31 percent of all prime defense research and development contracts because of greater efficiency and technological know-how in the West and because of their ability to do the job cheaper than in the East. One of my distinguished colleagues from the West said on the floor of the Senate on June 14, that

We have the experience, personnel, the plant capability, and the product quality that enable the Federal Government to get the best possible product at the lowest possible total cost.

If that is the case, perhaps defense plants in the East and elsewhere should have a 6-percent preference in bidding on or negotiating defense contracts. I am sure that if any such move were undertaken, it would be opposed by the west coast interests with as much vigor as they presently support a 6-percent shipbuilding preference in their behalf. But the question of defense contracts is another issue completely, and I do not care to comment further on that now, for I shall have much to say about it in the future.

Madam President, before one can make a conscionable and correct determination of whether the preference should be retained or repealed, the basis, purpose, and objective of its enactment in the first place must be clearly understood. If the objective has been accomplished, it should be repealed. That objective, as I shall hereafter show, has been accomplished, so repeal is imperative.

The legislative history clearly reveals that the preference was created by the Merchant Marine Act of 1936, because at that time the shipbuilding industry on the west coast was dormant, and national-defense considerations required reactivation of the industry. That history also reveals that at the time many of the materials that go into building a ship, such as steel, aluminum, copper, and the large variety of essential component parts, were not available on the west coast, and, therefore, had to be shipped from the industrial East, at rates which were of necessity higher than those charged the east coast yards which were nearer the sources of supply. Also, because of the dormant status of the west coast industry at that time, operating efficiency was inferior and skills were rapidly deteriorating. Hence, the west coast lacked equality as regards its ability to compete. The conclusion was reached, therefore, that some incentive was necessary in order to carry out the national-defense objective of reactivating Pacific coast shipbuilding; and it was recognized that this would be impossible without equalizing opportunity—that is, it would be impossible without establishing competitive equality as between the yards. The requisite incentive and equalizing factor arrived at was the 6-percent preference.

It necessarily follows, therefore, that if the shipbuilding industry on the west coast now has a capability sufficient to satisfy actual or potential national defense requirements, and if overall competitive equality has been established, the preference should be eliminated.

That those objectives have been achieved is apparent by looking at the facts.

In 1936 there were only 3 shipyards on the west coast, with 12 ways. The east coast that year had 8 yards, with 54 ways. By 1959, the west coast had grown to 7 yards with 29 ways—more than doubled. The east coast, on the other hand, in 1959, had 9 yards, but its ways had decreased to 49. Total ways on all coasts other than western numbered 83.

In 1936, activity in the Pacific coast yards was almost nil; but in 1959, their 7 yards had 15 ships under contract, while the East, with its 49 ways, had only 18. Notwithstanding the relative inertia of west coast shipbuilding activity in 1936, it was able to expand sufficiently and rapidly enough to construct 44 percent of the total World War II-built merchant tonnage.

And not only did the west coast yards produce in quantity; they also produced economically. The famous Liberty ship was constructed in the West at a cost which was lower than that for construction in the yards on any other coast. The combined average cost to all other yards of that type of ship during the war was $1,853,000. It cost the west coast yards only $1,737,000. It cost shipyards in the southeast as much as $1,954,000.

In 1961, of the 61 ships under construction in the Maritime Administration's replacement program, 14 are in the west coast yards, and 47 are in Atlantic coast, or gulf coast, or Great Lakes yards. This corresponds favorably with the relative capacity of the yards as already stated—29 ways in the West, to 83 others elsewhere.

The only point in reciting these statistics, Madam President, is to show the Members of the Senate that there is a strong, active, capable, and efficient shipbuilding industry on the west coast. There is no longer a need for a preference to that coast. The national defense shipbuilding capability in the West has already been tested during the war, and it passed with flying colors. The objective and purpose upon which the preference was formulated has been achieved, and it should be repealed.

The facts prove that the west coast is in a position as strong as that of the yards in the rest of the country. The facts prove, as well, that the strength can be maintained, and even increased, without the assistance of the discriminatory preference.

As I stated earlier, Madam President, by means of the 1936 act, by utilization of the 6-percent preference, it was hoped to create competitive equality. That equality has been achieved can best be determined by looking to the only index which establishes the ability to compete—actual bids made on proposed construction and conversion contracts. Bids, of necessity, represent the end product of all cost factors, as well as efficiency and technology, which go into the construction of a ship, and they provide for a profit. An analysis of all bids on the construction and conversion contracts in the Maritime Administration's replacement program from November 30, 1960, through June of this year, not only shows the strength of the west coast industry and its current ability to compete, but also reveals that, in many cases, yards in other sections of the country have difficulty competing with the West.

Between November 30 and the end of June, 4 construction contracts have been awarded, for a total of 16 ships; and 2 conversion contracts have been awarded, for 1 ship each. Two of the sixteen new ships were awarded to a west coast yard as low bidder, without benefit of the 6-percent preference. On four others, the low west coast bid was within one-half of 1 percent of the lowest bid. On six others, a west coast yard underbid three of the six eastern yards that submitted bids and on the larger of the two conversion contracts, the west coast yard bid within two-tenths of 1 percent of the lowest bid and was awarded the contract

under the 6-percent provision. This actual bid was, incidentally, lower than bids from two other eastern yards and one gulf coast yard. The highest bid was from an east coast yard, it being substantially higher than the bids of all four bidding west coast yards. And on this contract all four California bidders underbid two yards from other coasts.

Madam President, I ask unanimous consent to have printed in the RECORD at this point in my remarks a summary entitled "Bidding on Maritime Administration Contracts Awarded Since November 30, 1960."

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

Bidding on Maritime Administration contracts awarded since Nov. 30, 1960

NEW CONSTRUCTION

Type of ship	Date of delivery	Owner	Yard	Location	Bid	Ships: Each o.
C4-S-57a	Oct. 18 1961	United States Lines, 2d group, 6 vessels	Avondale	Avondale, La	$12,087,400	6
			Bethlehem	Sparrows Point, Md	10,348,000	6
			do [1]	Quincy, Mass	9,797,000	6
			Ingalls	Pascagoula, Miss	10,932,815	3
			National	San Diego, Calif	10,307,888	6
			Newport News	Newport News, Va	10,294,000	6
			Sun Ship	Chester, Pa	9,884,000	6
			Todd	San Pedro, Calif	11,794,255	6
C3-S-46b	Nov. 1, 1960	American Export, 3d group, 4 vessels	Avondale	Avondale, La	10,022,351	4
			Bethlehem	San Francisco, Calif	9,404,000	4
			do	Sparrows Point, Md	9,527,000	4
			Ingalls	Pascagoula, Miss	10,200,000	4
			Maryland	Baltimore, Md	9,494,038	4
			National	San Diego, Calif	8,811,048	4
			Puget Sound	Seattle, Wash	10,970,000	4
			Sun Ship [1]	Chester, Pa	8,770,000	4
			Todd	San Pedro, Calif	11,307,195	4
C3-S-37c	Nov. 4, 1960	Lykes Bros., 4th group, 4 vessels	Avondale	Avondale, La	9,845,000	4
			Bethlehem	San Francisco, Calif	9,950,000	4
			do [1]	Sparrows Point, Md	8,539,000	4
			Ingalls	Pascagoula, Miss	8,725,000	4
			Sun Ship	Chester, Pa	8,820,927	4
C4-S-1u	Nov. 30, 1960	States SS., 2d group, 2 vessels	Bethlehem	San Francisco, Calif	11,500,000	2
			Ingalls	Pascagoula, Miss	11,750,000	2
			National [1]	San Diego, Calif	11,110,424	2
			Newport News	Newport News, Va	11,436,000	2
			Puget Sound	Seattle, Wash	11,573,000	2
			Sun Ship	Chester, Pa	11,192,717	2
			Todd	San Pedro, Calif	12,511,346	2

CONVERSIONS

SS *Atlantic* Pa-S1-1v	Feb. 5, 1960	American Export, 1 vessel	Bethlehem	Baltimore, Md	$2,310,000	1
			do	New York, N.Y	2,239,500	1
			Maryland	Baltimore, Md	2,390,000	1
			Newport News	Newport News, Va	2,260,000	1
			Sun Ship [1]	Chester, Pa	1,783,445	1
			Todd	Hoboken, N.J	2,248,880	1
SS *Leilani*, P2-S2-R14a	Jan. 6, 1961	APL, 1 vessel	Alabama	Mobile, Ala	9,048,789	1
			Bethlehem	San Francisco, Calif	8,179,993	1
			do	Baltimore, Md	7,770,448	1
			Newport News	Newport News, Va	7,737,581	1
			Puget Sound [1]	Seattle, Wash	7,750,993	1
			Sun Ship	Chester, Pa	10,145,888	1
			Todd	Alameda, Calif	8,664,725	1
			Willamette	Portland, Oreg	8,012,637	1

[1] Awarded contract.

Mr. BUTLER. Madam President, in addition to these facts, statistics also indicate that, with the exception of steel, there is little, if any, differential on any of the other component materials which go into the construction of ships since most of such materials are purchased f.o.b. shipyard. The GAO report revealed a 13-percent disparity in steel costs between east and west coasts. This, however, is a fictitious figure and was achieved by averaging costs on a selective shipyard basis. When complete averaging is used, the differential is reduced to 7.2 percent. Also, the report did not take into consideration steel costs to Bath Iron Works, Bath, Maine, which are higher than those in the West. Nor did it reveal that there is a differential in steel costs even among east coast yards. The differential between the average steel cost to all east coast yards and the Bath Iron Works is 59 cents per hundred pounds as compared to the 44-cent differential between east and west coast yards. As between Bethlehem Steel's Sparrows Point yard in Baltimore and the Bath Iron Works, there is a 69-cent differential in steel costs. So it becomes patently clear that cost differentials do not exist only as between the west and other coasts. They exist between shipyards on an individual basis regardless of the situs.

Mr. President, I think these facts sufficiently demonstrate that continuation of the preference is no longer desirable. The House of Representatives Committee on Merchant Marine and Fisheries recognized this and reported similar legislation by an overwhelming majority vote of the committee after full and complete hearings determined the necessity of repeal. Unfortunately, there have been no hearings in the Senate, but the result would be the same if they were held because facts are facts, and the undeniable ultimate fact is that the preference is an antiquated, unnecessary, unwise, and fiscally irresponsible carryover from a temporary program designed to achieve a stated objective which has since been achieved. Millions of dollars have been wasted because of it; and millions more will be wasted.

To continue to give one geographical region of the country an advantage over other regions is no more than rank discrimination, and I know of no other case in which it has been done. If such discriminatory legislation were enacted as to private citizens, there is no question that it would be held unconstitutional by the courts. If the 6-percent preference is continued, it will represent to me no more than an overt manifestation of Federal favoritism of one geographical segment of our country which also carries over into the broader field of Government defense contracts. It is unfair, and it is patently inconsistent with the American concept of government and its established standards of free enterprise and fair competition to do things this way. Repeal of the preference is long overdue. I urge that it be accomplished now.

Mr. LAUSCHE. Madam President, will the Senator yield?

MR. BUTLER. I yield.

Mr. LAUSCHE. Am I correct in my understanding that, under this preferential consideration, if a west coast shipbuilder's bid is not more than 6 percent higher than that of an east coast shipbuilder, the contract mandatorily must be awarded to the west coast?

Mr. BUTLER. I think that is actually true. It has been done in many cases. There may be other language under the

act which would permit the awarding of the contract to an east coast bidder if the yards on the west coast had more contracts than they could handle or if the defense posture was such that the contract should go to an east coast shipyard. But the Senator is correct in his understanding that if the bid was not more than 6 percent higher than the bid of an east coast shipyard, the contract would go to a west coast shipyard.

Mr. LAUSCHE. When was that provision written into the law?

Mr. BUTLER. In 1936.

Mr. LAUSCHE. And it is the position of the Senator from Maryland that since 1936 there has been a great change in the subject of competitive abilities and advantages?

Mr. BUTLER. Precisely.

Mr. LAUSCHE. The position of the Senator from Maryland is that, 24 years after the adoption of the provision, there is no justification for it, and that when the Government pays as high as 6 percent more of the Federal taxpayers' money for the building of a ship on the west coast, then we have to pay higher than we should and we are wasting the taxpayers' money. Is that correct?

Mr. BUTLER. And we are compounding the wrong, when we consider that the Merchant Marine Act itself contains a provision which would permit the Maritime Administration to give the contract to a west coast yard, even though its bid might be a little higher, if the national defense requirements at the time were such that the contract should go to the west coast yard so that the skills in that yard could be maintained because of our national defense posture.

Mr. WILLIAMS of Delaware. Madam President, will the Senator yield?

Mr. BUTLER. I yield.

Mr. WILLIAMS of Delaware. Is it not a fact that on Navy bids there is no differential and the west coast yards are meeting competition of the east coast yards in bidding for naval ship construction?

Mr. BUTLER. That is true.

Mr. WILLIAMS of Delaware. And if the west coast yards can by competitive bidding underbid the east coast yards for the building of naval ships, why can they not do the same with respect to bidding for construction of merchant marine ships?

Mr. BUTLER. My answer to that question is that I believe they can, and that the purpose for which the preference was provided in the 1936 act has now ceased to exist, and should be repealed.

Madam President, I yield the floor.

Mr. LAUSCHE. Madam President, may I ask the Senator from Maryland a question?

Mr. BUTLER. Yes.

Mr. LAUSCHE. On the matter of allocation of contracts for Navy ships, is the Senator able to tell us to what extent the west coast shipyards have been able to get the bids without the 6-percent bounty?

Mr. BUTLER. I will defer to the Senator from Delaware [Mr. WILLIAMS] for a reply.

Mr. LAUSCHE. Will the Senator from Delaware cover that at a later time?

Mr. WILLIAMS of Delaware. I have the testimony which was given by Rear Admiral Floyd B. Schultz, Assistant Chief of the Bureau for Design, Shipbuilding, and Fleet Maintenance. He was speaking for the Department of Defense on this proposal when it was considered by the House of Representatives under date of the 19th day of May of this year. Admiral Schultz made this statement:

> Although the 6 percent differential is not applicable to naval ship awards, the Navy fully appreciates the necessity, from a naval preparedness standpoint, of maintaining an adequate potential of operating shipyards on the west coast to meet emergency defense needs. In the past the provision of the Merchant Marine Act of 1936 mentioned above has been helpful in building and maintaining an adequate shipbuilding capability among yards on the west coast.

He said "in the past." Continuing, he said:

> Because of higher wage and freight costs and other factors these yards sometimes have been at a competitive disadvantage in bidding on commercial and Government work.
>
> In recent years, however, with the growth and diversification of west coast industry, private shipyards in that area have shown an increasing ability to compete successfully for Navy ship construction. The development of basic supporting industries, the application of improved techniques and the achievement of greater efficiency in shipyard operations, have helped to improve the competitive position of the west coast shipbuilding industry.
>
> Several major awards on a competitive basis during the past year or so offered convincing evidence that west coast yards have definitely overcome their former disadvantage in bidding on Navy ship construction.

I am quoting from the testimony of Rear Admiral Schultz. I repeat:

> Several major awards on a competitive basis during the past year or so offered convincing evidence that west coast yards have definitely overcome their former disadvantage in bidding on Navy ship construction. For example, in March 1960 a Puget Sound firm bidding on a nationwide competitive basis was the lowest bidder on three guided missile destroyers (DDG) and received a contract for approximately $47 million. In November 1960 another Seattle firm was successful, in nationwide bidding, in obtaining an award for two DDG's—at a price of approximately $29 million. Only a few days ago, a San Diego firm, again as a result of countrywide competition, submitted the lowest of 7 proposals received in response to invitations sent to 22 shipyards. This firm was awarded construction of a combat store ship (AFS) at a price of approximately $18 million.

There are several examples which Admiral Schultz gave when he testified before the House committee to clearly show that in the past year the west coast shipyards have been able to bid on a competitive bid basis without resorting to any of the 6-percent differential claimed.

As the admiral points out, in 1936 there was justification for the differential. I think the west coast needed it at that time. There were no steel yards on the west coast or other facilities. That day is long past. This is an outmoded provision.

Today, although bidding on Navy ship construction on a nationwide competitive bid basis, if the yards are bidding on a ship to be constructed for the private merchant marine the west coast bidder knows if he comes within 6 percent he will still be eligible for consideration on the bid. It is not mandatory that the award must be made, but if the bid is, let us say, 5 percent higher on the west coast than the east coast for the identical ship the Maritime Administration under the existing law can make an award on the basis that it is the lowest bid, because it can allow the benefit of a 6-percent differential.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. BUTLER. In several cases, as I have already pointed out, there was no need for the 6-percent differential. The west coast bidders were the low bidders on a nationwide basis.

Mr. WILLIAMS of Delaware. There have been many instances in which they have been low bidders on a nationwide basis.

The surprising fact is that the west coast bids would be considered the lowest even though they were up to 6 percent higher than east coast bids.

I cite an example. The Bethlehem Steel Co. at Sparrows Point, near Baltimore, bid on the construction of two ships. The company submitted bids for the construction of the ships in the west coast yard also. The bids for construction in the west coast yard on an average were $256,000 per ship higher. The company told the Government: "We will build these ships, but we will charge you $256,000 more each if we build them on the west coast than if we build them on the east coast."

The Government in its generosity said, "We need the ships, but we do not need the $512,000, so build them in the more expensive yard."

Mr. LAUSCHE. Has the Senator from Delaware given any thought to the impact which the grant of a 6-percent differential has as to the willingness and inclination of the builders on the west coast to bring themselves into a competitive position? Mention has been made of a difference in labor cost which existed at one time. A query is raised as to why there is a difference in labor cost. If these people continue to receive a 6 percent differential, do we not, in that process, throw a wet blanket over any purpose of having them bring themselves within a competitive position?

Mr. WILLIAMS of Delaware. We certainly do. They are human, just the same as anyone else. If they know they will be given a 6-percent edge they will lean toward that 6-percent edge.

The best evidence is that these builders are able to compete and to get a reasonable proportion of contracts for the Navy ship construction upon which they must bid on a strictly competitive bid basis, whereas with respect to the private merchant marine they say, "We cannot do this construction for the private merchant marine unless we get a differential."

I know that only a few weeks ago there was criticism voiced on the floor of the Senate about the exceptionally large amount of defense contracts in general going to the State of California for the

construction of aircraft and for other types of defense work. I defended the Senator from California and his State. I said California had a right to the contracts so long as the material could be built cheaper in California than in the East.

Mr. KUCHEL. Madam President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. KUCHEL. I merely wish to have the RECORD show I have the honor to say that on that particular occasion my good friend from Delaware was 100 percent correct. My only regret is that on this occasion he is 100 percent wrong.

Mr. WILLIAMS of Delaware. My only regret is that the Senator from California does not maintain the same position on this occasion about which he boasted on the floor of the Senate at that time when he said that his State could underbid other areas of the country for the production of equipment under defense contracts. I compliment the Senator for the ability of his State to underbid other areas and to save the Government money. I have more respect for the shipyards of the Senator's State, perhaps, than he now has, because I think if they were given the opportunity to do it they could occasionally underbid with respect to ship construction today.

Mr. MAGNUSON. Mr. President, a parliamentary inquiry. Who has the floor?

Mr. BUTLER. I yielded the floor to the Senator from Delaware.

Mr. MAGNUSON. The Senator from Delaware has the floor.

Mr. LAUSCHE. The only difference in the position of the Senator from California today is that when he took an identical position 3 weeks ago it operated to his advantage. Today it would operate to his disadvantage, and therefore he believes the Senator from Delaware to be wrong. Three weeks ago, applying the same principle, such a position inured to the benefit of his State, and at that time he felt the Senator from Delaware was correct.

Mr. WILLIAMS of Delaware. That is the only conclusion at which I can arrive.

The other side of the coin would be for us who live in the East, who have been underbid on many of the defense contracts by the State of California—and again I compliment California for an ability to save the Government money by submitting low bids—to be given a similar differential. Suppose we were to ask for a 6-percent differential for the East, in order to compete on the defense contracts which are presently going to California? It would be just as reasonable to ask for a 6-percent differential for the East as it is to ask for one the other way. I would, of course, oppose any such proposal.

Mr. KUCHEL. Madam President, will the Senator yield?

Mr. WILLIAMS of Delaware. I will yield in a moment.

I would insist that the Defense Department not run a relief program for Delaware, for Ohio, or for California. The Defense Department is buying equipment to meet the needs of the Government and is supposed to buy them from the lowest responsible bidder, wherever he may be.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. KUCHEL. I wish to make this point crystal clear.

The amendment now pending never has been heard before any Senate committee. It involves a serious question of national policy. It has grave overtones of national security. The people of the United States, and Senators, ought very carefully to consider whether they wish to have a shipbuilding potential in the West, as well as in the East, from the standpoint of national security.

It has been suggested that the General Accounting Office be empowered to make a study of this. It made a partial one. It found there was a differential.

It has been suggested that the people downtown in the executive branch ought to be given an opportunity to appear with respect to something as important as this, but no such opportunity has been given because there have been no hearings.

I simply say that in this instance I oppose the amendment, because Senators, if they approve the amendment, will be voting blind.

I make that statement sincerely. There is no record of the hearings. No testimony has been taken. From that standpoint I object to it on the ground that it would be bad policy.

Mr. WILLIAMS of Delaware. Madam President, I have great respect for the Senator from California. Hearings were held in the House, and I find no record of the Senator from California testifying before a House committee. Perhaps he did.

Mr. KUCHEL. I belong to the Senate. I do not belong to the House. The Senate is in session.

Mr. WILLIAMS of Delaware. There was no indication of any enthusiasm on the part of the Senator from California to hold hearings on this bill which has been pending before the Committee on Commerce for the last 3 or 4 years.

Mr. MAGNUSON. There is not a single communication from the Senator from Delaware to the committee in which he asked to appear on the amendment.

Mr. WILLIAMS of Delaware. Oh, yes. My cosponsor is a member of your committee.

Mr. MAGNUSON. Not this year.

Mr. WILLIAMS of Delaware. The bill was introduced last year. The introduction of a bill constitutes endorsement.

Mr. BUTLER. Madam President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. BUTLER. All will be forgiven if the Senator from Washington will now undertake to tell us on the floor of the Senate that hearings will be conducted. Will the Senator give us an opportunity to be heard?

Mr. ENGLE. Will the Senator withdraw his amendment?

Mr. BUTLER. I am speaking to the Senator from Washington. The bill was pending before the Committee on Commerce for a number of years.

Mr. MAGNUSON. Madam President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. MAGNUSON. Every member of the committee knows that the Senator from Delaware [Mr. WILLIAMS] and the Senator from Maryland [Mr. BUTLER] have been very diligent in the past several years, when shipbuilding has become a little tight, in efforts to repeal the act. The Senator from Delaware has had an amendment before the committee. I do not know whether he has pressed for hearings or not. He has discussed the subject informally with me. Once last year we discussed the question of allocations which we thought would be fair. So far as I know, there has been no request this session for hearings on the bill. The Senator from Maryland and I discussed the subject 3 or 4 months ago, but, since the House committee was conducting hearings, we said, "Let us see what they do with the bill."

Now the House has done something with the bill. They have killed it. The Senator from Delaware has never asked the committee for a hearing that I know of.

Mr. WILLIAMS of Delaware. I was a cosponsor of the amendment of the Senator from Maryland.

Mr. MAGNUSON. I have asked that the Senator's communications to the committee be printed in the RECORD.

Mr. WILLIAMS of Delaware. I do not believe the bill would be changed if hearings were conducted.

Mr. MAGNUSON. The Senator from Washington is not particularly anxious to hold hearings. I shall be very honest about that.

Mr. WILLIAMS of Delaware. I realize that. With respect to the question of any presentation that may have been made by any of the agencies downtown, I believe no one downtown is in a better position to give a constructive opinion on the need for the proposed legislation than is Rear Admiral Schultz, who spoke before the House committee on this same proposal this year in presenting the views of the Department of Defense. What agency is more interested in maintaining an adequate merchant marine? What did he say? I quote:

> Several major awards on a competitive basis in the past year or so offered convincing evidence that the west coast yards have definitely overcome their former disadvantage in bidding on Navy ship construction.

Who else does the Senator wish to hear from? That agency is spending the bulk of the Government's money assigned for this purpose. The Senator from Washington [Mr. MAGNUSON] and the Senator from California [Mr. KUCHEL] are not proposing that the east coast should get a differential on other Government contracts which are presently going to their State. If they did I would oppose it. I do not think we want to put the Defense Department or the U.S. Government in the position when they are buying necessary supplies—whether it be ships or anything else—at higher prices than necessary.

They are not operating a relief agency. They are supposed to buy the supplies at the lowest possible bid price wherever they can buy them, consistent with the defense needs. The Department of Defense has said that it does not need the 6-percent differential and is not using it on defense contracts.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. BUTLER. I think the RECORD should be made clear in this respect. There have been no hearings before a Senate committee for the past 4 years during which the amendment has been pending before the Committee on Commerce. That takes care of the situation in the Senate.

The amendment was reported overwhelmingly from the House Committee on Merchant Marine and Fisheries.

Something happened in the Committee on Rules. By a very narrow vote the Committee on Rules would not grant the amendment a rule, and that is what has happened to it. So as far as the record shows, the committee of the House of Representatives was overwhelmingly in favor of the proposed legislation, but they could not obtain a rule in order to get it to the floor so that the House could work its will.

Now the bill is before the Senate, and I hope that the Senate will work its will by repealing this discriminatory preferential advantage to the west coast shipbuilders.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. LAUSCHE. Did the Senator from Delaware appear before the House committee and testify?

Mr. WILLIAMS of Delaware. No; it was not necessary. At the time I heard that the House hearings were being conducted the hearings had already concluded, and the next day the bill was reported overwhelmingly.

Mr. LAUSCHE. The amendment was reported by the committee?

Mr. WILLIAMS of Delaware. The amendment was reported by the committee overwhelmingly, but those interested in the bill have not been able to obtain a rule on it.

I wish to show again how this procedure operates. Only recently the Government planned to buy four ships. The Maritime Administration asked for bids on the four ships. The New York Shipbuilding Co. submitted a bid of $10,843,006 for the four ships. That is the price for which the company offered to build the four ships.

Subsequently the Maritime Administration received a bid from a west coast yard. The National Steel Shipyard in San Diego submitted a bid of $12,139,275 on the same ships, which represented a difference of about $1 million.

How was the contract awarded? The Commission awarded two of the ships to the west coast yard at a price of $12,139,275, and to offset taking the bid away from the New York Shipbuilding Co., which was the low bidder, the Administration awarded them two of the ships but graciously raised the price to $11,410,943. The New York Shipbuilding Co. had offered to build the ships for $10,843,006 if it could build the four of them. Thus, several million dollars was paid out unnecessarily by the U.S. Government. Therefore, the taxpayers have a stake in this problem.

I think it is time to repeal the differential and place the procurement and construction of our ships on the same sound businesslike basis upon which we hope other defense establishments are operating.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. LAUSCHE. Is the transaction to which the Senator refers the subject of a bill now pending in the Senate—and one which will be considered today or Monday—under which the builders are asking for the sum of approximately $400,000 on the ground that the owner of the ship was compelled to have it built on the west coast; and, having the ship built on the west coast, he was required to bring it back to the east coast and therefore felt he should be remunerated for the expense of bringing it back?

Mr. WILLIAMS of Delaware. I am familiar with the bill to which the Senator refers. I believe it is the next bill on the Calendar. I am not in a position to say whether those are the same two ships or not, but that is a typical example of what we will be confronted with if we do not correct this inequity in the law.

Mr. LAUSCHE. To inform the Senator, it is the same transaction. The figures will show that because of this inordinate allowance of the law in the building of these four ships it cost the taxpayers of the United States in the neighborhood, I believe, of $3 million. Does the Senator have those figures?

Mr. WILLIAMS of Delaware. I believe that is substantially correct.

Mr. LAUSCHE. But if the bill is passed as it has been reported, we will have to pay another sum of money for bringing the ship from the west coast back to the east coast.

Mr. WILLIAMS of Delaware. Not only another sum of money, but that is just the beginning of the parade that we will have to contend with and have to continue paying. I wish to emphasize again that I believe at the time the 6 percent differential was inaugurated there was a need for it. Had I been here I would have supported it. It is important that we have west coast shipyards. The point I am making is that in recent years, as a result of the steel capacity which has been put on the west coast and because of other changed conditions as shown by the House committee, that condition no longer exists.

Mr. LAUSCHE. Will the Senator permit me to put these figures in the RECORD at this time?

Mr. WILLIAMS of Delaware. Certainly.

Mr. LAUSCHE. In giving the building of these ships to the west coast, in addition to the extra cost entailed in the building of the ships, we have this situation. Other additional costs to the vessel owners thus not covered include inspection and delivery of the vessel. In the case of the four vessels switched from the low bid on the Atlantic coast yards to the Pacific coast yards there was entailed the extra cost to the operators on the east coast $160,000 to $175,000 per vessel. For four vessels that would mean $700,000, which they are now asking to be remunerated for.

Mr. WILLIAMS of Delaware. That is $700,000 which the taxpayers of the country will have to pay and for which they will receive no benefits.

There are several other examples. The American Export Lines were having two ships constructed. The National Steel & Shipbuilding Co. of San Diego received the contract for the construction of these two ships at a price totaling $1,703,174 over and above the lowest bid which was submitted by the New York Shipbuilding Co. at its Camden, N.J., yards.

Mr. LAUSCHE. Mr. President, will the Senator repeat that figure?

Mr. WILLIAMS of Delaware. The American Export Lines had two ships constructed. The contract was awarded to National Steel & Shipbuilding Co. at San Diego, Calif., for $23,509,002. This figure was $1,703,174 over and above the low bid which had been submitted by the New York Shipbuilding Co. at its Camden yards. In that case the taxpayers were again taken for a ride.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. KUCHEL. Is the Senator aware of the fact that the four ship construction contracts given to San Diego and to which he referred a few moments ago would not be affected at all by the repeal of the section which is the subject of his amendment? Is the Senator not aware that those allocations were made by the Department of Defense under another section of the law, on the statutory basis of the security of the people of the United States, and not by reason of any 6-percent differential?

Mr. WILLIAMS of Delaware. That is correct. However, that is in recognition of the 6-percent differential. If what the Senator is saying is strictly true why does he complain about the repeal of the section? The Defense Department, when they think the security of the country requires the assignment of a contract for the construction of a ship to a certain section of the country, can make that decision. I would not suggest taking that right away from them. I am sure my friend from California would not take that away from them.

That does not mean that all these other examples that we are referring to would not be affected. As the Senator knows, the example which I have just read about the American Export Line of the two ships at San Diego would be affected. It would also be true in the future with respect to similar transactions which would be directly affected.

Mr. KUCHEL. I apologize to the Senator for interrupting. I want the RECORD to show that the example he used is an example untouched, in any fashion, by the amendment which he and the

Senator from Maryland have offered. I wish to develop on my own time a little refutation of the position the Senator takes with respect to his allegation that there are no differentials. I wish to refer them to the opinion of the Comptroller General of the United States and to the findings which he gave to Congress, which demonstrate that there is a differential. This demonstrates why it is difficult for any Senators to pass judgment on a highly important and involved piece of legislation when there have not been any hearings held on it and when we have not had an opportunity to listen to the presentation on the other side of the case.

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

I should like to have the attention of the Senator from California. I should like to ask him this question. Does the Senator from California seriously contend that the west coast needs this differential in order to be competitive?

Mr. KUCHEL. I have said so.

Mr. BUTLER. Does the Senator know that on two ships between November and June they were the low nationwide bidder in open competitive bidding?

Mr. KUCHEL. We have had some difficulties in the ship construction industry on the west coast. There has been, on occasion, an almost desperation as to what the shipbuilding industry of the west coast was going to do.

Mr. BUTLER. That is not an answer. The east coast shipyards have had their troubles, too.

Mr. KUCHEL. That is my answer.

Mr. BUTLER. We have great difficulties, too. Our yards put in very low bids, but they still lose the contracts.

Mr. WILLIAMS of Delaware. The answer of the Senator from California can be summed up by saying that they can compete if they have to. If they do not have to they will not. The only way they will compete and the only way we will get it on a sound competitive basis, is to repeal the law granting this 6 percent differential.

At this point I ask unanimous consent to have printed in the RECORD a letter from Mr. Thomas E. Stakem, Acting Maritime Administrator, addressed to me, together with an attachment showing the breakdown of six contracts which have been awarded on the west coast at prices higher than those which were available at the same time from other low responsible bidders. These particular examples which I am putting in the RECORD show that there was a total of $6,832,471 that was paid out unnecessarily under the provision of the act, which could have been saved had this amendment been repealed.

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

U.S. DEPARTMENT OF COMMERCE,
MARITIME ADMINISTRATION,
Washington, D.C.

Hon. JOHN J. WILLIAMS,
U.S. Senate, Washington, D.C.
Washington, D.C.

DEAR SENATOR WILLIAMS: In accordance with your request, by letter dated August 25, 1961, there is attached hereto a report showing the ship construction and conversion contracts that have been awarded to west coast shipyards at prices higher than the lowest responsive bid. Also included is the estimated additional cost to the Government in each instance.

We have not complied with your request for the bid amount of the unsuccessful east coast bidder for the reason that it is not readily comparable in all cases to the west coast contract price. In several instances there would be required adjustment for such circumstances as the lowest responsible bidder being determined on the basis of a four-ship offering but award being made two vessels to the low east coast bidder and two vessels to the west coast bidder, adjustment to eliminate duplication of design work, etc. Under the circumstances, it is felt that such data might be more misleading than informative.

If additional information should be required on this subject, we will be pleased to furnish it as promptly as possible.

Sincerely yours,

THOS. E. STAKEM,
Acting Maritime Administrator.

Contracts awarded to west coast yards at prices higher than responsive bids

NEW CONSTRUCTION

FMB contract	Vessel name	Owner	Shipbuilder	Contract amount	Lowest responsible bidder	Estimated total added cost to Government	Applicable section, 1936 act
66	Export Agent Export Aide	American Export Lines	National Steel & Shipbuilding Co. San Diego, Calif.	$23,509,002	New York Shipbuilding Co., Camden, N.J.	$1,703,174	502(f).
71	Mormaccape Mormacglen	Moore McCormack Lines	Todd Shipyard, San Pedro, Calif.	22,024,842	Sun Shipbuilding & Drydock Co., Chester, Pa.	2,039,536	502(f).
97	Washington Mail Japan Mail Philippine Mail	American Mail Line	do	36,016,784	Newport News Shipbuilding & Dry Dock Co., Newport News, Va.	1,589,841	502(d).
100	Philippine Bear China Bear	Pacific Far East Line	Bethlehem Steel Co., San Francisco, Calif.	27,346,000	Bethlehem Steel Co., Sparrows Point, Md.	512,000	502(d).

CONVERSIONS

42	Mariposa Monterey	Oceanic Steamship Co	Willamette Iron & Steel Co., Portland, Oreg.	$27,001,638	Maryland Drydock Co., Baltimore, Md.	$974,508	502(d).
136	Leilani	American President Lines	Puget Sound Bridge & Drydock Co., Seattle, Wash.	8,193,300	Newport News Shipbuilding & Dry Dock Co., Newport News, Va.	13,412	502(d).
					Total	6,832,471	

Mr. WILLIAMS of Delaware. I ask unanimous consent to have incorporated in the RECORD as a part of my remarks at this time the testimony of Rear Admiral Schultz of the Department of Defense when he testified on H.R. 1959. This is the same as the pending amendment. I quote from the statement:

Several major awards on a competitive basis during the past year or so offered convincing evidence that west coast yards have definitely overcome their former disadvantage in bidding on Navy ship construction.

There being no objection, the statement was ordered to be printed in the RECORD.

PROPOSED STATEMENT OF REAR ADM. FLOYD B. SCHULTZ, ASSISTANT CHIEF OF BUREAU FOR DESIGN, SHIPBUILDING & FLEET MAINTENANCE BEFORE THE HOUSE MERCHANT MARINE AND FISHERIES COMMITTEE ON H.R. 1159 ON MAY 19, 1961

Mr. Chairman and members of the committee, I am here this morning at your invitation to present the views of the Department of Defense on H.R. 1159, a bill to repeal a provision of the Merchant Marine Act of 1936 which would have the effect of removing the 6-percent differential favoring west coast private shipyards. This differential has sometimes enabled Pacific coast private shipyards to participate in ship construction programs subsidized by the Maritime Administration.

Although the 6-percent differential is not applicable to naval ship awards, the Navy fully appreciates the necessity from a naval preparedness standpoint, of maintaining an adequate potential of operating shipyards on the west coast to meet emergency defense needs. In the past the provision of the Merchant Marine Act of 1936 mentioned above has been helpful in building and maintaining an adequate shipbuilding capability among yards on the west coast. Because of higher wage and freight costs and other factors these yards sometimes have been at a competitive disadvantage in bidding on commercial and Government work.

In recent years, however, with the growth and diversification of west coast industry, private shipyards in that area have shown an

increasing ability to compete successfully for Navy ship construction. The development of basic supporting industries, the application of improved techniques and the achievement of greater efficiency in shipyard operations, have helped to improve the competitive position of the west coast shipbuilding industry.

Several major awards on a competitive basis during the past year or so offered convincing evidence that west coast yards have definitely overcome their former disadvantage in bidding on Navy ship construction. For example, in March 1960 a Puget Sound firm bidding on a nationwide competitive basis was the lowest bidder on three guided missile destroyers (DDG) and received a contract for approximately $47 million. In November 1960 another Seattle firm was successful, in nationwide bidding, in obtaining an award for two DDG's—at a price of approximately $29 million. Only a few days ago, a San Diego firm, again as a result of countrywide competition, submitted the lowest of 7 proposals received in response to invitations sent to 22 shipyards. This firm was awarded construction of a combat storeship (AFS) at a price of approximately $18 million.

The Navy is not familiar with the record of west coast yards in bidding on merchant ship construction in recent years. Consequently, we are not in a position to say whether the 6-percent differential or some other degree of subsidy is necessary to permit west coast yards to be fully competitive. The Maritime Administration is, of course, in the best position to know whether an adequate competitive merchant shipbuilding capability is being maintained on the west coast. The Navy, therefore, on behalf of the Department of Defense, neither supports nor opposes enactment of H.R. 1159.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. LAUSCHE. Is Admiral Schultz retired? Is he now a private citizen?

Mr. WILLIAMS of Delaware. He was testifying as the representative of the Defense Department. I quote:

I am here this morning at your invitation to present the views of the Department of Defense.

He was not retired. He was speaking on behalf of the Department of Defense when he said:

Several major awards on a competitive basis during the past year or so offered convincing evidence that west coast yards have definitely overcome their former disadvantage in bidding on Navy ship construction.

Mr. LAUSCHE. In other words, he was testifying in behalf of the United States, representing the people of the United States, and he stated, in effect, that the payment of the 6-percent bounty is unjustified?

Mr. WILLIAMS of Delaware. That is correct. It is true that he made it clear that since this was within the jurisdiction of the Department of Commerce, his Department, the Department of Defense, has made no recommendation either for or against the proposal. He was speaking only from the standpoint of the Department of Defense in saying that the 6-percent differential was unnecessary and not needed.

Mr. MAGNUSON. Mr. President, I received a letter yesterday from the Department of Defense, which I shall place in the RECORD.

In the first place, this matter has very little to do with the Navy Department or Navy ships. The Senator from Ohio asked the Senator from Delaware if he could state the percentage of tonnage of naval ship construction as between the west coast and the east coast. I will wager that it is about 9 to 1, or more, for the simple reason that the Navy has an allocation of approximately 50 percent of its ship construction in Navy yards and 50 percent in private yards.

Of the 50 percent built in private yards, most are the very large ships, such as carriers, which are built at Newport News, because of the great facilities which exist there. Most of the cruisers are built by Bethlehem Steel Co., at Quincy, because Bethlehem has the facilities there to construct those ships.

When the west coast yards get around to bidding, they bid on some small Navy ships, ships which are almost custom built. The admiral who testified that west coast yards have been showing an increasing ability or capacity for shipbuilding in the past few months to get into Navy shipbuilding, is correct. Certainly they have shown an increasing ability because they have not had the ability at all prior to this time. Now they are constructing four ships. Three of them are the guided-missile, heavy destroyer type, which are custom-built ships. The reason why the Navy suggested that they be built on the west coast is that it wanted to develop some guided missile know-how in that area of the country.

One more ship is being built on the west coast for the Navy. I do not know what type it is, but it is a small vessel.

Virtually all the Navy and private shipbuilding business has been going, for years, to the east coast yards, because they have the capability to build them. Once a great carrier is built, the builder can sharpen his pencil, and if another such ship comes along, he will know pretty well how to bid on it. The east coast shipbuilders do a good job.

The Navy has nothing to do with this bill. The bill deals with American merchant ships in the ship replacement program and with the differential in Pacific coast shipyards on those ships which are operated by Pacific coast home-based lines. It covers one out of about five ships proposed to be built from 1957 to 1972 in the fleet replacement program, a 20-year program. The Pacific coast yards will have a chance to build one out of five under this 6 percent provision.

Bethlehem Steel Corp. has yards on the west coast and the east coast. Sometimes they bid a little lower on the west coast, whether they are going to make a great deal of money or simply break even, so that they can maintain an equality of shipbuilding in their vast establishments. That is good business.

Two of the four ships at San Diego were allocated under the defense appropriations because there is not a keel being laid on the west coast.

The General Accounting Office has made a study of this subject. This is what the General Accounting Office had to say. The study was made last year.

We found that on the purchase of major material components made during the period of our review which were comparable between shipyards in different regions, the cost of steelplates and shapes averaged 13 percent more to the Pacific coast yards than to the yards in other regions, and the cost of most other major material components were higher in varying degrees to the Pacific coast yards than to the Atlantic coast yards.

In regard to labor costs, which the Senator from Ohio mentioned, the percentage of the average straight time hourly wage as of May 1 to September 1, 1960, showed that the combined average rate of the Pacific coast yards was approximately 6 percent higher than the combined average rate of the Atlantic coast yards. This is added to the 13 percent in other major components.

We are not talking about ships being built for the Navy; we are talking about ships to be built under the ship replacement program between now and 1972, and the differential can be paid only on ships whose home ports are on the Pacific coast and ships that ply the Pacific trade routes.

The Acting Maritime Administrator said he would have a further study made, to be completed by the end of this year, to see whether this repeal proposal is important or not.

No hearings were held on the amendment in the Senate. The House held some hearings, but the House hearings were such that the testimony submitted by the shipyards on the east coast was to the effect that the differential no longer was justified, while the western yards maintained that the cost spread was even greater than 6 percent. The figures were so contradictory that the committee chairman enlisted the help of the General Accounting Office, and this is from their report.

Madam President, this amendment does not belong in the bill. The question is not one of figures. It is a matter of providing for national defense. The Senator from Maryland cited figures showing how shipbuilding on the Pacific coast increased from 1941 to 1942 until the end of the war. Certainly it increased. It increased because, in the interest of the defense of the Nation, it was necessary to go to the west coast to build a large part of the merchant vessels needed. The east coast yards were chock-o-block with ships—warships and other types of ship construction.

The west coast does not have much shipbuilding. The tonnage there is away down. The ships allocated to San Diego and San Pedros were allotted on the plea that there be some ship construction out there.

Senators can vote against the bill if they wish, but the allocation was made to the west coast in order to keep alive some shipbuilding know-how in that region.

The allocation to the Navy yards is fairly good.

The admiral says the west coast is showing surprising capability. Certainly it is. This is the first time there has been an increase in ship construction

in private yards on the west coast. Two destroyers are being built in a Puget Sound shipyard. That shipyard at one time hoped it could make a bid on an American President Line reconversion. That was approximately 3 years ago. They sharpened their pencils and made a bid on the ship, because the home port was on Puget Sound. When they were awarded the bid, they took another look at this situation and asked that the bid be canceled, and they forfeited their bond.

The yard was idle for a long time. Now they have sharpened their pencils again and have convinced the Navy to award them a contract. Many Navy contracts are negotiated rather than awarded on bids, because naval ships usually are custom built. The Navy said the ships ought to be built in a private yard, so the yard on Puget Sound is building the two guided-missile ships. They are called guided-missile cruisers; but, practically speaking, they are heavy destroyers. That is all the west coast yards have had. This differential proviso has been in effect 24 years. Some say that steel is manufactured in our area now. That is true; some is manufactured in Utah and a little is manufactured in California. But most of the materials required for the construction of a dry cargo vessel or a combination vessel are composed of steel which comes from the East—plus all the other components, as the General Accounting Office points out.

There are several other reasons for maintaining this differential. One is that under the vessel replacement program to date, 73 ships have been built or are building; and of the 73, 56 were awarded to Atlantic coast yards. The Pacific coast yards have built only 17, under the big fleet replacement program; and those were built on the west coast only because the yards had figured very closely, and in some cases had the aid of the 6-percent differential allowance. So I do not think it fair to the economy of the west coast to request the Congress to enact this bill, which has not been the subject of a Senate committee hearing.

Therefore, Mr. President, I hope the Senate will reject the amendment.

I ask unanimous consent that there may be printed in the RECORD a statement by me on this matter, a statement on the bids on the various ships, a further statement by the General Accounting Office, and a memorandum on the number of ships built in the east coast yards during the past 15 years, as compared with the number built in the west coast yards.

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

Mr. MAGNUSON. Mr. President, it will be impossible to obtain these insertions before Tuesday.

I wish to say that if there has been an increase in the amount of construction on the west coast or the Pacific coast, it is because of the great contributions the west coast yards made in a very short space of time during the war. But certainly today approximately 82 percent of the ways in the west coast yards are idle, even though the 6-percent differential is available.

Mr. BUTLER. Mr. President, will the Senator from Washington yield, so that I may request the yeas and nays on the question of agreeing to this amendment?

Mr. MAGNUSON. Yes.

Mr. BUTLER. On the question of agreeing to this amendment, I request the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. ENGLE. Mr. President, I rise to express my strong opposition to the amendment offered by the Senator from Delaware [Mr. WILLIAMS].

This amendment seeks to repeal certain provisions of the Merchant Marine Act of 1936, which provides for a 6-percent differential in ship construction costs in favor of west coast shipyards.

In 1936 Congress decided that for national defense reasons a nucleus of shipbuilding facilities and shipbuilding skills should be maintained on all of the coasts of the Nation. This was done to give west coast shipyards an allowance for higher costs for materials and labor confronted on this coast, and thus to keep Pacific coast shipyards in existence as a vital segment of the national defense machinery.

For some time east coast and gulf coast shipyards have been demanding that the 6-percent differential be eliminated completely.

Extensive hearings were held before the House Merchant Marine Committee on this matter—in 1959, in 1960, and again this year. No Senate committee hearings have been held on the issue. The House committee, in September 1960, requested an audit by the General Accounting Office. In May 1961, with a 26 to 5 majority over Pacific coast members, the committee voted out a "repeal" bill, over objections of the Pacific coast, and ignoring a plea to permit the GAO to complete its study. That study was three-eighths complete, and showed a definite cost differential in the areas covered.

In 1959, on the basis of extensive testimony, the GAO had estimated that the cost of materials for shipbuilding on the west coast was 13 percent greater than the cost for the east coast and the gulf coast. The GAO also estimated that labor costs for the west coast were 7 percent higher than those for the east coast and the gulf coast shipbuilding. In submitting these findings, the GAO emphasized that the percentages cited could not be taken as conclusive, because of certain limitations faced, including the refusal of certain yards to open their cost records for inspection.

The General Accounting Office admittedly is not equipped to make a thorough study of this question. The Senate Commerce Committee has therefore asked the Maritime Administration to make such a study and to report its findings to the committee early in the 1962 session. We have made it plain that whatever they find to be the differential, we shall be glad to take—whether it is 2 percent, 4 percent, 6 percent, or 8 percent. But no definite study of the matter has been made.

Despite the absence of conclusive evidence, the House Merchant Marine and Fisheries Committee in June of this year ordered favorably reported a bill to repeal the 6-percent differential.

Fortunately—and I emphasize this—the House Rules Committee refused to grant a rule on this bill. It refused because it was convinced that the House Merchant Marine and Fisheries Committee had acted without adequate information and while the study was in progress.

Now an attempt is being made to push for passage of this measure by the Senate. I hope the Senate will not decide on this matter until the full facts can be brought into judgment. I hope we shall not allow ourselves to be stampeded into a vote on this proposal before we receive the recommendations and findings of the Maritime Administration.

I am somewhat perplexed about the anxiety of east coast and gulf coast shipbuilders regarding west coast competition. Let us look at the facts. Under the Maritime Administration's vessels replacement program to replace approximately 300 ships by 1972, only 5 ships have been awarded to west coast shipyards under the 6-percent differential. Seventy-seven contracts have already been let. Six more bids were opened last week. No west coast shipyard was anywhere within the 6-percent differential for these six ships. In short, 5 vessels out of a total of 83 have been placed in west coast shipyards. In fact, west coast shipbuilders are doing so poorly that the Maritime Administration has had to allocate four ships to keep two of the yards going.

All we are asking is an opportunity to get the full facts before us before we act on this issue. It is not ready for an informed vote. I believe that the proponents of repeal of the 6-percent differential are driving for a vote now, because they are fearful that a full and objective disclosure of the facts will kill their case.

Shipbuilding has long been a basic and essential industry to the west coast. During World War II, Churchill's statement that the "preservation of freedom depends on control of the seas" found immediate response in our Pacific yards. Cargo vessels that normally required months to build were built in weeks.

Soviet bloc countries are feverishly building a merchant marine. Russia herself has 100 times the number of submarines that Germany had at the outbreak of the Second World War. Moreover, in this age of the atomic and hydrogen bombs, shipbuilding facilities must be dispersed on all coasts, lest one bomb seriously impair our ability to defend ourselves.

If the Government is going to support shipbuilding—and I believe it should—then that support must benefit the west coast, as well as the other coastal areas.

With the explosive international tensions of today, I doubt that anyone can argue that the threat in the Pacific is any less than it was during World War

II. Without the essential shipyards and labor force on all coasts, there would be tremendous lessening of this country's ability to respond to a national emergency. Our fleet is deficient both quantitatively and qualitatively. This situation applies to both the east coast and the west coast.

A conclusive study of this matter may disclose that the differential should be 4 percent, or 6 percent, or 8 percent. Before we prejudice the military posture of our country, the exact size of the differential should be determined. It would be highly irresponsible for us to decide in this forum today an issue of such importance to our defense and security without the full facts before us and without even a Senate committee hearing.

Mr. MAGNUSON. Mr. President, I wish to read to the Senate a letter I have received from the Maritime Administration:

U.S. DEPARTMENT OF COMMERCE,
MARITIME ADMINISTRATION,
Washington, D.C., August 31, 1961.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This will acknowledge receipt of your letter of August 24, 1961, requesting the Maritime Administration to undertake a study of the various cost factors that enter into the computation of bids for vessel construction in shipyards on the four coasts of the United States.

The Maritime Administration will proceed promptly with this task and will make every effort to comply with your request that the study be completed for presentation to your committee early in the 1962 session.

Sincerely yours,
THOS. E. STAKEM,
Acting Maritime Administrator.

I had asked the Maritime Administration to make a study of the matter, and it agreed to do so.

Mr. President, a few minutes ago I obtained unanimous consent to have printed in the RECORD communications from the Senator from Delaware, requesting the holding of hearings or some action on the 6-percent differential proposal or the amendment the Senator from Maryland [Mr. BUTLER] has had in the committee. I wish to withdraw that request, because I have had the committee staff look for such communications, and there are none.

Mr. WILLIAMS of Delaware. The amendment was offered by the Senator from Maryland [Mr. BUTLER] a member of the committee, and I was a cosponsor of the amendment. But the reason why the Senator from Washington decided not to hold hearings is that he is opposed to it, and he does not want to hold hearings on it. So it is obvious why the hearings were not held on this proposal.

Mr. MAGNUSON. The members of my committee are very independent. If the Senator thinks the chairman can do anything he wants to do, he should come and sit with us. Any time a member of this committee is really insistent on getting something, he gets it. Do not worry about the Commerce Committee membership. Nobody is going to run them. They are all independent. I see four members of the committee present in the Chamber. If the Senator thinks that the chairman can run the committee when it has on it such members as the Senator from Ohio, the Senator from Maryland, the Senator from California, and the Senator from South Carolina, he just has not been around here very long. [Laughter.]

Mr. WILLIAMS of Delaware. I have been a member of the committee, and I have served under the chairman. I say again, let there be no mistake, the Senator from Maryland offered his measure. I was glad to cosponsor it and he requested hearings. I conclude again with the statement of Rear Admiral Schultz when speaking on behalf of the Department of Defense before the House committee which was holding hearings on this identical subject in May of this year, when he said:

Several major awards on a competitive basis during the past year or so offered convincing evidence that west coast yards have definitely overcome their former disadvantage in bidding on Navy ship construction.

That clearly indicates that the man who is in charge, and who should know the needs of the merchant marine better than anyone in this country, including the Senator from Washington, and who speaks for the Department of Defense, does not think that this is necessary. His views should be given recognition in this subject.

I hope the amendment which I have cosponsored with the Senator from Maryland [Mr. BUTLER] will be adopted.

Mr. LAUSCHE. Mr. President, when I became a member of this committee 4½ years ago, I thought I possessed a great deal of independence, but, as time has gone on, and as a consequence of the frequency of my defeats, I am beginning to feel like a supine follower of the commands that come from on high. I wish today to assert on this issue whatever independence I still possess.

The Senator from Delaware has read the letter of Admiral Schultz. I now want to read the letter that was sent by Robert E. M. Ward, rear admiral of the U.S. Navy, dealing with this subject, and it is the final letter on the subject. In this letter of Admiral Ward, he acknowledges receipt of a request to obtain the view of the Department of the Navy on this issue. After acknowledging the letter, Admiral Ward states:

This bill would remove from existing law a 6-percent differential.

He goes further and says:

This provision of law is considered to have been of material assistance to the Navy in maintaining a nucleus of shipbuilding skills and facilities on the west coast, particularly during the postwar period of sharply declining commercial orders.

And he further states:

It now appears, however, that Pacific coast private shipyards are gradually overcoming their previous competitive disadvantages through increased efficiency, application of improved industrial techniques and because of expanded west coast production of basic materials. During recent years certain Pacific coast shipyards, particularly in the Puget Sound area, have been quite successful in competing for naval ship work.

The Department of Defense has no convincing evidence that west coast shipyards are now at a significant disadvantage.

This final letter of Admiral Ward corroborates the testimony of Admiral Schultz, and it corroborates the argument made by the Senator from Delaware.

Mr. MAGNUSON. Read the next sentence.

Mr. LAUSCHE. I shall be glad to read it.

Mr. MAGNUSON. I put it all in the RECORD.

Mr. LAUSCHE. It reads:

The Department of Defense, however, is not in a position to state whether or not some degree of subsidization is still required to enable these shipyards to participate in ship construction programs on a competitive basis.

In view of the foregoing, the Department of the Navy, on behalf of the Department of Defense, neither supports nor opposes the enactment of S. 596.

That is exactly what the Senator from Delaware said 45 minutes ago.

Mr. President, I am not concerned with whether or not the shipbuilding work goes to the west coast or to the east coast. That is not why I am a participant in the debate. I am primarily concerned about what is happening to the taxpayer in the application of this law.

To begin with, in 1936 the Merchant Marine Act was passed, and it was then argued that, in order to enable them to compete with builders of ships in England, Germany, and Japan, we had to provide the American operators of cargo ships and passenger ships with a subsidy.

Calculations were made in 1936. It was concluded that, for every dollar it cost to build a ship in the United States, it cost 68 cents to build it in a competing country. The differential was 32 percent. So a law was passed which stated, in effect, if you build your ships in the United States, we will subsidize you for the difference between the cost of building a ship in the United States and that of building it in a foreign country, but, in no event, will we allow it to exceed 50 percent of the difference.

In 1936 the differential was 32 percent. It was then argued that, in the course of time, the shipbuilders of the United States would place themselves in a competitive position.

Twenty-five years have passed, and what is the situation today?

The differential is now 52 percent. It has gone up 20 percent in 25 years, in spite of the argument made that in the course of time the American shipbuilder would put himself in a competitive position.

As I stated a moment ago, the law put a 50-percent limitation on the amount the taxpayer would be required to contribute. Last year we raised the 50 to 55 percent, and we did so in spite of the fact that the shipbuilders claimed they were begging for business.

The point I make is that so long as the taxpayer is willing to subsidize in the manner contained in the bill and under

the general law, the shipbuilders will never put themselves in a competitive position.

It is argued that on the west coast the labor cost is 6 percent more than it is on the east coast. In effect, it is further argued, "since it is 6 percent higher, ask the taxpayers to pay for it."

I cannot follow that logic. I simply cannot do so. It would seem to me that the west coast, through cooperation of labor and management, would try to bring itself into a competitive position. Why is that not done? The answer is that the shipbuilders know the taxpayer will subsidize them. Moreover, when we know that Japan, Germany, England, and Holland can build at 40 cents on the dollar, when it cost 100 cents on the dollar in the United States, one would think American shipbuilders would put themselves in a competitive position. They are not doing so.

Last year before our committee, when the request was made to lift the limitation to 55 percent, there was a strike in the Bethlehem Shipbuilding Co., and the workers demanded more wages. As more wages were given, the taxpayers' burden became greater.

While the issue before us on the pending bill is significant, I think the problem lies more with a study and a purpose to solve the problem by getting to the causes of it. That we are not doing.

I believe there has been some discussion about eight ships for which bids were advertised. It was found that the shipbuilders on the east coast could build those ships for about $4 million less than the shipbuilders on the west coast, but it was decided to send some of the ship construction to San Diego. The net increase in cost to the taxpayers, by having the work done in San Diego was, I think, $3.5 million to $4 million. A strange paradox occurred. In addition to the added cost of $4 million, the owner of the ships on the east coast is now asking $400,000 reimbursement because he had to bring the ships from the west coast to the east coast. That bill will be taken up before long.

Yesterday we went deeper into the subsidization of airports. The burden falls upon the taxpayer.

Today we are going further into an involvement with the merchant marine. That burden will also fall upon the taxpayers.

Day before yesterday a recommendation was made to subsidize the railroads, which is a novel thought. Certain railroad men, in protesting, claimed it would lead to socialization. The issue is before us.

Finally I say to the taxpayers, "Sweat on. Bleed. Bend your backs. Complain. But carry the burden. It will grow heavier and heavier day by day, through subsidy programs and improvident dealings between government and business, in the belief that you do not know what is going on."

Ohio is hundreds of miles away from Washington. I say to the citizens of Ohio, "You think you know what is going on? In my opinion, there is a veil over your eyes. You are being told, 'we are doing good for you,' but the fact is we are digging into your pockets, making you poorer and poorer every day."

Mr. KUCHEL. Mr. President, 25 years ago Congress, at the request of the executive branch of the Government enacted legislation authorizing the U.S. Maritime Administration to allocate ship construction contracts to west coast shipyards when their bids came within 6 percent of the bids of east coast or gulf coast yards, and then only in the case of bids on vessels to be constructed with Federal subsidy for ship operators based on the Pacific coast and operating in and out of Pacific coast ports. The national security demanded that there be a ship-construction capacity in the West as well as in the East, and along the gulf. It still does.

For a quarter of a century that legislation has been the law of the land. Today we are confronted with a hastily drawn amendment offered by the distinguished Senator from Maryland [Mr. BUTLER] and the distinguished Senator from Delaware [Mr. WILLIAMS] to repeal that law. No committee hearings have been held on the subject. Senators have had no opportunity to study the position of the Government. Senators, thus, will vote blindly on this issue.

I say that the two Senators who sponsor the amendment are mistaken in what they ask the Senate to do. On many occasions I have followed suggestions that they have made in the Senate. But this is an attempted distortion of the legislative process, and the Senate ought to reject it.

In arguing in favor of the amendment, the Senators have made some charges that I believe are erroneous. For example, I have before me the inquiry of the Comptroller General of the United States in a partial survey of the problem only a year ago. He finds that in western America the cost of steel is 13 percent higher than the cost of steel in eastern America available for east coast ship construction. He finds that labor costs are higher in the area from which my able friend from Washington and I come. Those are facts which he has found. How, then, can my two colleagues contend that there is no differential?

But before we take any action on a subject of this importance, I respectfully submit to Senators that it should be subjected to the careful scrutiny of a Senate committee hearing.

On that basis I seek today not to argue the merits or the demerits of the pending amendment, but merely to say that it is wrong for the Senate now to be asked to repeal a law which has been on the books for a quarter of a century. Two Senators now attempt to attach an irrelevant amendment in the nature of a repealer to proposed legislation on another subject.

Mr. MAGNUSON. Mr. President, in the past few weeks when amendments which were not germane to a bill and on which there had been no hearing were offered, after adequate discussion, and in order that Senators could get away, many of whom had waited for the vote, a wise procedure was adopted. A motion to table the amendment was made. I therefore move to lay on the table the amendment of the Senator from Delaware [Mr. WILLIAMS], and the Senator from Maryland [Mr. BUTLER].

Mr. WILLIAMS of Delaware. Mr. President, will the Senator withhold his motion and yield to me?

The PRESIDING OFFICER. The Senator from Delaware has requested the Senator from Washington to withhold his motion. Does he withhold the motion?

Mr. MAGNUSON. Mr. President, I withhold the motion. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, I wonder if there can be a straight vote on the amendment. So far as we are concerned we are ready to have the roll called immediately.

Mr. MAGNUSON. I do not see the difference. One is the same as the other.

Mr. WILLIAMS of Delaware. If the Senator sees no difference I suggest that the Senate vote on the amendment.

Mr. MAGNUSON. Mr. President, I have nothing further to add.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware [Mr. WILLIAMS] and the Senator from Maryland [Mr. BUTLER]. The yeas and nays have been ordered.

Mr. KUCHEL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KUCHEL. What is the pending question?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware [Mr. WILLIAMS] and the Senator from Maryland [Mr. BUTLER] to the pending bill.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JORDAN (when his name was called). On this vote I have a pair with the senior Senator from New Mexico [Mr. CHAVEZ]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Colorado [Mr. CARROLL], the Senator from Mississippi [Mr. EASTLAND], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Massachusetts [Mr. SMITH], and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] and the Senator from New Mexico [Mr. ANDERSON] are absent because of illness.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Georgia [Mr. RUSSELL].

If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Georgia would vote "yea."

On this vote, the Senator from Colorado [Mr. CARROLL] is paired with the Senator from Mississippi [Mr. EASTLAND]. If present and voting, the Senator from Colorado would vote "nay," and the Senator from Mississippi would vote "yea."

On this vote, the Senator from Tennessee [Mr. KEFAUVER] is paired with the Senator from Massachusetts [Mr. SMITH]. If present and voting, the Senator from Tennessee would vote "nay," and the Senator from Massachusetts would vote "yea."

On this vote, the Senator from Florida [Mr. SMATHERS] is paired with the Senator from Missouri [Mr. SYMINGTON]. If present and voting, the Senator from Florida would vote "yea," and the Senator from Missouri would vote "nay."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Kansas [Mr. CARLSON] are absent because of illness.

The Senator from Connecticut [Mr. BUSH] is absent because of death in his family.

The Senator from Nebraska [Mr. HRUSKA] is absent on official business.

The Senator from Utah [Mr. BENNETT], the Senator from New Hampshire [Mr. COTTON], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Vermont [Mr. PROUTY] is detained on official business.

If present and voting, the Senator from Connecticut [Mr. BUSH], the Senator from Nebraska [Mr. HRUSKA], and the Senator from Vermont [Mr. PROUTY] would each vote "yea."

On this vote, the Senator from New Hampshire [Mr. COTTON] is paired with the Senator from Utah [Mr. BENNETT]. If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from Utah would vote "nay."

The result was announced—yeas 40, nays 41, as follows:

[No. 180]

YEAS—40

Aiken	Hill	Scott
Beall	Holland	Smith, Maine
Boggs	Javits	Sparkman
Butler	Johnston	Stennis
Byrd, Va.	Keating	Talmadge
Case, N.J.	Lausche	Thurmond
Case, S. Dak.	Miller	Tower
Clark	Morton	Wiley
Curtis	Mundt	Williams, N.J.
Dodd	Muskie	Williams, Del.
Ervin	Pastore	Yarborough
Fulbright	Pell	Young, Ohio
Goldwater	Proxmire	
Hickenlooper	Robertson	

NAYS—41

Allott	Fong	Magnuson
Bartlett	Gore	Mansfield
Bible	Gruening	McCarthy
Burdick	Hart	McGee
Byrd, W. Va.	Hartke	McNamara
Cannon	Hayden	Metcalf
Capehart	Hickey	Monroney
Church	Humphrey	Morse
Cooper	Jackson	Moss
Dirksen	Kerr	Neuberger
Douglas	Kuchel	Randolph
Dworshak	Long, Mo.	Schoeppel
Ellender	Long, Hawaii	Young, N. Dak.
Engle	Long, La.	

NOT VOTING—19

Anderson	Cotton	Russell
Bennett	Eastland	Saltonstall
Bridges	Hruska	Smathers
Bush	Jordan	Smith, Mass.
Carlson	Kefauver	Symington
Carroll	McClellan	
Chavez	Prouty	

So the amendment of Mr. WILLIAMS and Mr. BUTLER was rejected.

Mr. KUCHEL. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. ENGLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT OF MERCHANT MARINE ACT OF 1936

Mr. MAGNUSON. Mr. President, I move that the Senate proceed to the consideration of H.R. 6974.

The VICE PRESIDENT. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 6974) to amend section 607(b) of the Merchant Marine Act, 1936, as amended.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Washington.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. MAGNUSON. Mr. President, I move to strike out all after the enacting clause and to insert in lieu thereof the text of S. 1185.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause and insert the following:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the last sentence of section 607(b) of the Merchant Marine Act, 1936 (46 U.S.C. 1177(b)), is amended by inserting before the period at the end thereof a comma and the following: "and may also pay from such fund, with such consent and upon terms and conditions which the Secretary of Commerce shall by regulation prescribe to give priority to the foregoing purposes of the fund (and with respect to any transfer of funds from the special reserve fund, to give priority to the purposes of that fund) and to carry out the purposes of this Act, (A) amounts contributed toward research, development, and design expenses incident to new and advanced ship design machinery and equipment", and

"(B) Amounts (1) for the purchase of cargo containers, delivered after June 30, 1959, of a type approved by the Administrator for use in connection with any of the contractor's subsidized vessels, (2) for the payment of the principal of any indebtedness incurred for such containers, or (3) to reimburse the contractor's general funds for expenditures for such purchases or payments. Such cargo containers to the extent paid for out of the capital reserve fund shall be treated as vessels for the purpose of deposits and withdrawals from the capital reserve fund under this section 607, and the regulations and closing agreements relating thereto, except that the depreciation on such cargo containers shall be based upon the life expectancy used for such containers in the determination of 'net earnings' under paragraph (d)(1) of this section 607."

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Washington.

The motion was agreed to.

The VICE PRESIDENT. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 6974) was read the third time, and passed.

Mr. MAGNUSON. Mr. President, I move that the Senate reconsider the vote by which H.R. 6974 was passed.

Mr. BARTLETT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The VICE PRESIDENT. Without objection, Senate bill 1185 will be indefinitely postponed.

SALE OF 10 LIBERTY-TYPE MERCHANT VESSELS

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 233, Senate Joint Resolution 21.

The VICE PRESIDENT. The joint resolution will be stated by title.

The LEGISLATIVE CLERK. A joint resolution (S.J. Res. 21) to authorize the Secretary of Commerce to sell 10 Liberty-type merchant vessels to citizens of the United States for conversion into barges.

The VICE PRESIDENT. 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 joint resolution, which had been reported from the Committee on Commerce with amendments on page 2, line 1, after the word "basis,", to strike out "at not less than the price, determined by the Secretary of Commerce, which is equal to the highest price such vessel would bring if sold for scrap" and insert "competitive bidding with an upset price equal to the average, as determined by the Secretary of Commerce, of domestic and foreign scrap prices for Liberty ships over the twelve-month period prior to the month in which the ships are put up for sale"; in line 9, after the word "a", to insert "non-self-propelled"; in line 11, after the word "States", to insert "The purchase price shall be paid in cash at the time of sale."; in line 12, after the amendment just above stated, to strike out "Such sale shall be on the basis of the payment of not less than 25 per centum of the sale price of the vessel at the time of the execution of the sales contract, with balance payable in approximately equal annual installments over the life expectancy of the vessel after conversion by the purchaser, which life expectancy shall be determined jointly by the Secretary of the Treasury and the Secretary of Commerce, with interest on the portion of the sales price remaining unpaid at the rate of 3½ per

centum per annum; with right of prepayment from time to time of any or all of the sales price remaining unpaid. The obligation of the purchaser with respect to payment of such unpaid balance, with interest, shall be secured by a first preferred mortgage on the vessel sold, which mortgage may provide that the sole recourse against the purchaser under such mortgage, and any of the notes secured thereby, shall be limited to repossession of the vessel by the United States and the assignment of insurance claims, if the purchaser shall have complied with all provisions of the mortgage other than those relating to the payment of principal and interest when due, and the obligation of the purchaser shall be satisfied and discharged by the surrender of the vessel, and all right, title and interest therein to the United States. Upon surrender such vessel shall be (1) free and clear of all liens and encumbrances whatsoever, except the lien of the above-mentioned preferred mortgage, and (2) equipped and in as good order and condition, ordinary wear and tear excepted, as when converted into a barge by the purchaser, except that any deficiencies with respect to freedom from encumbrances and condition may, to the extent covered by valid policies of insurance, be satisfied by the assignment to the United States of claims of the purchaser under such policies of insurance.", and on page 4, line 11, after the word "States", to strike out "for a period of at least ten years after conversion into a barge or as long as there remains due the United States any principal or interest on account of the sales price, whichever is the longer periods; and (5) that the foregoing provisions respecting the acquisition of ownership by the United States and documentation shall run with the title to such vessel and be binding on all owners thereof" and, in lieu thereof, to insert "so long as it remains a vessel; (5) that the vessel will be operated only as a non-self-propelled barge; (6) that the vessel will be operated only in domestic trade of the United States (excluding trade with or between ports in Alaska); (7) that the vessel will not be traded in or exchanged under section 510 of the Merchant Marine Act, 1936; and (8) that the foregoing provisions respecting the acquisition of ownership by the United States, the documentation of the vessel, the operation of the vessel, and the trade-in and exchange of the vessel, shall run with the title to the vessel and shall be binding on all owners thereof"; so as to make the joint resolution read:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Commerce is authorized, during the one-year period following the date of enactment of this joint resolution, to sell not more than ten Liberty type merchant vessels, which are held in reserve by the Maritime Administration, Department of Commerce, to citizens of the United States, subject to the provisions of this joint resolution and such terms and conditions not contrary hereto as the Secretary may prescribe. Any such vessel shall be sold on an "as is, where is" basis, competitive bidding with an upset price equal to the average, as determined by the Secretary of Commerce, of domestic and foreign scrap prices for Liberty ships over the twelve-month period prior to the month in which the ships are put up for sale. Such sale shall be made on condition that the purchaser expend at least $100,000 to convert the vessel into a non-self-propelled barge in a domestic shipyard, with documentation under the laws of the United States. The purchase price shall be paid in cash at the time of sale.

SEC. 2. Any contract of sale executed under authority of this joint resolution shall provide (1) that in the event that the United States shall, through purchase or requisition, acquire ownership of such vessel, the owner shall be paid therefor the value thereof, but in no event shall such payment exceed the actual depreciated sales price under such contract (together with the actual depreciated cost of capital improvements thereon), or the fair and reasonable scrap value of such vessel, as determined by the Maritime Administrator, whichever is the greater; (2) that such determination shall be final; (3) that in computing the depreciated acquisition cost of such vessel, the depreciation shall be determined in accordance with the schedule adopted or accepted by the Secretary of the Treasury for Federal income tax purposes as applicable to such vessel; (4) that such vessel shall remain documented under the laws of the United States so long as it remains a vessel; (5) that the vessel will be operated only as a non-self-propelled barge; (6) that the vessel will be operated only in domestic trade of the United States (excluding trade with or between ports in Alaska); (7) that the vessel will not be traded in or exchanged under section 510 of the Merchant Marine Act, 1936; and (8) that the foregoing provisions respecting the acquisition of ownership by the United States, the documentation of the vessel, the operation of the vessel, and the trade-in and exchange of the vessel, shall run with the title to the vessel and shall be binding on all owners thereof.

SEC. 3. As used in this joint resolution, the term "citizens of the United States" includes corporations, partnerships, and associations, but only those which are citizens of the United States within the meaning of section 2 of the Shipping Act, 1916, as amended.

The amendments were agreed to.

Mr. BARTLETT. Mr. President, I offer an amendment which I send to the desk and ask to have stated. The amendment has been approved by the chairman of the committee.

The PRESIDING OFFICER (Mr. METCALF in the chair). The amendment of the Senator from Alaska will be stated.

The LEGISLATIVE CLERK. On page 4, in line 20, after the words "United States", it is proposed to strike out "(excluding trade with or between ports in Alaska)".

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

Mr. WILLIAMS of Delaware. Mr. President, may we have an explanation of the amendment?

Mr. BARTLETT. Certainly. As the bill was reported by the committee, it provides that none of the Liberty ships which will be converted into barges and will go into service, if the bill becomes law, can be used in the Alaska trade. This amendment would strike out the Alaska exclusion so there would be no geographic discrimination in regard to the use of the barges.

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

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The question is, Shall the joint resolution pass?

Mr. HOLLAND. Mr. President, may we have an explanation of this measure?

Mr. BARTLETT. Mr. President, the joint resolution permits the Secretary of Commerce to sell not more than 10 Liberty ships from the reserve fleet. They would have to be converted into non-self-propelled barges, and could be used then only in the domestic trade of the United States.

The bill as amended requires that the sale be for cash, and at a price not below that which the Government obtains when selling these ships for scrap.

The committee was informed that there now are approximately 800 ships in the reserve fleet which are actually no longer suitable for merchant marine purposes, and which the Government is disposing of as rapidly as possible, by selling them for scrap.

The joint resolution will make it possible for those who wish to operate barges of this type—either individuals or companies, I assume—to acquire not more than 10 such Liberty ships. The bill will provide, in addition, additional employment in American shipyards.

The bill as amended is, as I understand, favored by the Government departments concerned.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Alaska yield for a question?

Mr. BARTLETT. Of course.

Mr. WILLIAMS of Delaware. Does the bill provide that the ships will be sold on a competitive basis?

Mr. BARTLETT. That is my understanding.

Mr. LAUSCHE. Mr. President, Mr. Stakem, of the Maritime Administration, said he had no objection to the bill; but he recommended that a number of things be done, and one of them was to prohibit the operation of such barges as self-propelled barges and to restrict their operation to the domestic trade.

Mr. BARTLETT. Those provisions have been included.

Mr. LAUSCHE. They have?

Mr. BARTLETT. Yes.

Mr. LAUSCHE. And also that there be a provision for a competitive bidding upset price. Is that provision contained in the bill?

Mr. BARTLETT. Yes; the reply is in the affirmative.

Mr. HOLLAND. Mr. President, it was not clear to me, from the Senator's statement, that 10 is the limit that can be

purchased by any one purchaser, or that 10 is the limit for the total number of ships which may be sold.

Mr. BARTLETT. It is the total number of ships.

Mr. HOLLAND. Very well.

The PRESIDING OFFICER. The question is, Shall the joint resolution pass?

The joint resolution (S.J. Res. 21) was passed, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Commerce is authorized, during the one-year period following the date of enactment of this joint resolution, to sell not more than ten Liberty type merchant vessels, which are held in reserve by the Maritime Administration, Department of Commerce, to citizens of the United States, subject to the provisions of this joint resolution and such terms and conditions not contrary hereto as the Secretary may perscribe. Any such vessel shall be sold on an "as is, where is" basis, competitive bidding with an upset price equal to the average, as determined by the Secretary of Commerce, of domestic and foreign scrap prices for Liberty ships over the twelve-month period prior to the month in which the ships are put up for sale. Such sale shall be made on condition that the purchaser expend at least $100,000 to convert the vessel into a non-self-propelled barge in a domestic shipyard, with documentation under the laws of the United States. The purchase price shall be paid in cash at the time of sale.

SEC. 2. Any contract of sale executed under authority of this joint resolution shall provide (1) that in the event that the United States shall, through purchase or requistion, acquire ownership of such vessel, the owner shall be paid therefor the value thereof, but in no event shall such payment exceed the actual depreciated sales price under such contract (together with the actual depreciated cost of capital improvements thereon), or the fair and reasonable scrap value of such vessel, as determined by the Maritime Administrator, whichever is the greater; (2) that such determination shall be final; (3) that in computing the depreciated acquisition cost of such vessel, the depreciation shall be determined in accordance with the schedule adopted or accepted by the Secretary of the Treasury for Federal income tax purposes as applicable to such vessel; (4) that such vessel shall remain documented under the laws of the United States so long as it remains a vessel; (5) that the vessel will be operated only as a non-self-propelled barge; (6) that the vessel will be operated only in domestic trade by the United States; (7) that the vessel will not be traded in or exchanged under section 510 of the Merchant Marine Act, 1936; and (8) that the foregoing provisions respecting the acquisition of ownership by the United States, the documentation of the vessel, the operation of the vessel, and the trade-in and exchange of the vessel, shall run with the title to the vessel and shall be binding on all owners thereof.

SEC. 3. As used in this joint resolution, the term "citizens of the United States" includes corporations, partnerships, and associations, but only those which are citizens of the United States within the meaning of section 2 of the Shipping Act, 1916, as amended.

Mr. MANSFIELD subsequently said:

Mr. President, I move that the Senate reconsider the vote by which Senate Joint Resolution 21 was passed.

Mr. KUCHEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

INTERSTATE COMMERCE COMMISSION RECOMMENDATION FOR SUBSIDY PROGRAM FOR ESSENTIAL RAIL TRANSPORTATION

Mr. SCHOEPPEL. Mr. President, one of our legislative concerns today is the Federal Airport Act and its extension of the program of subsidies connected with civilian aviation. It is an appropriate time, therefore, to take some notice of the recommendation of the Interstate Commerce Commission that the Federal Government embark on a program of subsidy for essential transportation services by rail.

In Docket No. 33332, the Interstate Commerce Commission has been considering whether passenger fares of the New Haven Railroad should be increased. Yesterday, the Commission's report on this matter was served. It is a landmark decision containing facts and recommendations that we shall undoubtedly have to consider in the near future. There will be much speculation in many ways.

Much of the material in the ICC's New Haven report relates only to the New Haven. However, the final section of the report, part V, presents general recommendations that merit the widest circulation and study.

Mr. President, I ask unanimous consent that there be printed in the body of the RECORD, as a part of these remarks, the following items: "ICC Docket No. 33332, Report, Part V. Recommendations for Assistance by the Federal Government," appendixes G and H thereto.

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

V. RECOMMENDATIONS FOR ASSISTANCE BY THE FEDERAL GOVERNMENT

In the *Railroad Passenger Train Deficit* case, supra, at page 482, we recommended that the 10-percent Federal excise tax on passenger fares be repealed, and that Federal tax laws be amended to encourage local and State tax relief, at least to the extent of disregarding State and local provided "pre-tax net income" for Federal tax purposes.

We hereby reaffirm those two recommendations. We do not deem it necessary at this time either to adopt or to reject recommendation Nos. 11 and 12 advanced by the hearing officers.[1]

We agree with the general attitude of the hearing officers toward Federal aid. At page 74 of their recommended report, they observed:

"We believe the time has now come for the Commission to urge upon the Congress a larger and more direct Federal role in connection with the mass transportation problems of large urban areas. Nor should these problems be regarded as exclusively those of the New Haven Railroad. It is more probable than not that some other large commuter railroads will be plagued before too long by problems similar in kind, if not in degree, to those now confronting the New Haven."

However, the hearing officers recommended against a program of Federal cash subsidies, believing that such a program would, of necessity, involve a means test. They said at page 74 of the recommended report:

"If the size of the subsidy is determined by the size of the deficit, two results are inevitable. First, there would be little or no incentive to make a profit or to cut losses. And secondly, as admitted by the New Haven's comptroller, some agency of the Federal Government would have to be granted authority to establish passenger train schedules in the interest of protecting the public purse."

The New Haven excepts to the foregoing conclusions of the hearing officers with respect to cash subsidy legislation. We agree with the conclusion of the hearing officers that if the amount of Federal assistance is determined by the size of the carrier's deficit, the aid might do more harm than good. To that extent, we find the New Haven's exceptions to be without merit. On the other hand, we have concluded, for the reasons hereinafter set forth, that it is highly improbable that the New Haven can emerge from reorganization and continue to render essential transportation services in the absence of direct Federal grants. The pro forma income account of the New Haven for a typical year in reorganization[2] indicates that the New Haven's situation is almost hopeless without Federal assistance. We do not believe, however, that Federal payments must be related to the size of the passenger deficit incurred by the New Haven and other railroads.

Over the years the Commission has expressed serious misgivings with regard to inequitable promotional policies in the field of transportation pursued by the Federal Government. That concern has sprung from the conviction that the inherent advantages of the various modes of transportation should not be neutralized or stifled by Federal subsidies. Our conviction in that regard is just as strong today as it has been in times past. If there were any reason to believe that the progressive elimination of rail passenger service is due entirely to the inherent advantages of competitive modes, including the private automobile, the Commission would not recommend that even a residuum of such service be preserved by enactment of a program of Federal subsidies.

On the other hand, in refusing, as a matter of principle, to recommend that surface transportation be subsidized by the Federal Government, the Commission has also recognized a conflicting principle. For example, in the Railroad Passenger Train Deficit case, supra at page 484, we declared:

"We adhere to the principle previously expressed, that this country's several forms of transportation should be treated equitably and that no one form should be preferred.

"More specifically, we found in that report:

"The impetus given motor and air travel by Federal, State, and local government

[1] That the Commission consider recommending to the Congress legislation to enable railroads to acquire passenger train equipment on terms and conditions more liberal than now exist for the purpose of insuring the continuance of passenger service required by the public convenience and necessity and by the Nation's defense effort.

That, if it becomes necessary to do so, the Commission consider recommending to the Congress legislation providing that taxes levied on interstate railroads by State and local authorities may be found to be unlawful as an undue burden on interstate commerce under the following circumstances:

(a) That the railroad is operating at a deficit in either its freight or passenger service which imperils its survival;

(b) That the continuance of the freight or passenger service provided by the carrier is required by public convenience and necessity; and

(c) That State and local taxes involved, in the light of all relevant circumstances and after a full hearing, are found to be excessive when compared with taxes assessed on the carrier's property by other States and communities through which the railroad operates.

[2] See pp. 38 and 39, infra.

promotional programs has unquestionably operated to the disadvantage of railroad passenger service. Vast highway, airport, and airway modernization programs predicated upon anticipated public needs which are now underway, as well as a policy for continued subsidy to air carriers, offer little solace to an industry which is dependent upon private resources and which has witnessed the gradual erosion of its passenger market. It is not suggested that such programs are not meritorious and desirable in the public interest, but the fact is they do exist; they will, as in the past, have a pronounced impact upon railroad passenger service. Yet, there is little evidence of any comparable governmental effort to promote the public interest in railroad passenger service or to prevent or to take into account competitive inequalities that may be induced by such promotional programs" (p. 480).

It is now clear beyond any reasonable doubt that the progressive elimination of direct and indirect subsidies which operate to the disadvantage of railroad passenger service cannot be achieved in time to save that part of the service which, under conditions of competitive equality, could be continued. Therefore, in proposing a modest program to alleviate the railroad passenger deficit problem, we do not retreat from our position that the subsidization of transportation enterprises by the Federal Government is generally undesirable except to the extent clearly justified by compelling considerations of national defense.

One further fact must constantly be kept in mind. The United States, like most other countries, is experiencing a population explosion. The impact of this enormous increase in population is intensified by the shift of population from rural areas and smaller communities to large metropolitan centers and by the movement out of those centers to sprawling suburban areas. Rail commutation service will be far more essential and much more widely used 10 years from now than it is today assuming that it is still available. Moreover, the population trends just noted suggest that some intercity rail passenger service could become increasingly competitive with transportation by air. Inasmuch as rail facilities, once lost, cannot be reconstructed except at a fantastic cost, it would be the height of folly to determine the essentiality of rail service solely on the basis of present patronage and without regard to definite future needs.

We believe that a Federal program to ameliorate the railroad passenger deficit problem should possess the following characteristics:

(1) Federal aid should not dull managerial incentives to cut losses;

(2) No aid program should require the Federal Government, in the interest of protecting the public purse, to establish passenger train schedules or to prescribe standards of service and equipment;

(3) Administration of the aid program should not require the services of more than a handful of additional Government employees;

(4) The sums to be disbursed should be determined primarily in accordance with a generally accepted formula and should involve a minimal exercise of discretion;

(5) The program should encourage the extension of tax relief and other assistance by State and local governments;

(6) The amount of aid should not be so large as to encourage the continuance of passenger operations not required by the public convenience and necessity;

(7) The amount of Federal aid should be large enough, in conjunction with State and local assistance, to insure the continuance of passenger operations required by the public convenience and necessity;

(8) The total cost of the program should be realistic when viewed in the light of general budgetary considerations; and

(9) The program should be sound in concept.

We will recommend to the Congress enactment of legislation along the following lines which, in our opinion, satisfies all of the criteria set forth above:

Any railroad subject to part I of the act may apply to the Interstate Commerce Commission for financial aid in the continuance of specified passenger train operations provided that the operations so specified constitute a substantial part of the carrier's total passenger service and are represented to be required by the present or future public convenience and necessity. If the Commission determines that a grant of financial aid is required to carry out effectively the purposes and policies of the assistance act, it shall authorize such aid, the annual amount thereof to be determined, as follows:

(1) Expenses incurred by the carrier in the preceding calendar year in the maintenance of way and structures [3] which are directly assignable to passenger service;[4] plus

(2) Additional expenses incurred in the preceding calendar year by any State or States, municipalities, or other political subdivisions and instrumentalities thereof, in the maintenance of way and structures [3] which, if incurred by the carrier, would be a normal, necessary, and proper expense directly assignable to the passenger service; [4] plus

(3) That portion of common expenses incurred by the carrier in the preceding calendar year in the maintenance of way and structures [5] which is assignable to the passenger service; [6] *Provided, however,* That the amount of any grant determined in accordance with the provisions of this paragraph shall not exceed the amount of aid received by the carrier from any State or States, municipalities, or other political subdivisions and instrumentalities thereof, which, in the judgment of the Commission, is reasonably related to the purposes and policies of the Federal assistance legislation.

(4) In determining the benefit derived by the carrier from the aid programs of State and local governments and instrumentalities thereof, and the extent to which such benefits are reasonably related to the continuance of passenger train operations required by the present or future public convenience and necessity, the decision of the Commission shall be final.

(5) In the determination of any proposed discontinuance of service filed pursuant to the provisions of section 13a(1) of the act, the Commission shall give appropriate weight to any representations relative to public convenience and necessity which may have been made by the carrier under this assistance act and to the amount of aid extended to the carrier by the State or States, municipalities, and political subdivisions and instrumentalities thereof directly affected by such proposed discontinuance.

Attached hereto as appendix G is a "Statement of Passenger Revenues, Passenger Deficits, and Expenses of Maintenance of Way and Structures" for class I railroads conducting passenger service for the year 1960. The fifth column of figures shows the amount of aid potentially available for each such railroad in 1961 under paragraph (1) of the above recommendation if the legislation were now in effect. The sixth column of figures, subject to the same qualifications, represents the maximum amount of aid that could be extended under paragraph (3) of the recommended legislation to class I railroads. Figures for class II and electric railroads having annual passenger revenues in excess of $500,000 are set forth in appendix H. No separation is made of expenses between freight and passenger services since the Commission's separation rules apply solely to class I railroads. In any event, Federal aid under the recommended legislation would be negligible for this group of carriers.

Viewing the legislative recommendation in the light of the desirable characteristics of a Federal assistance program,[7] we believe that the following conclusions are warranted:

1. Inasmuch as the amount of financial aid is not directly and primarily dependent upon the size of the passenger deficit,[8] management would have a strong incentive to cut losses arising out of the performance of passenger services.

2. There would be no necessity for the Federal Government, therefore, to limit the number of passenger trains that might be run.

3. We estimate that no more than 10 accountants would be required for the administration of the aid program in addition to the number of field accountants already requested for fiscal year 1962–63.[9] Furthermore, we believe that the other administrative requirements of the recommended aid program could be absorbed by the Commission with the addition of no more than 5 or 10 other employees.

4. Since the Commission's separation rules are already in existence and reflected in rail carrier accounts, little or no discretion would be involved in computing the amount of aid based on maintenance of way and structures directly assignable to passenger service or on the allocation of common expenses between freight and passenger service. Nor would any broad discretion be involved in determining the additional expenses incurred by State and local governments in the preceding calendar year in the maintenance of

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[3] As defined and provided for in the prescribed systems of accounts.

[4] Calculated in accordance with current rules governing the separation of operating expenses, railway taxes, equipment rents, and joint facility rents between freight service and passenger service or rules promulgated in substitution or in lieu thereof.

[5] As defined and provided for in the prescribed systems of accounts.

[6] Calculated in accordance with current rules governing the separation of operating expenses, railway taxes, equipment rents, and joint facility rents between freight service and passenger service or rules promulgated in substitution or in lieu thereof.

[7] See p. 29, supra.

[8] Some State and local aid, which would be matched by Federal assistance, is conditioned upon deficit operations.

[9] At the present time, the program of our Bureau of Accounts provides for annual examination of accounts and records of class I railroads having operating revenues over $25 million annually. The remaining class I railroads are scheduled for examination every second year. With the additional staff requested in our 1962 and 1963 budgets, this examination program could be maintained. The current examination procedure, however, does not provide for annual verification of carriers' allocations of expenses between freight and passenger services. To accomplish this and to provide for annual verification of all class I railroads would require the additional manpower estimated above. Such annual examination of accounts would be required if our legislative recommendations were adopted. Even in the absence of such legislation, we think it would be desirable to conduct the annual accounting examination which would be required under the proposed legislative recommendations. In that sense, the program could be administered without addition of a single employee to our field accounting staff.

way and structures which would otherwise be incurred by carriers and directly assignable to passenger operations. Little exercise of discretion would be required in determining whether or not specified passenger operations set forth in the application for aid represent a substantial part of the applicant's total passenger operations. A considerable amount of discretion would at times be involved in determining how much benefit the carrier derived from the aid program of State and local governments. For example, the tax relief legislation recently enacted by the Commonwealth of Massachusetts may prove to be of no benefit to the New Haven Railroad because of its restrictive provisions relative to termination of employment.

5. The legislation recommended above should encourage the enactment of tax relief and other assistance programs by State and local governments with a view toward insuring the continuance of passenger operations required by the public convenience and necessity. As indicated, the amount of assistance received by the carrier by virtue of that portion of maintenance of way and structure expenses allocated to the passenger service is determined by the amount of aid extended by State and local authorities.[10]

6. The amount of Federal aid available under the proposed legislation is not so large as to encourage the continuance of passenger operations not required by the public convenience and necessity. In proceedings arising under section 13a(1) of the act, the Commission has held that costs attributable to maintenance of way and structures may not be included as out-of-pocket costs (*Great Northern Ry. Co. Discontinuance of Service*, 307 I.C.C. 59). Accordingly, the amount of aid extended under the proposed legislation could never be so large as to discourage the discontinuance of passenger trains seldom used by the traveling public.

7. We believe that the amount of Federal aid herein recommended is large enough, however, in conjunction with State and local assistance, to insure the continuance of essential passenger operations. If it should develop, for example, that the New Haven would benefit at least to the extent of $5 million as a result of the tax relief and other assistance measures recently enacted by the States of New York, Rhode Island, Connecticut, and Massachusetts, it could qualify for aid from the Federal Government in the total amount of its maintenance of way and structure expenses attributable to its passenger and allied services under the Commission's separation rules. Thus, as shown in the fourth column of figures in appendix G, the New Haven would be entitled to receive $7,339,348 in any year in which the proposed Federal legislation and existing State and local legislation were fully effective, and assuming also, of course, that revenues and expenses in the prior year were identical with those of 1960. As hereinafter indicated, approximately that amount of assistance from the Federal Government is necessary to enable the trustees to rehabilitate the railroad and to prepare a feasible plan of reorganization and in order for the New Haven, thereafter, to survive as a privately owned enterprise.

8. If the program recommended were now in effect, we estimate that the maximum cost thereof for the current calendar year, based on the 1960 figures shown in appendix G, would not be in excess of $52 million, even on the improbable assumption that all of the railroads in the United States would apply for and receive all the assistance potentially available under the legislation. Any increase in the cost of the program would be most heartening inasmuch as the extent of the increase would be measured by the amount of self-help exercised at State and local levels. It is reasonable to conclude, however, that any increase in the cost of the program would be offset to some extent by the discontinuance of passenger train operations which satisfy no significant public demand for service.

9. We believe that the program is sound in concept. It recognizes an obligation on the part of the Federal Government to pay for a portion of the cost of maintaining the railroad right-of-way in view of the obligations already undertaken by the Federal Government relative to construction and maintenance of airways and highways. The responsibility of the Federal Government in preserving essential railroad passenger service may be expressed in terms of the cost of alternate transport facilities and in terms of military preparedness. First, the American Municipal Association, in a survey of mass transportation in New York, Boston, Chicago, Philadelphia, and Cleveland, estimated that if these five cities were to lose their rail commuter service, it would cost $31 billion to build the highways required to serve those commuters.[11]

Although rail commutation service is generally unprofitable for the carriers, it seems clearly to represent the most economical and efficient means of suburban mass transit, all costs considered. Secondly, the railroads handled 97 percent of all organized intercity troop movements during World War II. While it is unlikely that the railroads will be expected to match that record in the future, it seems reasonably certain that more railroad passenger carrying capacity will be required for essential military and civilian travel in any future war or grave national emergency than will be available if the present trend of discontinuance is not checked.

The approximate amount of assistance potentially available to most of the major commuter railroads may be roughly estimated by adding to the fifth column of figures in appendix G the benefit derived from State tax relief and other assistance programs not in excess of the amount shown in the sixth column of figures. For the New York Central the sum would be approximately $6,876,000 ($4,032,000 plus estimated benefit of $2,844,000[12] from 1961 legislation of the State of New York); for the Long Island Rail Road approximately $4,842,000 ($1,724,000 plus estimated benefit of $3,118,000[13] from New York legislation); and for the Pennsylvania Railroad $4,005,089 plus the amount of assistance extended by the State of New Jersey and the city of Philadelphia.

We shall now attempt to the best of our ability to project the New Haven's financial picture for a typical year in reorganization, in an effort to show that not less than $7,300,000 in Federal assistance must be provided annually if the railroad is to be rehabilitated without drastically curtailing essential but highly unprofitable passenger operations. Amounts are shown in millions. Using the projected deficit for 1961, we start with a net deficit figure of $23.6[14] and subtract noncash charges (1960 actual):

[In millions]

Net deficit	$23.6
Depreciation	9.3
Per diem in dispute [1]	2.0
Total	11.3

Footnotes at end of table.

[10] Par. (2) of the proposed legislation would also encourage State and local assistance.

[11] S. Rept. 1591, 86th Cong., 2d sess., pp. 2–3

[12] State of New York, 1960 annual report of the office of transportation.

[13] Ibid.

[14] See app. C.

[In millions]

Net deficit less noncash charges	$12.3
Payments on equipment obligations	[2] 4.4
Adjusted deficit plus equipment payments	16.7
Amount required annually to bring 1960 maintenance to normal maintenance (estimated):[3]	
Road	4.1
Equipment	2.9
Total	7.0
Total	23.7
Amount required annually to overcome deferred maintenance:[4]	
Road (10 years)	2.8
Equipment (3 years)	4.8
Total	7.6
Total	[5] 31.3
Estimated capital expenditures over a 10-year period [4]	7.8
Trustees' total requirements	[6] 39.1

[1] May be payable in the future depending upon per diem rate to be established by the Commission.

[2] Represents average annual payment over a 10-year period.

[3] The normal maintenance standard used herein is an average of the New Haven's estimate of normal annual maintenance and actual costs for the year 1959. See recommended report, app. 8, sheet 1.

[4] See recommended report, app. 8, sheet 3.

[5] For first 3 years; thereafter $26.5 million for 7 years; then $23.7 million after deferred roadway maintenance has been overcome.

[6] No allowance has been made for cash receipts from sales of property or from sales of salvage recovered from abandoned lines.

The question is: How can the trustees meet these various requirements even if there is a modest increase in freight revenues, some improvement in management, abandonment of uneconomic minor branch lines, and increased labor efficiency? Purely for the sake of illustration we will assume that the current deficit, by reason of all the factors just mentioned, could be reduced by approximately $5 million:

[In millions]

Reduction	$5.0
Nonpayment of fixed charges, exclusive of interest on equipment obligations	[1] 5.2
State tax relief and other assistance (estimate)	6.0
Total	16.2

[1] Annual figures for 1960.

By generating only this amount of cash, the trustees, as shown by the figures above, could not normalize maintenance, overcome deferred maintenance, or make any capital expenditures.

The addition of Federal assistance in amount of $7.3 million would make it possible for the trustees to normalize $23.5 million maintenance but not to overcome deferred maintenance or make any capital expenditures.

By not paying Federal payroll taxes (the New Haven proportion of $6 million), the trustees would still lack funds ($29.5 million) required to overcome deferred maintenance on both road and equipment as scheduled during the first 3 years of reorganization, but eventually all deferred maintenance could be overcome.

It would appear, therefore, that in order to schedule an ideal rehabilitation program for the New Haven Railroad, without

discontinuing any essential services, and barring the outbreak of war or the existence of some grave national emergency, the trustees must receive at least $7,300,000 in direct Federal grants, probably loan assistance in financing capital expenditures, and, if the New Haven's proportion of Federal payroll taxes is paid, some further relief such as that which would be derived from repeal of the Federal transportation tax ($3 million annually). It is impossible to prepare a feasible plan of reorganization in the absence of Federal assistance on the scale indicated above and in the absence of permanent and substantial State and local tax relief. In addition, it should be noted that if the operating deficit continues at the present rate in excess of $20 million annually, the equity of the bondholders would eventually be cannibalized. Moreover, if trustees' certificates are issued over a period of years to defray operating expenses, those obligations will become a heavy fixed charge, nonpayment of which would be the signal for liquidation.

CONCLUSION

In view of what has already been said, we do not believe it is necessary to recapitulate our findings and recommendations herein. For the New Haven, and for railroad passenger service generally, the future seems bleak. However, it is not hopeless. A nation that is serious about propelling a man to the moon should be able to solve the mundane problem of moving its citizens dependably and comfortably some 50 miles or less from home to work without multiplying ribbons of concrete and asphalt that would strangle the central cities they are supposed to serve.

An appropriate order will be entered.

Commissioner Goff (concurring): "My concurrence in the recommendation for a subsidy is primarily on the ground that an adequate rail network must be maintained in the interest of national defense. In my opinion, if subsidizing of commuter traffic is necessary, this is the responsibility of the States and localities involved.

"In all other respects I concur in the report."

Commissioner Freas (dissenting in part): "In spite of the current popularity of Federal subsidies and the New Haven's dire need of assistance, I cannot subscribe to the report's recommendation with regard to this form of Federal aid. Critical as the situation here is, I am of the opinion that at least some of the States and many of the municipalities directly affected should provide greater assistance before resort is made to cash Federal subsidies. Otherwise, I join in the report."

Commissioner McPherson not participating.

APPENDIX A

New York, New Haven & Hartford RR. Co.

CONDENSED OPERATING INCOME ACCOUNT

Year	Operating revenues	Operating expenses	Taxes	Rents—net debit	Net railway operating income or (deficit)	Net income or (deficit)
1947	$155,815,387	$127,159,796	$11,352,878	$12,394,582	$4,908,131	($2,190,260)
1948	171,391,814	135,370,333	14,323,563	10,795,382	10,902,536	5,799,596
1949	144,690,868	117,145,462	11,142,000	8,874,408	7,528,998	2,774,888
1950	150,764,985	115,075,645	14,983,256	9,803,273	10,902,811	7,467,299
1951	159,105,404	127,348,726	12,949,013	10,911,028	7,896,637	4,930,718
1952	163,419,662	130,301,586	11,679,476	10,805,722	10,632,878	7,044,599
1953	165,029,092	132,973,431	11,223,390	10,904,194	9,928,077	6,060,348
1954	149,986,923	121,470,321	[1] 7,418,853	11,848,805	9,248,944	9,090,635
1955	155,118,869	127,036,004	[2] 8,739,455	[3] 13,611,071	5,732,339	4,246,534
1956	162,450,211	131,813,650	11,894,998	16,205,732	2,535,831	261,704
1957	164,056,355	135,383,552	11,705,944	16,623,710	343,149	(2,363,702)
1958	149,550,961	125,435,142	11,756,329	16,215,037	(3,855,547)	[4] (4,276,639)
1959	144,335,105	124,968,623	11,738,351	16,843,419	(9,215,288)	(10,816,003)
1960	[5] 134,044,436	121,063,593	12,174,340	17,431,834	(16,625,331)	(14,698,640)
1961 (6 months)	62,364,840	62,131,979	4,220,336	8,842,546	(12,830,021)	(11,777,063)

[1] Includes credit of $3,430,531 representing adjustment of prior years' Federal income taxes.

[2] Includes credit of $1,530,500 representing anticipated abatements of city of Boston taxes and credit of $542,189 for prior years' Federal income taxes.

[3] Includes credit of $791,760 representing anticipated abatements of city of Boston taxes.

[4] Includes $1,429,304 retroactive mail pay for period prior to Jan. 1, 1958.

[5] Includes $128,664 additional railway mail pay accrual.

APPENDIX G

Name of railroad and summary by districts	Revenue from passenger and allied services	Passenger deficit (net railway operating income)	Maintenance of way and structures—Expenses			
			Total, all services	Passenger and allied services		
				Total	Related solely	Common expense apportioned
New York Central RR	$141,291,711	$17,756,172	$73,264,833	$13,903,010	$4,032,434	$9,870,576
New York, Chicago & St. Louis RR	2,961,148	2,698,881	16,089,085	456,079	139,965	316,114
New York Connecting RR	354,749	(257,509)	814,369	114,801	111,610	3,191
New York, New Haven & Hartford RR	59,236,751	13,257,653	17,096,446	7,339,348	2,491,057	4,848,291
New York, Susquehanna & Western RR	134,510	404,448	508,528	32,453	2,223	30,230
Pennsylvania RR	173,694,157	30,877,601	86,071,548	16,054,390	4,005,089	12,049,301
Pennsylvania-Reading Seashore Lines	1,009,641	2,889,264	1,998,094	621,153	61,923	559,230
Pittsburgh & Lake Erie RR	474,437	1,167,770	4,840,195	180,235	24,764	155,471
Reading	9,232,813	5,968,734	13,225,347	1,502,888	347,992	1,154,896
Staten Island Rapid Transit Ry	1,105,636	1,498,761	734,913	435,114	68,942	366,172
Wabash RR	10,041,971	4,131,376	10,951,355	1,140,130	273,220	866,910
SOUTHERN DISTRICT						
Alabama Great Southern RR	2,132,413	936,993	3,073,610	389,198	73,579	315,619
Atlanta & West Point RR	684,682	317,330	475,714	82,915	3,198	79,717
Atlantic Coast Line RR	24,469,060	7,157,268	20,576,243	2,749,760	472,790	2,276,970
Central of Georgia Ry	3,310,504	1,201,944	6,468,517	528,590	52,327	476,263
Chesapeake & Ohio Ry	14,017,898	13,203,034	42,032,429	2,023,983	492,962	1,531,021
Cincinnati, New Orleans & Texas Pacific Ry	3,279,111	1,161,390	7,016,578	668,640	121,290	547,350
Clinchfield RR	1,165	(806)	2,259,355			
Florida East Coast Ry	7,780,637	3,421,130	3,912,274	1,094,961	194,382	900,579
Georgia RR.—Lessee organization	876,548	343,022	976,454	90,067	10,394	79,673
Georgia Southern & Florida Ry	1,265,285	1,052,689	1,667,743	285,612	59,563	226,049
Gulf, Mobile & Ohio RR	5,999,999	2,605,621	10,088,840	408,439	164,489	243,950
Illinois Central RR	35,463,820	13,703,869	37,919,334	5,610,645	1,511,035	4,099,610
Louisville & Nashville RR	20,770,878	13,056,343	29,032,107	3,591,243	563,417	3,027,826
New Orleans & Northeastern RR	1,069,762	1,052,901	2,295,018	259,062	19,397	239,665
Norfolk & Western Ry	7,746,980	6,990,423	26,077,629	974,263	180,766	793,497
Richmond, Fredericksburg & Potomac RR	8,570,277	1,610,722	2,092,499	934,901	410,040	524,861
Seaboard Air Line RR	24,799,636	9,204,093	20,411,831	3,973,170	535,738	3,437,432
Southern Ry	26,366,269	14,669,798	30,957,957	3,938,663	665,196	3,273,467
Tennessee Central Ry	3,499	(939)	560,365			
Western Railway of Alabama	599,518	158,569	535,896	61,697	5,876	55,821

APPENDIX G—Continued

Name of railroad and summary by districts	Revenue from passenger and allied services	Passenger deficit (net railway operating income)	Maintenance of way and structures—Expenses			
			Total, all services	Passenger and allied services		
				Total	Related solely	Common expense apportioned
WESTERN DISTRICT						
Atchison, Topeka & Santa Fe Ry. and affiliated companies	$85,543,703	$37,645,867	$80,057,077	$10,479,652	$1,297,361	$9,182,291
Chicago & Northwestern Ry.[3]	22,554,051	10,332,382	33,890,593	2,702,978	406,193	2,296,785
Chicago, Burlington & Quincy RR	41,796,060	18,781,974	34,084,898	5,772,581	1,019,416	4,753,165
Chicago Great Western Ry	1,391,967	1,006,648	4,444,866	308,423	169,104	139,319
Chicago, Milwaukee, St. Paul & Pacific RR	30,431,949	17,492,642	33,691,970	3,487,977	958,050	2,529,927
Chicago, Rock Island & Pacific RR	31,601,531	16,742,724	27,863,396	4,416,781	1,168,621	3,248,160
Colorado & Southern Ry	2,513,615	891,443	2,306,627	411,015	125,936	285,079
Denver & Rio Grande Western RR	4,764,984	4,935,927	7,966,374	813,289	129,049	684,240
Duluth, Missabe & Iron Range Ry	18,384	193,387	6,707,182	8,142	301	7,841
Duluth, South Shore & Atlantic RR	259,440	55,458	1,272,671	12,610	4,354	8,256
Duluth, Winnipeg & Pacific Ry	44,509	231,373	1,288,596	20,562	3,139	17,423
Fort Worth & Denver Ry	3,565,566	1,901,297	3,870,109	566,029	80,691	485,338
Great Northern Ry	20,817,706	19,128,161	39,453,944	4,389,384	222,471	4,166,913
Kansas City Southern Ry	2,454,861	2,461,026	2,957,105	302,830	93,921	208,909
Louisiana & Arkansas Ry	1,134,941	856,716	2,089,948	120,456	18,509	101,947
Minneapolis & St. Louis Ry.[4]	66,321	156,379	2,557,282	17,295	2,193	15,102
Minneapolis, St. Paul & Sault Ste. Marie RR	1,857,093	3,346,769	6,923,416	628,986	56,298	572,688
Missouri-Kansas-Texas RR and controlled companies[5]	1,651,537	1,568,823	3,029,337	280,772	71,127	209,645
Missouri-Kansas-Texas RR (Delaware)[6]	1,953,332	1,165,391	3,355,003	209,279	89,192	120,087
Missouri Pacific RR	28,438,222	14,965,214	39,779,621	3,699,760	357,444	3,342,316
Northern Pacific Ry	14,813,324	16,539,781	27,208,006	3,235,462	501,959	2,733,503
Northwestern Pacific RR	18,192	193,314	2,463,457	12,587	1,671	10,916
St. Louis-San Francisco Ry	7,815,568	7,036,929	18,000,586	1,694,026	187,231	1,506,795
St. Louis-San Francisco & Texas Ry	11,121	6,690	435,090	2,247	2,247	
Southern Pacific	50,576,698	35,214,043	63,146,243	6,397,074	469,690	5,927,384
Spokane, Portland & Seattle Ry	2,081,068	1,847,847	5,230,959	265,173	27,441	237,732
Texas & New Orleans RR	6,461,786	756,403	21,304,075	797,778	87,521	710,257
Texas & Pacific Ry	10,085,740	4,746,172	7,523,864	1,101,124	311,699	789,425
Union Pacific RR	57,310,259	34,780,933	52,602,251	7,155,585	772,127	6,383,458
Western Pacific RR	2,961,061	2,805,463	7,110,922	564,535	33,717	530,818
Wisconsin Central Ry	1,710,944	1,382,928	3,839,756	317,579	55,373	262,206

[1] Represents operations for period Jan. 1 to Oct. 16, 1960: Merged into Erie-Lackawanna RR.
[2] See footnote 1.
[3] See footnote 4.
[4] Represents operation for 10 months ended Oct. 31, 1960. Merged into Chicago & North Western Ry.
[5] Represents operations for 6 months' period ended June 30, 1960. Company reorganized.
[6] Represents operations for period July 1 to Dec. 31, 1960. Successor in reorganization. See footnote 5.

EXPLANATION OF DATA CONTAINED IN APPENDIX G

The data contained in appendix G were abstracted from the annual reports, form A, filed with this Commission by the class I line-haul railroads. Except for the column headed "Total—All services," which represents maintenance of way and structures expenses for all services, the statement relates to passenger service. Only carriers performing passenger service are included therein.

The column entitled "Revenues From Passenger and Allied Services," consists of passenger fares derived from the transportation of persons and revenues from allied services such as baggage, parlor cars, mail, express, dining, and buffet, and other incidental services. In the year 1960, fares collected from passengers amounted to some 54 percent of the revenues from passenger and allied services. In this connection, it is pointed out that under our rules rail-line revenues are assigned to freight and passenger services according to the type of train moving the traffic.

The passenger deficit (net railway operating income from passenger service) is based on a separation of operating revenues, operating expenses, taxes, and rents between freight and passenger services and represents the excess of these costs of conducting passenger services over the revenues derived therefrom. Income and expenses from other than transportation service and fixed charges are not included in the computation of net railway operating income.

Class I line-haul carriers are required to make a separation of transportation costs under the Commission's rules governing the separation of operating expenses, railway taxes, equipment rents, and joint facility rents between freight service and passenger service. Annual report, form A, to this Commission provides for the reporting of these costs by services in schedules 300: Income Account for the Year, and 320: Railway Operating Expenses. The separation of revenues is provided for in schedule 310: Railway Operating Revenues.

In allocating transportation costs, the primary rule is to first assign to freight or passenger service, including allied services, expenses that are directly or naturally assignable to either of the services. Expenses not directly assignable are called common expenses and the rules prescribe the methods for dividing these expenses between the two services. The test of whether an item of expense is direct or common is whether the service performed or the use of the facility is devoted solely to either of the services or is common to both services.

As we are presently interested in expenses of maintenance of way and structures the remainder of our comments regarding separation of costs will be confined to these expenses. The group of accounts classified under maintenance of way and structures provides for the recording of costs of maintaining roadway and track elements, including tunnels, bridges, ties, rail, ballast, etc.; station, office, warehouse and other buildings; signals and interlockers; communication systems; depreciation on investment in these properties; and other miscellaneous items.

As previously stated, expenses are initially assigned as direct or common. An example of expenses directly assignable to passenger service would be the costs of maintaining passenger stations including tracks and facilities adjacent thereto devoted solely to passenger service.

To illustrate the methods prescribed for separation of common expenses between freight and passenger service, we have selected some of the larger items of cost. The preponderance of expenses for maintenance of way and structures involves maintenance of track elements consisting of ballast, rail, ties, other track material, tracklaying and servicing (labor), tunnels, bridges, and roadway maintenance includible in accounts 202 to 221, inclusive. For purposes of separation of expenses, tracks must first be classified into one of three categories, namely, yard switching, way switching, and running tracks. The expenses for maintenance of each class of track are then separated between freight and passenger services on the following basis:

Yard switching tracks: Expenses for exclusively freight or passenger yards shall be directly assigned. Expenses for yards used in common by freight and passenger services shall be apportioned on the basis of the respective switching locomotive hours in the common yards.

Way switching tracks: Expenses of exclusively freight or passenger tracks shall be directly assigned. Where the tracks at any one location are used in common by both freight and passenger services, expenses may be assigned to that service which makes the preponderant use of them.

Running tracks: Expenses of tracks exclusively used for freight or passenger service shall be directly assigned. The expenses of tracks used in common by both services shall be apportioned on the basis of gross ton-miles (including locomotive ton-miles) handled over these common tracks in the respective services.

In regard to costs of maintaining station and office buildings, the rules provide first for assignment of expenses, as direct, for buildings devoted to one service and then as regards common expenses states "If the sum of the direct freight and the direct pas-

senger expenses is more than 50 percent of the total charges to this account for an accounting division, apportion the common expenses on the basis of the directly assigned expenses in this account for the accounting division involved. Where the sum of the direct freight and the direct passenger expenses does not aggregate 50 percent of the total charges for an accounting division, the common expenses should be apportioned on the basis of special test. Where common expenses exist in any accounting division but the direct expenses are applicable to only one service, i.e., freight or passenger, the common expenses shall be apportioned on the basis of a special test. If the accounting is performed on a system basis rather than by accounting divisions, follow the intent of the above instructions."

Common expenses relating to maintenance of signals and interlockers are separated between the two services on the basis of the total train hours (including train-switching hours) and yard-switching locomotive hours.

Superintendence costs which include pay of officers in charge of or engaged in maintaining roadway and structures, pay of their clerks, and office expenses are also allocated between the two services. This expense is preponderantly common and is allocated to the services on the basis of the proportions of a specified majority of the other maintenance accounts.

The rules in regard to separation of depreciation expense provide for allocation of common expenses according to the proportions of charges under the appropriate (depreciable) maintenance of way and structures accounts.

As can be seen from appendix G, the direct charges to passenger service for maintenance of way and structures are relatively minor when compared to the common expenses. Such direct charges for the year 1960 totaled $31,304,260 whereas common expenses apportioned to passenger services aggregated $18,676,631 for the same period.

APPENDIX H

Class II line-haul railroads and electric railways with passenger revenues over $500,000, year 1960

	Passenger revenues	Freight revenues	Total operating revenues	Maintenance of way and structures	Total operating expenses	Net railway operating income [1]	Net income
CLASS II RAILROADS							
New Jersey & New York RR. Co.	$618,737	$669,245	$1,336,314	$145,765	$1,010,412	$16,035	($9,203)
ELECTRIC RAILWAYS							
Chicago North Shore & Milwaukee Ry.	4,747,613	805,424	5,945,725	796,408	5,966,853	(468,239)	(368,730)
Chicago South Shore & South Bend RR.	3,738,916	3,644,110	7,740,405	867,952	7,323,603	(90,202)	(175,567)
Hudson & Manhattan RR. Co.	7,264,469		7,666,232	1,482,244	7,190,600	(428,873)	(1,542,764)
Total, class II railroads and electric railways	16,369,735	5,118,779	22,688,676	3,292,369	21,491,468	(971,279)	(2,096,264)

[1] Designated as "Operating income" for electric railways.

AMENDMENT OF TITLE V OF THE MERCHANT MARINE ACT, 1936

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 324, House bill 2457.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 2457) to amend title V of the Merchant Marine Act of 1936, in order to clarify the construction subsidy provisions with respect to reconstruction, reconditioning, and conversion, and for other purposes.

Mr. WILLIAMS of Delaware. Mr. President, may we have an explanation of the bill?

Mr. BARTLETT. Yes. By the terms of a bill enacted into law last year, the construction differential subsidy was made to apply only to the construction of new ships. But, as a matter of fact, that was a deviation from the law which had long previously existed, which also made the construction differential subsidy applicable to reconstruction, reconditioning, and reconversion.

This bill restores the former law by making the subsidy apply to those situations, in addition to new ship construction.

Mr. WILLIAMS of Delaware. Is it not a fact that, in effect, the bill provides for a retroactive payment of $610,000 on a $12 million contract for something which was not legalized at the time when the contracts were made?

Mr. BARTLETT. Not according to my knowledge.

Mr. WILLIAMS of Delaware. Based upon the committee report, that is my understanding. What does the bill provide? I notice on pace 3 that it provides for the listed payments; and in that connection I now read from the report:

> We estimate that the total cost of reconstructing the four ships to which H.R. 2457 would retroactively apply will be as follows:

Then the report enumerates.

Mr. BARTLETT. I beg the Senator's pardon; there is a retroactive feature.

Our information in the committee was that it was only an oversight that the law enacted last year had to do only with new construction, and that the general intention was to continue the provisions of the law which had been in existence for so long—namely, that it would be applicable likewise to reconstruction, reconditioning, and reconversion.

Mr. WILLIAMS of Delaware. I get back to my original point. Are we not retroactively amending the law, by this bill, so as to provide $610,000 for these companies, thereby giving them something which, under the law at the time the contracts were made, they were not entitled to?

Mr. BARTLETT. The Senator is absolutely correct. The Senator states the case exactly. However, these companies started the work of reconstruction, as I am informed, before the 1960 act went into effect, secure in the belief that the law which had been in effect for so long would continue to be operative; namely, that it would apply to all these categories.

Mr. WILLIAMS of Delaware. That is correct, but why should we retroactively pay these companies $610,000? At the time they made the decision, the law specifically provided that under no circumstances would the Government pay over 50 percent subsidy. Subsequently, the law was amended to provide that the Government could pay up to 55 percent subsidy. I think we made a mistake when we took that step. Nevertheless, Congress took it. Having taken that step, it is being proposed now that we go back and retroactively allow them to apply this more liberal formula.

Mr. BARTLETT. My understanding is that the Senator is correct. My further understanding is that actually, granted the present state of the American merchant marine, this additional cost to the Government is a small price to pay for having these large liners, which are named on page 3 of the report, put into service to sail the seas of the world carrying the American flag, at a time when too seldom the American flag is seen on the oceans; at a time when our merchant marine is being beaten and battered. The help that our merchant marine receives from the Government, large as it is, in many cases is minor when compared with what foreign nations give their merchant marines. In any case, granted our larger construction and operating costs, the aid is obviously insufficient to put the American merchant marine on a basis of parity with many foreign-flag liners.

Mr. WILLIAMS of Delaware. The Senator says he wants to have the five ships which are named in the bill both constructed and put on the high seas, flying the American flag. The fact is, they are constructed and they are on the high seas, and will be flying the American flag with or without the bill. The bill is merely to give the companies which constructed the ships an additional $610,000 which they did not expect at the time they entered into the contracts, nor did anyone intend to give them that amount. Subsequently, we

became more liberal in our subsidy program. So now somebody is saying to them, "You built too soon. We will go back and give you so much."

Mr. BARTLETT. I am not so sure. We who are on the Commerce Committee hear so often that this line or that has gone out of business. One by one, the number of American vessels on the high seas is diminishing.

In reference to this very point, the fact is that the Federal Maritime Administration might possibly have made a different ruling in respect to the interpretation of the 1960 law. It might have said, even if it mentions only new construction, "We are well aware of the fact that these other elements have heretofore and always been considered as worthy of construction subsidy, because it has been done for years, and so we will grant a subsidy to these companies." It chose to do otherwise. We in the committee, granted that fact, felt we had an obligation to restore the language which had existed theretofore. There was no attack on the part of anyone as to the elements that go into making up the formula which we seek to restore. No one challenged it, to my knowledge.

Mr. WILLIAMS of Delaware. I appreciate that fact. The Senator has pointed out the Commission might have ruled so and so, and Congress might have done something else. If I recall the words correctly, someone once said:

For of all sad words of tongue or pen,
The saddest are these: "It might have been."

Congress might have rejected the increase in the subsidies from 50 to 55 percent, but it did not. Had it done so, we might not be standing here arguing the point.

I go back to my original contention. This bill provides a $610,000 bonus to the companies which built those five ships. They never expected that $610,000 at the time they constructed those ships, and, under the law, they could not have collected. We are going back, out of bureaucratic generosity, and giving them $610,000. I think the American taxpayers could make better use of the $610,000.

I shall vote against the bill.

The PRESIDING OFFICER. The bill is open to amendment.

If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill (H.R. 2457) was ordered to a third reading, was read the third time, and passed.

NATIONAL CITIZENS COUNCIL ON MIGRATORY LABOR

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 674, S. 1132, which will break up the three bills from the Committee on Commerce, but I am doing this for a reason.

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

The LEGISLATIVE CLERK. A bill (S. 1132) to provide for the establishment of a council to be known as the "National Citizens Council on Migratory Labor."

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 amendments, on page 1, line 4, after the word "National", to strike out "Citizens" and insert "Advisory"; in line 6, after the word "of", to strike out "thirteen" and insert "fifteen"; in line 7, after the word "President", to insert "without regard to political affiliations"; in line 9, after "(1)", to strike out "Two" and insert "Three"; on page 2, line 1, after "(2)", to strike out "Two" and insert "Three"; in line 7, after "(4)", to strike out "Two" and insert "Three"; in line 9, after the word "the", to strike out "health" and insert "health, education, and welfare"; in line 10, after the word "problems", to insert "of", and in the same line, after the amendment just above stated, to strike out "relating to"; after line 11, to strike out:

(5) Two individuals, appointed from private life, who are or have been actively engaged in determining and solving the welfare problems of children of migratory agricultural workers; and

At the beginning of line 16, to strike out "(6)" and insert "(5)", and in the same line, after the amendment just above stated, to strike out "Two" and insert "Three"; in line 19, after the word "for", to strike out "a term of six years; except that the terms of the members first taking office shall expire, as designated by the President at the time of appointment, five at the end of two years, four at the end of four years, and four at the end of six years.", and insert "the life of the Council."

On page 3, line 1, after the word "made.", to strike out "Any person appointed to fill a vacancy occurring in the Council prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such term."; at the beginning of line 8, to strike out "Seven" and insert "Eight"; on page 6, after line 8, to strike out:

(c) The Council may, in carrying out such duties, submit reports to the President and the Congress at such time, or times, as the Council deems advisable. The Council shall submit an annual comprehensive report of its findings and recommendations to the President and the Congress on or before March 31 of each calendar year.

And, in lieu thereof, to insert:

(c) In carrying out its duties, the Council may, at such time or times as it deems advisable, submit reports to the Secretary of Labor for transmission by him to the President and to the Congress. The Council shall, on or before March 31 of each calendar year, submit an annual comprehensive report of its findings and recommendations to the Secretary of Labor for transmission by him to the President and to the Congress.

And, on page 7, line 4, after the word "of", where it appears the first time, to strike out "twelve" and insert "five"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) there is hereby established a Council to be known as the "National Advisory Council on Migratory Labor" (hereinafter referred to as the "Council"). The Council shall be composed of fifteen members appointed by the President without regard to political affiliations as follows:

(1) Three individuals, appointed from private life, to represent the farmer;

(2) Three individuals, appointed from private life, to represent the migratory agricultural workers;

(3) Three individuals, appointed from private life, who shall have a demonstrated interest in and knowledge of the problems relating to migratory agricultural labor;

(4) Three individuals, appointed from private life, who are or have been actively engaged in activities aimed at determining and solving the health, education, and welfare problems of the migratory agricultural worker and his family;

(5) Three individuals who have had experience as State officials and who are knowledgeable of the problems relating to migratory agricultural labor.

(b) Members of the Council shall be appointed for the life of the Council. A vacancy in the Council shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(c) The President shall designate one of the members of the Council as Chairman, and one as Vice Chairman. Eight members of the Council shall constitute a quorum.

(d) Service of an individual as a member of the Council or employment of an individual by the Council as an attorney or expert in any business or professional field, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U.S.C. 99).

(e) Members of the Council shall each be entitled to receive $50 per diem when engaged in the actual performance of duties vested in the Council, including travel time, and while away from their homes or regular places of business may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b–2) for persons in the Government service employed intermittently.

(f) The Council shall meet at the call of the Chairman or at the call of a majority of the members thereof, but not less often than twice each calendar year.

SEC. 2. (a) The Council shall have a staff director who shall be appointed by the Chairman without regard to the civil service laws and the Classification Act of 1949, as amended. The staff director shall have such duties as may be imposed by the Council, and shall be compensated at a rate not to exceed $18,000 per annum.

(b) The Council shall have the power to appoint and fix the compensation of such personnel as it deems advisable, without regard to the provisions of the civil service laws and the Classification Act of 1949, as amended.

(c) The Council may procure, in accordance with the provisions of section 15 of the Administrative Expenses Act of 1946 (5 U.S.C. 55a), the temporary or intermittent services of experts or consultants; individuals so employed shall receive compensation at a rate to be fixed by the Council, but not in excess of $50 per diem, including travel time, and while away from their homes or regular places of business may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b–2) for persons in the Government service employed intermittently.

SEC. 3. (a) In carrying out its duties under this Act the Council shall hold both national and regional conferences concerning problems relating to migratory labor. Such national conferences shall be held by the Council not less often than once during each two years of the life of the Council; and such regional conferences shall be held by the Council from time to time.

(b) Subject to any limitations contained in subsection (a), the time, place, and other matters concerning the holding of any such conferences shall be within the discretion of the Council.

SEC. 4. (a) It shall be the duty of the Council to advise the President and the Congress, with respect to (1) the operation of Federal laws, regulations, programs, and policies relating to any and all aspects of migratory agricultural labor; and (2) any and all other matters relating to migratory agricultural labor.

(b) It shall also be the duty of the Council to consider, analyze, and evaluate the problems relating to migratory agricultural labor with a view to devising plans and making recommendations for the establishment of policies and programs designed to meet such problems effectively. In carrying out such duty, the Council shall consider, among others, the following matters:

(1) The effect of existing laws, regulations, programs, and policies on the various problems relating to migratory agricultural labor, including the problems of the migratory agricultural worker, his employer, and the local area in which he is employed;

(2) The means for improved coordination of Federal, State, county, and local policies and programs relating to migratory agricultural labor; and

(3) The development of information and statistics relating to migratory agricultural labor.

(c) In carrying out its duties, the Council may, at such time or times as it deems advisable, submit reports to the Secretary of Labor for transmission by him to the President and to the Congress. The Council shall, on or before March 31 of each calendar year, submit an annual comprehensive report of its findings and recommendations to the Secretary of Labor for transmission by him to the President and to the Congress.

SEC. 5. From time to time the Council shall issue information relating to migratory agricultural labor, in the form of publications or otherwise, for the use of the public generally, and for the use of persons and institutions engaged in work relating primarily to migratory agricultural labor.

SEC. 6. The Council shall cease to exist upon the expiration of five years from the date of the initial appointments to the Council made by the President under this Act.

SEC. 7. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

Mr. WILLIAMS of New Jersey. Mr. President, last Friday this bill was brought to the floor. I had discussions with the Senator from Louisiana [Mr. ELLENDER]. Action on the bill was not completed on the understanding that it would be considered during the ensuing week and would be before us today.

As a result of very fruitful discussions with the Senator from Louisiana, I have prepared amendments that reflect the changes suggested by the distinguished Senator from Louisiana, and I send the amendments to the desk.

The PRESIDING OFFICER. It is necessary to have the committee amendments considered first.

Mr. WILLIAMS of New Jersey. Mr. President, I ask unanimous consent that the committee amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, the committee amendments will be considered en bloc.

The question is on agreeing to the committee amendments en bloc.

The committee amendments were agreed to en bloc.

The legislative clerk proceeded to read the amendments of Mr. WILLIAMS of New Jersey.

The PRESIDING OFFICER. It is the Chair's understanding that the committee amendments are agreed to en bloc, and, without objection, the bill as amended will be treated as original text for the purpose of amendment.

Mr. HOLLAND. Mr. President, do I understand the amendment now proposes to strike out sections 3 and 5 of the bill and make additional minor changes as per the tentative understanding?

Mr. WILLIAMS of New Jersey. The Senator is correct. I inadvertently failed to say, Mr. President, that I offer the amendments for myself, the Senator from North Dakota [Mr. BURDICK], and the Senator from New York [Mr. JAVITS].

Mr. ELLENDER. Mr. President, another objection was eliminated by limiting the amount of money to be spent each year. In section 7 there was no set amount as to how much would be spent each year. A limitation of $50,000 per year has been provided.

Mr. WILLIAMS of New Jersey. In addition, certain representatives from the various categories have been changed. Representatives of the growers have been increased, and representatives of the workers have been increased, and others have been reduced.

Mr. ELLENDER. Mr. President, I am against legislation of this kind. This bill establishes another committee, which in my estimation is neither desirable nor necessary. We have a Department of Labor, a Department of Health, Education, and Welfare, and a Department of Agriculture. These three Departments, in my estimation, are well able to take care of such problems as are encountered by migratory laborers and recommend to the Congress such changes to the law which are necessary in view of their studies.

However, I am happy to say that the bill as amended is far preferable to the bill as reported. First, farmer representation was increased. Second, sections 3 and 5 were omitted. Third, a monetary limit was established.

Further, it is my understanding that in the reports submitted by the Council to the Secretary of Labor for transmission to the President, and in any other reports made by the Council it is expected that minority views, if any, will be included. Certainly, we would not want a one-sided report.

Mr. WILLIAMS of New Jersey. Minority reports, if any, would, of course, be included in any reports issued by the Advisory Council.

Mr. ELLENDER. Thank you.

Mr. WILLIAMS of New Jersey. I thank the senior Senator from Louisiana for his help in these deliberations.

The PRESIDING OFFICER. The question is on agreeing to the first amendment submitted by the Senator from New Jersey.

Mr. MANSFIELD. Mr. President, I move that the amendments be considered and agreed to en bloc.

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

The motion was agreed to.

The amendments, agreed to en bloc, are as follows:

On page 1, line 9, strike out the word "three' and insert in lieu thereof the word "four".

On page 2, line 1, strike out the word "three" and insert in lieu thereof the word "four".

On page 2, line 3, strike out the word "three" and insert in lieu thereof the word "two".

On page 2, line 6, after the word "labor", strike the ";" and insert the following: ", including the problems of the migratory agricultural worker, his employer, and the community;".

On page 2, line 7, strike out the word "three" and insert in lieu thereof the word "two".

On page 4, line 3, strike out the word "twice" and insert in lieu thereof the word "once".

Strike out from line 25, page 4, through line 10 on page 5.

On page 5, line 11, strike out "4" and insert in lieu thereof "3".

Strike out lines 7 and 8 on page 6.

On page 6, line 15, strike out after "(c)" through the word "Congress." on line 18.

Strike out from line 23 on page 6 through line 2 on page 7.

On page 7, line 3, strike out "6" and insert in lieu thereof "4".

On page 7, line 6, strike out "7" and insert in lieu thereof "5".

On page 7, line 7, after the word "necessary" insert the following: ", not to exceed $50,000 in any fiscal year,".

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 1132) was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended, so as to read: "A bill to provide for the establishment of a Council to be known as the 'National Advisory Council on Migratory Labor'."

Mr. JAVITS subsequently said: Mr. President, I move that the Senate reconsider the vote by which S. 1132 was passed.

Mr. WILLIAMS of New Jersey. Mr. President, I move to lay that motion on the table.

The motion to table was agreed to.

EXEMPTION OF AGRICULTURAL EMPLOYEES FROM CHILD LABOR PROVISIONS

Mr. MANSFIELD. Mr. President, if Senators will bear with me a few minutes, I move that the Senate proceed to the consideration of Calendar No. 673, S. 1123.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1123) to amend section 13(c) of the Fair Labor Standards Act of 1938 with respect to the exemption of agricultural employees from the child labor provisions of such act.

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 section 12 of the Fair Labor Standards Act of 1938 is amended by adding at the end thereof the following new subsection:

"(d)(1) Except as provided in paragraph (2), the employer of any employee under the age of eighteen who is (A) employed in agriculture, and (B) engaged in commerce or in the production of goods for commerce, shall (unless such employee is his own child or a child with respect to whom he stands in the place of a parent) be liable, regardless of fault, in money damages for disability or death of the child arising out of or in the course of such employment. The amount of damages under this subsection shall be arrived at in accordance with the law of the jurisdiction where the disability or death arose. The right of action provided an employee by this subsection shall survive to his parent, or, if he has no parent, to the person standing in place of the parent, or, if there is no such person, to his next of kin (jointly, if there is more than one). Nothing in this subsection shall take away any right or bar any remedy to which an employee is entitled under any other State or Federal law, but no claim may be asserted, or action brought under this subsection for damages for any disability or death with respect to which a claim has been asserted under any other State or Federal law. No claim based on this subsection may be adjusted, settled, or discharged without the approval of a Federal court or State court of appropriate civil jurisdiction.

"(2) No claim will lie under this section on account of disability or death of an employee, if a workmen's compensation act of the State where the disability or death arose applied to such employee, and such employee is covered under such act, at the time the disability or death arose, whether or not the circumstances of the particular case are such as to permit recovery under such act."

SEC. 2. Section 13(c) of the Fair Labor Standards Act of 1938 is amended to read as follows:

"(c) The provisions of section 12 relating to child labor (other than subsection (d) thereof) shall not apply with respect to—

"(1) any employee employed in agriculture outside of school hours for the school district where such employee is living while he is so employed, if such employee is—

"(A) employed by his parent, or by a person standing in the place of his parent, on a farm owned or operated by such parent or person, or

"(B) is fourteen years of age or over, or

"(C) is twelve years of age or over and is employed on a farm within the county of the employee's permanent residence or within an adjoining county, but not more than twenty-five miles from the employee's permanent residence, and the employment is with written consent of his parent or person standing in the place of his parent, or

"(2) any child employed as an actor or performer in motion pictures or theatrical productions, or in radio or television productions."

SEC. 3. The amendments made by this Act shall become effective January 1, 1962.

Mr. MANSFIELD. Mr. President, this is another of the bills which was postponed for a week, from last Friday. I understand its provisions have been satisfactorily adjusted, in consultation with the Senator from Louisiana [Mr. ELLENDER], the Senator from Florida [Mr. HOLLAND], and other Senators.

The measure relates to the exemption of agricultural employees from the child labor provisions of the Fair Labor Standards Act.

Mr. WILLIAMS of New Jersey. Mr. President, the majority leader is correct. We spent the past week working on some of the questions raised in the colloquy last Friday, when the bill was discussed at that time.

Grave concern was expressed as to the strict liability provisions in the bill as reported by the committee. It was felt such provisions might cause inequities and create more problems than it would solve.

Out of the discussions, held particularly with the senior Senator from Florida, was evolved an idea for amendments that return to the legislation originally proposed in the bill as introduced in February of this year. Some other changes are in the amendments.

On behalf of myself and the Senator from North Dakota [Mr. BURDICK] and the Senator from New York [Mr. JAVITS] I send to the desk the amendments which express the understanding arrived at with the Senator from Florida.

The PRESIDING OFFICER. The question first is on agreeing to the committee amendment in the nature of a substitute.

Mr. HOLLAND. Mr. President, I would suggest that the committee amendments could be agreed to en bloc, with the understanding that we can then deal with the bill as an original measure.

The PRESIDING OFFICER. The committee amendment is in the nature of a substitute. If that amendment is agreed to, the bill could not be amended further.

Mr. HOLLAND. Except by unanimous consent, which I am suggesting, so that we could deal with the bill as an original measure. I am perfectly willing to have the Senate go into the discussion in any way my distinguished friend from New Jersey wishes. I was simply trying to simplify the procedure, as I viewed it.

Mr. WILLIAMS of New Jersey. Mr. President, I offer the amendments, for myself and the other Senators, as an amendment to the committee amendment in the nature of a substitute.

I ask unanimous consent that the amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, the amendments will be considered en bloc. The amendments will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 2, after line 10, it is proposed to strike out:

That section 12 of the Fair Labor Standards Act of 1938 is amended by adding at the end thereof the following new subsection:

"(d)(1) Except as provided in paragraph (2), the employer of any employee under the age of eighteen who is (A) employed in agriculture, and (B) engaged in commerce or in the production of goods for commerce, shall (unless such employee is his own child or a child with respect to whom he stands in the place of a parent) be liable, regardless of fault, in money damages for disability or death of the child arising out of or in the course of such employment. The amount of damages under this subsection shall be arrived at in accordance with the law of the jurisdiction where the disability or death arose. The right of action provided an employee by this subsection shall survive to his parent, or, if he has no parent, to the person standing in place of the parent, or, if there is no such person, to his next of kin (jointly, if there is more than one). Nothing in this subsection shall take away any right or bar any remedy to which an employee is entitled under any other State or Federal law, but no claim may be asserted, or action brought, under this subsection for damages for any disability or death with respect to which a claim has been asserted under any other State or Federal law. No claim based on this subsection may be adjusted, settled, or discharged without the approval of a Federal court or State court of appropriate civil jurisdiction.

"(2) No claim will lie under this section on account of disability or death of an employee, if a workmen's compensation act of the State where the disability or death arose applied to such employee, and such employee is covered under such act, at the time the disability or death arose, whether or not the circumstances of the particular case are such as to permit recovery under such act."

On page 3, at the beginning of line 20, to strike out "SEC. 2. Section" and insert "That section"; in line 23, after the word "labor", to strike out "(other than subsection (d) thereof)".

On page 3, line 25, after the word "agriculture", insert the following: "(other than employment by an employer who is not the parent or a person standing in the place of the parent of the employee in an occupation which the Secretary of Labor finds and declares to be particularly hazardous for the employment of children up to the age of eighteen years)".

On page 4, line 13, after the word "and" insert "(i)".

On page 4, line 15, after the word "parent" insert the following: "or (ii) his parent or person standing in the place of his parent is also employed on the same farm".

On page 4, line 19, strike out "SEC. 3" and insert in lieu thereof "SEC. 2".

On page 4, line 20, strike out "January" and insert in lieu thereof "July".

Mr. MANSFIELD. Mr. President, if the amendments are agreeable to the Senator from Louisiana and the Senator from Florida, I suggest they be agreed to en bloc.

Mr. HOLLAND. I am certainly agreeable to that, but I should like to address some questions to the Senator from New Jersey.

I ask the Senator from New Jersey to yield to me so that I may propound some questions.

Mr. WILLIAMS of New Jersey. I am happy to yield to my friend from Florida.

Mr. HOLLAND. Do I correctly understand that the amendments as presented, if agreed to, would strike that part of the committee substitute which

would have made agricultural employers of child laborers guarantors of the life and limb of their young employees without any necessity for the showing of any fault, if there were any injury or death sustained?

Mr. WILLIAMS of New Jersey. The bill as reported by the committee first provided for absolute or strict liability for any injury arising out of the employment of children.

It also provided that the liability could be discharged through workmen's compensation insurance or other forms.

We felt that probably more questions would be raised than answers would be given by that procedure. The amendments we have offered today strike the strict liability provisions, to which reference has been made.

Mr. HOLLAND. I thank the Senator. I state briefly for the RECORD that those of us who objected to the provision of the bill as reported, which has been mentioned by the Senator from New Jersey, realized it would have been quite reasonably applicable to the situation in some States in which employer's liability insurance is required of all employers, but it would not have been applicable to the situation in many States in which that requirement does not exist, and it would not have been possible of operation in certain States in which there is no provision for the inclusion of agricultural labor under workmen's compensation laws.

We appreciate the Senator's willingness to change that provision and to return to the other, under which, as I understand it, the Secretary of Labor will be permitted, by regulation, to prescribe those activities in agriculture which are hazardous; and, as to them, the bill would provide certain restrictions. Is that a correct understanding?

Mr. WILLIAMS of New Jersey. The bill would provide for the Secretary of Labor to find those occupations which are particularly hazardous, and those would be prohibited as to children covered under the bill. The approach was the original approach in the bill as first introduced. We went to the strict liability in conference with representatives of farm groups. After we had gone to the strict liability, and studied it further, certain problems became apparent. Now we have gone back to the measure which follows the regular industrial child labor findings of the Secretary as to particularly hazardous employment, to prohibit such employment.

Mr. HOLLAND. Is my understanding correct that the amendment would drop certain language which was in the original bill, which would have permitted the Secretary to prescribe regulations covering not only what was particularly hazardous but also what might have affected, in his opinion, the health and general well-being of the children, it being our view that agricultural employment, unless it were particularly hazardous as a result of dangerous mechanisms used or the like, would be more healthful than otherwise for the children?

Mr. WILLIAMS of New Jersey. Yes. We have not included the term "detrimental to health or well-being," but have made the Secretary's finding go to particularly hazardous employment. The Senator from Florida and I have discussed this subject. I thought that with the expression "detrimental to health or well-being" it might well be that an administrator of the program, who may not be knowledgeable of the farm situation, might well think that work after 6 or 7 o'clock at night was not according to the well-being of the child. Those of us who have been close to farms in our lives know that frequently in harvesting fruits and vegetables a farmer cannot even begin until after the dew is off and the crop is dry. Then he must work until the sun sinks low on the horizon.

Mr. HOLLAND. Mr. President, I thank the Senator. I found him peculiarly kindly in his viewpoint toward the problem. It was the attitude of the Senator from Florida, the Senator from Kentucky [Mr. COOPER], the Senator from Louisiana [Mr. ELLENDER], and others, that employment of children in agriculture was very different from the employment of children in industry. Any effort to apply a strict hours rule would be entirely inappropriate, because when the tomatoes are ripe they must be picked. When the strawberries are ripe and the sun is shining they must be picked. If it is raining no one can work. So that any requirement of maximum or particular hours was obviously inapplicable to agriculture, whereas such regulation would be reasonably applicable in ordinary industry.

Mr. WILLIAMS of New Jersey. It is our feeling that we have given the Secretary the legislative equipment needed to prohibit the kind of hazardous employment that would bring youngsters near, for example, very dangerous machinery.

Mr. HOLLAND. For example, in the operation of a tractor, a haymaker, or similar dangerous machinery.

Mr. WILLIAMS of New Jersey. We have had examples of serious injuries and death resulting from the operation of a potato picker.

I agree with the Senator that there can be wholesome work on the farm. I look back with pleasure to pitching hay as a youngster on an Adirondack farm. At the time, it did not seem so much fun, I recall, but in retrospect, it was wholesome and educational, as well as productive work.

Mr. HOLLAND. Mr. President, may I comment that the extremely healthful appearance, the brightness of his eyes, and the general resourcefulness of the Senator from New Jersey may be the result in large part of his training on a farm as a youth.

Mr. WILLIAMS of New Jersey. I am grateful for that description.

Mr. HOLLAND. I understood that there were two additional changes upon which we agreed. Are they covered by the amendment which has been offered?

Mr. WILLIAMS of New Jersey. We permit the work of children 12 and 13 years of age, if the work is on farms in the neighborhood of within 25 miles of their home, with the written consent of their parent, or if their parent is employed on the same farm.

Mr. HOLLAND. In other words, to the provision of the bill as filed, which would require in certain cases written permission is added, as I understand, by the amendment, the provision that if the parent is with the child—which is so customarily the case with migrant workers—that the presence of the parent will serve in lieu of, and as equally satisfactory to, the furnishing of written consent.

Mr. WILLIAMS of New Jersey. The Senator is absolutely correct.

Mr. HOLLAND. There was one other amendment which I understood would also be incorporated in the bill relative to the time of the effectiveness of this part of the measure.

Mr. WILLIAMS of New Jersey. Originally we proposed that the bill become effective January 1, 1962. Realizing that a considerable time will be required to advise the Nation and people affected by the legislation, the effective date would now be July 1, 1962.

Mr. HOLLAND. Mr. President, may I say again that I have found the Senator from New Jersey extremely cooperative, and while I would not want the record even remotely to indicate that I think the child labor provisions are ideally applicable to the employment of children on the farm—and I wish more of them were employed on the farms, for if they were, I think we would have less juvenile delinquency and less lack of health among children—at the same time I think the bill is much more reasonable now than was the reported measure. I think it will be livable. I think that considering the fact that the workmen's compensation laws and other provisions of the law of the various States are so different, and also customs in the various States are so different that the bill will lend itself to the desired purposes much better than the original would have. I wish to thank the Senator for his cooperation in the last week, when he has certainly worked diligently to try to get away from the objections which were voiced on the floor of the Senate last week.

Mr. WILLIAMS of New Jersey. I am very grateful to the senior Senator from Florida for his help and work in connection with this legislation.

Mr. President, I ask unanimous consent to have printed at the conclusion of my remarks a further explanation of the two migratory labor bills we have before us today.

There being no objection, the statements were ordered to be printed in the RECORD.

(See exhibit 1.)

Mr. DOUGLAS. Mr. President, will the Senator yield to answer a question or two?

Mr. WILLIAMS of New Jersey. I yield.

Mr. DOUGLAS. There has been some discussion as to what the bill presents. I wonder if the Senator from New Jersey will summarize briefly what the bill would do so far as the protection of children is concerned.

Mr. WILLIAMS of New Jersey. As the Senator knows, under present law, after school hours a child of any age can work

on a farm. There is no restriction at all on child labor in agriculture after school hours.

First, the bill closes, conditionally, the present agricultural child labor exemption respecting outside school hours work. The bill prohibits youngsters up to age 18 from working in any occupation found by the Secretary of Labor to be particularly hazardous. We would bring to bear a prohibition against all child labor for youngsters under 12. In other words, except for the parental exemption case, children below age 12 shall not be employed in agriculture. There is a considerable amount of that today. Accordingly, we do not have to think too long in order to realize the hazards and dangers involved.

Mr. DOUGLAS. May I ask about migratory children? As I understand, a great many States of the Union—perhaps, a majority of the States of the Union—either have no school facilities for such children or have very inadequate schools. In such States what are the provisions of the law with respect to children during school hours when such children, because of lack of facilities, are not able to attend?

Mr. WILLIAMS of New Jersey. The problem is a significant one. It results in two things. In many cases it results in illegal employment of youngsters who have absolutely nothing to do but linger around the camps without supervision because the father and mother quite frequently are working in the fields or the orchards.

As the Senator knows, last week the Senate passed a bill which would bring Federal aid for education of migratory youngsters during regular school periods by granting money to communities who take them into their regular schools. The bill also provided a program of summer schools for those communities who wish to use their idle schools to take in the migrant youngsters who are in the community for a few weeks.

We also have before the Senate Committee on Finance a bill to provide child care. The bill has the warm support of the chairman of the Finance Committee, the very able senior Senator from Virginia, who has been most helpful and cooperative in our work on the problem. That program is designed for the preschool youngster. This combined package of educational and day-care measures can well fill the gap in empty lives. If youngsters cannot work, the best place I believe this particular group of youngsters can be is in the school or in the nursery.

Mr. DOUGLAS. That is true. But is it not true that in many States there is no obligation on nonresident children to attend school?

Mr. WILLIAMS of New Jersey. The Senator is correct. There are States that do not require mandatory school attendance of nonresident youngsters in the community. Through the bills I have referred to we hope to stimulate communities to accept their responsibility in connection with this problem.

Mr. DOUGLAS. I thank the Senator.

Mr. COOPER. Mr. President, I join other Senators in congratulating the Senator from New Jersey on the work he has done to provide protection and better working conditions for minors on our farms. I am glad also that the Senator has taken steps to strike the provision which, if it had been adopted, would have made the farmer an insurer for an injury that might occur to a child even without negligence on the part of the farmer.

I should like to ask the Senator about the language of section 2, pages 3 and 4—for interpretation.

I refer particularly to subsection (A) which reads:

(A) employed by his parent, or by a person standing in the place of his parent, on a farm owned or operated by such parent or person.

I assume that the phrase "by a person standing in the place of his parent" is meant to embody the legal understanding of the phrase, familiarly referred to as "in loco parentis," as is interpreted in law.

Mr. WILLIAMS of New Jersey. Yes. The Senator is correct.

Mr. COOPER. One who provides for the child living with him, whatever the actual relationship may be, would be included. Is that the intention?

Mr. WILLIAMS of New Jersey. That is the intention and the purpose. I am sure the various States follow the definition of the term "in loco parentis."

Mr. COOPER. I read further: "employed by his parent, or by a person standing in the place of his parent, on a farm owned or operated by such parent or person." Does the term "operated by" include—without excluding other—situations in which a part of the farm is leased, or rented upon shares by an individual, who does not own the farm?

Mr. WILLIAMS of New Jersey. It is our purpose to include that situation, where the operation is through tenancy or whatever the legal situation is, short of complete ownership. Where the youngster is close to his parents we feel that he has all the necessary protection, and that he will be properly cared for.

Mr. COOPER. My questions are for legislative history. A person who rents or leases all or a portion of a farm, or contracts to raise a particular crop, as I understand, would be included in the meaning of the word "operation." Is that correct?

Mr. WILLIAMS of New Jersey. That is correct.

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

Mr. WILLIAMS of New Jersey. I yield.

Mr. JAVITS. I merely wish to join the Senator from New Jersey, as I have done before. I join him in presenting the amendments, so that there will be no question about the fact that we are together on them. I believe we should understand what this legislation means, and why it was done. The whole country should understand that we are dealing with an area in which there is no regulation or no control of any kind now. This is the first time that something is being done, where in my opinion we are making a practical resolution of a very difficult problem. We saw its difficulties a week ago. Those who might say we should do more about it should realize that this is the first time anything has been done, and we hope it will prove effective. I wish to identify myself with the Senator from New Jersey, as I am the senior Republican on his committee, in putting forward this effort to get something done where nothing has been done up to now.

The PRESIDING OFFICER. The question is on agreeing to the amendments to the committee amendment.

The amendments to the committee amendment were agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment, as amended, was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill to amend the Fair Labor Standards Act of 1938 to extend the child labor provisions thereof to certain children employed in agriculture, and for other purposes."

Mr. JAVITS. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. WILLIAMS of New Jersey. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, I wish to compliment the Senator from New Jersey [Mr. WILLIAMS] for having five bills dealing with migratory labor passed during this year. That commendation also extends to the distinguished senior Senator from New York [Mr. JAVITS], the senior minority member of the committee.

While there are points on which all people can agree and disagree so far as this legislation is concerned, it does mark a step in the right direction. Again I wish to say that the Senator from New Jersey and the Senator from New York are entitled to commendation for what they have done.

The Senator from Florida [Mr. HOLLAND] and the Senator from Louisiana [Mr. ELLENDER] and other Senators are also to be commended for their understanding in trying to work out a reasonable and equitable solution which affects a section of our country.

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

Mr. MANSFIELD. I yield.

Mr. HOLLAND. The Senator from Kentucky [Mr. COOPER] was equally interested in these matters and was of assistance in working them out.

Mr. MANSFIELD. I was aware of the fact, but I overlooked it. So I doubly commend the Senator from Kentucky for his interest and activity on behalf of this type of legislation.

EXHIBIT 1

NEED FOR AND EXPLANATION OF S. 1132

The bill, S. 1132, would establish a National Advisory Council on Migratory Labor. The purpose of the Council is to provide the national perspective and organization needed in meeting the problems of migratory farm labor.

The Council would be a citizens' group with a balanced membership giving representation to the major parties concerned with migratory labor. The Council would study the problems of migratory labor and the programs and policies relating to those problems. The Council would advise the President and the Congress on such matters.

Establishment of the Council is a vitally needed step in meeting the migratory labor problems of the Nation. Although during the past there have been many studies and investigations of the migratory labor situation, these efforts have been too scattered to meet the full range of problems surrounding the migratory farmworker and his family. This failure to act results, in large measure, from faulty communication and fragmented knowledge of these problems. There is still no complete, coherent picture of the migratory labor situation in its national context.

Although the several groups at work in this area are competent in their individual functions, they cannot provide the overall coordination of effort that is essential to fully effective action. In both the public and private sectors of our society, representatives of organizations concerned with migratory farm labor have pointed out the serious need for a national and independent body to supplement their efforts.

State migratory labor committees, about 30 in number, simply cannot cope effectively with problems which are predominantly interstate in nature. Federal study and administrative groups have operated at the Federal level but not on a truly national scale. These groups have tended to concentrate on particular problem areas rather than the total pattern of the migratory labor situation. Moreover, many of these groups, being inherently tied to the political process, have, too often, been unable to deal objectively with controversial issues. The many private organizations concerned with migratory labor are not able, even in the aggregate, to provide national perspective and organization.

The National Advisory Council on Migratory Labor would be able to evaluate and encourage efforts in the public and private sectors. It would not duplicate the work of present groups—indeed, these groups are the strongest supporters of the Council. In short, the Council would stimulate the best thinking of our citizens and help to provide a better understanding of conditions, needs, and long-range solutions relating to migratory labor problems.

The administration strongly supports this legislation. The bill has also been endorsed by officials of State governments and by private organizations and individuals with special knowledge of problems in this area.

The need for the legislation is clear: we can no longer neglect the problems facing the migratory worker and his family. I, therefore, hope that this bill will soon become part of our public laws in order that migratory labor problems will receive the objective, systematic, and sustained attention that is essential to feasible solutions.

NEED FOR AND EXPLANATION OF S. 1123

The purpose of the legislation, S. 1123, is to curb harmful child labor which exists today extensively in outside-school-hours agricultural employment. In more than 2 years' study of this problem, with my colleagues on the Subcommittee on Migratory Labor, I have become convinced of the vital need for Federal legislation in this area. Only with Federal legislation can we correct the present situation in agricultural child employment, which we know interrupts and retards the educational progress of a large number of children each year, and all too frequently places their very lives in jeopardy in working around dangerous machinery.

The reason for these conditions is found in the present state of the child labor law. This law—that is, the child-labor provisions of the Fair Labor Standards Act of 1938—presently prohibits children under 16 from engaging in agricultural work during regular school hours; however, there is a complete exemption for agricultural work outside regular school hours. Consequently, during nonschool hours children of any age—even 5, 6, or 7—may work long hours in the fields under the present Federal law.

As was stated on the floor on Friday of last week, the proponents of the pending legislation do not intend to belabor the humanitarian aspects of this problem. I would, however, cite evidence to show the nature and number of injuries sustained by young children which can be avoided by enactment of this legislation.

As we strive to reach the most effective remedy to this problem, let us remember that the safety of children is the paramount concern—the elements of convenience or economic gain involved in child labor cannot belie this fact.

Let us not forget this.

Let's take a look at what these injuries mean in their totality. A report on the extent of injuries nationally, supplied to the subcommittee by the Public Health Service, estimates that for the period July 1959, through June 1960, 1,981,000 rural farm children under age 17 sustained injuries.

This estimate includes only persons injured to the extent that they either had to reduce their normal activities or required medical care. The Public Health Service also estimated that 595,000 of these injured children lost time from school, totaling about 3,100,000 school days lost. The data supplied by the Public Health Service is included in the RECORD at this point:

"AUGUST 20, 1961.

"To: Senate Subcommittee on Migratory Labor, Senate Office Building.

"From: P. S. Lawrence, D. Sc., Public Health Service.

"Subject: Estimates relating to rural farm children under age 17.

"The following figures are estimates relating to rural farm children under age 17 (0 to 16 years) in the noninstitutional population of the United States in the year July 1959 through June 1960: population, 8,359,000; persons injured, 1,981,000; females, 995,000; males, 986,000; under age 5, 539,000; ages 5 to 16, 1,442,000.

"These estimates include only persons injured to the extent that they either had to reduce their normal activities or required medical care. About 1,571,000 of these children aged 0 to 16 required medical care for their injuries. Approximately 700,000 rural farm children were injured in the home or nearby yard. It is estimated that 595,000 of these injured children lost time from school, totaling about 3,100,000 school days lost.

"The above figures are based upon household interviews which included about 6,500 rural farm children in the sample. Because of the probable error due to sampling we cannot provide figures in greater detail than the magnitudes shown."

Here is additional evidence of need for this legislation. It comes from Good Housekeeping magazine, November 1960.

The Good Housekeeping article cites these reports received by the National Child Labor Committee from ministers, teachers, and parents all over the country who were asked to survey child labor practices in their regions:

From Lewisburg, Pa.: "I have seen children as young as 7 working the field alongside adults. They are there at 7 a.m. and as late as 5 p.m., a matter of 10 hours, in the heat and dust of the fields."

From Sturgeon Bay, Wis.: "We provide [summer] day schools for children. * * * We have learned from experience that it is no use preparing for children who are old enough to be in fourth grade because anyone that old or older will be out in the orchards picking cherries."

From San Jose, Calif.: "I am aware of scores of children as young as 4 and 5 who work far too many hours in the hot sun without rest periods * * * sanitary drinking water * * * restrooms * * *."

There is a clear, urgent need to correct these conditions. We must stop injuries which maim children, sometimes for life. We must also ease the stifling burden of those who are not injured but who work—in all too many cases—in tasks that are extremely arduous, even for an adult.

The pending legislation does not affect the present law concerning agricultural work during school hours. The legislation concerns only the current exemption from the Fair Labor Standards Act which allows unlimited child labor in agriculture outside school hours.

The pending legislation closes this exemption conditionally: it would allow a child to be employed in agricultural work outside of school hours under the following three conditions:

1. If he is employed by his parents on the home farm; or

2. If he is 14 years of age or over; or

3. If he is between 12 and 14 years of age and works within 25 miles of his home with the written consent of his parents or his parent is employed on the same farm.

Under these provisions, beneficial employment would be encouraged by allowing the child to work on his home farm or on a nearby farm with his parents' permission. Similarly, as expressly stated in the committee report, this legislation would not interfere with the beneficial activities of such organizations as 4–H Clubs, Future Farmers of America, and charitable fresh air funds.

The administration has strongly recommended the enactment of legislation to protect children employed in agriculture outside regular school hours. In testifying before the Senate Subcommittee on Migratory Labor on April 12, 1961, Secretary of Labor Arthur J. Goldberg summarized the need for legislation on this subject in these terms:

"Our records indicate very clearly the strong necessity for a measure of this character. In order to provide for the health, the safety, and the welfare of children, it is necessary that we eliminate the present exemption which permits the employment of children of any age outside of school hours in agriculture."

The inadequacies of the present Federal law have resulted in extensive use of child labor in agriculture. According to a special U.S. census survey, it is estimated that 730,000 children 10 to 18 years of age were employed in 1959 as paid workers in agriculture. Of this number, 457,000 were 10 to 15 years of age; more than one-half of this group were 10 to 13 years of age.

Migratory children, who comprise a significant segment of the children covered by the 1959 special census, are subjected to the most arduous conditions. The most common reason for their employment is the low wage of the breadwinner of the family. Averaging under $1,000 a year, this wage is not sufficient to pay minimum family expenses. Consequently, every available child works.

We know, however, that child labor in agriculture does not really solve the migrant family's low income problem. Instead, the employment of children has the long-range effect of depressing the general wage level, which further complicates the income problem. The proper goal, then, is to look to the future needs of these children and to help them avoid premature work in the fields. In that way, a large step will have been taken

to give them the opportunity for a more worthwhile and productive adult working life.

The strengthening of the provisions of the child labor law will supplement work currently being done in the area of education and day-care facilities. It will also help bring into focus the needs in related child welfare areas and serve to stimulate State, local, and voluntary efforts to provide necessary facilities and opportunities.

The fragmentary nature of existing State legislation has failed to provide a meaningful solution to the problems raised by child labor in agriculture. Twenty States have no minimum age for the employment of children in agriculture. Other States have only partial coverage.

The absence of national action with respect to agricultural employment of children outside of regular school hours continues to endanger the safety, health, and welfare of children engaged in farm labor. I hope the Congress will proceed to correct this deficiency and protect this vital segment of our Nation's youth.

CONSTRUCTION SUBSIDY FOR RECONSTRUCTION, RECONDITIONING AND CONVERSION UNDER THE MERCHANT MARINE ACT OF 1936

Mr. MANSFIELD. Mr. President, I move that the Senate reconsider the vote by which the Senate passed Calendar 324, H.R. 2457.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 2457) to amend title V of the Merchant Marine Act, 1936, in order to clarify the construction subsidy provisions with respect to reconstruction, reconditioning, and conversion, 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 reconsider the vote by which the Senate had passed the bill.

Mr. LAUSCHE. Mr. President, this bill makes retroactive the additional benefits created by law passed in 1955, lifting the right to subsidize from a minimum of 50 percent to 55 percent. The bill is made retroactive. If passed, it will authorize the payment on a retroactive basis of a sum not to exceed $610,000.

No hearings were held on the bill in the Commerce Committee. Hearings were conducted in the House. The bill originated in the House and was passed in the House under the declaration that it contemplated putting into written form what was intended but not done in the 1959 act.

I should like to ask the Senator from Alaska [Mr. BARTLETT] what the exact amount involved is.

Mr. BARTLETT. I am relying for my answer upon the statement made by the Under Secretary of Commerce, Mr. Edward Gudeman, in a letter to the chairman of the Commerce Committee, the Senator from Washington [Mr. MAGNUSON]. He said that if the subsidy for reconstructing these ships is determined to be 55 percent, the increased cost would be $610,000. However, the Commerce Department might assign a lesser construction subsidy, and that would mean that the additional cost would be less.

Mr. LAUSCHE. The only letters which appear in the report supporting the bill are those written by the beneficiaries, the steamship companies. On the first page of the report there is stated that the Maritime Board recommended enactment of the bill, as amended. We have available for the RECORD a copy of a letter written by the Maritime Board urging the adoption of the bill.

Mr. MAGNUSON. The bill, which is an amendment of the act, was to meet the views of the Maritime Board. The Board asked the House if they would proceed to clarify this section. In the House record, which I have read—I do not have it before me now—the report stated that the chairman of the Maritime Committee of the House and the ranking minority member stated that it was the intent of the committee to do what this bill suggested. It was done at the request of the Maritime Board. That is why we said the Maritime Board recommended it. It was done at their request.

Mr. LAUSCHE. The files of the Committee on Commerce contain no communications from the Maritime Board urging the passage of the House bill.

Mr. MAGNUSON. The Secretary of Commerce urged its passage in a letter.

Mr. BARTLETT. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I yield.

Mr. BARTLETT. Let me read from the letter of the Department of Commerce dated May 29, 1961:

> The Department recommends favorable consideration of H.R. 2457.

Mr. LAUSCHE. Where does that appear?

Mr. BARTLETT. That is the second paragraph of the letter and is found on page 2 of the report.

Mr. LAUSCHE. Mr. President, that is all I have to ask concerning the bill. I simply cannot subscribe to the retroactive bills which it is recommended be passed, so as to make payments on a basis which is in conflict with the original proposition manifested by the owners of the ships. Those people knew what the law was; they went forward on that basis. Now they come in and ask that the law be made retroactive.

I do not favor the passage of the bill. I shall vote "nay."

The PRESIDING OFFICER. The question is on the passage of the bill.

The bill (H.R. 2457) was passed.

AMENDMENT OF TITLE VI OF THE MERCHANT MARINE ACT OF 1936

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 463, S. 1690.

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

The LEGISLATIVE CLERK. A bill (S. 1690) to amend title VI of the Merchant Marine Act of 1936, as amended, in order to increase certain limitations in payments on account of operating differential subsidy under such title.

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 Commerce with amendments on page 1, line 4, after the word "amended", to strike out "(46 U.S.C. 1175)" and insert "(46 U.S.C. 1173)", and in line 5, after the word "follows", to strike out "Such" and insert "Effective on and after July 1, 1962, such"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the third sentence in the first paragraph of section 603(c) of such Act, as amended (46 U.S.C. 1173), is amended to read as follows: "Effective on and after July 1, 1962, such payments on account shall in no case exceed 90 per centum of the amount estimated to have accrued on account of such subsidy, except that, with respect to that part of the subsidy relating to any particular voyage, an additional 5 per centum may be paid to the contractor after such contractor's audit of the voyage account for such voyage has been completed and the Secretary of Commerce has verified the correctness of the same."

Mr. MAGNUSON. Mr. President, the Senator from California [Mr. ENGLE] held hearings on the bill. Under the present Merchant Marine Act, the vessel expenses covered by the subsidy program include vessel insurance, vessel maintenance, and vessel repairs not compensated by insurance; wages and subsistence of officers and crew; and other items of expense as to which the Maritime Board finds the operators are at a substantial disadvantage. The bill seeks to put the subsidized vessels on a parity.

The subsidy for wages is approximately 85 percent of the total subsidy for all these items. The vessel operator must pay wages and other operating costs when they occur. The present practice has been to pay to the operators on an interim basis 75 percent of the estimated operating subsidy accrual plus 15 percent on the wage item, which makes a total of 90 percent.

The bill provides that after the vessel account has been audited, 90 percent may be paid and 10 percent withheld; or in an emergency, 95 percent may be paid, subject to any future audit.

The bill merely allows an increase in such payments from 75 to 90 percent to be made, because 85 percent is wages, and they must be paid from month to month.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Washington yield?

Mr. MAGNUSON. I yield.

Mr. WILLIAMS of Delaware. What was the position of the Department in connection with the bill?

Mr. MAGNUSON. The Department opposed because they do not have the extra money that would be required. They would like to have the situation remain as it is. But all the Government testimony was to the effect that the payments should be made more current,

because the ship operator has to borrow operating funds while 85 percent of the amount he had coming to him to enable him to make wage and other payments is withheld for too long a period.

Second, the testimony was that after an account had been audited, 10 percent is sufficient to make any adjustment which might need to be made later.

Mr. WILLIAMS of Delaware. Is it not true that the Department of Commerce was more specific in its recommendations? Did they not say—

The Department does not favor the enactment of the bill.

Mr. MAGNUSON. I said the Department did not favor it. I placed that statement in the RECORD. But it was simply because of lack of funds.

Mr. WILLIAMS of Delaware. Is there any agency of the Government which endorsed the bill?

Mr. MAGNUSON. The only agency which would be interested in it would be the Department of Commerce, and they accepted at the House hearing our amendment to make the 90-percent payment apply in fiscal 1963.

Mr. WILLIAMS of Delaware. Was there not a letter from the Bureau of the Budget and a letter from the Treasury Department?

Mr. MAGNUSON. That is correct.

Mr. WILLIAMS of Delaware. I fail to see any endorsement by any agency of the bill.

Mr. MAGNUSON. They said they opposed because there was no money in the budget for the additional payments.

Mr. WILLIAMS of Delaware. I still repeat that there is no endorsement by any agency of the Government and the Commerce Department opposes it.

Mr. MAGNUSON. There was no endorsement because of the reason cited—no money.

Mr. WILLIAMS of Delaware. The Department of Commerce plainly stated: "The Department does not favor the enactment of the bill."

Mr. MAGNUSON. That is correct. The Department of Commerce has some concern; but the other departments whom we asked said they had no concern with the bill. I have explained the bill as carefully as I can; and that is all it proposes to do.

Mr. WILLIAMS of Delaware. As I understand the reason why the Department of Commerce wishes to retain the present formula is that if any errors are developed, they will have the money on hand to make the correction and will not have to make claims for repayment. I shall vote against the bill.

Mr. MAGNUSON. I agree fully with the Department of Commerce that if there are to be subsidies, at least they should be handled on a sound bookkeeping basis, and not be paid until they have actually been earned.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

Mr. LAUSCHE. Mr. President, I do not favor the bill on the basis of the recommendation made by the Department of Commerce. I shall vote against its passage.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (S. 1690) was passed.

AMENDMENT OF TITLE VI OF MERCHANT MARINE ACT, 1936

Mr. MAGNUSON. Mr. President, I ask that the Senate proceed to consider Calendar No. 741, H.R. 6309.

The Senate proceeded to consider the bill (H.R. 6309) 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.

Mr. MAGNUSON. Mr. President, I move that all after the enacting clause be stricken and that the text of Senate bill 1690 be substituted therefor.

The PRESIDING OFFICER. Without objection, the action of the Senate in passing Senate bill 1690 will be vacated.

Without objection, all after the enacting clause in H.R. 6309 will be stricken out, and the text of Senate bill 1690 will be substituted therefor.

The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 6309) was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I move that the Senate reconsider the vote by which H.R. 6309 was passed.

Mr. MAGNUSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Without objection, Senate bill 1690 will be indefinitely postponed.

MERCHANT MARINE ACT AMENDMENT

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 548, Senate bill 2085.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 2085) to amend section 511(h) of the Merchant Marine Act, 1936, as amended, in order to extend the time for commitment of construction reserve funds.

Mr. BARTLETT. Mr. President, this bill would extend the time for commitment of construction reserve funds.

The American-Hawaiian Steamship Co., which has operated in the domestic trades since 1899, has in its vessel reserve funds some $11 million which, under existing statute, must be committed for new construction by December 31, 1961, or $2,500,000 thereof will revert to the Treasury, instead of being invested in new vessels.

The company had filed application with the Maritime Board in April 1959, for mortgage insurance to cover four—later reduced to three—large, fast containerships for intercoastal operation. After prolonged delay, the Maritime Board denied the application, because another operator meanwhile offered to enter this trade with several World War II-built vessels.

The American-Hawaiian Steamship Co. is urging the Maritime Board to review its decision, and requests the additional year for commitment of its funds, to permit revision of its plans if necessary.

No objection was raised at the hearing or otherwise.

If this construction proceeds, we shall have on the high seas the largest cargo liners under the American flag.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 2085) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the proviso at the end of section 511(h) of the Merchant Marine Act, 1936, as amended, is amended to read as follows: "*Provided,* That until January 1, 1962, in addition to the extensions hereinbefore permitted, further extensions may be granted ending not later than December 31, 1962."

SEC. 2. The amendment made by the first section of this Act shall take effect December 31, 1961, or on the date of enactment of this Act, whichever date first occurs.

Mr. MANSFIELD. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. BARTLETT. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider a nomination.

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

U.S. DISTRICT JUDGE

Mr. HART. Mr. President, from the Committee on the Judiciary, I report the nomination of THADDEUS M. MACHROWICZ, of Michigan, to be U.S. district judge for the eastern district of Michigan; and I request unanimous consent for the immediate consideration of the nomination.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The question is, Will the Senate advise and consent to this nomination?

The nomination was confirmed.

Mr. HOLLAND. Mr. President, I note on the Executive Calendar two treaties, and I notice that the papers in connection with them have been placed on the desks of Senators. Does the majority leader intend to have the treaties taken up at this time?

Mr. MANSFIELD. Not necessarily. The papers have been placed on the desks of Senators for their information.

LEGISLATIVE SESSION

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

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

CONSTRUCTION AND MAINTENANCE OF AMERICAN-FLAG VESSELS BUILT IN AMERICAN SHIPYARDS

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 643, Senate bill 1808.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 1808) to amend the Merchant Marine Act, 1936, to encourage the construction and maintenance of American-flag vessels built in American shipyards, which had been reported from the Committee on Commerce, with an amendment, on page 2, line 3, after the word "three", to strike out "years." " and insert "years: *Provided, however,* That the provisions of this amendment shall not apply where, (1) prior to the enactment of this amendment, the owner of a vessel, or contractor for the purchase of a vessel, originally constructed in the United States and rebuilt abroad or contracted to be rebuilt abroad, has notified the Maritime Administration in writing of its intent to document such vessel under United States registry, and such vessel is so documented on its first arrival at a United States port not later than one year subsequent to the date of the enactment of this amendment, or (2) where prior to the enactment of this amendment, the owner of a vessel under United States registry has made a contract for the rebuilding abroad of such vessel and has notified the Maritime Administration of such contract, and such rebuilding is completed and such vessel is thereafter documented under United States registry on its first arrival at a United States port not later than one year subsequent to the date of the enactment of this amendment." ", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 901(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241), is hereby amended by inserting at the end thereof the following: "For purposes of this section, the term 'privately owned United States-flag commercial vessels' shall not be deemed to include any vessel which, subsequent to the date of enactment of this amendment, shall have been either (a) built outside the United States, (b) rebuilt outside the United States, or (c) documented under any foreign registry, until such vessel shall have been documented under the laws of the United States for a period of three years: *Provided, however,* That the provisions of this amendment shall not apply where, (1) prior to the enactment of this amendment, the owner of a vessel, or contractor for the purchase of a vessel, originally constructed in the United States and rebuilt abroad or contracted to be rebuilt abroad, has notified the Maritime Administration in writing of its intent to document such vessel under United States registry, and such vessel is so documented on its first arrival at a United States port not later than one year subsequent to the date of the enactment of this amendment, or (2) where prior to the enactment of this amendment, the owner of a vessel under United States registry has made a contract for the rebuilding abroad of such vessel and has notified the Maritime Administration of such contract, and such rebuilding is completed and such vessel is thereafter documented under United States registry on its first arrival at a United States port not later than one year subsequent to the date of the enactment of this amendment."

Mr. BARTLETT. Mr. President, I wish to submit a brief explanation of the bill. Its purpose is to restrict carriage of 50–50 cargoes by certain vessels.

The Cargo Preference Act of 1954 reserves at least 50 percent of all Government aid or financed ocean cargoes, under certain conditions, to "privately owned U.S.-flag commercial vessels."

This bill would provide that participation in the carriage of the 50 percent of such cargoes reserved for vessels of U.S. registry be denied any vessel which was built, rebuilt, or documented under any foreign registry, until such vessel shall have been documented under the laws of the United States for a period of 3 years subsequent to such foreign building, rebuilding, or reregistration, except in cases where prior to enactment of the act the owner of a vessel built in the United States and rebuilt abroad or contracted to be built abroad has notified the Maritime Administration in writing of his intent to document such vessel under U.S. registry and such vessel is so documented at its first arrival at a U.S. port, or where prior to the enactment of the act the owner of a vessel now under U.S. registry has made a contract for the rebuilding abroad of such vessel.

No objection to the bill was voiced at the hearing or otherwise.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, and was read the third time.

Mr. MAGNUSON. Mr. President, there is on the calendar, Calendar No. 742, House bill 6732, an identical bill. I ask unanimous consent that the Senate proceed to the consideration of that bill.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H.R. 6732) to amend the Merchant Marine Act, 1936, as amended, to encourage the construction and maintenance of American-flag vessels built in American shipyards.

Mr. MAGNUSON. Mr. President, I move that all after the enacting clause of the bill be stricken out, and that the text of Senate bill 1808, as now amended, be substituted therefor.

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

The motion was agreed to.

The PRESIDING OFFICER. The question now is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 6732) was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. MAGNUSON. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Without objection, Senate bill 1808 will be indefinitely postponed.

LICENSING OF INDEPENDENT OCEAN FREIGHT FORWARDERS

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 667, Senate bill 1368.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 1368) to amend the Shipping Act of 1916 to provide for licensing of independent ocean freight forwarders, and for other purposes, which had been reported from the Committee on Commerce, with amendments, on page 2, line 20, after the word "applicant", to strike out "is a citizen of the United States and"; on page 3, line 13, after the word "observed", to strike out "to regulate the licensing of" and insert "by"; on page 4, line 8, after the word "compensation", to strike out "not to exceed 5 per centum of the freight cost,", and on page 5, line 1, after the word "shipments", to insert a colon and *"Provided, however,* That where a common carrier by water has paid or has incurred an obligation to pay, separate compensation to an independent ocean freight forwarder for any of the services enumerated above, such carrier shall not be obligated to pay additional compensation to any other independent ocean freight forwarder for services rendered on the same shipment".

Mr. MAGNUSON. Mr. President, in a moment I shall yield the floor to the distinguished Senator from Texas [Mr. YARBOROUGH]; but at this time I merely wish to say that I hope Senators will pay very careful attention to this bill, because there is much urgency about it, from the point of view of time. Unless action is taken promptly, the authority to operate in the way that operations have been conducted for many, many generations will expire on November 30. The Senator from Texas knows a great deal about this matter, and I shall yield the floor to him. But it is very important that prompt action be taken, because the act will expire then.

Mr. YARBOROUGH. Mr. President, this bill will authorize the licensing by

the Federal Maritime Board of the independent freight forwarders. They are described in the bill. Their occupation is identical, and is limited by the bill. Ordinarily, independent freight forwarders are those in the business of bringing together shippers and cargoes. The shippers solicit shipments, and obtain goods from manufacturers, and have the shipments ready when the ships enter port. The object is to prevent delays. The freight forwarders expedite the shipments.

On June 29 of this year the Federal Maritime Board issued a finding, based upon the Shipping Act of 1960, and the interpretation was thus made 45 years after that act was passed—that it was illegal for the forwarders to collect brokerage fees from the carriers. The shippers want to make all of these payments.

A hearing has been held. Representatives of many of the steamship lines stated that this service is a very real one to both the shippers and the carriers.

Mr. President, I ask unanimous consent that the committee amendments be considered en bloc.

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

The question is on agreeing to the committee amendments.

The amendments were agreed to.

Mr. KEATING. Mr. President, I urge the passage of S. 1368, which would provide for the licensing of independent ocean freight forwarders.

Freight forwarders have for many years made an invaluable contribution to American commerce. They perform the necessary task of bringing together cargoes and available carriers, thereby facilitating the efficient operation of every ocean port in the United States. If freight forwarders were to pass out of the picture, the result would be chaos along the American waterfront.

For some time it has been evident that the freight forwarding industry should be more closely defined and regulated by law. The freight forwarders, the shippers, and the carriers all have welcomed such regulations. Bills for this purpose were actually approved in both Houses of Congress during the last session, but agreement was not reached in conference.

Up until this year Congress did not view the need for legislation to license freight forwarders as being particularly urgent. The time for this leisurely approach has now, however, passed.

On June 29, 1961, the Federal Maritime Board issued a decision which has threatened the freight forwarding industry with virtual extinction. Contradicting the findings of its own investigator, the Maritime Board ruled that henceforth freight forwarders should receive no compensation from carriers, but must rely on shippers for their whole income.

This decision flies in the face of established practice on the waterfront. It has been vigorously opposed by not only the freight forwarders but by the steamship companies themselves. It is evident that the steamship companies regard the saving that has been granted them by the Maritime Board as a false benefit. Without income from the carriers, the freight forwarders will be unable to carry out their function, and the carriers as well as the shippers are bound to suffer.

The time therefore has come, Mr. President, when it is absolutely necessary to define the role of the freight forwarder, as well as providing means to eliminate what abuses do exist. S. 1368 accomplished these objectives admirably. I urge its speedy passage.

Mr. YARBOROUGH. Mr. President, I submit additional amendments for which I request immediate consideration. These amendments would make the bill identical in text with certain amendments adopted this week in the House committee. The purpose is to have the two bills conform to each other, so that the measure may be passed by both Houses at this session.

The PRESIDING OFFICER. The amendments submitted by the Senator from Texas will be stated.

The LEGISLATIVE CLERK. On the first page, in line 9, beginning with "or its possessions", it is proposed to strike out all through "such possessions" on page 2, line 1, and to insert in lieu thereof the following: "its territories, or possessions to foreign countries, or between the United States and its territories or possessions, or between such territories and possessions".

On page 2, strike out all in line 11 and insert in lieu thereof the following: "by redesignating section 44 as section 45, and inserting immediately after section 43 the following new section:".

On page 2, line 12, strike out "SEC. 43." and insert in lieu thereof "SEC. 44.".

On page 2, line 14, strike out "Board" and insert in lieu thereof "Commission".

On page 2, line 19, strike out "Board" and insert in lieu thereof "Commission".

On page 2, line 24, strike out "Board" and insert in lieu thereof "Commission".

On page 3, line 4, strike out "section" and insert in lieu thereof "Act".

On page 3, line 6, strike out "Board" and insert in lieu thereof "Commission".

On page 3, line 10, strike out "Board" and insert in lieu thereof "Commission".

On page 3, line 11, strike out "Board" and insert in lieu thereof "Commission".

On page 3, line 12, strike out "Board" and insert in lieu thereof "Commission".

On page 3, line 14, restore the matter proposed to be stricken by the committee amendment.

On page 3, line 16, strike out "Board" and insert in lieu thereof "Commission".

On page 3, line 17, strike out "Board" and insert in lieu thereof "Commission".

On page 3, line 25, strike out "Board" and insert in lieu thereof "Commission".

On page 4, line 1, strike out "Board's" and insert in lieu thereof "Commission's".

On page 4, line 4, strike out "Board" and insert in lieu thereof "Commission".

On page 4, beginning with line 6, strike out all to the end of the bill and insert in lieu thereof the following:

"(e) A common carrier by water may compensate a person carrying on the business of forwarding to the extent of the value rendered such carrier in connection with any shipment dispatched on behalf of others when, and only when, such person is licensed hereunder and has performed with respect to such shipment the solicitation and securing of the cargo for the ship or the booking of, or otherwise arranging for space for, such cargo, and at least two of the following services:

"(1) The coordination of the movement of the cargo to shipside;

"(2) The preparation and processing of the ocean bill of lading;

"(3) The preparation and processing of dock receipts or delivery orders;

"(4) The preparation and processing of consular documents or export declarations;

"(5) The payment of the ocean freight charges on such shipments:

Provided, however, That where a common carrier by water has paid, or has incurred an obligation to pay, either to an ocean freight broker or freight forwarder, separate compensation for the solicitation or securing of cargo for the ship or the booking of, or otherwise arranging for space for, such cargo, then such carrier shall not be obligated to pay additional compensation for any other forwarding services rendered on the same cargo. Before any such compensation is paid to or received by any person carrying on the business of forwarding, such person shall, if he is qualified under the provisions of this paragraph to receive such compensation, certify in writing to the common carrier by water by which the shipment was dispatched that he is licensed by the Federal Maritime Commission as an independent ocean freight forwarder and that he performed the above specified services with respect to such shipment. Such carrier shall be entitled to rely on such certification unless it knows that the certification is incorrect."

The PRESIDING OFFICER. Without objection, the amendments of the Senator from Texas will be considered en bloc.

The question is on agreeing to the amendments submitted by the Senator from Texas.

The amendments were agreed to.

Mr. JAVITS. Mr. President, if the Senator from Texas will yield, I should like to state that the port of New York considers this bill to be a most important one. We have received an enormous amount of mail in regard to it. I testified before the committee in favor of the bill. I am grateful to the majority leader for bringing up the bill, and I am grateful to the Senator from Texas for the fine position he has taken in regard to it. I trust that the bill will be passed.

Mr. YARBOROUGH. I thank the Senator from New York. As he knows, the bill in all its details is not exactly as we would like to have it, but the emergency situation involved is such a desperate one that we have amended the bill in order to comply with the desires of all the parties concerned.

The PRESIDING OFFICER. If there be no further amendment to be submitted, the question is on the engrossment and third reading of the bill.

The bill (S. 1368) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first section of the Shipping Act, 1916 (46 U.S.C. 801), is amended by adding at the end thereof the following new paragraphs:

"The term 'carrying on the business of forwarding' means the dispatching of shipments by any person on behalf of others, by oceangoing common carriers in commerce

from the United States, its territories, or possessions to foreign countries, or between the United States and its territories or possessions, or between such territories and possessions", and handling the formalities incident to such shipments.

"An 'independent ocean freight forwarder' is a person carrying on the business of forwarding for a consideration who is not a shipper or consignee or a seller or purchaser of shipments to foreign countries, nor has any beneficial interest therein other than a lien, nor directly or indirectly controls or is controlled by such shipper or consignee or by any person having such a beneficial interest."

SEC. 2. The Shipping Act, 1916, is further amended by redesignating section 44 as section 45, and inserting immediately after section 43 the following new section:

"SEC. 44. (a) No person shall engage in carrying on the business of forwarding as defined in this Act unless such person holds a license issued by the Federal Maritime Commission to engage in such business: *Provided, however,* That a person whose primary business is the sale of merchandise may dispatch shipments of such merchandise without a license.

"(b) A forwarder's license shall be issued to any qualified applicant therefor if it is found by the Commission that the applicant is, or will be, an independent ocean freight forwarder as defined in this Act and is fit, willing, and able properly to carry on the business of forwarding and to conform to the provisions of this Act and the requirements, rules, and regulations of the Commission issued thereunder, and that the proposed forwarding business is, or will be, consistent with the national maritime policies declared in the Merchant Marine Act, 1936; otherwise such application shall be denied. Any independent ocean freight forwarder who, on the effective date of this Act, is carrying on the business of forwarding under a registration number issued by the Commission may continue such business for a period of one hundred and twenty days thereafter without a license, and if application for such license is made within such period, such forwarder may, under such regulations as the Commission shall prescribe, continue such business until otherwise ordered by the Commission.

"(c) The Commission shall prescribe reasonable rules and regulations to be observed by independent ocean freight forwarders and no such license shall be issued or remain in force unless such forwarder shall have furnished a bond or other security approved by the Commission, in such form and amount as in the opinion of the Commission will insure financial responsibility and the supply of the services in accordance with contracts, agreements, or arrangements therefor.

"(d) Licenses shall be effective from the date specified therein, and shall remain in effect until suspended or terminated as herein provided. Any such license may, upon application of the holder thereof, in the discretion of the Commission, be amended or revoked, in whole or in part, or may upon complaint, or on the Commission's own initiative, after notice and hearing, be suspended or revoked for willful failure to comply with any provision of this Act, or with any lawful order, rule, or regulation of the Commission promulgated thereunder.

"(e) A common carrier by water may compensate a person carrying on the business of forwarding to the extent of the value rendered such carrier in connection with any shipment dispatched on behalf of others when, and only when, such person is licensed hereunder and has performed with respect to such shipment the solicitation and securing of the cargo for the ship or the booking of, or otherwise arranging for space for, such cargo, and at least two of the following services:

"(1) The coordination of the movement of the cargo to shipside;

"(2) The preparation and processing of the ocean bill of lading;

"(3) The preparation and processing of dock receipts or delivery orders;

"(4) The preparation and processing of consular documents or export declarations;

"(5) The payment of the ocean freight charges on such shipments:

Provided, however, That where a common carrier by water has paid, or has incurred an obligation to pay, either to an ocean freight broker or freight forwarder, separate compensation for the solicitation or securing of cargo for the ship or the booking of, or otherwise arranging for space for, such cargo, then such carrier shall not be obligated to pay additional compensation for any other forwarding services rendered on the same cargo. Before any such compensation is paid to or received by any person carrying on the business of forwarding, such person shall, if he is qualified under the provisions of this paragraph to receive such compensation, certify in writing to the common carrier by water by which the shipment was dispatched that he is licensed by the Federal Maritime Commission as an independent ocean freight forwarder and that he performed the above specified services with respect to such shipment Such carrier shall be entitled to rely on such certification unless it knows that the certification is incorrect."

Mr. JAVITS. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. MAGNUSON. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

DELEGATION OF CERTAIN FUNCTIONS BY THE SECURITIES AND EXCHANGE COMMISSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 759, S. 2135.

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

The LEGISLATIVE CLERK. A bill (S. 2135) to authorize the Securities and Exchange Commission to delegate certain functions.

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 Banking and Currency, with amendments, on page 2, line 8, after the word "amended", to insert "with reference to general rules as distinguished from rules of particular applicability, or of the making of any rule, regulation, or order pursuant to section 19(b) of the Securities Exchange Act of 1934", and in line 23, after the word "further", to strike out "That any person suffering legal wrong because of any agency action, or aggrieved by such action within the meaning of any relevant statute, shall be entitled to review thereof by the Commission" and in lieu thereof, to insert "That in the event action at a delegated level (1) denies any request for action pursuant to section 8(a) or section 8(c) of the Securities Act of 1933 or the first sentence of section 12(d) of the Securities Exchange Act of 1934; (2) suspends, denies, or revokes a broker-dealer registration pursuant to section 15(b) of the Securities Exchange Act of 1934; (3) suspends, denies, or withdraws any registration or suspends or expels a member of a national securities exchange pursuant to section 19(a) of the Securities Exchange Act of 1934; or (4) suspends trading on an exchange pursuant to section 19(a) of the Securities Exchange Act of 1934, a person or party adversely affected by such action shall be entitled to review by the Commission"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) in addition to its existing authority, the Securities and Exchange Commission, hereinafter referred to as the "Commission", shall have the authority to delegate, by published order or rule, any of its functions to a division of the Commission, an individual Commissioner, a hearing examiner, or an employee or employee board, including functions with respect to hearing, determining, ordering, certifying, reporting, or otherwise acting as to any work, business, or matter: *Provided, however,* That nothing herein contained shall be deemed to supersede the provisions of section 7(a) of the Administrative Procedure Act of 1946 (60 Stat. 241), as amended: *And provided further,* that nothing herein contained shall be deemed to authorize the delegation of the function of rulemaking as defined in the Administrative Procedure Act of 1946, as amended, with reference to general rules as distinguished from rules of particular applicability, or of the making of any rule, regulation, or order pursuant to section 19(b) of the Securities Exchange Act of 1934.

(b) With respect to the delegation of any of its functions, as provided in subsection (a) of this section, the Commission shall retain a discretionary right to review the action of any such division of the Commission, individual Commissioner, hearing examiner, employee, or employee board, upon its own initiative or upon petition of a party to or an intervenor in such action, within such time and in such manner as the Commission shall by rule prescribe: *Provided, however,* That the vote of one member of the Commission shall be sufficient to bring any such action before the Commission for review: *And provided further,* That in the event action at a delegated level (1) denies any request for action pursuant to section 8(a) or section 8(c) of the Securities Act of 1933 or the first sentence of section 12(d) of the Securities Exchange Act of 1934; (2) suspends, denies, or revokes a broker-dealer registration pursuant to section 15(b) of the Securities Exchange Act of 1934; (3) suspends, denies, or withdraws any registration or suspends or expels a member of a national securities exchange pursuant to section 19(a) of the Securities Exchange Act of 1934; or (4) suspends trading on an exchange pursuant to section 19(a) of the Securities Exchange Act of 1934, a person or party adversely affected by such action shall be entitled to review by the Commission.

(c) Should the right to exercise such review be declined, or should no such review be sought within the time stated in the rules promulgated by the Commission, then the action of any such division of the Commission, individual Commissioner, hearing examiner, employee, or employee board, shall, for all purposes, including appeal or review thereof, be deemed the action of the Commission.

SEC. 2. In addition to the functions transferred by the provisions of Reorganization Plan Numbered 10 of 1950 (64 Stat. 1265),

there are hereby transferred from the Commission to the Chairman of the Commission the functions of the Commission with respect to the assignment of Commission personnel, including Commissioners, to perform such functions as may have been delegated by the Commission to Commission personnel, including Commissioners, pursuant to section 1.

Mr. WILLIAMS of New Jersey. Mr. President, Senators will recall the disapproval of the reorganization plan and the debate engendered by its consideration on the ground that the delegation was too broad and the right of appeal was too narrow. We have worked on this problem since the disapproval of the reorganization plan and have evolved this proposed legislation.

I speak in favor of S. 2135, as amended, a bill which would authorize the Securities and Exchange Commission to delegate certain of its functions, and provide for appeals of actions taken under such delegations.

On June 22, 1961, I introduced, for myself and for Senator JAVITS, S. 2135, a bill designed to accomplish the basic objectives of Reorganization Plan No. 1 of 1961, without raising the problems which were involved in that plan.

As the result of comments on this bill, amendments have been agreed to which meet the objections raised at the hearings and which are, nevertheless, acceptable to both the Securities and Exchange Commission and the Bureau of the Budget.

On August 24, 1961, S. 2135, as amended, was reported favorably by unanimous vote of the Banking and Currency Committee.

This bill would carry out the basic objectives of Reorganization Plan No. 1, to provide for greater flexibility in the handling of the business before the Commission, permitting its disposition at different levels so as better to promote its efficient dispatch. At the same time, S. 2135, as amended, meets the objections raised with respect to the delegation of the general rulemaking power and the aggrieved party's right of appeal to the Commission, as proposed in Reorganization Plan No. 1.

Regarding the Commission's authority to delegate, section 1(a) of the bill provides that the Securities and Exchange Commission shall have the authority to delegate any of its functions by published order or rule to a division of the Commission, an individual Commissioner, a hearing examiner, or an employee or employee board, subject to three exceptions.

The first exception provides that nothing in the bill shall be deemed to supersede the provisions of section 7(a) of the Administrative Procedure Act of 1946, as amended. That section provides, in effect, that, where the organic statute of an agency requires that adjudicatory matters may be decided only upon a written record, after opportunity for a hearing, these functions must be performed by the full agency, one or more members thereof, or a qualified hearing examiner appointed in accordance with the Administrative Procedure Act.

The second exception provides that nothing in the bill shall be deemed to authorize the delegation of the authority to make general rules as distinguished from rules of particular applicability. The rulemaking authority under the Administrative Procedure Act includes first, rules of general applicability such as general regulations, and, second, rules of particular applicability such as orders, which normally consist of the Commission's response to an application by a single party and which resolve a particular statutory issue in relation to that party only. In order to facilitate the dispatch of matters of particular applicability such as orders and yet retain in the Commission itself the authority to make general rules, the bill as reported distinguishes between the two and authorizes the Commission to delegate the former but not the latter.

The third exception provides that nothing in the bill shall be deemed to authorize the delegation of the making of any rule, regulation, or order pursuant to section 19(b) of the Securities Exchange Act of 1934. Section 19(b) permits the Commission, after certain conditions have been met, to alter or supplement the rules of an exchange with regard to matters such as financial responsibility of members, trading in certain securities during specified periods, and the fixing of reasonable Commission rates.

REVIEW BY THE COMMISSION

Section 1(b) of the bill provides in part that the Commission itself retains the discretionary right to review any action taken pursuant to delegation under the bill. This right may be exercised upon the Commission's own initiative or upon petition of a party to or an intervenor in such action, within such time and in such manner as the Commission shall by rule prescribe.

S. 2135, as amended, would also permit a single member of the Commission to bring any action taken pursuant to a delegation under the bill before the full Commission for review.

It is the opinion of the committee that, except in the four instances discussed below, the requirement that the full Commission must review all delegated actions which are questioned by any one of its members is ample protection against possible unwarranted action under delegations pursuant to the bill, and that an absolute right of review by the adversely affected party is therefore not necessary. However, if there are instances other than the four discussed below in which the Commission might determine that there should be an absolute right of review, it can so provide in its rules. And S. 2135 in no way impairs the right of a person or party to petition the court of appeals for review, even though he may be denied review by the Commission.

In the following instances the right of a person or party adversely affected by the action of a delegate to review by the Commission is preserved:

First. If the action denies any request for action pursuant to section 8(a) or section 8(c) of the Securities Act of 1933 or the first sentence of section 12(d) of the Securities Exchange Act of 1934. Under sections 8 (a) and (c) the Commission is empowered to accelerate the effective date of registration statements and to determine the effective date of posteffective amendments to registration statements under which securities are to be offered and sold to the public. Under the first sentence of section 12(d) the registration of a security becomes effective 30 days after the Commission has received certification from exchange authorities that the security has been approved by the exchange, or within such shorter period as the Commission may determine.

Second. If the action suspends, denies, or revokes a broker-dealer registration pursuant to section 15(b) of the Securities Exchange Act of 1934. Section 15 (b) sets the standards which a broker-dealer must meet to become and remain registered; furthermore, it gives the Commission authority under certain conditions to suspend, deny, or revoke broker-dealer registrations.

Third. If the action suspends, denies, or withdraws any registration or suspends or expels a member of a national securities exchange pursuant to section 19(a) of the Securities Exchange Act of 1934. Section 19(a) authorizes the Commission, after meeting certain requirements, to take such action if it is "necessary or appropriate for the protection of investors."

Fourth. If the action suspends trading on an exchange pursuant to section 19(a) of the Securities Exchange Act of 1934.

Section 1(c) of the bill provides as follows with regard to the finality of the Commission's decision:

Should the right to exercise such review be declined, or should no such review be sought within the time stated in the rules promulgated by the Commission, then the action of any such division of the Commission, individual Commissioner, hearing examiner, employee, or employee board, shall, for all purposes, including appeal or review thereof, be deemed the action of the Commission.

Regarding the transfer of certain functions to the Chairman, section 2 of S. 2135 would transfer to the Chairman the functions of the Commission with respect to the assignment of Commission personnel, including Commissioners, to perform such functions as may have been delegated by the Commission to Commission personnel under section 1 of the bill. This follows the pattern established for other Commission functions by Reorganization Plan No. 10 of 1950, which transferred other administrative and personnel functions of the Commission to the Chairman.

In conclusion, let me emphasize once again that S. 2135, as amended, is acceptable to the Securities and Exchange Commission, the Bureau of the Budget, and the New York and Boston Stock Exchanges, which had appeared before the Banking and Currency Committee to testify in favor of proposed amendments to Reorganization Plan No. 1.

The Securities and Exchange Commission at present has a heavy backlog of work because of the increased activity in the securities market. S. 2135, as amended, would enable the Commission to achieve much greater utility from its present manpower. At the same time, this bill would free the Commissioners themselves from dealing with details of minor consequence, thereby enabling them to concentrate on the broad, more important aspects of Commission business. Thus, on the one hand, this bill would give the Commission the increased efficiency which it needs and, on the other, by relieving the Commissioners of onerous details, give them the necessary time to deal effectively with the many matters of policy which confront them.

I strongly urge, Mr. President, that the Senate adopt this bill, which will give the SEC the flexibility of operation it must have to meet the demands of today's securities market.

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

Mr. WILLIAMS of New Jersey. I yield.

Mr. JAVITS. The Senator has stated the situation. I think it can be fairly said that I led the fight on the Securities and Exchange reorganization plan, and the Senate went along with the proposition that it should not be approved. That such action was wise is shown by the fact that we have tailored an authority which is of far less greater magnitude, but which at the same time gives the SEC all the power it needs to accelerate its activities.

Whereas the reorganization plan ran head on into strong opposition from the leading security exchanges, this bill has not aroused any such opposition. From my correspondence and communications with the New York Stock Exchange and the American Stock Exchange, I have every reason to believe that they can live with this particular measure so far as the Securities and Exchange Commission is concerned.

If Members of the Senate are interested in the subject and will consult the RECORD of August 24, 1961, at page 16948, they will find spelled out in detail precisely how this bill differs from Reorganization Plan No. 1.

The three major differences are—and they should be restated—that there is now no longer the opportunity in the SEC to delegate the rulemaking power, but only delegate the power to make rules of particular applicability. Under their practice, even a decision of cases could be brought about by a change in the rule. Therefore, that authority can be delegated to a lower echelon below that of the Commissioners themselves.

What is extremely important is that we have now not only reduced the requirement for discretionary review from two members, which was in practical effect half of the Commission, because one member has been ill for a long time, to one member, but have provided mandatory right of review, in what the stock exchanges regard as a critical matter, in which the individual or securities firm may go to the Commission.

These include: first, denial of a request for acceleration of the effective date of a registration statement; second, suspension, denial, or revocation of a broker-dealer registration; third, suspension, denial, or withdrawal of a registration, or suspension or expulsion of a member of a national securities exchange; and, fourth, suspension of trade on an exchange.

These are critically important rights, and make mandatory the right of review by the whole Commission.

I have enjoyed the cooperation of the Senator from New Jersey. He tried hard to have the reorganization plan adopted. When he did not succeed, he sat down with me and, in a practical way, tried to tailor legislation which would meet the need.

Mr. President, I represent a large security market, in terms of representing the State of New York, and I feel I have a great responsibility in this field.

I think all of us realize that the private enterprise system is heavily dependent on the knowledge that securities may be sold and traded with the complete confidence of the public.

All of us understand that when we deal with the Securities and Exchange Commission, we are not dealing with someone who can guide the investor, take him by the hand and tell him what to invest in, and guarantee him a profit; but it can say that, so far as the Commission knows, security issuances are kept free of manipulation and rigging and price fixing, and that the people can rely on the representations which are made, and then make up their own minds as to whether they wish to buy, sell, trade, or acquire new securities.

Therefore, I hope the Senate will feel satisfied with the job, insofar as it ought to be done, as set forth in the bill, and that it will be favorably considered.

Mr. WILLIAMS of New Jersey. Mr. President, I am gratified by the remarks of the Senator from New York, and join with him in urging passage of the measure.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

Mr. MANSFIELD. Mr. President, I ask that the amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, the committee amendments will be considered en bloc.

The question is on agreeing to the committee amendments en bloc.

The committee amendments were agreed to en bloc.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 2135) was ordered to be engrossed for a third reading, was read the third time, and passed.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. WILLIAMS of New Jersey. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

INCREASE IN AMOUNT OF ALLOWABLE CHARITABLE CONTRIBUTIONS

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 557, H.R. 2244.

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

The LEGISLATIVE CLERK. A bill (H.R. 2244) relating to the deduction for income tax purposes of contributions to charitable organizations whose sole purpose is making distribution to other charitable organizations, contributions to which by individuals are deductible within the 30-percent limitation of adjusted gross income.

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 Finance with amendments.

NUCLEAR TESTS

Mr. PELL. Mr. President, I rise in support of the courage and maturity which President Kennedy has shown toward the question of nuclear tests. This is not a time to panic, and the President's statement yesterday demonstrates his determination not to blindly react to the Soviet announcement that they will resume nuclear tests. The President is obviously speaking from a position of strength and the Soviet decision to resume tests is a clear indication of their nuclear inferiority.

The contrast between the genuine concern of the United States over the frightful prospect of more nuclear fallout as contrasted with the crass and brutal Soviet attempt at nuclear blackmail is now clear for all the world to see. President Kennedy and his advisers deserve the confidence of all Americans and our administration for their determination to leave no stone unturned to seek control of arms and an agreement which will spare the world from the devastating effects of nuclear fallout.

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

Mr. PELL. I yield.

Mr. HART. I express admiration for the statement made by the Senator from Rhode Island, and I hope that when those of us here learn, as I just did, that the Russians have announced an intermediate bomb detonation in the atmosphere over Asia, we will not reach for the swords, literally or figuratively; that we will recognize the Communists have proved themselves to be as bad as their harshest critics have described them; and that the moment has arrived when we must submit to the test of responsibility.

It is wonderful that a review is being made here to determine whether our

nuclear arsenal is adequate. If the review suggests there is a question as to that, then a hard decision must be made; but let us wait until we get that answer before we "fire off" here.

Mr. MANSFIELD. Mr. President, I wish to associate myself with what the distinguished Senators from Rhode Island and Michigan have just said.

I can state without fear of successful contradiction, insofar as what the Senators have been talking about is concerned, we are in extremely good shape, I would say most excellent shape.

Mr. JAVITS. Mr. President, will the Senator yield to me?

Mr. MANSFIELD. I yield.

Mr. JAVITS. I regard with the same concern expressed by other Senators the situation they have discussed.

I stated yesterday, and I reiterate in this context today, I think we should be guided not by the technique of following the leader, if the word "leader" can be used in the context of his horrible business, but instead by observing the necessities of our own security and that of the free world. If anything, we should show restraint at this time, when our hands are untied—everybody knows that and we are free to safeguard our own and the free world's security. This will serve us well, impressing deeply upon the heart and conscience of the world everything we have said about the rulers of Russia. I do not think it is the people, for I think the rulers may well be attempting to frighten their people in this way into believing we are going to attack them—which is, if that is their purpose, the biggest, most outrageous, brutal, and barbarous lie any group of men ever imposed upon those they rule—we are making it crystal clear that there is nothing to this, and no fear of it need be entertained.

I think the restraint which we are showing is best calculated to impress upon the world that we desire peace, that we will do our best in the terrible world in which we live to practice what we preach, and that the rulers of the U.S.S.R. are doing everything to validate what we have been telling the world they really are.

Mr. SPARKMAN. Mr. President, will the Senator yield briefly?

Mr. MANSFIELD. I yield.

Mr. SPARKMAN. Mr. President, I had a comment to add to the thoughts expressed by other Senators in regard to the explosion of a nuclear bomb by the Russians.

I do not think we should be surprised by what has happened. I think we had every reason to expect it. We knew when Russia announced that she was going to resume testing that she was near such a point. We have suspected Russia may have been doing some testing even before now. We know Russia was getting ready for testing, because it takes a considerable time to prepare for a test of a weapon of this nature.

The Senator from New York said something about frightening the people inside Russia, with respect to the danger of war. I think Russia is deliberately attempting to frighten the free world. I think this is part of a scare program centered around the Berlin crisis. Certainly we should not be surprised or allow ourselves to become excited.

CONVERSION OR EXCHANGE OF MATURED SERVICE LIFE INSURANCE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business, which I believe is Calendar No. 557, be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 669, H.R. 856.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 856) to amend section 704 of title 38, United States Code, to permit the conversion or exchange of policies of matured service life insurance to a new modified life plan.

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

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

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

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

The legislative clerk proceeded to call the roll.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

PADRE ISLAND NATIONAL SEASHORE RECREATION AREA GETS STRONG NEW SUPPORT

Mr. YARBOROUGH. Mr. President, more and more people are joining in strong support of my bill, S. 4, to make 88 miles of Padre Island in the Gulf of Mexico a national seashore recreation area, thereby preserving a great natural recreation site for use of all the people.

Two distinguished Texans who have joined in support of the Padre Island bill are Mr. Claude Carter, of Harlingen, Cameron County, former president of the Texas Bar Association, and Mr. Garland Smith, an outstanding lawyer and a civic and business leader, of Weslaco, Hidalgo County, in the Rio Grande Valley. These two gentlemen are leaders of character, integrity, and distinction, known through great areas of Texas.

Mr. Carter and Mr. Smith have assisted the able and distinguished Cameron County Judge Oscar C. Dancy in explaining to the public the importance of the Padre Island bill, not only as a recreational facility, but as a vast strengthening factor to the south Texas area economy.

The 88-mile provision they support is the same as the one included in the bill which was transmitted from the Public Lands Subcommittee to the Senate Interior and Insular Affairs Committee this week.

I request unanimous consent to print in the RECORD the following article which appeared in the Corpus Christi, Tex., Caller on August 25, 1961, under the title "Dancy Supported in Seashore Stand by Two Attorneys."

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

[From the Corpus Christi Caller, Aug. 25, 1961]

DANCY SUPPORTED IN SEASHORE STAND BY TWO ATTORNEYS

BROWNSVILLE.—Two valley attorneys have joined Cameron County Judge Oscar C. Dancy in favoring the 88-mile-long national seashore area proposal for Padre Island. They support Dancy in his statement that its "ridiculous to think the Federal Government will not make provisions for roads in the proposed park area."

In a recent panel discussion, Weslaco attorney, Garland Smith said: "I find it impossible to understand the reasoning of people who say they have to have a commitment for a road from one end of the island to the other. To state there would be no roads would be just like stating that General Motors, when they make another model, are not going to put the motor in the cars.

"There isn't anything pending commercially here that would bring in more business, more money to the Rio Grande Valley, than the Padre Island seashore. I do not know of a single project that is now proposed by any chamber of commerce that would do as much for every town in the valley as the proposed park and yet they come out with these silly things, like roads."

Dancy, during the panel discussion when asked if the Brownsville Chamber of Commerce had changed their stand regarding a demand for road or road easement provisions in the seashore bills pending before Congress, said "They didn't do anything."

Dancy, in recent radio talks, charged the local chamber with "throwing a monkey wrench in the machinery by demanding road provisions." He asked them to change their stand, but to date, the chamber has refused to rescind a 1960 resolution on the matter.

The third member of the panel, Harlingen attorney, Claude Carter said: "I think it would be a tragedy if we passed the Kilgore-Young bill and fail to get the 88-mile road which would give us 7 miles in Cameron County. If we fail to get this seashore area, we must remember that we still have the Padre Island Causeway to pay off, on which we owe $3.75 million. If we get this seashore bill, in accordance with a similar situation in Cape Hatteras, that bridge will be paid for in a few years from the enormous amount of tourist traffic that will flow over the bridge as a result of the seashore."

Smith, a resident of adjacent Hidalgo County, said that even though none of the land was his county, "the better off the taxpayers of Cameron County are the better off we are in Hidalgo County."

Dancy said he will make two radio speeches Saturday and will "talk about the roads on the island."

"I am not too disappointed that the Texas Legislature did not take final action on the Padre Island matter because I am sure they will take care of it in October," Dancy said. "We have had fine cooperation between the State of Texas and the Federal Government and this isn't always the case. We have also had fine cooperation between the two great rival political parties on this and other seashore legislation."

CONVERSION OR EXCHANGE OF MATURED SERVICE LIFE INSURANCE

The Senate resumed the consideration of the bill (H.R. 856) to amend section

704, of title 38, United States Code, to permit the conversion or exchange of policies of matured service life insurance to a new modified life plan, which had been reported from the Committee on Finance, with an amendment, on page 4, after line 8, to insert a new section, as follows:

SEC. 2. (a) Subchapter I of chapter 19 of title 38, United States Code, is amended by adding at the end thereof the following new section:

"§ 725. Limited period for acquiring insurance

"(a)(1) Any person heretofore eligible to apply for participating national service life insurance between October 8, 1940, and April 24, 1951, both dates inclusive, shall, upon application made in writing within two years after January 1, 1962, submission of evidence satisfactory to the Administrator showing such person to be in good health at the time of such application, and payment of the required premiums, be granted insurance under the same terms and conditions as are contained in standard participating policies of national service life insurance.

"(2) All premiums paid and other income received on account of national service life insurance granted under the authority contained in this subsection and on any total disability income provision which may be attached thereto shall be segregated in the national service life insurance fund and, together with interest earned thereon, shall be available for the payment of liabilities under such life and disability insurance.

"(3) Notwithstanding the provisions of section 782 of this title the Administrator shall determine annually the administrative costs which in his judgment are properly allocable to such life and disability insurance and shall thereupon transfer the amount of such costs from any surplus otherwise available for dividends on such life and disability insurance from the national service life insurance fund to the general fund receipts in the Treasury. The Administrator of Veterans' Affairs is directed to submit to the Senate Committee on Finance and the House Committee on Veterans' Affairs, at the end of each fiscal year, a detailed report on additional costs occasioned by issuance of new policies under this section.

"(b) Any person heretofore eligible to apply for insurance under section 620 of the National Service Life Insurance Act of 1940, as amended, or subsection (a) of section 722 of this title, shall, notwithstanding any time limitation for filing application for insurance contained in such sections, upon application made in writing within two years after January 1, 1962, be granted insurance under subsection (a) of section 722 of this title, subject to the other limitations and conditions applicable to such insurance.

"(c) Any person heretofore eligible to apply for insurance under section 621 of the National Service Life Insurance Act of 1940, as amended, shall, upon application in writing made within two years after January 1, 1962, and submission of evidence satisfactory to the Administrator showing such person to be in good health at the time of such application and payment of the required premiums, be granted insurance under subsection (b) of section 723 of this title subject to the limitations and conditions applicable to such insurance, except that (1) until January 1, 1964, limited convertible term insurance may be issued but not renewed after the applicant's fiftieth birthday, and (2) the premiums charged for such insurance and for any total disability income provision which may be attached thereto shall include an additional amount for administrative costs as determined and fixed by the Administrator at the time of issue. The Administrator is authorized to transfer annually an amount representing such administrative costs from the revolving fund to the general fund receipts in the Treasury.

"(d) Notwithstanding the provisions of section 782 of this title, a medical examination when required of an applicant for issuance of insurance under subsection (a) or (c) of this section shall be at his own expense by a duly licensed physician.

"(e) No insurance shall be granted under this section to any person referred to in section 107 of this title."

(b) The analysis of subchapter I of chapter 19 of title 38, United States Code, is amended by adding at the end thereof the following:

"725. Limited period for acquiring insurance."

On page 7, after line 7, to insert a new section, as follows:

SEC. 3. (a) Section 314 of title 38, United States Code, is amended—

(1) by striking out "$19" in subsection (a) and inserting in lieu thereof "$20";

(2) by striking out "$36" in subsection ((b) and inserting in lieu thereof "$38";

(3) by striking out "$55" in subsection (c) and inserting in lieu thereof "$58";

(4) by striking out "$73" in subsection (d) and inserting in lieu thereof "$77";

(5) by striking out "$100" in subsection (e) and inserting in lieu thereof "$106";

(6) by striking out "$120" in subsection (f) and inserting in lieu thereof "$127";

(7) by striking out "$140" in subsection (g) and inserting in lieu thereof "$148";

(8) by striking out "$160" in subsection (h) and inserting in lieu thereof "$169";

(9) by striking out "$179" in subsection (i) and inserting in lieu thereof "$190";

(10) by striking out "$225" in subsection (j) and inserting in lieu thereof "$245";

(11) by striking out "$450" in subsections (k), (o), and (p) and inserting in lieu thereof "$500";

(12) by striking out "$309" in subsection (l) and inserting in lieu thereof "$335";

(13) by striking out "$359" in subsection (m) and inserting in lieu thereof "$385";

(14) by striking out "$401" in subsection (n) and inserting in lieu thereof "$435";

(15) by striking out "$150" in subsection (r) and inserting in lieu thereof "$200"; and

(16) by striking out "$265" in subsection (s) and inserting in lieu thereof "$285".

(b) The Administrator may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85–857 who are not in receipt of compensation pursuant to chapter 11 of title 38, United States Code.

On page 8, after line 24, to insert a new section, as follows:

SEC. 4. (a) Subsection (r) of section 314 of title 38, United States Code, is further amended by striking out "for all periods during which he is not hospitalized at Government expense" and inserting in lieu thereof the following: ", subject to the limitations of section 3203(f) of this title".

(b) Section 3203 of title 38, United States Code, is amended by adding at the end thereof the following:

"(f) Where any veteran in receipt of an aid and attendance allowance described in section 314(r) of this title is hospitalized at Government expense, such allowance shall be discontinued from the first day of the second calendar month which begins after the date of his admission for such hospitalization for so long as such hospitalization continues. In case a veteran covered by this subsection leaves a hospital against medical advice and is thereafter readmitted to hospitalization, such allowance shall be discontinued from the date of such readmission for so long as such hospitalization continues."

And, on page 9, after line 17, to insert a new section, as follows:

SEC. 5. Section 312(4) of title 38, United States Code, is amended by striking out "three" and inserting in lieu thereof "seven".

SEC. 6. Sections 3, 4, and 5 of this Act shall take effect on the first day of the second calendar month which begins after the date of enactment of this Act, but no payments shall be made by reason of such sections for any period before such effective date.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the 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. 856) was read the third time.

Mr. MANSFIELD subsequently said: Mr. President, I ask unanimous consent that the action of the Senate by which Calendar No. 669, H.R. 856, was read the third time be rescinded.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

PAYMENT OF ANNUITIES TO WIDOWS AND DEPENDENTS OF JUDGES OF TAX COURTS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 706, H.R. 4317.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 4317) to amend the Internal Revenue Code for 1954 and incorporate therein provisions for the payment of annuities to widows and certain dependents of the judges of the tax courts of the United States.

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

There being no objection, the Senate proceeded to consider the bill (H.R. 4317) to amend the Internal Revenue Code of 1954 and incorporate therein provisions for the payment of annuities to widows and certain dependents of the judges of the tax courts of the United States, which had been reported from the Committee on Finance, with amendments, on page 13, line 16, after the word "service", to strike out "within the purview of section 3 of the Civil Service Retirement Act (5 U.S.C. 2253)" and insert "performed as a congressional employee (as defined in section 1(c) of the Civil Service Retirement Act (5 U.S.C. 2251 (c))"; in line 22, after the word "service", to strike out "but such annuity, reduced in accordance with subsection (d),

if applicable, shall not exceed 37½ percent of such average annual salary" and insert "but such annuity shall not exceed 37½ percent of such average annual salary and shall be further reduced in accordance with subsection (d), if applicable"; on page 16, afer line 15, to insert a new section, as follows:

SEC. 3. (a) Section 403(b) of the Internal Revenue Code of 1954 (relating to taxability of beneficiaries under annuities purchased by section 501(c)(3) organizations) is amended—

(1) by inserting before the comma at the end of paragraph (1)(A) the following: "or for an employee by an employer which is a public school system"; and

(2) by inserting before the period in the heading of such section the following: "OR PUBLIC SCHOOL SYSTEM".

(b) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1957.

And on page 17, after line 5, to insert a new section, as follows:

SEC. 4. (a) Section 809(d)(6) of the Internal Revenue Code of 1954 (relating to deduction for group life, accident, and health insurance) is amended—

(1) by striking out "group life insurance contracts and group accident and health insurance contracts" and inserting in lieu thereof "accident and health insurance contracts (other than those to which paragraph (5) applies) and group life insurance contracts"; and

(2) by striking out the heading and inserting in lieu thereof "CERTAIN ACCIDENT AND HEALTH INSURANCE AND GROUP LIFE INSURANCE".

(b) Section 815(c)(2)(C) of such Code (relating to policyholders surplus account) is amended by striking out "group life and group accident and health insurance contracts" and inserting in lieu thereof "accident and health insurance and group life insurance contracts".

(c) Section 832(b) of such Code (relating to definitions) is amended—

(1) by striking out paragraph (3) and inserting in lieu thereof the following:

"(3) UNDERWRITING INCOME.—The term 'underwriting' means the premiums earned on insurance contracts during the taxable year less—

"(A) losses incurred and expenses incurred, and

"(B) the allowance for accident and health insurance contracts (determined under paragraph (7))."; and

(2) by adding at the end thereof the following new paragraph:

"(7) ALLOWANCE FOR ACCIDENT AND HEALTH INSURANCE.—The allowance under paragraph (3)(B) for accident and health insurance contracts is an amount equal to 2 percent of the premiums earned for the taxable year attributable to accident and health insurance contracts, except that such allowance for the taxable year and all preceding taxable years shall not exceed an amount equal to 50 percent of the premiums earned for the taxable year attributable to such contracts."

(d) The amendments made by this section shall apply to taxable years beginning after December 31, 1960.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LONG of Louisiana. Mr. President, there have been so many conferences going on all over the floor, while the amendments have been agreed to, that I would raise the question whether the Senate at this time knows upon what it is legislating or to what amendments it has agreed. As one Senator sitting here, I do not know where we are from a parliamentary point of view.

The PRESIDING OFFICER. The Senate has agreed to four committee amendments.

The bill is open to further amendment.

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KERR. What is the calendar number of the pending business?

The PRESIDING OFFICER. Calendar No. 706.

Mr. DOUGLAS. Mr. President, may I inquire as to the status of Calendar No. 557?

The PRESIDING OFFICER. Calendar No. 557 was laid aside temporarily.

The question is now on the passage of Calendar No. 706.

Mr. GORE. Mr. President, while I have no objection to the basic bill now before the Senate, I do have serious reservations about one of the Finance Committee amendments, section 4, which is the substance of the bill S. 397.

This bill H.R. 4317 seeks to provide for the payment of annuities to widows and dependents of judges on the U.S. Tax Court. This is in line with similar provisions affecting the other Federal courts.

This committee amendment, on the other hand, would permit life insurance companies to deduct an amount equal to 2 percent of the premiums from individual accident and health insurance contracts when determining gain or loss from operations for income tax purposes.

Permitting this deduction for income tax purposes can have no justification on its own merits. Indeed, none has been shown. Proponents of the bill allege that a special deduction is allowed for group business, and since there are few essential differences between group and individual business in this field, a similar deduction should be allowed for individual business. Or, as the leadoff witness for the life insurance companies, in testifying before the Finance Committee, expressed it:

> Without going into any details, this 2-percent deduction would equalize the individual policy as against the group policy.

This is neither a true statement nor a valid argument.

Clearly, the risk undertaken by the writer of individual health and accident policies is not nearly so great as the risk undertaken by the writer of group policies. The company writing a group policy for a large industrial concern, such as the plant in Texas where an explosion resulted in the loss of several hundred lives, could, conceivably, be bankrupt by a single occurrence. The possibility of such a catastrophe or disaster affecting this many holders of individual policies written by a single life insurance company is highly unlikely.

It has never been shown, however, that this 2-percent deduction was justified, even for group business. Risk is properly diversified, where circumstances so warrant, by reinsurance. Furthermore, I am unaware of any principle of taxation or of life insurance underwriting which provides for diversification of risk through such a direct reduction of taxes on net profits.

It has been argued by those in favor of this provision that many small companies have achieved a high-risk position in writing individual health and accident business merely as a result of the successful operations of a single agent in a single community. Where such a situation has resulted from the voluntary actions of the company, it would seem that reinsurance would be dictated by prudent management.

It is difficult to imagine that the cumulative risk voluntarily assumed by companies handling individual policies is sufficiently great to warrant a special tax concession. Even should the risk be great, it is impossible for me to see how a tax concession would be appropriate as a compensation for this voluntary risk taking. As a witness before the committee pointed out, "Considerations of prudent management, State supervision, and available reinsurance procedures would appear to place the writing of individual accident and health policies on a sound actuarial basis within the capacity of the individual company."

From another point of view, this provision is not an "equalizer." No similar deduction is allowed casualty companies when they write either group or individual health and accident business. Permitting life companies a 2-percent allowance based on premium receipts on individual health and accident business would, then, create still another favoritism, and instance of unequal tax treatment as between competing companies. Some of these casualty companies are also quite small and write a fairly concentrated business. Clearly, the proposed deduction would result in highly selective benefits, depending upon the extent of a particular life company's activity in the individual health and accident field. Thus the proposed amendment would perpetrate another inequity in our tax laws while seeking to alleviate an alleged existing one.

Whether or not the risks undertaken by two companies, the one writing individual health and accident policies and the other writing group policies, are equal is peripheral to the discussion. Although the committee claims that this amendment, providing for the deduction of 2 percent of premiums on individual health and accident insurance by life insurance companies in determining their gain or loss from operations, is necessary in view of a similar deduction in the Life Insurance Company Income Tax Act of 1959 for premiums on group health and accident business, in my view there is no valid reason for allowing the 2-percent deduction in the case of either group or individual business.

The Finance Committee, as it has so often done in the past when presented with an instance of unequal tax treatment, has chosen to equalize through liberalization rather than to pursue the more painstaking path of examining the justification for the bellwether provision.

Justification of an additional favoritism because of the existence of another cannot be a sound argument. Two steps taken in the wrong direction are, obviously, not the same as one step along the right path.

In a quest for fairness and equity in the tax laws, it seems to me that the Finance Committee should consider the removal of a special privilege as a means toward equalization where unequal treatment now exists. The action of the committee in adopting this amendment has resulted only in a recommendation for the creation of two inequities, as against the taxpaying public, where only one existed before. I do not believe this to be a salutary process.

Life insurance companies have shown no need for tax relief. Passage of this measure is not sought on the basis of need or relief of undue hardship. As an industry, life insurance companies are among the more lightly taxed. An additional tax cut does not seem justified.

The revenue lost to the Government by the enactment of this measure, although not large by some standards, could certainly be used to good advantage. Funds are required now for the buildup of our military forces, for economic and technical aid to underdeveloped countries, for the exploration of space, and for scientific research in the laboratory.

The creation of unnecessary tax loopholes was never wise; today, such a practice is indefensible from any viewpoint.

I do not consider the proposed legislation to be a major measure and, therefore, on Friday afternoon before Labor Day I shall not ask for a yea-and-nay vote. I do point out the inadvisability of this measure and the undeserved character of the tax relief provided.

Mr. KERR. Mr. President, I ask unanimous consent that a statement with reference to H.R. 4317 as reported by the Committee on Finance be printed at this point in the RECORD.

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

H.R. 4317: ANNUITIES FOR WIDOWS OF JUDGES OF THE TAX COURT

H.R. 4317 provides a survivor annuity system for widows and dependent children of Tax Court judges. As amended by the Committee on Finance, it is in all substantial respects identical to the survivor annuity system Congress provided for Federal judges in 1956. The maximum benefit to a widow of a Tax Court judge under the bill is $8,437.50 per year (based on 30 years' service at $22,500). The maximum additional benefit for dependent children is $360 per child with an overall limitation of $900. To qualify for this maximum benefit the judge will have to make contributions of 3 percent of his salary for 30 years or a total of $20,250.

Under the bill the judge must have at least 5 years of covered service to qualify for survivor benefits. Widows will receive annuities starting at age 50 unless there are dependent children, in which case benefits will begin immediately. A widow's benefit will terminate on her death or remarriage, and children's benefits will terminate on death, marriage, or attaining age 18.

H.R. 4317, as passed by the House, would have provided survivors of Tax Court judges somewhat greater annuities than widows of Federal judges get under the 1956 law. Your committee believed there was no justification for this difference and the House-passed bill was amended in two respects to conform its benefit formula to the formula in the 1956 law.

The Committee on Finance also added two new provisions to the House bill. The first insures that amounts contributed by a State or local government toward the purchase price of an annuity for an employee of a public school system will qualify for the 20 percent exclusion allowed by section 403(b) of the Internal Revenue Code in the same manner and to the same extent as if the annuity were purchased for an employee of an organization described in section 501(c)(3), relating to educational, charitable and religious organizations. Under present interpretation, employees of public schools are taxed currently on employer contributions toward an annuity contract while employees of private schools are not. This comes about because public schools are not "organizations described in section 501 (c)(3)." Your committee felt it was unreasonable to require public schools to make application for exemption from tax under a particular section of the law when the Federal Government has no power under the Constitution to tax such activities in the first place. This committee amendment clarifies present practice by treating public school employees in the same manner as private school employees are treated for purposes of section 403(b). This clarifying amendment will apply to 1958 and subsequent years, the same as the effective date of section 403(b).

The other provision added to the House bill your committee broadens in two respects the deduction of 2 percent of premiums attributable to group accident and health insurance contracts now allowed life insurance companies for purposes of the phase 2 tax or underwriting income. First, the deduction is extended to individual accident and health policies written in 1961 and thereafter. This will be of special benefit to smaller life insurance companies which ordinarily do not write substantial group contracts but which may be active in the market for individual accident and health policies where risks frequently are greater. Second, your committee has eliminated any competitive advantage this 2-percent deduction has given life insurance companies over casualty companies writing similar policies by providing that it is to be available to casualty companies with respect to accident and health policies written by them in 1961 and thereafter. Mutual casualty insurance companies, however, will receive no tax benefit from this new deduction because it is an adjustment in determining underwriting income and under existing law mutual insurance companies are not taxed on their underwriting income. However, if they become taxable on their underwriting income as the President recommends, they would benefit from this 2-percent deduction.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H R. 4317) was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended, so as to read: "An Act to amend the Internal Revenue Code of 1954 and to incorporate therein provisions for the payment of annuities to widows and certain dependents of the judges of the Tax Court of the United States, and for other purposes."

Mr. KERR. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PAYMENT OF DIVIDENDS UNDER NATIONAL SERVICE LIFE INSURANCE ACT OF 1940

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 458, H.R. 5439.

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

The LEGISLATIVE CLERK. A bill (H.R. 4539) to amend section 723 of title 38, United States Code, to provide for immediate payment of dividends on insurance heretofore issued under section 621 of the National Service Life Insurance Act of 1940.

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.

Mr. KERR. Mr. President, I ask unanimous consent that a statement with reference to H.R. 4539 as approved by the Senate Committee on Finance be printed at this point in the RECORD.

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

STATEMENT ON H.R. 4539

The general purpose of the bill is to provide, under certain conditions, for the payment in cash of one special dividend on policies of insurance issued originally between April 25, 1951, and January 1, 1957, under section 621 of the National Service Life Insurance Act of 1940 (NSLI Act), to persons who applied therefor within 120 days after release from active duty (most of whom are Korean conflict veterans). Dividends are not now payable on such insurance.

The 5-year term insurance issued under section 621 of the NSLI Act was originally nonconvertible (could not be converted to permanent plan insurance), and nonparticipating (no dividends are payable thereon.) The premium rates for this insurance are based on the Commissioners 1941 Standard Ordinary Table of Mortality and interest at the rate of 2¼ percent per annum. These premiums have resulted in a surplus in the revolving fund of about $60 million which is growing at the rate of $6 to $7 million yearly. It is this surplus which the special dividend is intended to reduce.

The bill would require the Administrator to determine the administrative cost to the Veterans' Administration of paying the special dividend and transfer the amount thereof from the surplus in the revolving fund to the appropriations, "General operating expenses, Veterans' Administration." Also, future surpluses arising in the revolving fund in excess of the actuarial liabilities of the fund, including contingency reserves, are to be transferred from time to time to the general fund receipts in the Treasury.

There is no legal entitlement in the policyholders to the surplus that has accrued in the revolving fund because under the terms of the statute the contract provides that the insurance shall be nonparticipating. However, as pointed out above, the insureds have paid considerably higher premiums than necessary. Accordingly, as a matter of

equity it is reasonable for the Congress to distribute this surplus under the conditions generally proposed. The Veterans' Administration recommends favorably consideration of the bill by your committee.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, was read the third time, and passed.

Mr. KERR. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CONVERSION OR EXCHANGE OF MATURED SERVICE LIFE INSURANCE

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of Calendar No. 669, H.R. 856.

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

The LEGISLATIVE CLERK. A bill (H.R. 856) to amend section 704 of title 38, United States Code, to permit the conversion or exchange of policies of matured service life insurance to a new modified life plan.

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

The motion was agreed to, and the Senate resumed the consideration of the bill.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MORTON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORTON. Mr. President, have the committee amendments already been agreed to?

The PRESIDING OFFICER. The committee amendments have been agreed to.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the action by which the committee amendments were agreed to be rescinded.

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

Mr. MORTON. Mr. President, I do not know what parliamentary procedure to follow, but I suggest that the two committee amendments be treated separately. Such action will serve the purpose of the amendment which I offered to the bill to strike section 2, the national service life insurance amendment.

I should like to make clear that I have no quarrel with the national service life insurance amendment. The Senate has passed it on five separate occasions. It has passed it as an amendment on a bill which the House passed at this session and which now lies on the desk of the Speaker of the House. It has been made clear that the House will not take action at this session on any bill containing that amendment.

I know the sincerity and deep feeling that my friend and colleague the Senator from Louisiana [Mr. LONG] has on this subject. He is indeed anxious to have the House consider this proposal, which has passed the Senate five times. On one occasion as many as 70 Senators sponsored the bill. I think, if I am not mistaken, the bill passed unanimously in this body. Nevertheless, if we are to get any cost-of-living increase for the service-connected disabled veterans of this Nation at this session of Congress, we shall have to separate this increased compensation provision from the national service life insurance program and the reopening of that program. The two are not connected. The two cover different areas of benefit to our servicemen, and I for one am not willing to go home and not give a deserved cost-of-living increase to the disabled veterans of this Nation merely because we have hit a parliamentary hassle between the two bodies of Congress.

I therefore hope that the Senate will consider separately the two committee amendments: one, section 2; the other, section 3. If they cannot be voted on separately, I will offer an amendment, which was jointly submitted by me and the Senator from Delaware [Mr. WILLIAMS] on the 18th of this month, known as 8–18–61—A, which, on page 4, beginning with line 9, would strike out all of section 2, and then renumber sections 3 through 6 as sections 2 through 5, respectively.

The PRESIDING OFFICER. The Chair informs the Senator that the amendments can be voted on separately.

Mr. MORTON. In that case, Mr. President, I ask that they be voted on separately.

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

Mr. MORTON. I yield.

Mr. SCOTT. I understand what the Senator from Kentucky seeks to do is supported by the Disabled Veterans of America and by other veterans' organizations. Is that correct?

Mr. MORTON. It is supported by the Disabled American Veterans, the Veterans of Foreign Wars, and by the AMVETS. They have no objection to the national service life insurance program, and to giving our veterans an opportunity to enter that program, but they realize that unless we break this logjam, which has developed between the view of the House Veterans' Affairs Committee and the view of the Senate, there will be no legislation to benefit the disabled veterans who have service-connected disabilities. We will not have an opportunity to do anything for them at this session.

Mr. SCOTT. I commend the distinguished Senator for his constant and continuing interest in veteran and other programs. I hope the proposal of the Senator from Kentucky will be adopted.

Mr. LONG of Louisiana. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG of Louisiana. I am perfectly willing to have the matter come to a vote, and it does not make too much difference to me whether it comes on the Senator's motion to strike or on the so-called national service life insurance amendment. I do wish to discuss the matter, however, before a vote on it is reached. I should like to pose a parliamentary inquiry. On what basis is this question coming to a vote? Is it coming to a vote on the amendment itself or on the motion to strike? Either one would be satisfactory to me.

Mr. MORTON. Since the Chair has announced that the amendments can be voted on separately, I suggest that we do that.

The PRESIDING OFFICER. The question is on inserting a new section 2.

Mr. LONG of Louisiana. Can there be a vote on the national service life insurance amendment?

Mr. MORTON. That is agreeable to me.

Mr. LONG of Louisiana. I ask unanimous consent that the committee amendment with the exception of sections dealing with national service life insurance, be agreed to, and that the Senate then proceed to vote, when discussion has been concluded, on the national service life insurance portion, which I shall discuss.

Mr. MORTON. That is section 2. We can vote on section 2. According to the Senator's request, section 3, which is the other amendment, stays in the bill.

Mr. LONG of Louisiana. That is correct.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The portion of the committee amendment agreed to is as follows:

SEC. 3. (a) Section 314 of title 38, United States Code, is amended—

(1) by striking out "$19" in subsection (a) and inserting in lieu thereof "$20";

(2) by striking out "$36" in subsection (b) and inserting in lieu thereof "$38";

(3) by striking out "$55" in subsection (c) and inserting in lieu thereof "$58";

(4) by striking out "$73" in subsection (d) and inserting in lieu thereof "$77";

(5) by striking out "$100" in subsection (e) and inserting in lieu thereof "$106";

(6) by striking out "$120" in subsection (f) and inserting in lieu thereof "$127";

(7) by striking out "$140" in subsection (g) and inserting in lieu thereof "$148";

(8) by striking out "$160" in subsection (h) and inserting in lieu thereof "$169";

(9) by striking out "$179" in subsection (i) and inserting in lieu thereof "$190";

(10) by striking out "$225" in subsection (j) and inserting in lieu thereof "$245";

(11) by striking out "$450" in subsections (k), (o), and (p) and inserting in lieu thereof "$500";

(12) by striking out "$309" in subsection (l) and inserting in lieu thereof "$335";

(13) by striking out "$359" in subsection (m) and inserting in lieu thereof "$385";

(14) by striking out "$401" in subsection (n) and inserting in lieu thereof "$435";

(15) by striking out "$150" in subsection (r) and inserting in lieu thereof "$200"; and

(16) by striking out "$265" in subsection (s) and inserting in lieu thereof "$285".

(b) The Administrator may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85–857 who are not in receipt of compensation pursuant to chapter 11 of title 38, United States Code.

SEC. 4. (a) Subsection (r) of section 314 of title 38, United States Code, is further amended by striking out "for all periods

during which he is not hospitalized at Government expense" and inserting in lieu thereof the following:

", subject to the limitations of section 3203(f) of this title:.

(b) Section 3203 of title 38, United States Code, is amended by adding at the end thereof the following:

"(f) Where any veteran in receipt of an aid and attendance allowance described in section 314(r) of this title is hospitalized at Government expense, such allowance shall be discontinued from the first day of the second calendar month which begins after the date of his admission for such hospitalization for so long as such hospitalization continues. In case a veteran covered by this subsection leaves a hospital against medical advice and is thereafter readmitted to hospitalization, such allowance shall be discontinued from the date of such readmission for so long as such hospitalization continues."

SEC. 5. Section 312(4) of title 38, United States Code, is amended by striking out "three" and inserting in lieu thereof "seven".

SEC. 6. Sections 3, 4, and 5 of this Act shall take effect on the first day of the second calendar month which begins after the date of enactment of this Act, but no payments shall be made by reason of such sections for any period before such effective date.

Mr. MORTON. What we have agreed to leave in the bill as an amendment, and which has already passed the House, is a very modest increase for our disabled veterans.

In the lower sections it amounts to changing the amount from $19 to $20; then from $36 to $38; from $55 to $58; from $73 to $77; from $100 to $106; from $120 to $127; from $140 to $148; and so on.

These are modest increases. There has been no change in the compensation since 1957.

I am sure we all agree that these modest increases in compensation to our service-connected disabled veterans are justified and long overdue.

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

Mr. MORTON. I yield.

Mr. DIRKSEN. I understand that the total amount involved is roughly $88 million and that it has Budget approval. Is that correct?

Mr. MORTON. The Budget approval was for a slightly lower amount. This amount is what passed the House, which is in the neighborhood of $88 million. The point I make is that we are in agreement. We passed unanimously the national service life insurance amendment, which is of interest to many of us. However, we are not going to get the benefits for the disabled veterans if we include the national service life insurance amendment in the bill. That amendment is now in the House of Representatives, on the Speaker's desk. Any Member who has supported the national service life insurance amendment on the other bill can easily vote to strike it from this bill, because that provision is now on the Speaker's desk. If the House sees fit to act on it, it will act on it. However, the House has indicated to us that it may not act on it. Therefore, why jeopardize compensation to our disabled veterans by insisting on including the national service life insurance amendment in the pending bill?

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

Mr. MORTON. I yield.

Mr. JAVITS. I should like to ask the Senator if a vote of "no" would mean that the Senator's position would be sustained, because the vote would be on the committee amendment.

Mr. MORTON. That is correct.

Mr. JAVITS. The Senator is not offering an amendment of his own, is he?

Mr. MORTON. No. If we want to get any increased compensation for our disabled veterans, we must vote "no."

Mr. JAVITS. I am in favor of the proposal, and have so written many veterans on this subject. However, I appreciate the position of the Senator. As is always true in the Senate, we must depend on one of our colleagues in the Senate, like the Senator from Kentucky in this instance, or as in other cases, on my colleague from New York [Mr. KEATING], or on myself, to alert us in connection with a situation of which a colleague in the Senate has special knowledge. I am grateful to the Senator from Kentucky for alerting us on this matter.

Mr. MORTON. I thank the Senator.

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

Mr. MORTON. I yield.

Mr. KEATING. I should like to ask the Senator if the other bill which we passed, and which I supported—and my position has been to give veterans a further opportunity to apply for insurance—was limited solely to the insurance proposition.

Mr. MORTON. No; it contained increased compensation for disabled veterans, but in a somewhat lower amount. After the House passed the bill for compensation to disabled veterans, our committee slightly added to it and added the national service life insurance provision as a committee amendment. The Senate passed the bill unanimously and sent it back to the House. It is now on the Speaker's desk. The chairman of the Veterans' Affairs Committee of the House has indicated that so long as the national service life insurance amendment is in the bill the House will not take it up. Now we have put in the pending bill the identical increments in the compensation for service-connected disabled veterans which are in the House-passed bill.

Mr. KEATING. The pending bill is a House bill.

Mr. MORTON. It is a House bill. It is also an insurance bill.

Mr. KEATING. But the House sent another bill to us; is that correct?

Mr. MORTON. Yes; to which we attached the pending bill including the national service life insurance feature. It is a House-passed bill, which passed the House unanimously. Contained in the House bill was the substance of section 1, which deals with term insurance. We added two amendments to it in committee, one dealing with national service life insurance, which we had already passed a few weeks ago, which the House will not touch; and we also added increased compensation for disabled veterans.

My point is that if we strike section 2 from the bill, we shall have a bill which is exactly, word for word, the same as the bills that have passed the House unanimously. Therefore, there will be no question of a conference. We have every reason to expect that the House will pass it, and that it will be signed into law. Then we shall have done something. We shall have taken a modest step toward giving a cost-of-living increase to our disabled veterans.

Mr. LONG of Louisiana. I ask for the yeas and nays on the amendment.

The yeas and nays were not ordered.

Mr. KERR. 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.

Mr. LONG of Louisiana. Mr. President, I shall have to insist that a quorum be present.

Mr. MANSFIELD. Mr. President, I withdraw my request.

The PRESIDING OFFICER. The clerk will resume the call of the roll.

The legislative clerk resumed the call of the roll, and the following Senators answered to their names:

[No. 181]

Aiken	Humphrey	Randolph
Case, S. Dak.	Javits	Schoeppel
Church	Keating	Scott
Curtis	Kerr	Talmadge
Douglas	Kuchel	Thurmond
Dworshak	Long, La.	Wiley
Engle	Mansfield	Williams, N.J.
Gore	McNamara	Williams, Del.
Hart	Morton	Young, Ohio
Holland	Pell	

The PRESIDING OFFICER. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. ALLOTT, Mr. BARTLETT, Mr. BIBLE, Mr. BURDICK, Mr. BYRD of West Virginia, Mr. CANNON, Mr. CAPEHART, Mr. CARROLL, Mr. CASE of New Jersey, Mr. CLARK, Mr. DIRKSEN, Mr. DODD, Mr. ELLENDER, Mr. ERVIN, Mr. FONG, Mr. GOLDWATER, Mr. GRUENING, Mr. HARTKE, Mr. HAYDEN, Mr. HICKENLOOPER, Mr. HICKEY, Mr. HILL, Mr. JACKSON, Mr. JOHNSTON, Mr. JORDAN, Mr. LONG of Missouri, Mr. LONG of Hawaii, Mr. MCGEE, Mr. METCALF, Mr. MILLER, Mr. MUNDT, Mr. MUSKIE, Mrs. NEUBERGER, Mr. PASTORE, Mr. PROXMIRE, Mr. ROBERTSON, Mrs. SMITH of Maine, Mr. SPARKMAN, Mr. STENNIS, Mr. TOWER, and Mr. YARBOROUGH, entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the committee amendment inserting section 2.

Mr. LONG of Louisiana. Mr. President, I ask for the yeas and nays on the committee amendment.

The yeas and nays were ordered.

Mr. LONG of Louisiana. Mr. President, I hope Senators will remain long enough to hear what this vote is all about, because, in my opinion, this will be one of the most important votes cast in this Congress. The issue involved on this particular question is much more important than the substantive legislative proposal which we are considering.

Here is the problem we face. The Senate Committee on Finance has a number of times recommended to the Senate, and the Senate has a number of times passed by unanimous vote, the proposal that veterans of World War II and the Korean war be offered an opportunity to take out national service life insurance.

In view of the unanimous votes that have repeatedly occurred in the Senate, it might sound as though this is not a controversial measure. Yet, it is a very controversial measure. Most Senators have received a great volume of mail, generated by insurance companies and insurance salesmen, demanding either that they withdraw their sponsorship of this legislation or that they vote against it.

Not a single Member of this body has yet opposed a measure of this nature on its merits. There is one Member who, I assume, will vote against it at this time on its merits, but up to this time there has not been a single Member of this body who has taken the floor to speak or vote against the measure, a similar bill having previously been passed by a vote of 75 to 0. Senators have had as many as 75 letters a day, urging them to back off. They have not done so, notwithstanding the great amount of mail generated by insurance salesmen.

On the other hand, on the House side, the rules of the House are such that it is possible for a committee chairman to prevent a measure that has been passed unanimously by the Senate from ever coming to a vote in the House of Representatives; and that is what has been happening with regard to this particular measure.

This year the chairman of the House committee wrote the Senate. I put his letter in the RECORD a few days ago. He said that if we are going to pass a measure of this sort we should hold hearings.

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

Mr. LONG of Louisiana. I yield.

Mr. GORE. Mr. President, I insist that there be order in the Chamber.

The PRESIDING OFFICER. There will be order.

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

Mr. LONG of Louisiana. I yield.

Mr. GORE. Will the Senator indicate to the Senate to whom the letter was addressed?

Mr. LONG of Louisiana. It was a letter addressed by the chairman of the House Veterans' Affairs Committee to the chairman of the Senate Committee on Finance, the gentleman from Virginia [Mr. BYRD].

I put this letter in the RECORD with the consent of both chairmen. As a matter of fact, I understand the chairman of the House Veterans' Affairs Committee said he would like to have this letter made a matter of record. Here is what he proposed as of March 6, this year:

> It seems to me that a matter of this importance should be handled in the normal legislative way; that is, that hearings should be held and the matter should be considered on its merits rather than placed as a rider on a bill which is not related to the subject under discussion.

I feel that the amendment is relevant to this bill. Even if it were not, it was my impression, and it is still my impression, that one Member of one House does not have the right to tell the other House how it must legislate. When the Senate passes a bill and sends it to the House, or the House passes a bill and sends it to the Senate, it is entirely within the control of the House possessing the bill and papers to act in any fashion that it cares to act.

The chairman of the committee went on to say:

> As you know, this has happened each time that the so-called Long amendment has passed the Senate. It has never been the subject of hearings—

Once again, a House Member tells the Senate how it should act. In this case, hearings have been held by the Senate Committee on Finance—

> and it has never been a subject which has been debated or considered on its merits alone.

The reason that it has never been debated on the negative side is that it has passed unanimously each time it has come up. Therefore, there has been debate on only one side of the issue, because no one has taken the negative side of the question.

The chairman goes on:

> I am writing with all due respect and in no effort whatsoever to influence or suggest the course of action which you or your committee should follow, but nevertheless to express the hope that the substance of the Long amendment—

That is an amendment which I offered for myself and 29 other Senators—

> will not be added to H.R. 856, or to any other bill which the Committee on Veterans' Affairs has reported and sent to the Committee on Finance for consideraion. If this occurs I feel that I must say that I will be constrained to object on that ground alone and I will not take the matter up or ask for a conference between the two Houses if an amendment is added containing the Long proposal. I say this with all due respect for you and your great committee.

What does that mean? In the first place, we are being told by a House chairman how we should legislate—that we will have to conduct hearings, and that we must not offer amendments unless they are relevant—and that even if we do so, he is not going to submit the measure to conference, although it was passed in the Senate by unanimous vote.

What was the attitude of the Senate Committee on Finance on this question? Here is a committee of the Senate which is bound, by the Constitution, not to originate revenue bills, but it is a committee which must consider major revenue bills, tax measures, and tariff measures, which generate revenues.

If we are to accept this type of mandate, it is tantamount to saying the House chairman can tell the Senate, in advance, that it cannot legislate at all, that we are to conduct hearings, and, that even if we do all these things, the measure will still not be considered, and will not be accorded the courtesy of a conference.

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

Mr. LONG of Louisiana. I yield.

Mr. ERVIN. Am I correct in my understanding that the Senator from Louisiana has pointed out that the writer of this letter said he was not making any suggestions? Am I to understand that the Senator from Louisiana agrees with that interpretation and says this is not a suggestion, but a threat?

Mr. LONG of Louisiana. It is a mandate.

What is the attitude of the Senate Committee on Finance on this question? Well, the Senate committee agreed with my argument that a single Member of the House cannot veto Senate-passed legislation in advance, without the matter having been considered by the House itself; that the Senate is entitled to amend important bills that come from the House. That is particularly true of a committee which is bound by the Constitution not to originate legislation of a revenue nature. In a great number of cases the only way we can legislate on such measures is to amend bills. When we are told in advance that we will not be permitted the courtesy of a conference, and that the House will not be permitted to act on the bill, that is tantamount to a single Member of the House having vetoed in advance Senate-passed legislation.

What will it mean if we agree to this? It will mean that in advance a House committee chairman—whether it is the chairman of the Veterans' Affairs Committee or the chairman of the powerful Ways and Means Committee or any other chairman—can tell us, "If you see fit to put an amendment on a bill passed by the House and sent to the Senate, it will not be considered. It is like saying: "You must not legislate."

I think one of the most valuable rights which exists in this democracy is the right of any group to have its case heard on the floor of the Senate, even if the case is urged by a single Senator, even if the Senator has to fight the committee. If the Senate agrees with the Senator's position, it then becomes the position of the U.S. Senate and it is no longer the position of an individual Senator.

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

Mr. LONG of Louisiana. I yield.

Mr. TALMADGE. Is it not true that the Congress of the United States, by a two-thirds vote, can override even the wishes of the President of the United States, if he should veto legislation?

Mr. LONG of Louisiana. Yes.

Mr. TALMADGE. Does the Senator think that one Member of Congress, one Member of the House of Representa-

tives, who happens to be the chairman of a committee, ought to assume a greater power than the President of the United States could exercise when it involves legislation?

Mr. LONG of Louisiana. It does not seem right to me. I suspect that this particular measure would be a subject on which the President's veto might very well be overridden, because it is extremely popular with veterans. Potentially its passage could benefit 16 million veterans.

If we agree to this type of procedure, then we are agreeing in advance that a Member of the House, a single Member, a chairman of a committee, can veto Senate action before the Senate acts. We can bend our knee if we wish to bend our knee. We can foreclose the right of a Senator to stand on this floor, to carry his point, and to have his point considered in conference. We can foreclose the right of a Senator to fight a conference report because the Senate conferees yielded too easily.

I have exercised that right myself, on occasion. So has the Senator from Illinois. So has the Senator from Delaware. Many other Senators have fought to maintain their positions on this floor. Occasionally they have been successful in opposing conference reports. The Senator from Tennessee [Mr. GORE] did that with respect to the atomic energy bill.

We can foreclose and surrender our rights. We can be bullied. We can back down if we wish to. I say if we are going to yield to the chairman of the House Veterans' Affairs Committee this easily, before the second shot is ever fired, then it will take the House or President Kennedy to save us from Khrushchev, because if we will not stand up to a single Member of the House, I do not think a majority here will be able to stand up to Khrushchev.

The threat has been handed to us. We have been told that we shall not be permitted to legislate. We have been told that we shall not be permitted a conference.

The Senate Committee on Finance agreed to stand up as a group of men and say, "If that is how it is to be, we propose to amend a number of major measures. We will amend the veterans' pension bill and the life insurance conversion bill and roll those bills up into one big package and send it to the House, and then stand pat to see what happens. We stand ready to talk about it, and we request conference."

The day the house is permitted to debate and vote on the measure I shall be willing to accept the mandate of the House. But I am not willing to bow down to a single House Member or to urge the Senate to bend its knee to a single House Member, when the Senate is unanimous.

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

Mr. LONG of Louisiana. I yield.

Mr. ROBERTSON. I fully agree with the Senator's position in respect to bowing down to a single Member. That is not the position the House took when one Member of this body objected to the House language in a Post Office Department appropriation bill last year, which language would have authorized the free delivery of unaddressed mail in the big cities. The House then took the position that only one Member of the Senate was opposed, and that the House should not yield to him.

Will the Senator, before he concludes his remarks, give us an explanation of a statement in the report which implies there is not the objection of only one Member. The statement appears on page 12. It is the statement of J. S. Gleason, Jr., Administrator of the Veterans' Administration.

> I do not recommend favorable consideration of the proposed legislation by your committee.

The reference is to the Senator's amendment.

> The Bureau of the Budget advises that it strongly recommends against enactment of the bill and that there is no objection to the submission of this report to your committee.

We do not have before us any hearings, but we have the statement of the Veterans' Administration and of the Bureau of the Budget that they are both very strongly opposed to the proposal. I should like for the Senator to explain that to the Senate.

Mr. LONG of Louisiana. Here are the Senate hearings, for the benefit of the Senator.

The Bureau of the Budget has consistently been against this proposal. It has consistently taken the attitude which the insurance companies have taken in respect to it.

I doubt very much that the Bureau of the Budget is speaking for the administration, because President Kennedy was a sponsor of this bill no later than last year. I doubt very much that the President of the United States has any enthusiasm for defeating a bill which he favored, to the extent of placing his name on it as a cosponsor. He also voted for the bill when he was in the Senate.

I have seen such incidents occur before. I have seen the Bureau of the Budget come to the Congress to say that something was not in accord with the policy of the President, and I have seen the President veto the bill although he was supposed to be in favor of it. I have seen this work in both ways.

In my judgment, there is no doubt that the President would sign the measure if it went to his desk.

The Senate has unanimously passed the measure a number of times, and so has the committee, although it recognized that the Veterans' Administration and the Bureau of the Budget did not support it.

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

Mr. LONG of Louisiana. I yield.

Mr. GORE. As the able Senator knows, the junior Senator from Tennessee has had the honor and opportunity to serve in both Houses of the Congress. Throughout the history of this country it has been necessary for both Houses to observe rules of comity. When such situations as this have occurred before, to such an extremity, it has upon occasion become necessary for the leadership of the two Houses to meet to preserve comity between the two Houses of Congress.

I respectfully suggest that this is an extreme situation. There is extreme provocation. I join with the distinguished junior Senator from Louisiana in a rejection of an attempt to dictate to the Senate how it shall legislate and upon what it shall legislate, with a refusal to consider the recommendation of the Senate.

I respectfully suggest that the Senator has made his point. The Senator has made his case. We can have a yea and nay vote. If the attitude continues, the Vice President, the majority leader, and the minority leader can call upon the leadership of the other body to see that comity between the two Houses is preserved.

Mr. LONG of Louisiana. The Senator is correct. Furthermore, the Senator has not mentioned the President of the United States. Why should we be so terrified and run for fear of a legislative logjam, and why should we fear an impasse? So far we have not given the President an opportunity to demonstrate how he feels should he exercise his leadership in this field. The President has demonstrated he is capable of leading this country and the Congress. He has exercised considerable leadership upon the Congress.

If we are going to retreat, we do not have to do so yet. We can stand our ground for quite a while, with honor, to see exactly how far the House insists on going and how far a single Member insists on going, and how far the veterans' organizations propose to retreat.

Frankly, the veterans' organizations have been told, by memorandums sent to them by the House Veterans' Affairs Committee, that there is no chance for the legislation, that it will not be considered, that it will not be permitted to come to a vote, and that it could not pass if it did.

All I say is, "Let the House vote on it. Let the House do what it wishes. Let there be done in the House what any Senator can do, which is to make a position clear, to make an argument, to have a vote when Members understand the issue.

A Senator can argue his side of the case. If a majority agrees with him, he will prevail.

Incidentally, this outstanding and powerful chairman is one of those who voted to liberalize the Rules Committee of the House, so that the administration's program would have a better opportunity to be presented and voted upon. If that is to be the case, why not let the Senate's position be considered and voted upon?

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

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. Turning from procedure to substance, is it not true that the amendment of the Senator from Louisiana provides there will be no ultimate net cost to the Government?

Mr. LONG of Louisiana. It could cost about $125,000 per year, because of coverage of certain persons who are insurable, although they are not as good a

risk as they would be had they not incurred some service-connected disability.

For the benefit of the service-connected disabled, there could be some small cost. However, the so-called cost of $7 million a year indicated in some letters is only illusory, because that is a cost to be paid by the veterans themselves as a part of the premiums on the insurance.

Mr. DOUGLAS. In other words, the administrative costs would be provided by the veterans and not by the Government.

Mr. LONG of Louisiana. Yes; 99 percent of such costs.

Mr. CURTIS. Mr. President, I am very desirous to see the second amendment adopted by the Committee on Finance passed by the Senate and become law. It has been agreed to before. I understand that the Senate had agreed to it earlier today.

The point is that if the Senate agrees to the first amendment, which relates to section 2, as offered by the distinguished Senator from Louisiana [Mr. LONG], it is my opinion that this very urgent section, which provides an increase in compensation for service-connected disabled veterans, will not become law.

I commend the distinguished Senator from Kentucky [Mr. MORTON]. He has consistently supported this measure. He has today stated his position on the floor of the Senate. He offered the amendment for increased compensation to disabled veterans in the Committee on Finance and the amendment was accepted.

Today we are faced with the wisdom of joining or not joining two different propositions. The question is not whether one agrees with the amendment to open up national service life insurance to more veterans, as proposed by the distinguished Senator from Louisiana [Mr. LONG]. I happen to be opposed to the Long amendment. I have always voted against it in committee. I have never voted for it in the Senate. I have had printed in the RECORD statements in opposition to the amendment. But that is beside the point. I am in the minority. The Senate has repeatedly agreed to the Long amendment. But we are faced with a legislative logjam. For a period of years, going back many years, the House Committee on Veterans' Affairs has taken a position against the opening up of national service life insurance along the lines proposed by the distinguished Senator from Louisiana.

The chairman of the House committee is not speaking his own opinion only. He is repeating the position taken through the years by the House committee.

The Senate has already passed the Long amendment. It is on the Speaker's desk. If we want a meeting of the leadership to iron out questions of comity, the leadership can do so on legislation that has already passed.

We are faced not with a theory, but with a practical situation. Will Congress adjourn without enacting into law a measure to increase the compensation of service-connected disabled veterans or not? In my opinion, we should follow the course proposed by the Senator from Kentucky. Incidentally, the distinguished Senator from Kentucky [Mr. MORTON] is for both measures. He does not oppose the insurance proposal. But he—as does everyone else who has studied the question—realizes that the only way we can take care of the service-connected disabled veterans is through means other than loading the bill with an amendment on which there is much controversy between the House and the Senate.

I sincerely hope that the vote on the committee-approved Long amendment will be "nay"—not as an expression of approval or disapproval of the Long amendment, but for the purpose of enacting into law this year a modest increase in compensation for veterans who have borne the battle and are disabled by reason of their service.

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

Mr. CURTIS. I yield.

Mr. MORTON. I thank the Senator for what he has said. I should like to ask a question. In order to help the disabled veterans at this session of Congress, the vote on the pending question should be "nay." Is that correct?

Mr. CURTIS. Yes. A vote of "nay" should not be understood as rejecting the Long amendment, but against an unwise joining.

Mr. KERR. Mr. President, I hope that the amendment of the Senator from Louisiana [Mr. LONG] will be retained in the bill. Certainly the Senate is entitled to have its position considered by the House of Representatives. If there is a difference between the Houses, the Senate is entitled to a conference. There is no reason why the bill providing compensation in title 2 should not become law at this session of Congress. If there is a desire on the part of the House that the measure become law—as there surely is because the House has passed the measure "I believe unanimously—we can go to conference either on H.R. 879, which the Senate has passed and which is now on the Speaker's desk, or on H.R. 669, which is the pending business before the Senate.

I think the Senate should pass the bill as it was brought to the Senate by the Committee on Finance, insist on the amendments of the Senate, and ask the House for a conference. If our leadership needs to talk to the leadership of the House in order to get a conference, I believe they will be effective in their efforts and approach.

The PRESIDING OFFICER. The question is on the committee amendment inserting section 2. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HICKEY (when his name was called). On this vote I have a pair with the senior Senator from Oregon [Mr. MORSE]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. MANSFIELD (when his name was called). On this vote I have a pair with the senior Senator from Connecticut [Mr. BUSH]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Idaho [Mr. CHURCH], the Senator from Mississippi [Mr. EASTLAND], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Utah [Mr. Moss], the Senator from Ohio [Mr. LAUSCHE], the Senator from Georgia [Mr. RUSSELL], the Senator from Washington [Mr. MAGNUSON], the Senator from Florida [Mr. SMATHERS], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Massachusetts [Mr. SMITH], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Oregon [Mr. MORSE] are absent on official business.

I also announce that the Senator from New Mexico [Mr. ANDERSON], and the Senator from New Mexico [Mr. CHAVEZ], are absent because of illness.

I further announce that, if present and voting, the Senator from Virginia [Mr. BYRD], the Senator from Idaho [Mr. CHURCH], the Senator from Mississippi [Mr. EASTLAND], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Washington [Mr. MAGNUSON], and the Senator from Massachusetts [Mr. SMITH] would each vote "yea."

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Utah [Mr. BENNETT]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Arkansas [Mr. FULBRIGHT] is paired with the Senator from Delaware [Mr. BOGGS]. If present and voting, the Senator from Arkansas would vote "yea," and the Senator from Delaware would vote "nay."

On this vote, the Senator from Minnesota [Mr. MCCARTHY] is paired with the Senator from New Hampshire [Mr. COTTON]. If present and voting, the Senator from Minnesota would vote "yea," and the Senator from New Hampshire would vote "nay."

On this vote, the Senator from Utah [Mr. Moss] is paired with the Senator from Vermont [Mr. PROUTY]. If present and voting, the Senator from Utah would vote "yea," and the Senator from Vermont would vote "nay."

On this vote, the Senator from Missouri [Mr. SYMINGTON] is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from Missouri would vote "yea," and the Senator from Nebraska would vote "nay."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Kansas [Mr. CARLSON] are absent because of illness.

The Senator from Connecticut [Mr. BUSH] is absent because of death in his family, and his pair has been previously announced.

The Senator from Nebraska [Mr. HRUSKA] is absent on official business.

The Senators from Maryland [Mr. BEALL and Mr. BUTLER], the Senator from Utah [Mr. BENNETT], the Senator from Delaware [Mr. BOGGS], the Senator from New Hampshire [Mr. COTTON], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Vermont [Mr. PROUTY], the Senator from Kentucky [Mr. COOPER], and the Senator from North Dakota [Mr. YOUNG] are detained on official business.

On this vote, the Senator from Utah [Mr. BENNETT] is paired with the Senator from New Mexico [Mr. ANDERSON]. If present and voting, the Senator from Utah would vote "nay," and the Senator from New Mexico would vote "yea."

On this vote, the Senator from Delaware [Mr. BOGGS] is paired with the Senator from Arkansas [Mr. FULBRIGHT]. If present and voting, the Senator from Delaware would vote "nay," and the Senator from Arkansas would vote "yea."

On this vote, the Senator from New Hampshire [Mr. COTTON] is paired with the Senator from Minnesota [Mr. MCCARTHY]. If present and voting, the Senator from New Hampshire would vote "nay," and the Senator from Minnesota would vote "yea."

On this vote, the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from Missouri [Mr. SYMINGTON]. If present and voting, the Senator from Nebraska would vote "nay," and the Senator from Missouri would vote "yea."

On this vote, the Senator from Vermont [Mr. PROUTY] is paired with the Senator from Utah [Mr. Moss]. If present and voting, the Senator from Vermont would vote "nay," and the Senator from Utah would vote "yea."

The result was announced—yeas 50, nays 18, as follows:

[No. 182]

YEAS—50

Aiken	Hart	McNamara
Bartlett	Hartke	Metcalf
Bible	Hayden	Monroney
Burdick	Hill	Muskie
Byrd, W. Va.	Holland	Neuberger
Cannon	Humphrey	Pastore
Carroll	Jackson	Pell
Case, N.J.	Javits	Proxmire
Clark	Johnston	Randolph
Dodd	Jordan	Robertson
Douglas	Keating	Sparkman
Ellender	Kerr	Stennis
Engle	Kuchel	Talmadge
Ervin	Long, Mo.	Williams, N.J.
Fong	Long, Hawaii	Yarborough
Gore	Long, La.	Young, Ohio
Gruening	McGee	

NAYS—18

Allott	Goldwater	Scott
Capehart	Hickenlooper	Smith, Maine
Case, S. Dak.	Miller	Thurmond
Curtis	Morton	Tower
Dirksen	Mundt	Wiley
Dworshak	Schoeppel	Williams, Del.

NOT VOTING—32

Anderson	Cooper	McClellan
Beall	Cotton	Morse
Bennett	Eastland	Moss
Boggs	Fulbright	Prouty
Bridges	Hickey	Russell
Bush	Hruska	Saltonstall
Butler	Kefauver	Smathers
Byrd, Va.	Lausche	Smith, Mass.
Carlson	Magnuson	Symington
Chavez	Mansfield	Young, N. Dak.
Church	McCarthy	

So the committee amendment inserting section 2 was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mr. LONG of Louisiana. Mr. President, to save the time of the Senate, I ask unanimous consent to have printed at this point in the RECORD a statement I have prepared on the merits of the amendment on which the Senate just voted.

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

STATEMENT BY SENATOR LONG OF LOUISIANA

I. INTRODUCTION

The U.S. Government's policy of providing insurance for servicemen dates back to the War Risk Insurance Act of 1914, under which a Bureau in the Treasury Department was authorized to insure American vessels and cargoes, and subsequently the crewmembers of these vessels. After the U.S. entry into World War I, Congress, on October 6, 1917, amended the War Risk Insurance Act to establish a program of yearly renewable term insurance against death or total permanent disability for servicemen, permitting them to secure protection additional to that available under the program of fixed disability and death compensation. This contractual insurance continued in force after discharge, and could in most instances be converted to a permanent plan.

By the act of May 29, 1928, Congress provided that an insurable World War I veteran who had been eligible during service to apply for war risk insurance could apply at any time for new insurance (designated U.S. Government life insurance, USGLI) up to $10,000. This USGLI postservice insurance program was replaced on October 8, 1940, by the national service life insurance (NSLI) program. Thus, the privilege of applying for the more liberal USGLI was no longer available to inservice personnel. However, by virtue of the May 29, 1928, legislation, World War I veterans continued to be eligible to apply for USGLI coverage.

Following the precedent established for World War I veterans, Congress by the act of August 1, 1946, authorized the issuance of national service life insurance to insurable veterans of service during the period between October 8, 1940 (the beginning date of the NSLI program) and September 2, 1945 (the ending date of World War II hostilities). The act also provided for the issuance of nonparticipating (non-dividend-paying) insurance to veterans of the same period of service who were insurable except for a service-connected disability.

On April 25, 1951, Public Law 23 of the 82d Congress was enacted. As a substitute for the contractual form of insurance, this law covered all inservice personnel with an automatic gratuitous $10,000 indemnity against death while in service (or within 120 days after separation). In addition, veterans who had been covered by this indemnity could under certain circumstances apply for contractual insurance after separation from service. Veterans' special term insurance (nonparticipating, on a 5-year level premium plan) could be issued to nondisabled veterans upon application received within the 120-day period immediately following separation. Service-disabled veterans' insurance (nonparticipating, on a convertible term or permanent plan) could be issued to veterans suffering from a service-connected disability upon application within the 1-year period immediately following administrative determination that the applicant was suffering from such disability which impaired his insurability.

Effective January 1, 1957, the servicemen's indemnity program was discontinued by Congress. At the same time, the availability of veterans' special term insurance to persons separated from service after December 31, 1956, was terminated. Thus, since January 1, 1957, the only form of Government insurance issuable to any veteran is the service-disabled veterans' insurance.

II. EXPLANATION OF THE BILL

The proposed legislation would establish a 2-year period, beginning January 1, 1962, during which nondisabled veterans and servicemen who served during the period between October 8, 1940 (beginning date of the NSLI program) and January 1, 1957 (termination date of the servicemen's indemnity program), would be eligible to apply for coverage under the NSLI program. Service-disabled personnel separated on or after April 25, 1951, would be given the same 2-year period to apply for coverage under the service-disabled veterans' insurance program.

Nondisabled veterans and servicemen obtaining insurance during the extended period would bear the administrative costs resulting from their participation in the program, through a reduction of dividend payments in the participating group, or a loading of premiums in the nonparticipating group. The administrative costs resulting from new service-disabled veterans' insurance policies would be borne by the Government. In neither case would present policyholders be in any way affected; the new policies would be formed into and paid from a completely separate fund.

III. REASONS FOR THE LEGISLATION

The primary argument in support of extending the period during which World War II and Korean veterans may apply for Government insurance coverage is the fact that both groups had only a relatively short period following separation from service during which they could obtain the form of veterans' insurance for which eligible. For the World War II veteran, this privilege was terminated on April 25, 1951, not quite 5 years after Congress first authorized the issuance of this insurance to veterans. For veterans of the Korean conflict, the act of April 25, 1951, provided only a 120-day period following separation during which a nondisabled veteran could apply for coverage. The service-disabled Korean veteran was given 1 year during which to apply. On the other hand, the privilege of obtaining USGLI was open to the veteran of World War I from October 6, 1917, until April 25, 1951, a period of more than 33 years' duration.

The act of April 25, 1951, which became Public Law 23 of the 82d Congress, took effect abruptly, immediately upon enactment. Eligible veterans who had intended to secure protection had scant warning that the privilege was about to be terminated. In this connection, an excerpt from a 1953 report of the then House Subcommittee on Insurance is pertinent:

"Writing with the ink of the present it is often possible to see how things in the past could have been done better and more effectively. Perhaps in the case of Public Law 23 it would have been better to have made

the effective date prospective rather than immediate" (p. 3, House Committee Print No. 171, 83d Cong., 1st sess., Nov. 2, 1953).

It should also be noted that termination was not requested or agreed to by the various veterans' organizations.

A germane question is why World War II veterans, by far the largest group which the proposed legislation would affect, did not secure national service life insurance during their time in service, or during the period August 1, 1946, to April 25, 1951. The great majority of these servicemen, it appears, did apply for and secure some amount of coverage. During the war, about 95 percent of the inservice personnel were insured for an average amount of approximately $9,000 per person. Up to December 31, 1947, the Veterans' Administration had issued a total of 19,306,406 NSLI policies; of this number, however, only 6,099,000 remained in force on that date. Thus, approximately 9 out of 10 of the veterans primarily affected by the proposed legislation did apply for and pay premiums on one or more national service life insurance policies during their inservice period.

However, there are approximately 16 million veterans who would be eligible to obtain NSLI policies under the proposed legislation; the great majority of these are veterans of World War II, who allowed their coverage to expire following separation from service. Some of the reasons why so many veterans failed to maintain their policies in force following separation are fairly obvious. Probably the majority of veterans in this category were beset with economic problems related to their return to civilian life. While in service, most men were paying premiums by payroll deduction. Upon discharge, it became necessary to pay the Veterans' Administration direct in order to keep the policy in force. Those veterans who were without employment were not in a good position to pay the premiums. The same is true of those who went to school under the GI bill for several years.

Insurance statistics indicate that the average American male is most likely to obtain life insurance when between ages 35 and 40. This is the period when his responsibilities strongly dictate obtaining coverage, and his earnings are most nearly adequate to the need. Yet, the average veteran of World War II was 30 years of age when the right to obtain some form of national service life insurance was withdrawn. With respect to veterans of the Korean conflict, the average age was much lower when the privilege of making postservice application for veterans' special term insurance was terminated. Many of these men were only 21 or 22 years of age at the time.

Furthermore, as to Korean veterans, a period of 120 days following separation from service was an inadequate opportunity to apply for the insurance available to them. Those released during the last 4 months of 1956 had even less than 120 days in which to apply. Those who remained in service beyond December 31, 1956, were absolutely barred from securing any Government insurance unless they could establish a service-connected disability.

Another problem with respect to veterans of the Korean conflict has to do with the type of insurance for which they were eligible to apply. With the enactment of Public Law 85-896, effective January 1, 1959, Congress made the veterans' special-term insurance convertible to permanent plans or exchangeable for limited convertible term plans at greatly reduced costs. It is possible that many more of these veterans would have made postservice application for the special-term insurance, had they known it would later be made convertible.

The expense of the proposed extension to the Government is not expected to exceed $150,000 in the first year. Estimates of the Veterans' Administration over a 5-year period indicate that the average cost for 5 years of the proposed new NSLI program would be approximately $300,000 per year. The extremely low cost of this proposal stems from the fact that, with the exception of service-disabled Korean veterans eligible for service-disabled veterans' insurance, the administrative costs would be borne by the new policyholders. In addition, it should be reiterated that reopening the opportunity to obtain NSLI coverage would in no way affect existing policyholders, since the new policies would form an entirely separate fund.

It might be said that the prime consideration supporting the enactment of this legislation is simply the justice of the matter. Veterans who failed to obtain national service life insurance or who failed to maintain their policies in force following separation from service should be given another chance to acquire the insurance, on the same terms and subject to the same conditions as other veterans of like class. The tremendous inequality inherent in a situation where a relatively small body of the population of a country make the sacrifice of valuable years of life and endure the dangers of war for the benefit of the entire nation dictates some form of compensation for that minority. Any opportunity to benefit as many as 16 million veterans at no appreciable cost to the taxpayer is worthy of consideration.

IV. ARGUMENTS AGAINST THE PROPOSAL

1. Reopening the national service life insurance program for a limited period, it is said, would violate the policy that the Federal Government should reduce to the extent feasible commercial activities. This policy is said to have found expression in the enactment of Public Law 23 on April 26, 1951. A companion argument is that the issuance of new national service life policies would place the Government in unfair competition with private insurance carriers.

The administration of insurance maintained in force after separation of a veteran from the Armed Forces amounts to a service more than a business operation. The question of whether the Government is engaging in unfair commercial competition by offering insurance at cost certainly cannot be limited to veterans' insurance. The same argument is applicable to the entire social security program, for example. In the latter instance, Congress has concluded that virtually every person should be required to carry insurance against certain basic hazards. Such insurance is carried at cost, with annual taxes comparable to premiums. The social security annual tax amounts to $10.8 billion, and annual benefits come to $10.7 billion.[1] In the case of veterans' insurance, annual premiums and annual payments are less than 1 percent of the amount collected by social security and Government retirement programs. The same case can be made with respect to Government insurance, railroad retirement, and other insurance programs in which the Government participates.

The opportunity to obtain insurance at cost is one which the Government made available to veterans, as a measure of gratitude to those who were called upon to make an unequal sacrifice in time of national peril. Having granted this opportunity at a time when the majority of veterans were either uninterested or unable to take advantage of it, this proposal is simply that the chance be reextended at a time when most who failed are in a better position to avail themselves of it.

[1] Figures for fiscal 1960.

2. Commercial insurance is available at comparable rates. Tables will be included elsewhere in this report demonstrating the fact that rates for a like kind and amount of commercial insurance are anything but comparable. In all instances, the net cost of commercial insurance is considerably higher than the net cost of national service life insurance, even when the Veterans' Administration's estimated $5 per year administrative cost is added to the cost of NSLI. In some cases, commercial insurance is over 500 percent more expensive than NSLI.

V. ESTIMATED COST OF THE PROPOSAL

The total cost of this proposal to the Government would depend upon the number of applications received and the number of policies issued thereunder. There are approximately 16 million veterans who would be eligible to apply for insurance. If 1 million of these applied, the following estimates have been put forward by the Veterans' Administration.

The experience of the Veterans' Administration to date indicates that insurance issued to nondisabled veterans under the national service life insurance program is self-supporting, but that insurance issued to service-disabled veterans is not. The loss on the latter insurance has averaged about $90 per policy per year. The Government will be required to bear this excess cost (claims above income from premiums) on service-disabled veterans' insurance issued under the proposed extension. If, out of 1 million applicants for all types of insurance under the proposal about 1,600 policies of service-disabled insurance are issued, the excess claim cost on such insurance will be about $54,000 for the first year, $126,000 for the second, $144,000 for each of the next 3 years.

On participating (dividend-paying) insurance issued under the proposed legislation the Government would be required to bear the excess mortality costs, the costs of waiver of premiums, and the cost of the total disability benefits arising from the extra hazards of military service. If 1 million applications are received, it is assumed that 725,000 policies of participating insurance will be issued, that the average face amount of such policies will be $6,500, and that 2 percent of future claims on such insurance will be traceable to the extra hazards of service. On these assumptions, the extra hazard cost to the Government would be about $75,000 for the first year, $175,000 for the second, and $200,000 for each of the next 3 years.

Only a small fraction of the administrative costs on the new policies would be borne by the Government—that portion of administrative costs occasioned by service-disabled veterans' policies issued under the proposal. The remainder of the administrative costs will be borne by the new policyholders themselves. If 1,600 service-disabled policies were issued, taking the administrative cost per policy to be about $5 per year, the total administrative cost to the Government occasioned by this proposal would be in the neighborhood of $8,000 per year.

The following table demonstrates the above estimates:

Year	Service-disabled benefit cost	Service-disabled extra hazard cost	Service-disabled administrative costs	Total
1st	$54,000	$75,000	$8,000	$137,000
2d	126,000	175,000	8,000	309,000
3d	144,000	200,000	8,000	352,000
4th	144,000	200,000	8,000	352,000
5th	144,000	200,000	8,000	352,000

These cost figures are based on estimates provided by the Veterans' Administration. According to that source, if the effective date of the proposed legislation remains at January 1, 1962, these costs will be somewhat higher. The figures given are predicated upon the adoption of a change proposed by the Veterans' Administration—that the effective date of the bill be set at 1 year from the date of enactment.

It should also be pointed out that the number of applications for insurance under the proposed legislation could greatly exceed the 1 million assumed. This factor would mean that the above cost figures would be increased appreciably.

VI. Comparative annual net costs for commercial and NSLI policies (premiums, including premium waiver, less dividends), $10,000 insurance

	5-year term (1st 5 years) at age—			30-payment life (1st 20 years) at age—		
	30	35	45	30	35	45
Aetna	$58.40	$70.00	$120.20	$204.68	$226.80	$306.85
Metropolitan	61.62	72.08	125.50	223.03	246.94	322.30
New York Life	59.78	70.02	117.04	229.59	254.58	339.02
Equitable	59.88	66.28	118.72	202.20	225.50	302.70
North West Mutual	44.91	56.10	103.00	198.85	219.39	286.70
Travelers	58.40	69.60	117.20	212.35	238.90	320.60
NSLI:						
With $5 administrative expense added	15.90	17.00	55.00	149.80	176.40	258.20
Without the $5 administrative charge	10.90	12.00	50.00	144.80	171.40	253.20

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 856) was passed.

The title was amended, so as to read: "An act to amend title 38, United States Code, to permit the conversion or exchange of policies of national service life insurance to a new modified life plan, and for other purposes."

Mr. KERR. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. LONG of Louisiana. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KERR. Mr. President, I move that the Senate insist on its amendments, 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 appointed Mr. BYRD of Virginia, Mr. KERR, Mr. LONG of Louisiana, Mr. SMATHERS, Mr. WILLIAMS of Delaware, and Mr. CARLSON conferees on the part of the Senate.

ESTABLISHMENT OF NATIONAL WILDERNESS PRESERVATION SYSTEM

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 610, S. 174, the so-called wilderness bill, and that it be the pending business.

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

The CHIEF CLERK. A bill (S. 174) to establish a national wilderness preservation system for the permanent good of the whole people 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 Interior and Insular Affairs with amendments.

LEGISLATIVE PROGRAM—ORDER FOR ADJOURNMENT UNTIL TUESDAY, SEPTEMBER 5, 1961, AT 9 A.M.

Mr. DIRKSEN. Mr. President, I should like to ask the distinguished majority leader whether he contemplates any further business today or tomorrow and what the schedule will be for the following week.

Mr. MANSFIELD. Mr. President, so far as the schedule for the rest of the day is concerned, we have just "had it." I think that now there will be nothing but speeches. There will be no further proposed legislation to consider today.

On behalf of the distinguished minority leader and myself, I take this means to congratulate the Senate on a week's work well done. Personally, I did not think it would be possible to finish by tonight the proposed legislation which was scheduled. I had anticipated that there would have been a meeting tomorrow, and would have bet on it; but I am as glad as anyone else to have a few days off and to have a rest in the meantime.

Mr. President, I ask unanimous consent that at the conclusion of its business tonight, the Senate adjourn until 9 o'clock on Tuesday morning next.

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

Mr. MANSFIELD. Mr. President, on Tuesday next, the wilderness bill will be before the Senate. Its consideration may well take all of Tuesday and a part, if not all, of Wednesday.

On Wednesday morning it is anticipated that a group of Senators, under the leadership of the distinguished Senator from Rhode Island [Mr. PASTORE], will engage in a "round robin" on the subject of residual oil imports.

On Wednesday, following the conclusion of action on the wilderness bill, it is hoped to take up the bill having to do with the establishment of a Department of Urban Affairs and Housing. The consideration of that bill may well go into Thursday.

On Thursday a group of Senators, led by the minority leader, the distinguished Senator from Illinois [Mr. DIRKSEN], will engage in a "round robin" having to do with steel prices, or something to that effect.

Following the conclusion of action on the bill to establish a Department of Urban Affairs and Housing, it is anticipated that the next item for consideration—and this really is quite hopeful—will be the impacted areas aid bill, the national defense education bill. I hope the distinguished senior Senator from South Dakota [Mr. MUNDT] is in the Chamber, so that he may have reassurance about the impacted areas bill.

Mr. MUNDT. I am happy to have the information.

Mr. MANSFIELD. Then the rest of us can express the hope that there will be no further amendments of that type to other bills.

Mr. JAVITS. Mr. President, will the Senator from Montana yield on that particular point?

Mr. MANSFIELD. I yield.

Mr. JAVITS. The Senator speaks of the national defense education bill. The only bill which the committee has reported is a rather comprehensive bill with extensive amendments to the National Defense Education Act. The committee has not reported any simple extension bill. I wondered to what bill the Senator from Montana was referring.

Mr. MANSFIELD. I do not see the Senator from Oregon [Mr. MORSE] in the offing. So far as I know, the bill to be considered will be a bill reported by the committee.

Mr. CLARK. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. CLARK. As a member of the subcommittee, what bothers me about that statement is that a day or two ago, when the question was raised, the Senator from Arizona [Mr. GOLDWATER] stated that he would propose a number of amendments to the national defense education bill. The Senator from New York [Mr. JAVITS] and I know about them. They are controversial amendments. The consideration of that bill could easily take a week. If it is desired to have a simple bill for the extension of impacted areas legislation, we shall have to get one on the calendar.

Mr. MANSFIELD. I do not see the chairman of the subcommittee, the Senator from Oregon [Mr. MORSE], who has left the Chamber temporarily. All I can go by is what is on the calendar. I shall discuss the proposal with the Senator from Oregon on Tuesday next.

Mr. JAVITS. If the Senator from Montana will substitute "an" for "the", that will take care of it. That will then mean that the Senate will consider an impacted areas bill for the extension of the present law.

Mr. MANSFIELD. That will take us to Thursday.

Mr. MUNDT. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. MUNDT. I agree with what the Senator from Pennsylvania has said. Both bills are meritorious. The Senate

has expressed itself favorably on both of them. However, the impacted areas bill has the element of urgency. I hope it may be passed on its own merits and be sent on its way. Then we can put the national defense education bill on its own feet and get it on its way.

Then I hope we may have the helpful support of the majority leader, if necessary, to lay on the table temporarily some bill which might come along to delay the passage of that bill or forestall the passage of the impacted areas bill.

Mr. MANSFIELD. The suggestion of the Senator from South Dakota will be given every consideration.

Mr. McNAMARA. Mr. President, before he leaves the subject, will the majority leader yield?

Mr. MANSFIELD. I yield.

Mr. McNAMARA. I am absolutely opposed to the procedure outlined for dealing with the education bills. The Senate has passed a good education bill. It includes the other items about which we are talking. I think we ought to remain in exactly that posture.

Mr. MANSFIELD. That was what I understood the position of the Senator from Michigan to be.

Mr. RANDOLPH. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. RANDOLPH. Mr. President, I thought I heard mention made of a round robin on residual oil imports. Could I be enlightened as to the purpose of the so-called round robin?

Mr. MANSFIELD. The Senator from West Virginia will find out on Wednesday morning, when a number of Senators from New England will take the floor to make their views known to other Senators and to their constituents. On Thursday morning there will be a round robin on steel prices.

Mr. RANDOLPH. Presumably the Senators from New England will plead for a scrapping of the quota system, which has partially held in check the residual oil from Venezuela and other areas. The dumping of this product at almost any price has injured competitive fuels, such as coal mined in West Virginia and many other States.

Mr. MANSFIELD. That is what Senators will speak about on Wednesday.

Mr. RANDOLPH. I know; but a number of Senators, including my vigilant colleague, the Senator from West Virginia [Mr. ROBERT C. BYRD], are opposed to that damaging proposal. Senators from New England apparently want residual oil to be dumped into the United States so as to deprive our hard-pressed coal producers of their markets.

Mr. MANSFIELD. I suggest that the Senator from West Virginia join forces in opposition to the Senators from New England.

Mr. RANDOLPH. We shall do so in a vigorous manner, as we have done in the past.

Mr. MANSFIELD. However, I point out that if Senators wish to get away this year before Thanksgiving, they will have to get down to business and perhaps cut down a little on "round robins."

Mr. HUMPHREY. If we have too many round robins, there will not be any robins around.

Mr. HOLLAND. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. HOLLAND. I do not know about the effort on the part of any other Senators, but I am certain both Senators from Florida will wish to join in such an expression, because Florida is wholly dependent upon residual fuel oil. We cannot get coal delivered at any reasonable freight rate at all. That is not the fault of the producers of coal. However, Florida is a large, growing State. There is a great demand for power and all other things which require the use of fuel. Our residual oil supplies have been cut off, in large measure, by the quota system. We are against that system and want to have it terminated in any way we can.

We have no quarrel with our friends from the coal area. They cannot bring the coal to us in bushel baskets. The freight rates are so high that the coal producers cannot ship coal to us.

Mr. MANSFIELD. Mr. President, if I may continue with the schedule, on Friday, September 8, the Mexican labor bill will be considered.

Mr. ELLENDER. Will there be a round robin on that bill? I heard there was to be one.

Mr. MANSFIELD. This schedule is, of course, very tentative. I feel quite certain we will not have the luck next week that we had this week.

Also, on Friday, September 8, election law changes on a national scale, as provided in a measure introduced by the Senator from Nevada [Mr. CANNON]; and District of Columbia election law proposals, as contained in a measure introduced by the other Senator from Nevada [Mr. BIBLE].

On Saturday, September 9, it is hoped that the Senate will be able to get to the proposed change in rule XXII.

The appropriation bills are still to be forthcoming before then.

Mr. DIRKSEN. Mr. President, I wish to give the distinguished majority leader some comfort: The purple martins have gone, but the hegira of the robins will not take place for a little while; they will still be around. [Laughter.]

Mr. DOUGLAS. Mr. President, what will be the pending business next Tuesday morning?

The PRESIDING OFFICER. The wilderness bill.

Mr. DOUGLAS. When is Calendar No. 557, House bill 2244, to be considered? It is the tax bill.

Mr. MANSFIELD. Some time next week, I hope.

Mr. DOUGLAS. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter from Stanley Surrey, Assistant Secretary of the Treasury, opposing House bill 2244. The letter is not included in the Finance Committee report, and I believe the letter should be made available in the body of the RECORD.

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

JULY 12, 1961.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of this Department on H.R. 2244, a bill "Relating to the deduction for income tax purposes of contributions to charitable organizations whose sole purpose is making distributions to other charitable organizations, contributions to which by individuals are deductible within the 30-percent limitation of adjusted gross income."

The income tax law has long allowed a deduction, subject to limitations, for contributions made to educational, charitable, religious, and other similar organizations. In 1952 the general limit of the deduction in the case of individuals was raised from 15 percent to the present 20 percent of an individual's adjusted gross income.

In 1954 Congress provided in section 170 (b) (1) (A) for the allowance, in the case of contributions made directly to churches, educational organizations, or hospitals, of a deduction in an amount not to exceed 10 percent of an individual's adjusted gross income. Such 10 percent was to be in addition to the 20 percent allowed generally in the case of charitable contributions, with the consequence that a total deduction of 30 percent was made possible. The purpose for allowing the additional 10 percent was to encourage gifts that would, by being made directly to certain designated types of charities that had sustained rising costs and a relatively low rate of return on endowment funds, immediately benefit such organizations to the extent of the full value of the contributed property.

H.R. 2244 would extend the additional 10 percent deduction allowed under section 170(b) (1) (A) to contributions made to an organization exempt from tax under section 501 which is organized and operated exclusively for the purpose of distributing its net earnings for each taxable year to churches, educational organizations, and hospitals described in section 170(b) (1) (A) and which, if it may distribute any portion of the principal, may make such distribution only to one or more of such organizations. The allowance of the additional 10 percent deduction would thus be extended to include contributions to a conduit organization which in turn makes distributions solely to churches, educational organizations, and hospitals.

The only distribution which a conduit organization is required to make under H.R. 2244 is of its annual net earnings. There is no necessity for a current gift of principal. Accordingly, in the absence of a discretionary gift of principal, the immediate benefit to the organizations presently described in section 170(b) (1) (A) would be only in the amount, if any, of the current earnings derived from the gift. Since such a gift would not immediately benefit churches, educational organizations, and hospitals, to the extent of the full value of the contributed property, the allowance of the additional 10 percent deduction for such a gift would not serve the purpose for which section 170(b) (1) (A) was originally enacted. The Senate report to the 1954 Code emphasized that contributions in order to qualify for such additional deduction had to be "paid to the organization and not for the use of the organization." To be brief, the effect of H.R. 2244 in many situations would be to increase the general 20 percent limit on charitable contributions to 30 percent.

Viewed in another way, a gift to a conduit organization permits the donor in many circumstances to maintain control over the contributed property and, in effect, to make a gift of only part of the value of the contributed property. For example, in the case of stock in family corporations, the maintenance as a practical matter by the donor of voting rights is of great value. It would in such circumstances, therefore, not be consistent with the purpose of section 170(b)(1)(A) to allow a deduction for the full value of the gift.

If legislation to extend the additional 10 percent deduction to conduit organizations were to be enacted, it would seem logical that since the full contribution to the churches, educational organizations, and hospitals, the intended beneficiaries of section 170(b)(1)(A), is in effect deferred as long as the conduit organization holds the property, the 10 percent additional deduction for gifts that produce immediate benefit to such organizations should also be deferred until the gift of the contributed property to such organizations is completed. If such deferral of the 10 percent deduction were not provided for, as is the case with H.R. 2244, the effect in many situations might well be to discourage immediate gifts to churches, educational organizations, and hospitals, since, other things being equal, gifts would be made in a deferred manner thorugh conduit organizations rather than directly. The donor, even though making a deferred gift, would be able to retain substantial practical control over the contributed property and yet would receive a current deduction for the full value of such property.

For the foregoing reasons, the Treasury Department opposes the enactment of H.R. 2244.

The Bureau of the Budget has advised the Treasury Department that there is no objection from the standpoint of the administration's program to the presentation of this report.

Sincerely yours,

STANLEY S. SURREY,
Assistant Secretary.

Mr. HUMPHREY. Mr. President, I believe it is well understood that there will be no more votes tonight. Some Senators wish to submit statements or other matters for the RECORD.

LABOR DAY

Mr. KUCHEL. Mr. President, now, more than ever before, we have cause to give thanks to an American tradition of hard work and the dignity of labor. We enjoy the world's highest standard of living. We boast the highest levels of productivity. Indeed, we are a model to all nations of the benefit of labor, and most significantly, the benefit of labor in a free and individual society.

Thus, it is entirely fitting that we survey the achievements and reckon the gains of labor on a special day—fittingly known as Labor Day. It is set aside to commemorate the successful toil of American men and women in the cause of progress and freedom.

As Samuel Gompers pointed out some 50 years ago:

Labor Day differs in every essential from the other holidays of the year in any country. All other holidays are in a more or less degree connected with conflicts and battles of man's prowess over man, of strife and discord achieved by one nation over another. Labor Day is devoted to no man, living or dead; to no sect, race, or nation.

Celebration of the first Labor Day took place on September 5, back in 1882. Members from the nascent labor unions of New York and places nearby marched along Broadway to publicly show the strength and esprit de corps of their ranks. The idea had originated with Peter J. McGuire, a leader of the Brotherhood of Carpenters & Joiners and one of the founders of the American Federation of Labor. It was his recommendation, at a meeting of the Central Labor Union of New York, that a day each year be set aside for the purpose of honoring those who from rude nature delved and carved all the grandeur we behold.

The day first won legal recognition in major eastern cities through city ordinances, but the first State law was passed quite distant from the origin of the holiday. It was Oregon that led the parade of States by a legislative act in 1887. Other States followed, and by 1923, when Wyoming passed its Labor Day law, the holiday became nationwide.

It is significant to note that paralleling the gradual acceptance of a Labor Day was the growth of the labor movement in the United States. Through the united efforts of working men and women, labor evolved from an unorganized and helpless segment of our population to become part of our economic, social, and political history. Labor has taken its place with management and is now an integral part of our American way of life. From a trade-union membership of about 200,000—scarcely 2½ percent of all nonagricultural workers—in the 1880's, today there are over 17 million members in labor organizations—approximately 25 percent of the labor force. The path of the movement was not smooth, but labor today has emerged as a partner in American industry, and a vital contributor to the social advancement of our Nation.

The strength of the labor movement has gained much for the American worker, not only in wages and hours, but in all phases of working conditions. Manufacturing wages, for example, increased from an average of 19 cents an hour back in 1890 to $2.29 an hour in 1960. An average income of worker families, most of them union families, is over $6,000 a year. They are not infrequently suburban homeowners. They have money in the bank, own life insurance policies, and many are even stockholders in our corporations. The spending power engendered by an increased money supply has created a larger demand for goods and services. It has contributed greatly to the expansion of America's industrial might and has helped maintain the economy in time of business lags.

The 8-hour day and the 5-day week are also the outcome of labor's effort and promotion. The drive for shorter hours has resulted in a 23-hour decrease in the workweek—from 63 hours in the 1880's to the present limit of 40 hours.

Labor's concern for better working conditions has been instrumental in effecting a vast change in methods of industrial production. The plants and factories of today are a far cry from the poorly lighted, unventilated places lacking safeguards against accidents and proper sanitary conditions that were prevalent in the early days of labor federation. The success of labor's aim for the physical and economic well-being of workers has paid off not only in benefits to them, but also to the employer and the national economy through increased efficiency and production.

In the areas of development of better education, elimination of child labor, protection of workingwomen, and aid to the injured, labor pioneered and championed measures for legislative action. Compulsory school attendance laws, child labor laws, fair labor standards law, and workmen's compensation laws are on the statute books today largely influenced by labor's pressure. Labor support has been instrumental in the acceptance of unemployment compensation, increase and extension of minimum wages, social security benefits, safety regulations, decent housing, school construction, and fair employment practices. Surely the benefits of these laws to the people cannot be measured in terms of only financial gain. The sense of security and feeling of assurance engendered by such legislation are priceless contributions to bolstering and preserving the freedom and dignity of mankind.

Because of its contributions and because it is a reflection of the best of a free way of life, the American working force has been a strong defense against the spread of communism. The high standards of living achieved by labor and the belief in the American system of government are barriers against any Communist teachings or dictatorial governments. The loyalty and courage of labor strengthen the whole Nation. Cooperation has been particularly noticeable in time of crisis, and, in light of the ominous world we face today, we can feel secure in that knowledge. In retrospect, we can look with pride to the example of World War II when, faced with conquest, men and women rallied to the cause. Production during the war years more than quadrupled, without which our Nation could not have claimed victory. Not only has American labor played a key role in the economic and social growth of our country but has been a vital factor in maintaining freedom's stand.

EXPANSION AND IMPROVEMENT OF COMMUNITY FACILITIES FOR HEALTH CARE OF AGED AND OTHER PERSONS

Mr. HUMPHREY. Mr. President, earlier today the Senate passed Calendar 828, House bill 4998, known as the Community Health Services and Facilities Act of 1961. It had been reported from the Committee on Labor and Public Welfare by its chairman, the Senator from Alabama [Mr. HILL].

Mr. President, this bill, H.R. 4998, is of vital importance; and now that both Houses have acted, and there are only minor differences, I hope that either they

can be reconciled quickly in conference or that the House will accept the minor Senate amendments.

I have sent to the Secretary of Health, Education, and Welfare, and to the Director of the Bureau of the Budget, a telegram urging that in light of the action of the two Houses and the possibility that this legislation will be on the President's desk early next week, the Department of Health, Education, and Welfare, which has responsibility over the provisions of this act, prepare a supplemental budget, so that it may be considered at this session.

I believe it imperative to obtain action now through the Appropriations Committees of the two Houses, so as to energize and expedite action on this bill.

One provision of the bill—it was listed on page 3 of the report, in item No. 6—would increase the annual appropriation ceiling for hospital research grants from $1,200,000 to $10 million, and extend the program to medical facilities other than hospitals, and authorize appropriations for grants for the construction and equipping of experimental or demonstration hospitals and other medical facilities. This is of vital importance. In the Mayo Clinic, at Rochester, Minn., there has been considerable experimentation in terms of hospital construction. Already the Mayo Clinic has been able to demonstrate, through experimental pilot projects, a considerable saving in hospital costs for what we call the chronically ill. The Mayo Clinic has prepared additional plans for further experimentation and research in hospital construction that will relate to the vast number of patients who come to hospitals for what might be called emergency treatment or for surgical and hospital treatment of normal duration. This proposed legislation provides authority for the expanded research in hospital construction to which I have referred.

The Mayo Clinic doctors, the manager of the Mayo Clinic, and those who are technicians and experts in the field of hospital management and construction have prepared a very extensive plan for additional research in hospital facilities, the management of hospitals, and hospital construction; and if it works out as they expect it will, it will sharply reduce the costs of hospital care.

This legislation, with the amount of money provided ranging up to $10 million, might well save the people of the United States hundreds of dollars individually in their hospital costs.

Therefore, I hope action will be taken by the executive branch to implement this particular section, as well as the other sections of the bill, which is called the Community Health Services and Facilities Act.

I did not wish to take time to speak on this subject earlier today, when the Senator from Alabama [Mr. HILL] was discussing this measure with the majority leader [Mr. MANSFIELD]. But at that time the majority leader asked a question of the Senator from Alabama, who answered the question in a manner which clearly indicated and declared that this legislation contains the means of affording and providing hospital construction research grants. I am hopeful that there will be no delay whatsoever.

For purposes of this RECORD, which I trust will be examined very carefully by the executive agencies, I wish to say that any delay on the part of the executive branch would cost the users of hospitals, those who require hospital care, millions of dollars of additional expense, unless this research program is implemented.

Finally, Mr. President, on this item, the appropriation bill for the Department of Health, Education, and Welfare, as it came to us from the House, contained an appropriation in the amount of $10 million to provide for this type of research—namely, hospital construction research. However, it was the feeling of the Senate Appropriations Committee that the authorization language was not sufficiently clear to accommodate that appropriation.

Therefore, rather than have a point of order raised or have any trouble in connection with the appropriations and the expenditure of such appropriations later on, this item has been fully clarified now by the legislation passed today in House bill 4998. There is no doubt whatsoever, therefore, that under the terms of this legislation, whereby we authorize for a period of 5 years a new program of up to $10 million annually of special project grants to public and nonprofit organizations for studies, experiments, and demonstrations of new or improved methods of providing health services outside hospitals, primarily for chronically ill or aged persons, and in that item increase the appropriation ceiling for hospital research grants from $1.2 million to $10 million, and extend the program to medical facilities other than hospitals, and authorize appropriations for grants for the construction and equipping of experimental or demonstration hospitals and other medical care facilities, that language provides all the authority that is required.

I make these remarks now because of my personal interest in this matter as a Senator from the State of Minnesota. I have worked with my colleague [Mr. MCCARTHY] for many weeks and months on this particular matter; and we have worked in close cooperation with the doctors, the specialists, and the technicians from the Mayo Clinic, at Rochester, Minn.

I remind the Senator that the President, in his health message, recommended the very provision I have referred to on hospital construction research, grants for research into improvements in hospital construction and hospital care, with the objective in mind of improving hospital management and thereby cutting down on hospital costs.

COMMUNISM-CAPITALISM COOPERATION—ADDRESS BY RAYMOND W. MILLER

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a most thoughtful address delivered by Raymond W. Miller before the American Institute of Cooperation in St. Paul, Minn., on August 23, 1961, be inserted at this point in the RECORD.

Mr. Miller is a distinguished lawyer, author, lecturer, and student of government. In his speech Mr. Miller notes the important role which cooperatives play in a free society. I congratulate Mr. Miller on his excellent address.

Mr. Miller, by the way, is a visiting lecturer at the Harvard University Graduate School of Business Administration, and one of the leading authorities in the world on the subject of cooperatives. I also invite the attention of my colleagues to the fact that Mr. Miller is the author of a book entitled "Can Capitalism Compete?" He is very well equipped, by experience, training, and intellect, to give us some sound advice on the role of cooperatives in the American economic society.

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

COMMUNISM-CAPITALISM-COOPERATION

(Address delivered by Raymond W. Miller at the 34th annual meeting of the American Institute of Cooperation, University of Minnesota, St. Paul, Minn., August 23, 1961)

Communism[1] is, of course, not something new. It was founded more than a hundred years ago on theories advanced by Karl Marx.

Karl Marx was a German philosopher and Socialist. He lived from 1818 to 1883—and was roughly a contemporary of Abraham Lincoln.

Lincoln and Marx had one thing in common. They were both opposed to suffering—intensely interested in improving the lot of the poor—and in righting what they felt was wrong.

Lincoln was concerned by the distress of the lowly in the factories in this country and in Europe. He cringed at the poverty of the farm communities from which he had sprung. He hated with a holy hatred any hereditary wealth which tended to make the rich richer and the poor poorer. He felt that democracy itself could never survive unless it was possible for individuals in all levels of society to have an opportunity for success.

One of Lincoln's great contributions to the people of America was his developing and supporting of the idea of the land-grant college.

Prior to the passage of the Morrill Act in 1861—100 years ago this year—by which the land-grant college became an integral part of American education, it was considered nonacademic for anyone to gain a college education geared toward making himself a more skilled workman, a better craftsman, or a better farmer.

Higher education, from the days of Plato, had been keyed to educating the elite, a relatively few men—and not many women—in the basic fields of restricted sciences and letters. The universities were more or less restricted to people who were to enter law, medicine, teaching, or the clergy. But Abraham Lincoln felt that everyone who wanted to learn and who had the ability to learn was entitled to seek a college education.

Lincoln wanted all men to have a richer and a fuller life. He envisioned man's discoveries, the shop machine and the plow, as

[1] Communism as used in this presentation means present-day Sino-Soviet imperialism of both the Asian and European brands and not the historic New Testament or present-day (in some areas) nonviolent attempts to form nonproprietary communities.

the servants of all the people, and not merely as a more efficient means of filling granaries and the banks of the few who, from the beginning of history, had always managed to maneuver and control the mass of the people for their own benefit.

But Lincoln was not able to do all that he wanted to do in this direction. He was busy with the war, for one thing. And, 6 days after the end of the war, he died from an assassin's bullet.

America and the world lost the benefit of the ideas which he might have developed—and the things he might have done—to raise the living standards of people everywhere, had he lived.

And no leader came forth in North America to take up the load which Abraham Lincoln had carried until his untimely death.

But the torch of revolution toward a changed world traveled across the Atlantic to Europe, and was picked up by Karl Marx and his disciples whose ultimate goal for relieving human suffering was perhaps the same as Abraham Lincoln's had been, but whose philosophy of how to attain that goal was quite different.

Here, very briefly, are three basic points of Karl Marx's doctrine. He believed:

1. That labor is the sole creator of wealth. Research, risk taking, management, investment capital play no fruitful part;

2. That the capitalist class enriches itself by withholding from labor a part of its rightful share; and

3. That all means of production—lands, factories, transportation facilities—should be owned by the state and operated for the benefit of the state.

THE COMMUNIST MANIFESTO

In 1847, Karl Marx, together with his friend Friederich Engels, prepared a document called the Communist manifesto.

A manifesto is a statement of policy issued by an organization or party.

The Communist manifesto was put together as the party platform of an organization known as the Communist League.

It is generally thought that this document was drafted largely by Engels. It is signed by both men, but Engels gives Marx full credit for the ideas expressed in it. In the preface to the English translation, Engels writes:

"I consider myself bound to state that the fundamental proposition which forms the nucleus of the manifesto belongs to Marx."

The gist of the proposition—to quote Engels—is: "that the whole history of mankind has been a history of class struggles, contests between exploiting and exploited, ruling and oppressed classes; that the history of these class struggles forms a series of evolution in which, nowadays, a stage has been reached where the exploited and oppressed class—the proletariat—cannot attain its emancipation from the sway of the exploiting and ruling class—the bourgeoise—without, at the same time, and once for all, emancipating society at large from all exploitation, oppression, class distinctions and class struggles."

The Communist manifesto [2] runs 27 book-size printed pages.

I won't embarrass anyone by asking for a show of hands as to how many of you people have read this paper.

But it is something which I feel that every intelligent American should read, if for no other reason than to see what kind of thinking is back of the idea of communism—and what kind of appeal it took to set the whole idea of communism into motion.

The word "capitalism" as it is widely used—and misused—today was probably unheard of until the time of Marx.

He looked upon the accumulation of capital as really the work of the devils of hell upon earth.

He saw the results of the industrial revolution. He saw men being ground into mere cogs in the wheels of new and mighty industry.

He saw the hovels for those people who came in from the open spaces in the country to get work in the cities.

He saw workmen becoming mere animals, sleeping in dark, dreary places—with food of the lowest type—and with wages so small that they could aspire to nothing more than bare existence, while the profits of industry went to the feudal lords, the barons, and the capitalists of Europe.

Karl Marx hated what he saw—and he hated his interpretation of what he saw.

He lashed out at the situation. He wanted above all else to correct it.

He approached the problem without a sustaining faith in God, and apparently without a belief in the worth and dignity of the individual.

Unlike Abraham Lincoln, Karl Marx appears to have been a person who had no real love in his heart for his fellow man. He wanted to help people in the field of material things but he appears to have been a person who never particularly loved those he felt he might be able to help.

It is significant that through the years, Lincoln has grown steadily and increasingly in worldwide affection and esteem, while Marx as a person has not.

Marx died a lonely, sad, frustrated individual—a broken-hearted wretch who had very few friends.

But, what we must never forget is that, through his theories which—with the help of Engels—he put down on paper and put into circulation, he sowed the seeds of the largest mass movement ever to hit the earth.

Back there in the middle of the 19th century, Karl Marx doubtless had great hopes for the success of his philosophy—but he never could have dreamed that, by the year 1961, there would be more under the control of his doctrine—as explained and interpreted by his disciples—than the total number of Christians, Jews, and Moslems in the world. Think of it.

In addition to attracting followers down through the years, Marxism has gained a number of new characteristics.

For instance, I doubt very much if Karl Marx ever thought he was setting out to draw up a blueprint for a police state, a slave state, or a ruthless dictatorship.

But the point for us to remember is that the basic appeal of communism is stronger today than it has ever been. The basic appeal to the people is this:

"You have been exploited. You have been cheated. You have been ground down. The capitalists and the capitalistic countries have taken away from you what rightfully belongs to you. Your time has come. Do away with all forms of capitalism in your own country and in the world, and you will have everything you want. You will have what is yours. All your problems will be solved."

This is the appeal of communism.

There is no mention in this appeal, of course, about loss of personal freedom. That factor is never mentioned, and never admitted by the promoters of communism.

All they say is that, "We will bury capitalism—and when we do, the world will be ours."

This is a hopeful note for the "have-not." This—plus the use of intrigue—and force, when necessary—causes them to respond to the glowing promises which are held out to them.

Now, here in America, our economic system—our system of capitalism—has not remained static. We have improved it over what it was a century ago.

We have, as a matter of fact, developed an entirely new kind of capitalism.

To differentiate our present-day North American capitalism from the monopoly capitalism which Karl Marx saw in his day, I term our present-day system cooperative-service capitalism—it is the antithesis of communism. That, to my mind, is exactly what we now have, although there is still room for improvement.

This cooperative service capitalism combines the basic principles of participation, self-help and social concern in the use of capital.

Within it labor, management, and capital form a triumvirate that makes possible an economy based upon the theory of abundance rather than scarcity.

Within it capitalistic enterprises develop along various lines. Basically they are profit and loss corporations, nonprofit corporations, individual enterprises and partnerships.

Social and economic mobility differentiates this form of capitalism from the strictures and personal restrictions inherent in the state capitalism of modern dictatorial communism.

This new capitalism participates in producing economic progress through social justice by democratic means.

Canada and the United States have developed on both sides of the border this same general type of cooperative-service capitalism and have each put the old exploitive type in legal straitjackets. Where the word capitalism is used further in this presentation, it means this new North American type.

Cooperative-service capitalism has not led to state ownership of all the means of production, as Karl Marx advocated. It has not caused the individual to regress into a mere pawn of the state, as is the case in all of the Communist countries today.

But it has marvelously succeeded in accomplishing everything worthwhile for which Karl Marx pleaded in his day—and much more.

Our North American system of capitalism centers around the profit motive. It permits the individual citizen to own land and property, productive equipment and resources—to work at a job of his own choosing—to take risks—to compete in the market place—and to keep as his own a fair share of what he earns. But this new capitalism is set up to meet human needs—to create jobs—and to contribute to the general good, as well as to enable employers and employees alike to make money.

This system of capitalism recognizes values in life above and beyond economic security.

It is concerned not only with providing comforts, conveniences, and luxuries for the human body, but it is also concerned with providing for the betterment of the human spirit.

Our North American system of capitalism recognizes the worth and dignity of the individual. It encourages initiative and self-reliance. It embodies ethics—although some individuals and corporations, of course, still have this to learn.

It is based on man's love of freedom.

And, thank goodness, it is practical. It works.

Our American system of service capitalism, as a matter of fact, has proved itself to be by far the best economic system ever devised for producing and distributing an abundance of goods and services for the great mass of the people.

Despite all of this, however, capitalism is not gaining adherents in the world.

It is communism that is gaining.

In many of the newly developing countries of Africa, Asia, and South America, capitalism is looked upon almost with scorn.

[2] Feuer, Lewis S., editor, "Basic Writings on Politics and Philosophy," Doubleday Anchor, paper edition, New York, 1959.

This has been going on for some time.

Dr. Charles Malik,[3] one of the great statesmen of the free world, has told us that in the past 40 years, we have not gained one inch against communism. (Dr. Malik was former president of the United Nations General Assembly and presently is professor at American University in Washington, D.C.)

And he made that statement before Laos and Cuba were so rapidly and so definitely overrun.

The question is: Can capitalism compete?

Can capitalism compete with communism in the newly developing areas of the world?

What will be required of us to gain ground against communism—to preserve our American way of life—to maintain our personal and economic freedom—and to keep America marching in the van of mankind along the main road of human destiny?

These are hard questions.

They are also questions which we cannot escape.

Capitalism will not win out in the world unless capitalists make it win and that is all of us.

Can we do so?

I, for one, believe we can. But we must face the facts as they are, do everything within our power to correct what needs to be corrected—and go on from there to be crusaders for capitalism for service, as well as for profit.

HANDICAPS OF CAPITALISM

To begin with, we must be the first to admit that capitalism—with all of its good points, and with all of its fine achievements—is still far from being perfect.

The imperfections—the faults—are not inherent in the capitalistic system itself. They are merely the reflections—the fruits, if you will—of the attitudes and the actions of the men and women who influence the operation of the capitalistic system—businessmen, government officials, labor leaders, educators, and others. Capitalism is weakened the moment the emphasis ceases to be on service.

Capitalism becomes counterfeit the moment those who control it concentrate on greed.

The whole idea of the new capitalism is lost in the newly emerging countries when, for instance, we go into those countries and buy up chocolate, tapioca, minerals, and other goods at prices which provide a bare living wage, or less, for those who produce those materials. Our economic system should be able to reach out and make it possible for the workers who produce rubber, for example, to own a vehicle of some sort equipped with rubber tires—even though it is nothing more than a self-propelled bicycle.

The whole idea of capitalism is lost when we get so busy trying to make money and to gain economic security, that we can think of nothing else—and when, for instance, we use misleading advertising, make false claims about our products, give inferior service, mislabel packages, fail to fulfill on guarantees, work in collusion with racketeers, set up cartels, conspire to fix prices, look upon competitors as enemies to be wiped out by fair means or foul—and so on.

Practices such as these are not universal. If they were, capitalism would crumble overnight. But whenever greed enters in and integrity goes out, capitalism is handicapped—and its shortcomings cannot be glossed over, or hidden from the eyes of the world.

In passing, I draw attention to three specific handicaps to capitalism which stem purely from the attitudes of those of us who control the operation of our economic system—and which prevent capitalism from earning the wholehearted loyalty of people throughout the world in today's struggle between communism and capitalism.

The first such handicap grows out of our attitude toward color. Four-fifths of the people of the world are of a different color from those of us who have a north European heritage.

When St. Paul brought the civilizing influence of Christianity to Europe, the ancestors to most of us in north Europe—who had been wild pagans, chasing each other around the bushes and through the forests—gained knowledge and power.

Because they were of a light color, they consciously took it for granted that this fact made them a superior race—and we inherited from them the same idea.

But unfortunately for our children and grandchildren, satellites, plows, fertilizers, and factories are colorblind.

We who operate the capitalistic system do not yet seem to recognize this fact—or to recognize it enough.

Few American business firms have any business executives at home or abroad who are empowered to make decisions—and who are of a different race from the "superior" north European.

This is the root of much of the problem that we ourselves are creating for democracy throughout the world.

A second handicap which capitalism possesses grows out of our attitude toward the brains of women. (It sounds rather silly, doesn't it?)

Through the centuries, women have been subservient to men. The woman has been the bearer of children—and the beast of burden.

We in North America have emancipated the woman from drudgery. We have given her the vote and an electric kitchen. We permit her to hold a job. But we have failed to recognize that the brains of women are equal to [4]—if not superior to—the brains of men.

For instance, there are today very few women engaged in highly technical, scientific work in North America. A recent study of a representative number of laboratories of American corporations involved in scientific research showed that very few women were employed except in positions of secretarial work or handling office machines.

The opposite is true in that part of the world with which we are competing for economic and scientific dominance.

In the scientific work of Soviet Russia which has startled the world, women are at least equal in numbers with men—and, in certain fields such as medicine, women predominate. This is equally true in mainland China.

The leaders of Marxism have found that the brains of women are ideally fitted for the scientific age—and are putting them to work. If we do that at all, it is only occasionally.

A third handicap which capitalism possesses—and this may come as a surprise to you—is the fact that we do not communicate our philosophy of life to others; we have the means but not the spirit.

We have magazines, books, newspapers, television, radio—we have developed an overwhelming system of advertising techniques through the written and spoken word, and through audio and visual aids. We can sell soap and toothpaste and automobiles.

But can we sell ideas—can we sell ideas to people throughout the world who may, or may not, understand or be in full agreement with, our ideas?

From my travels in much of the world, and as a result of conversations with literally thousands of people, I have become convinced that we in the United States have failed to master the art of communicating to others our basic philosophy of life.

What we seem to overlook in our communications is the importance of getting others emotionally involved in our facts. This is something we are going to have to learn how to do or, at least, how to do better than we are at present doing.

A WAR OF IDEAS

A war between communism and capitalism in which we are now engaged is a war between freedom and slavery.

It is a war of ideas.

It is getting hotter and hotter.

If we lose this war it could, in many respects, be as destructive to civilization and to sanity in the world as an allout war of missiles and hydrogen bombs.

To win this war, to give the people of the newly developing countries an idea of what democracy is, and of how it works within the framework of a capitalistic economy, we must, first of all, straighten out our own attitudes and actions in the operation of our capitalistic system. And I am confident that this can be done, because I have confidence in the basic integrity and intelligence, and outgiving humanitarianism spirit of the people of North America.

We must remove the handicaps which hang around the neck of capitalism.

The next thing we must do, as I see it, is to spell out representative democracy [5]—to clarify democracy—for ourselves and for the world.

Representative democracy within the framework of a capitalistic economy is not a one-legged stool—it is not a one-legged "shooting stick," such as is used by the British at horse races. Rather, democracy is a chair with four legs. These are the four legs:

First, economic democracy: Economic democracy is a state of society in which people of different races and of various desires, ambitions and degrees of ability have a full opportunity to develop themselves in such a way that they can hold their heads high and say, "We are a part of the material and spiritual growth and development of our country."

The word "we" has become the keynote of the success of the Communist world. We should remember that the word "we" is also the keystone of the success of our Republic—and the keystone of our American way of life.

Our forefathers were not stabbing in the dark when they launched the Preamble to the Constitution with the words, "We the people."

Second, educational democracy: By this, I mean giving people an opportunity to apply and to use their education and training to the fullest. Unless we have educational democracy in the world, there is little need for any other kind of freedom; I hope this does not sound too harsh.

But what I am trying to say is that we had better quit helping illiterates to be literate, unless, at the same time, we can help them find opportunities for the development that should come with literacy.

In too much of the non-European world today, literacy leads only to frustration.

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[3] Malik, Charles, "Will the Future Redeem the Past?" An address delivered at Williamsburg, Va., June 11, 1960 (reprinted and distributed as a public service by the Virginia Commission on Constitutional Government), Richmond, Va., August 1960.

[4] Rules are often proven by exceptions—a dramatic exception that proves this thesis is Dr. Grace L. Hooper, director of systems research of the Remington Rand division of the Remington Rand Corp., New York Times, business section, Aug. 18, 1961.

[5] By representative democracy which for the purposes of this paper I term democracy, I mean that combination of political theories and practices that has evolved into the types of governments we have in Canada and the United States.

Learning to read and write, without having the opportunity to apply this education and to be a useful citizen causes trouble.

Third, judicial democracy: Being a lawyer, I have deep personal feelings about this particular leg of the chair of democracy.

Unless, and until, laws can be made applicable to all, democracy itself is a farce.

This, too, may sound harsh—but it is a fact. We in the United States are today having perhaps the biggest internal struggle ever to take place in our history to see whether public opinion will support the judicial democracy that our courts are expounding.

We are very fortunate in having judges in our lower and appellate and high courts who carry on the traditions of our great Anglo-Saxon legal heritage.

In many parts of the world, however—and unfortunately in certain sections of the United States—judicial democracy does not have the opportunity to be followed through by community understanding.

American business and civic leaders and government officials, in too many cases, take the easy road—and have followed the whims and fancies of those who believe that they were born into the upper crust because of race.

Fourth, political democracy: This is what we hear so much about in world affairs. A political democracy cannot possibly succeed unless it has the support of the other three legs of democracy: economic, educational, and judicial.

We blame the Government and the administration and various Federal agencies for the fiasco in Cuba and in Laos and elsewhere.

But failure in these areas is not primarily the fault of our Government representatives. It is more the fault of the citizens, the voters, the people of our land, including particularly those of us in cooperatives.

We are so busy with our own personal and business affairs we fail to realize that our national problem could be solved better—and the world would be more stable—if we took time out to strengthen and advance economic democracy, educational democracy, and judicial democracy, so that political democracy could survive.

The sad note is this: In many of the newly developing areas of the world, political democracy is failing and being taken over by some form of military dictatorship—as in Korea—either on the right or the left, very largely because of the failure of cooperative leaders at home and abroad to take a greater interest and a more active part in public and world affairs.

The people of the newer nations have little respect for the local money-lender or the foreign capitalist—and hence choose statism either of the right or of the left.

WHY COMMUNISM HAS GAINED

Cartels are sires of communism and its resulting slavery, because of the frustrations of men and women against the exploitations, abuses, and iron shackles of exploitive capitalism. Communism is largely winning by default because of the neglect on the part of those who have, to have compassion for those who have not.

Cooperatives, on the other hand, are sires of democracy and of freedom, because cooperatives give men and women the opportunity to learn by doing—and to participate in their own destiny both economic and social—to feel that they belong.

Communism has gained ground largely because the capitalistic free world has failed to explain—and to prove—to the people of the world that capitalism has made the gospel of Marx as obsolete as the old belief that the world is flat.

Capitalism can be explained only by capitalists who are true believers. And cooperatives, being among the most capitalistic of all sectors of 20th century capitalism, have neglected to carry the torch of conviction in the crusade for freedom.

Communism is a giant cartel of state capitalism—with men as pawns on the chessboard—and with dictators making the moves. Pawns are always expendable.

Cartelized communism, or cooperative-service capitalism—one or the other will be the "wave of the future."

Our children's destiny is in our hands. If capitalism is to win in competition with communism, the victory will come only as the result of the determination and efforts of the voluntary apostles and disciples of cooperative-service capitalism who believe in this economic system of ours and in this way of life.

Voluntary cooperation is an idea which we can export to the people of the newly developing countries—but not by sitting on our hands—and not by concentrating on our own selfish interests—while the Communists are out selling their wares.

THE MILITIA OF FREEDOM

In our type of government, the citizens of the land are the militia of freedom. From the War of Independence through the several major wars since, our military has been largely composed of nonprofessional fighters. When the call of alarm has sounded, the ablebodied men have risen to assume their tasks in line with their abilities.

Today we are engaged in a war of much greater magnitude than any war we have ever known in the past—a cold war for the loyalties of people.

In this worldwide engagement, new types of resources are needed. While the military holds the lines against a hot, shooting war, the citizens of our Nation must rise up and help win the war of ideas.

Each segment of our population has its appointed task—the educator, for instance, to battle in the classroom and the forum for the principles of freedom; the lawyer for world peace through law; the trade union proponent for freedom of choice in working, the economist for social mobility—and so on through a long list of groups who can help build the battlements for liberty.

The groups which I have just enumerated are perhaps all doing a better job in defense of our common cause than the group here assembled at this meeting of the American Institute of Cooperation—and yet, we have an easier and more important task than any of the others.

Dr. Joseph Knapp, Administrator of the Farmers Cooperative Service of the USDA, in the "Report of the Social Science Research Council," published in 1933,[6] said, "The compilation of information is perhaps less important that ability to make good use of it."

No truer words were ever uttered concerning the basic cause of the loss of much of the free world to dictators and to slavery.

The "little people of the world" can understand the message of cooperation, and can adapt it to their use in developing a standard of living beyond that offered at the end of the rainbow by the dictators of the Kremlin and Peiping—and yet for a third of a century, during which time communism has grown like the beanstalk in the famous folk story, "Jack and the Beanstalk," we at the American Institute of Cooperation have presented papers and have compiled information and have created the world's greatest library of cooperative literature—but we have done practically nothing more than merely to assemble information, and occasionally to use it for ourselves.

We have not taken up the cause of cooperation—and we have failed to make good use of our information in "saving the world."

Freedom is most securie in those countries which use cooperatives as a basic part of their capitalistic economy. Communism, on the other hand, finds a toehold and grows among the population in those areas where cooperatives are either nonexistent or very weak.

People can understand the meaning of working together toward a better economic and social existence—in fact, communism is a false heresy of cooperative effort.

Where true cooperatives are strong, communism is weak—for example, in Sweden, Norway, the United Kingdom, Denmark, Ireland, Greece, Canada, and the United States. But communism is in a virulent stage in countries where cooperatives are largely unknown, as in some countries in Latin America—in some areas cooperatives are beginning to make headway.[7]

The only shortcut to understanding economic freedom is through the use of the nonprofit voluntary associations. We have spent untold millions with the best of intentions in the newly formed nations, and have had it go down the rathole, largely because we have not seriously attempted to help the people there to understand how to use the cooperative vehicle to carry them over the rough spots.

Japan today is in the camp of the free world, principally because during the McArthur regime, the rural people were encouraged to form agricultural, credit, and fisheries cooperatives. Incidentally, this was under the direction of John Cooper from the Bank for Cooperatives in St. Paul.

Communism has had a setback in one section of Italy where an American cooperative group took the initiative in helping the people there get cooperative credit for their local cooperatives. I know of no other spot on the Italian peninsula where communism is being rolled back. This Italian work was implemented through the leadership of Murray Lincoln largely from his experience as president of CARE—another cooperative.

Where the population is poverty stricken, as is most of the uncommitted world, people cannot appreciate capitalism except through experiencing capitalism in their own lives.

Communism does not thrive among the rich, it strikes and festers and grows among the destitute and the hopeless.

I recommend that we, as members of cooperatives, keep on compiling information—but following the Knapp formula make certain that we alert the powers-that-be in all organizations working with people in the emerging nations that cooperatives are the seed beds of democracy.

Only an infinitesimal part of our oversea development efforts, public and private, have been directed into the fields of helping people learn the way and means of self-help organizations. A large part of our failures in the distant areas can be credited to the fact that we have taken the easy path—too much of our oversea time and money has been spent to help governments to do the job when we at home know that that is not the way to help the growth of democracy.

American cooperatives are our logical contacts to the world in explaining how peoples organizations are among the foundation stones of the structure of democracy. Invaluable help can be received from the Farmers Cooperative Service and the Small Business Administration of the U.S. Government—but the lead in showing the world the fundamental principles of our cooperative organizations must be taken by the voluntary organization themselves.

Some big enterprises the Government, of course, must do, such as our own Hoover Dam, TVA, and St. Lawrence development program—but in much of the world we have

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[6] Black, John D., "Research in Agricultural Cooperation," Social Science Research Council, New York, 1933, p. 27.

[7] "Cooperatives: A Force for Social Change, Americas," Washington, D.C., August 1961.

encouraged the state sector to go into areas where a cooperative of the people themselves could not only do the job much better, but also as well be a seminar for democracy. For instance, we have encouraged Government to distribute power in new countries and have not encouraged the REA cooperative principle.

Too many vested business interests in our country have thrown roadblocks in the way of cooperative efforts overseas while cooperators at the same time, being in possession of the knowledge and experience of how to wield a mighty effort in the direction of stability through the use of the nonprofit mechanism, have stood idly by and done little missionary work.

The North Sea kingdoms have proven that cooperatives are the antithesis of statism and dictatorial communism—and, at the same time, do not eliminate ordinary profit-and-loss private business. The amazing thing is that as cooperatives have served and flourished in these countries and on our continent, ordinary enterpreneur enterprises have likewise prospered.

The nonprofit cooperative not only helps in its selected field, but acts as a stimulus and guide for other business to prosper without depending upon monopoly trusts and cartels.

Most of the world judges between the lure of communism and the straitjacket of cartels and trusts. As between the two, the common run of mankind is choosing communism—and yet we have the cooperatives ready to act as a safety valve in the high pressures of the human boiler and we have not made this mechanism available.

Unless the "little people" of the world can learn to use the nonprofit device of a self-help cooperative for certain of their needs, their is no stopping the drift toward the fulfillment of the dire prophesies of the Master of the Kremlin and Peiping.

Those of us in the free world who have learned to build ourselves and the community through self-help devices have an obligation to make this information available to all and to help them to use the system—or else we will go down the drain to the sewer of Marxism, along with the cartel-minded operators.

The basis of successful educational research is to probe—test—prove. This methodology I have attempted to use in this presentation.

A capsule condensation of the ideas presented here might include these thoughts:

Cooperatives prove that great people are ordinary people captured by a great idea.

There are a half million words in the English language, and the one that has the highest motivation index is participation.

There is no human satisfaction equal to that which comes of doing work that is creative.

Emotion often obscures problems.

This is the age of revolution—will it bring us freedom or slavery?

Cooperative effort trains men to combine enthusiasm with humility—the word "we" becomes all important rather than "I."

The day-by-day difference between the Soviet philosophy and the cooperative philosophy is this: In the Sino-Soviet world the organization is more important than the people, in democracies people are more important than the organization.

Democracy itself is a great cooperative.

Cooperation is not only a good economic device, but a teacher in the school of freedom.

Despite all this, I am afraid that we members of cooperatives are not doing our full part to man the defense wall in the war of ideas.

Our Government-announced policy is to help with information, when asked, those countries that need technical counsel in developing self-help voluntary organizations. The Government would be well advised to actually use co-ops in this country and their leaders to assist in this project.

I recommend, therefore, that our cooperatives assume their rightful position of responsible leadership—and voluntarily fulfill their obligation to do something by appointing and implementing an across-the-board commission of agricultural, credit union, consumer and service cooperative technicians who, without delay, will make available to the world the fundamental principles of self-help which we have found to be all important in developing a land of economic, as well as political, freedom.

Remember, we are mobilizing in a total war of ideas.

This will take time, energy and money—but of what value are these, if the rainbow of freedom vanishes from mankind?

This is today. This is our day. Yesterday is but a canceled check, and tomorrow is a promissory note. But today is cash. Our place in history is right now.

If we neglect our duties as responsible citizens within a responsible society, some of the younger people in this room—when they are the elders in the 21st century—may secretly recount to their children the fact that in their youth they had liberty and freedom. Eternal vigilance is the price of liberty and freedom. That precious right of choice may be seriously impaired—even lost—if this generation fails to live up to its responsibilities.

Time is of the essence. The Bard of Avon in Julius Caesar well expressed it four centuries ago in a mandate for those who believe in cooperative capitalism when he said:

"There is a tide in the affairs of men,
Which, taken at the flood, leads on to fortune;
Omitted, all the voyage of their life
Is bound in shallows and in miseries.
On such a full sea are we now afloat;
And we must take the current when it serves,
Or lose our ventures."

THE DECADE OF DEVELOPMENT

Mr. HUMPHREY. Mr. President, yesterday the Senate and the House completed action on, and the President signed, what we call the Foreign Assistance Act of 1961. The act might well be called the decade of development. In fact, the decade of development is begun.

The conference report which the Senate and the House of Representatives approved yesterday opens a new era of progress for the world. With the passage of this conference report, the decade of development will be begun.

What we are doing today is as significant in history as was the enactment of legislation for the Marshall plan 13 years ago. The quality and scope of our action has been somewhat obscured by the controversy over one aspect of the program—the means of funding the development lending activity. This controversy has hidden the broad area of agreement on the fundamental principle which now is enacted with wide bipartisan support. That principle is that the United States should be—and with the passage of this bill will be—committed to leadership in a great program for progress, a program which President Kennedy has proposed to us as the decade of development.

This legislation authorizes the President to undertake a great program of loans, in the language of the statute, "in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities."

In plain English, this means that the Congress of the United States has authorized the President of the United States to take the necessary actions for the United States to assume a position of leadership with other developed nations to aid a third of the people of the world, over a billion of our human brothers living in the less-developed nations on four continents, to rise out of poverty, ignorance, and disease, and to move forward toward a new life.

What we will be doing is to help the people of these newly independent nations and of the older friendly nations of Latin America to add to the benefits of political independence the benefits of social and economic growth and progress.

Their climb along the upward road must be made primarily through their own efforts. Much of what they have to do will be difficult. Basic economic reforms will often be necessary. There must be a better distribution of land among the people who till it. There must be a greater opportunity of education for the children of all the people. Taxes must be levied through which the wealth of the few will be made available to the needs of progress. Our aid, wisely administered, can be of the greatest benefit in this forward movement.

The great principle for which the President has asked the support of the Congress is the power to act in the name of the United States to make commitments over a period of 5 years to these friendly nations that our aid would be forthcoming to them in agreed amounts over this period. The Congress has provided this assurance. The legislation specifically states that—

> Whenever the President determines that it is important to the advancement of U.S. interests and necessary in order to further the purposes of this title, and in recognition of the need for reasonable advance assurances in the interest of orderly and effective execution of long-term plans and programs of development assistance, he is authorized to enter into agreements committing, under the terms and conditions of this title, funds authorized to be appropriated under this title, subject only to the annual appropriation of such funds.

The funds which are to be available to meet these commitments must come from appropriations which are authorized by this bill. The authority now given to the President to make these long-term commitments implies a moral obligation upon the Congress to appropriate the funds in future years which will be necessary to meet commmitments the President has made under this authority, unless there should develop some extreme reason why the Congress should nct honor the commitments through appropriations at a later time.

For this lending program, the bill authorizes the appropriation this year of

$1,200 million and for each of the following 4 years an additional $1,500 million. These funds are to remain available until expended, with the provision that any unappropriated portion of the amount authorized to be appropriated for any fiscal year may be appropriated in any subsequent year during this period, in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal years. It is important to realize that the figure of $1,500 million for the 4 succeeding years is to be regarded not as a ceiling but as a floor. The President told the Congress that he believed $1.9 billion would be needed for each of these years. The way is explicitly left open for the President to return to the Congress in each succeeding year to request such additional authorization and appropriation of funds as he may find the interests of the United States require. The figures of $1,500 million can, however, be taken as the assured present intention of the Congress for appropriations and the President may make commitments for assistance in future years up to these amounts in confidence—which the aided countries may share—that the Congress of the United States will make the funds available to honor the commitments.

The understanding which I have expressed of what this great action of the Congress means is clearly stated in the report of the managers on the part of the House. I should like to quote their statement, which has my full approval:

> The Executive has authority to enter into agreements committing the United States to participate in development programs of foreign nations for a period of up to 5 years but making such commitments subject only to the regular annual or supplemental appropriations of funds. The committee of conference recognizes that the amount agreed to for each of the future years is below that requested by the Executive and therefore is to be regarded as a floor rather than a ceiling. If the program proves itself and additional funds are considered necessary for the attainment of our foreign policy objective, Congress will entertain a request for such authority and appropriations. In justifying any such request the Executive will also need to justify in detail before the Committee on Foreign Affairs its use of the funds theretofore authorized. It is understood that the conferees regard the language in the bill as authority for the Executive to make commitments which will be honored by the Congress unless there is evidence of obvious bad management or the other country has failed to meet its responsibilities.

BETTER ADMINISTRATION

Mr. President, the authority now granted to the President to move forward confidently on the full 5 years of the decade of development is by no means all that is contained in this landmark of legislation. It also provides other tools for effective action. The first and perhaps the most important is the authority to establish a unified administration for our whole economic aid program. In the past there has been a diversity of agencies engaged in this vital activity. Coordinating control has been exercised but has been inadequate. This has been fully recognized by the executive branch itself and the President has asked for authority to create a unified agency for international development.

This authority is now provided. It will tie together such existing aid agencies as the International Cooperation Administration, the Development Loan Fund, and others. It will provide for the centralization of programs for our entire economic aid effort. It will identify responsibility for the administration of the program is a Director who will have the high rank of an Under Secretary of State and who will report directly to the Secretary and to the President. It will provide for two Deputy Directors having the rank of Deputy Under Secretaries of State and for Assistant Directors who will rank with Assistant Secretaries of State.

The Congress has firmly placed the AID agency on a high level which should make possible the attraction to this central agency of U.S. foreign policy of men of the highest caliber who are willing to serve their Government in one of its most difficult and most far-reaching activities.

FUNDAMENTALS FOR PROGRESS

The set of tools the new law provides includes other fundamentals for progress.

It provides for supporting assistance which will go primarily to those nations who are undertaking military burdens greater than their own economies can support. It will help other nations which are providing us with bases and other facilities of the greatest importance to our worldwide security effort. It will go to still others which need our continued help in order to prevent economic collapse and internal chaos.

The nations which we will help through this supporting assistance include such allies and friends, fighting for survival against the pressures of communism, as Korea, the Republic of China, Vietnam, Pakistan, Iran, Greece, Turkey, Jordan, and Spain.

It shall be our purpose, however, to encourage these countries which are receiving our supporting assistance to relate that assistance increasingly to development objectives. I believe that as we are able to go forward with this effort it will be possible for us gradually to diminish the amount of our supporting assistance and to put our aid more and more on a development basis.

The great point 4 program remains an integral and effective part of the new aid program. It is now incorporated in a category of development grants. These grants will be chiefly for education and human resources. They will include the technical assistance of past years which will be directed more precisely toward needs essential to economic growth and will be augmented to help fulfill these needs. These grants will go also to other needs which cannot wisely be met from aid provided on a loan basis.

There will be a need on the part of a number of countries for assistance on a grant basis, particularly in the fields of social progress. We have already undertaken a program to meet such needs in Latin America in the legislation for the program for social progress authorized by the Congress at the last session and for which appropriations were made only recently. This effort is part of the great alliance for progress. Development grants are intended to extend our vital assistance in these fields to the new nations of Africa and the Far East. We will help through development grants to carry forward programs of land reform, the development of agricultural credit, rural and urban housing, community development, sanitation, and health facilities, and the creation of urgently needed educational opportunities.

These activities are the most basic and the most needed for the creation of the institutions of government and of the private economy in the newly independent and developing nations of the world.

Development grants will also be used to carry forward the continuing work of the great program of malaria eradication and for other purposes.

INTERNATIONAL ORGANIZATIONS

The new legislation continues the support of the United States to international organizations which have come to have an indispensable and irreplaceable role in development. It was the United States who, in the past, took the leadership to create and support the technical assistance and other aid programs administered by the United Nations and other international organizations. These programs have had two great benefits. They have served to strengthen the United Nations itself and the other international organizations which administer them, and they have served to strengthen our leadership in these organizations. These programs have also been a means by which scarce resources of money and trained manpower can be brought together from other nations and brought to bear on the problems of economic progress.

Through this legislation we will continue our substantial help to U.N. Technical Assistance and Special Fund. We will continue our part in the U.N. effort to bring peace and stability to the Congo. We will continue our principal role in providing for the refugees in the Middle East until a solution can be found to that problem. We will continue our contribution to the U.N. Emergency Force in the Middle East, to the Children's Fund, to the World Health Organization's programs of malaria eradication, worldwide water supply, and medical research, and to the international atomic energy program for peaceful uses of the atom. We will also provide our contribution to the technical cooperation program of the Organization of American States and to the very important joint effort of Pakistan and India for the development of Indus waters.

FOOD FOR PEACE

The AID Act itself does not provide for food for peace. This is done separately. However, food for peace is an integral part of the whole foreign-aid program. Food is a major and necessary component of the resources which the less developed countries need from abroad, but food for peace cannot be

fully effective except in conjunction with a broader program of foreign aid. Full provision for coordination of the great food-for-peace program with the aid program provided for under this legislation will be established in the AID Agency.

DEVELOPMENT RESEARCH

Assistance to the development of some threescore nations in various stages of progress from the most elementary to those on the threshold of self-sustaining growth is the most difficult and the most complex task our Government and people have ever undertaken. It must be frankly recognized that there are many problems involved to which we do not now have the answers. We should therefore adopt the principles long since established in our private enterprise and educational institutions: the use of research as an instrument to help chart our course in the administration of aid.

The legislation now adopted provides for the first time for a program of development research, including the practical testing and application of its results. This program of research has been recommended by the President's Science Advisory Committee. It will be a key tool of development. It will help assemble, evaluate, and put to effective use a body of knowledge which today is scattered, unevaluated, and unused. This newly authorized element of our aid program is in itself a valuable step forward toward a more effective, efficient, and economical use of our aid funds.

CONTINGENCY FUNDS

Unfortunately the experience of past years tells us that we can expect in the months ahead to be confronted with needs for economic assistance funds which cannot now be fully foreseen. We need only look to the course of developments in Vietnam and Berlin to understand the increasing pressure of the Communist bloc on the free nations. It is imperative that the President should have available to him unprogramed funds which he may use to meet perils which we cannot now foresee. It is equally imperative that he should have funds with which he may grasp opportunities which may arise and which if not taken at once may disappear before a return can be made to the Congress for any funds. As the Secretary of State has said:

> We have learned from sad experience that despite the most careful planning the future is blurred as to the precise events which may occur. If we are not in a position to deal with these events, we will be exposed to dangers which we cannot meet and opportunities which we cannot seize.

The President asked $500 million for contingencies. The conference has agreed on a sum of $300 million. The course of events suggests that this fund may indeed be inadequate. If it is, it should be plainly understood that the Congress will receive the request of the President for a supplemental authorization and appropriation to meet contingencies.

PRIVATE ENTERPRISE

The process of economic development is an enormous one. We should not expect that aid should come from Government resources alone. Private enterprise has a significant and essential role to play. In our country a great part of the resources and skills available to us is found among our people and corporations in private life. If we are to make our effort to assist the economic and social growth of the less-developed nations a national effort on our part, we must use these private resources to the maximum.

Private enterprise is competent and in many cases is willing to take a more active part in the development process. Yet private capital is understandably concerned about the uncertainties and even dangers which it will face in making large investments in countries which in many cases are unstable or where the future prospects are uncertain. For this reason it has become a basic policy of our Government in administering the aid program to provide incentives to private enterprise to join in the public effort to assist economic growth in the less-developed countries. Our Government has therefore undertaken a series of efforts to aid American business enterprise and to mobilize its contribution to the national program for economic development. These include the standing efforts to provide assistance through U.S. diplomatic representation and through treaties of friendship, commerce, and navigation which include protection for American private enterprise.

The new aid legislation provides several significant devices to encourage U.S. business participation. One of the most important of these is an all-risk guarantee. This program is established on an experimental basis. Ninety million dollars is authorized to be used to insure against losses of investment—as opposed to failures to realize profits—up to 75 percent of the investment. This provision holds distinct possibilities of benefit in attracting capital for important development activities into areas which otherwise private investors would hesitate to enter.

The new legislation also provides for assistance in locating investment opportunities. Here again the Federal Government and private enterprise may engage in a partnership which is valuable to each. The legislation also provides that loans may be made to private enterprises established by U.S. investors abroad. The terms on which such lending occurs can be varied in order to provide the needed incentive.

The drafters of this statute have been especially conscious of the contribution which American small business may make. The statute specifically provides that the President shall assist American small business to participate equitably in the furnishing of commodities, defense articles, and services—including defense services—financed with funds made available under the act.

These provisions and others will provide a challenge to American enterprise, which has never been found wanting, to participate vigorously in the national effort to create a more stable and peaceful world.

FREE WORLD AID

No one should contemplate that the United States should undertake alone the task of aiding the progress of the less-developed nations. This is a task for the entire free world. The new aid legislation calls for the more vigorous participation of other free nations able to bear a share of the cost of progress. We can be confident that this call will be accepted. The experience of recent months has already shown that Western Germany, the United Kingdom, France, and Japan and other nations as well are willing to take up an increasing part of this load. The authority for long-term commitments provided in the new legislation will contribute to the ability of our administrators to work out programs of assistance which will involve the participation of the other industrialized nations and of such international organizations as the World Bank and the Inter-American Bank.

INTERNATIONAL PEACE AND SECURITY

What I have said thus far has been directed to the blueprint for economic development and social progress contained in this legislation. We are all aware, however, that these goals cannot be achieved unless it is possible for the nations we are planning to assist to have internal stability and security from outside attack. Social and economic progress on the one hand and internal and external security on the other hand are mutually dependent. I do not need to labor the fact that the military pressures of the Soviet bloc remain intense in many parts of the world. The military forces of both the Soviet Union and Communist China are a powerful and ever-present threat. Communist aggression now includes a new and more dangerous form: agitation, infiltration, and guerrilla warfare. It is imperative that we continue our support to the NATO alliance and to our friends, particularly in the Far East who are directly under the Communist guns. At the same time it has become increasingly apparent that we must help these new and developing nations protect their peaceful growth from disruption by Communist activity.

The conference report provides $1,700 million for military assistance. This is certainly a conservative figure. There is considerable evidence that the President may have to return to the Congress for a supplemental request before the year is over. It is imperative in my judgment that the full amount now authorized be appropriated in order that the task of shoring up our great alliances may be carried forward.

SUPERVISION

The new legislation provides the President with broad powers to lead the Nation in the conduct of our foreign relations. This is as it should be. At the same time, the Congress has written into the bill detailed provisions for the maintenance of close scrutiny over the conduct of the program.

The Congress has established in the Department of State reporting directly to the Secretary of State, an Inspector

General whose task it will be to carry out continuing reviews, inspections, and audits of economic programs being conducted under this act and of the Peace Corps for the purpose of ascertaining the efficiency and the economy of their administration and their consonants with the foreign policy of the United States. The Inspector General also has broad powers to permit him to ascertain the extent to which programs of military assistance and of food for peace are being carried in consonance with the foreign policy of our country and our aid in the attainment of the objectives of this act and for other purposes.

This act also requires numerous detailed reports from the administrators of the program as to every phase of activity conducted under it. These reports will bring to the attention of the proper committees of the Congress a nearly continuous flow of information. The Congress will also retain full power to review the most intimate details in the administration of the program each year when the highest officials of the Government come before the Foreign Relations Committee and the Senate Appropriations Committee and the similar committees of the House to present their requests for funds for the next year.

PROTECTION OF AMERICAN PRODUCERS

The drafters of this legislation have given most careful attention to the protection of American producers from unfair competition from foreign goods to the production of which loans under the act may contribute.

The President in making loans for development must specifically take into account the possible effects which any individual loan may have upon the U.S. economy. This consideration must have special reference to areas of substantial labor surplus. The act also makes special provision to protect American products from direct competition in the American market from the products of any productive enterprise for the construction or operation of which loans are made under the act.

FUNDS AUTHORIZED

The requests made by the President and the actions of the House, the Senate and the conferees are significant. The following table shows these figures:

[In millions of dollars]

	President's request	Senate bill	House bill	Conference agreement
Development loans	[1] 1,187.0	[2] 1,187.0	1,200.0	[2] 1,200.0
Development grants	380.0	380.0	380.0	380.0
Investment surveys	5.0	5.0	5.0	5.0
International organizations	153.5	153.5	153.5	153.5
Supporting assistance	581.0	450.0	481.0	465.0
Development research	20.0			
Contingency fund	500.0	300.0	300.0	300.0
Military assistance	1,885.0	[4] 1,550.0	[5] 1,800.0	[6] 1,700.0
Administrative expenses	51.0	51.0	49.0	50.0
Total	4,862.5	4,076.5	4,368.5	4,253.5

[1] Also requested borrowing authority of $1,600,000,000 for each of fiscal years 1963-66 and reuse of loan repayments averaging $300,000,000 per year.
[2] Also authorized additional borrowing of $1,700,000,000 for each of fiscal years 1963-66.
[3] Also authorized an appropriation of $1,500,000,000 for each of fiscal years 1963-66.
[4] Also authorized an appropriation of $1,550,000,000 for fiscal year 1963.
[5] Also authorized an appropriation for fiscal year 1963 of such sums as may be necessary.
[6] Also authorized an appropriation for fiscal year 1963 of $1,700,000,000.

CONCLUSION

Mr. President, as I said at the beginning, this legislation provides the authority to the President for the United States to take the leadership in the march of the free nations across the threshold of a new era of social progress and economic development. It now becomes the opportunity and the challenge of the American people to give their support to this national effort on which the peace and prosperity of themselves and their children will so heavily depend. I am confident that just as the Marshall plan had the enthusiastic support of the American people so will the decade of development kindle their imaginations and their energies. With that support we can hope that there will open for the underdeveloped areas of the world the same prospect of growth and progress which the Marshall plan brought to the nations of Europe.

DECISION OF SOVIET UNION TO RESUME NUCLEAR TESTING—ADDRESS BY SENATOR HUMPHREY

Mr. HUMPHREY. Mr. President, I ask unanimous consent that excerpts from an address I delivered in New York City last night, relating to some of the developments on the international scene, particularly the recent action of the Soviet Union in resuming nuclear tests, be printed in the body of the RECORD.

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

EXCERPTS OF REMARKS BY SENATOR HUBERT H. HUMPHREY, 64TH ANNUAL CONVENTION OF THE ZIONIST ORGANIZATION OF AMERICA, NEW YORK CITY, AUGUST 31, 1961

I wish to discuss the tragic setback the cause of peace suffered just 24 hours ago.

I speak of the announcement that the Soviet Union will resume the testing of nuclear weapons—and I speak frankly and with a touch of sadness.

Let us face squarely the impact and implications of Premier Khrushchev's announcement.

The Soviet Union's decision to resume nuclear testing is a cruel and vicious blow to the cause of peace. It represents a cynical disregard for the well-being of humanity. It demonstrates the hypocrisy of the Soviet Union and its so-called peace program.

The entire world now knows that the men in the Kremlin are consumed with ambition and power, without any regard for justice and peace.

The Soviet decision could set in motion an increased arms race in nuclear weapons. That decision has given the go-ahead sign to every country in the world to arm itself to the teeth with these weapons of awful destructive power and to develop new nuclear weapons.

The Soviet decision also marks the launching of an attempted "war of terror." Khrushchev's threat regarding a 100 megaton bomb is a cynical attempt to blackmail and intimidate the world. There can be little military value to such a weapon. It could be used only for annihilation of mass populations. It has been mentioned by Khrushchev only to terrorize the world into submission.

We cannot and will not submit. The United States will make its decision on nuclear testing on the basis of what is best and what is necessary for our national security. We must not be intimidated into precipitous action, and we will not be pushed into the Soviet game of terror and fear.

Let the world know now who has worked positively and sincerely for peace, and who has acted hypocritically and deceptively to destroy the prospects for a just peace.

For 34 months, we have engaged in negotiations with the Soviet Union in an effort to arrive at an agreement to suspend nuclear tests. During those long months, we have respected the self-imposed moratorium on nuclear testing. We have kept our word, and have set an example of self-discipline and national responsibility.

The Soviet Union in recent months has given every indication of its unwillingness to reach agreement. In March of this year, we laid before the Soviet negotiators at Geneva a complete draft treaty which would have provided for the cessation of nuclear tests with effective inspection and control.

Many concessions were made to Soviet objections. In recent days, Arthur Dean, our chief negotiator, returned to Geneva with further concessions to meet the objections of the Soviet Union. Every effort on our part has been rebuked or rebuffed by the Soviets. It had become crystal clear that the Soviet Union sought to renew tests and was doing everything possible to break up the conference at Geneva. The Soviets hoped to drive the United States into renewing tests first, thus giving them a propaganda victory and an excuse to resume Soviet tests.

The Soviets' action represents a great psychological and moral victory for the United States and for President Kennedy. We have refused to be stampeded into nuclear weapons testing. We have kept our word. We have put the welfare of the world ahead of our immediate military needs.

Fortunately, our Nation is strong. Our weapons stockpile is large, and I believe we are ahead of the Soviets in nuclear weapons technology.

We have no reason to be afraid, and we should let the world know that this announcement by the Soviet Union does not intimidate the United States. It does not spread fear in our midst. We will not be led by passion and emotion into some foolish and unneeded course of action.

The purpose of Mr. Khrushchev's announcement is quite obvious. First the Soviet Union wants to improve its nuclear technology and this can be done only through weapons testing. This in itself reveals a relative weakness in Soviet strength.

More importantly, this announcement is a part of a campaign of terror, fear and intimidation. Khrushchev has added this threat to the present Berlin crisis in the hope of dividing our allies from us. He seeks to promote fear and deep concern in the ranks of the peoples of Western Europe and the rest of the world. He is hopeful that by threatening us with some fantastic new weapon, we will give up and the Soviets will win without any use of force.

This will not work. Our Government will reassure the world about our strength. That

strength is real and awesome. Our allies will be reassured that we are determined to resist the aggressive pattern of Soviet action. We will not be driven out of West Berlin. We will not retreat. Mr. Khrushchev needs to know this unmistakably.

Right now I suggest that we take our case to the United Nations. I have urged the President directly that he personally go to the U.N. and tell the General Assembly what the United States attempted to do in 34 months of negotiations on the test-ban issue. It is time that we lay before the entire world the complete proposed draft treaty that we offered the Soviet Union to end nuclear tests. We should also point out how we have met one Soviet objection after another with many concessions in an effort to arrive at an agreement. We must tell how the Soviet Union has rebuffed and rebuked every effort on our part.

Let the world know that the Soviet is the assassin of peace. Let the world know that the Soviet is the villain in the international drama. Let the world know that the United States of America is prepared first to defend itself and its allies, and secondly to work unceasingly for a just and enduring peace.

It is important therefore that the Congress complete its action on the President's proposal for a U.S. Disarmament Agency for World Peace and Security. A national peace agency at this time will be welcomed by the peoples of the world, and would further demonstrate our positive determination to work for peace.

Now more than ever we should bolster the areas of freedom in the world. We must continue our program of economic and technical assistance to the underdeveloped countries.

We must, in fact, step up our efforts in education, in health, in the provision of food and fiber and in the improvement of the economies of the respective nations.

We must be prepared to face a long struggle in all areas. Our attention cannot be restricted only to national defense and weaponry. Our concentration must be upon the needs of the people in Latin America, in Africa, in Asia, in the other parts of the world.

We seek to help people live, not to find new ways for them to die.

Mr. HUMPHREY. Mr. President, I hope the American people now realize that the President of the United States has acted wisely in these months, as did his predecessor, in attempting to restrain the proliferation and the spread of nuclear weapons testing.

The President of the United States has set a fine example for the leaders of the world as to what political responsibility means and how one fulfills it.

The Soviet Union, by breaking the agreement as to the suspension of nuclear weapons tests, has exposed itself before the world as a hypocrite, as the assassin of peace, as the villain in the international drama of world tension and trouble. It will now evermore be clear that the Soviet Union hoped to drive the United States into some precipitate action, and hoped that the United States would first break the agreement. Its own military needs, apparently, required that the Soviets start testing. Today the first test took place, or at least the test that has been announced. That test was an atmospheric test. That particular test is only the first of many yet to come. The American people should be prepared for that. The tests will grow in numbers and intensity. They will be conducted not only for the purpose of improving Soviet nuclear weaponry, but also for psychological warfare purposes, for Soviet propaganda.

I am sure we shall remain steadfast in our purpose of strengthening our Nation, as we are doing, through improvement of our defense structure. I am sure the United States will call to the attention of the world, possibly through the United Nations, the fact that the act of the Soviet Union in exploding a nuclear weapon in the atmosphere is indeed an act of aggression upon its neighbors and upon the world. Radioactive fallout, radioactive debris knows no boundary, no nation, no people. As the radioactive fallout comes to earth from the atmosphere, people will be affected adversely.

Let the world know that the Soviet Union has put aside any regard whatever it may have had for the well-being of mankind, and now seeks only to improve its weaponry and to wage a campaign of terror as a part of its totalitarian world politics.

The interesting thing is that no one seems to be frightened except the Russian people. The news reports, which we have all read, indicate that in the Soviet Union the Russian people are bewildered and frightened. They know that this act on the part of the Soviet Union is another step toward war. They were assured by their government, for years, that the Soviet Union would not be the first to test nuclear weapons again.

The neutral nations which are meeting at Belgrade, as exemplified by the statements of their leaders, have shown disgust for and bitterness toward the Soviet Union. The newspapers are filled with stories.

A headline of one of the newspaper stories of this morning indicates, "Neutralists Shocked by Soviet Move." That was a lead story in the Washington Post and Times-Herald. The same newspaper carries another headline, "Russian Citizenry Gloomy, Anxious Over Test Decision."

It appears to me that the Soviets have again miscalculated. If they thought this act would intimidate our allies, they were wrong, because the leaders of France, Britain, Italy, the Federal Republic of Germany, and other allies have shown great courage and strength. Our ally Denmark, instead of being intimidated by the threats of the Soviets, now makes a greater commitment to NATO. Our ally Greece, being warned and threatened by the Soviets, makes a greater commitment to NATO.

Country after country—including all the uncommitted nations—are shocked and disgusted by the action of the Soviet Union.

Mr. President, sometimes the Soviet Union does the free world a favor by revealing its ugly political nakedness by some of its incredible acts, which are so filled with ambition and power that the nations of the world cannot digest them. I must say that Americans, as the leaders of the free world, can be thankful that our country is strong. We can be thankful our arsenal of military preparedness is strong and superior to that of any other nation in the world.

I was particularly pleased that President Kennedy reassured the world, reassured the free nations, and reassured our people in this great Republic that our stockpile of nuclear weapons is adequate for any need we might have—and it is—and that our superiority in nuclear technology is uncontested—and it is.

The Soviets are indicating a case of international jitters. They are beginning to reveal their weakness rather than their strength.

I hope we shall pursue the steady course of preparedness, alertness, morality, and decency upon which this Nation is now embarked.

Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the New York Times entitled "Soviet Policy of Terror," which is a very fine editorial analyzing succinctly and concisely the present world situation; and an editorial from the Washington Post and Times Herald entitled "Alternative to Catastrophe."

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

[From the New York Times, Sept. 1, 1961]

SOVIET POLICY OF TERROR

In an action that shocks the world and edges it closer to the brink of atomic holocaust, Premier Khrushchev announces that the Soviets are resuming nuclear testing to produce monstrous superbombs capable of being dropped at any point on the globe from space.

This marks another climax in the Soviet ruler's campaign to terrorize the world and cow it into submission to his plans for world domination. It is timed to give new impact to his drive to take over all Berlin as a first step toward detaching West Germany from the North Atlantic alliance, wrecking the free world's defense structure and thus opening the floodgates to the Communist tide everywhere.

To achieve this goal, for which he evidently deems the time to be ripe, the Soviet Caesar displays the utmost contempt for world opinion. His attempt to shift the blame for his own action on those who would resist his efforts to "bury" them is so ludicrous and hypocritical that it is repudiated everywhere outside of the Communist-dominated world.

That includes the "positive neutralists" now meeting in Belgrade, and also those still unable to grasp that the totalitarian mind pursues no limited ambitions that can be appeased, but gambles on all or nothing and can be stopped only by a balance of power adequate to make such a gamble suicidal.

II

Beyond that, Premier Khrushchev's action again demonstrates that the whole Soviet propaganda for both a nuclear test ban and total disarmament is only a gigantic hoax perpetrated on the world. For more than 15 years the Western Powers, led by the United States, have expended their energies and ingenuity to induce the Soviets to agree to balanced and adequately controlled step-by-step disarmament as provided in the United Nations directives.

For the same period they have sought to control and eliminate the atomic bomb, be-

ginning with the Washington three-power declaration of 1945, through the Baruch plan to the latest Geneva test ban conference, at which they made concessions bordering on risks to security.

But the Soviets have sabotaged everything, denouncing controls as espionage, walking out of or demanding constant changes in the disarmament forums, offering sweeping propaganda proposals they have no intention of honoring. Now they have torpedoed the Geneva conference as well, have ended the 3-year test moratorium, and have announced new tests with more lethal fallout to poison the world's atmosphere.

III

The Soviet action gives the Western Powers a free hand to resume their own tests. It goes without saying that everything will and must be done to safeguard the free world and deter Soviet adventures. But there is no reason for the West to be stampeded into new tests. After an emergency session with his advisers President Kennedy declares that our nuclear arsenal is wholly adequate for all defense purposes. That is a reassuring judgment, but it will still have to be kept under constant review.

IV

The one action the United States can and must take is to submit the new Soviet threat to urgent consideration by the United Nations, charged with ultimate responsibility for disarmament. The best way of doing this would be for President Kennedy to appear before it personally to rally world opinion against the Soviet action and for a genuine disarmament effort based on a peaceful settlement of world problems which alone can make a disarmed world possible.

[From the Washington Post, Sept. 1, 1961]

ALTERNATIVE TO CATASTROPHE

The Soviet Union has put an end to the hope that the great powers might spare mankind the dreadful hazards of continued testing of nuclear arms. Men of good will everywhere will be filled with dismay by the ominous portent of the Soviet announcement. The dread specters temporarily exorcised by voluntary test suspension stalk the earth once more to fill waking hours with apprehension and anxiety and to people the hours of sleep with the nightmare monsters that rouse up from unquiet minds. Thus the terror returns, with its threat to the health of the living and to the life of the yet unborn, its renewal of the race for more terrible arms, its promise of nuclear terror, if need be, to gain the ends of Soviet diplomacy.

Every American must be thankful that it is not his country that has made this decision. If such thankfulness exists, it is not to be confused with any narrow satisfaction at the propaganda advantage that accrues to the nations innocent of putting this mortgage on the future of civilization. It is small comfort to know that the other passengers understand who has scuttled the sinking ship upon which the lives of all of us are freighted. If we have gained a propaganda advantage, it is one that surely we would be glad to forfeit if the Soviet Union could be persuaded to reconsider its fateful decision.

And that is just what the United States and other powers should urge it to do. The President has left the way open for such an appeal. He has not given the instant signal for the resumption of nuclear tests by this country, even though he must have been under strong compulsion to do just that. The patience with which the Government of the United States has prosecuted the search for a test ban treaty, and the forbearance with which it has refrained from nuclear testing have made a record that needs no new embellishment. It is a record that divests an appeal to Soviet Russia of every aspect of a tactical propaganda maneuver.

That appeal should be made, by this country, and by those who may choose to join it, not to gain a transient advantage for ourselves, but to gain for all the people of the world, restored hope that a way may be found to escape nuclear disaster. It may be said that such an effort is foredoomed to failure; that Soviet Russia cares nothing for the good opinion of mankind; that it very evidently has weighed already the relative advantage of cultivating esteem and instilling terror. Perhaps this is so; but it may not be so. There is one sure way to find out beyond all conjecture. That is to appeal to Premier Khrushchev to reconsider, before it is too late. If this appeal fails, the resolution with which freemen face the terrors that then lie ahead will not be diminished but will be infinitely fortified by the knowledge that neither hate, nor pride, nor fear, nor rancor have prevented the search for an alternative to catastrophe.

Mr. JAVITS. Mr. President, I say to my dear friend and colleague from Minnesota that earlier in the day a number of us, including the distinguished present occupant of the chair [Mr. PELL], expressed ourselves in the same way with respect to the import and the nature of the activities of the men who rule the Russian people. I think the Senator would have been gratified to hear us all.

There is strong and deep bipartisan support for the position being taken by the President, and a real feeling of faith that ours is the right course, though we understand and realize the perils of the moment and though we all know our hands are quite as free as those of the Russians, any day we feel our national security, or our asurance of the security of the free world, requires us to proceed.

Mr. HUMPHREY. Mr. President, I hope President Kennedy will seize on this opportunity to exert the great political and moral leadership for which this world so desperately cries out, and to do it not only as he is now doing it but also in the forum of the nations of the world, in the General Assembly of the United Nations. I believe the General Assembly will convene on the 19th day of September. I should like to see our President seize the initiative, go to the United Nations, and lay before the General Assembly of the United Nations the total comprehensive program of disarmament which this Nation is developing; which is sensible, reasonable, and would be effective.

Secondly, in that same message I should like to have our President lay before the United Nations the full account of 34 months of negotiations with the Soviet Union at Geneva, Switzerland, in our effort to obtain a ban on further nuclear tests.

He should reveal to the whole world the draft treaty that we placed before the United Kingdom and the Soviet Union starting in March 1961. He should lay before the United Nations and the peoples of the world every objection that the Soviets made in 34 months to our position and every response that we made to those objections. He should lay before the peoples of the world and before the General Assembly of the United Nations the many concessions that this country was willing to make in the cause of peace. Now more than ever the world not only wants a leader who is strong in terms of our military preparedness—and we have such a leader in our country—but also the world needs great moral, ideological, and political leadership. We have such leadership in the President of the United States and those with whom he has associated himself in both political parties and in all elements of American life. The Soviet has given us a glorious opportunity again to demonstrate the difference between freedom and totalitarianism, between liberty and oppression. The world must know once again—and the fact needs to be stated by Senators, Representatives, public and private citizens again and again—that this Nation is unafraid, that this Nation is strong, and that this Nation is prepared.

Mr. President, we have the superiority in weapons that is required for the defense of freedom. Mr. Khrushchev knows that his political and military blackmail will work nowhere. It has backfired even at Belgrade, at the conference of the neutrals. It has backfired in the chancelleries of Western Europe. It is a disgusting exhibition of an overly ambitious man who seeks to terrorize in order to dominate the world.

He will succeed in neither. Terror will not work, and domination will be a failure.

Mr. JAVITS. Mr. President, I am grateful to the Senator from Minnesota for allowing me to make my position clear together with his.

THE METROPOLITAN OPERA SEASON OF 1960–61

Mr. JAVITS. I shall not detain the occupant of the chair or the Senate's very devoted administrative staff. The question relates to Calendar No. 557, H.R. 2244, a tax bill which was passed over today to be taken up another day, and to which I have offered an amendment which, of course, will be printed under the rule, which would open to the 30 percent contributions limit not only those charitable organizations which are now included in that limit—whatever may be said about the merits of the bill which would open it to foundations—but also museums of art or science, libraries operated for the general public or—and this is very important—societies or organizations conducted for the sole purpose of maintaining symphony orchestras or opera, which museums, libraries, societies or organizations normally receive a substantial part of their support from the United States or any State or political subdivision thereof or from direct contributions from the general public.

I ask unanimous consent that the text of the amendment may be printed at this point in the RECORD as a part of my remarks.

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

On page 3 before line 1, insert the following:

"(iv) A museum of history, art, or science, or a library, open to and operated for the benefit of the general public, or a society or organization conducted for the sole purpose of maintaining symphony orchestras or operas, and which museum, library, society, or organization normally receives a substantial part of their support from the United States, or any State or political subdivision thereof, or from direct contributions from the general public, or".

On page 3, line 1, strike out "(iv)" and insert "(v)".

On page 3, line 11, strike out "(v)" and insert "(vi)".

On page 3, line 17, strike out "and (iii)" and insert "(iii), and (iv)".

On page 4, line 1, strike out "clause (iv)" and insert "clauses (iv) and (v)".

On page 4, line 4, strike out "(v)" and insert "(vi)".

Amend the title so as to read: "An Act to amend the Internal Revenue Code of 1954 to increase the limitation on the amount of allowable charitable contributions which may be made by individuals to certain museums, libraries, and symphony and opera societies and to certain organizations for the benefit of churches, educational organizations, hospitals, and such museums, libraries, and symphony and opera societies."

Mr. JAVITS. The amendment would help the Metropolitan Opera. Whatever may be the outcome of Secretary Goldberg's arbitration, the Metropolitan Opera will probably have a deficit of over $1 million for the 1961–62 season. We have all established that the Metropolitan Opera is an institution of national significance and importance. The President himself, through his Secretary of Labor, making an extraordinary exception to the normal policy of the Department, has caused the Secretary of Labor to undertake personal arbitration.

One of the first questions asked of me by the officials of the Metropolitan Opera Company when I tried to help in the situation was, "How can an arbitration be conducted when all we can depend upon are public contributions? We have no other source of money."

I think we are making a great mistake in this country in not having a program to help the arts. I have been working very hard for such a program, as has the distinguished occupant of the chair [Mr. PELL], the Senator from Minnesota [Mr. HUMPHREY], and other distinguished Senators and Members of the other body. We have some real objectives. But such action may require some time. Meanwhile we have a problem. Therefore, while we are amending the charitable contributions and the educational contributions law, why not open it, so far as we can consistent with our principles, to a little more help so that the Met and other organizations—but having in mind right now the Metropolitan Opera. There is a problem and implied responsibility. I think all of us who have worked hard to bring about the settlement undertook to give the Met every facility possible in order to raise the necessary money to do what we all want to do, which is to have a 1960–61 season.

I make that explanation for the reason that the Committee on Finance gives diligent attention to amendments. It has them sounded out by the Government departments. I think it does a fair job for all of us.

I have not submitted the amendment to the committee. The reason is obvious. The question is one of recent impression and is a real urgency. I make this statement publicly so the committee will understand that, and nonetheless will give us some kind of report from the Treasury Department, some kind of appraisal of the amendment, notwithstanding the fact that it is a floor amendment, in view of the fact that 4 or 5 days' notice has been given and the bill was not acted upon today.

A SALUTE TO INTERNATIONAL FREE TRADE UNION ORGANIZATIONS

Mr. HUMPHREY. Mr. President, in my Labor Day message I wish to pay a salute to international free trade union organizations.

The struggle for freedom knows no boundaries. The battleground is not limited to the halls of parliaments or to the conference tables of diplomats. It encompasses the field, the factory, the construction site, and everywhere men work to achieve the benefits of a better society. The cause of freedom is a lost cause unless it advances the well-being of all the people of the world, and not just the chosen few.

Our adversaries in the cold war know this, and know it well. Using the language of a democratic society as a camouflage repression, they clearly and successfully infiltrate the inner circles of worker organizations in the free and uncommitted countries around the world. Their prime target in many countries is to capture the trade union movement in many of these countries. They have done their work well.

Recognizing this fact of life, the major free trade unions of the world formed the International Confederation of Free Trade Unions. Their three-way objectives—bread, peace, and freedom—are a clarion call to all those who do not want to knuckle under to the hammer and sickle.

A smaller but equally dedicated organization of free trade unions is the International Federation of Christian Trade Unions. Also, in recent years, the rise of the influence of international trade secretariats around the world in the struggle for freedom has become dramatic and effective.

Joining these international free trade union organizations are national trade union centers in the countries of the free and uncommitted world. Many of the leaders of these organizations know first hand the evils of an enslaved society. They know that economic development is useless unless it is accompanied by the advancement of human dignity and self-respect in a free society. They will not turn back from this struggle.

We in the United States recognize their efforts in a common cause. The trade-union movement in the United States has supported and participated in these great efforts. The Government of the United States, through legislation and administrative action, has supported and aided in the strengthening of free institutions around the world.

On this Labor Day in 1961, I pay tribute to the worker organizations of the world and to their part in the struggle for freedom. It is a cause that will prevail. It is a cause that will end successfully through these great efforts toward the betterment of mankind.

ADJOURNMENT UNTIL TUESDAY AT 9 A.M.

Mr. HUMPHREY. Mr. President, if there is no further business to come before the Senate at this time, I move, pursuant to the order previously entered, that the Senate adjourn until 9 a.m. on Tuesday, September 5, 1961.

The motion was agreed to; and at 6 o'clock and 36 minutes p.m., the Senate adjourned, under the order previously entered, until Tuesday, September 5, 1961, at 9 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate September 1, 1961:

David W. Dyer, of Florida, to be U.S. district judge for the southern district of Florida, vice a new position.

Abraham L. Freedman, of Pennsylvania, to be U.S. district judge for the eastern district of Pennsylvania, vice a new position.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 1, 1961:

U.S. DISTRICT JUDGES

Edward S. Northrop, of Maryland, to be U.S. district judge for the district of Maryland.

THADDEUS M. MACHROWICZ, of Michigan, to be U.S. district judge for the eastern district of Michigan.

IN THE U.S. MARINE CORPS

Having designated, in accordance with the provisions of title 10, United States Code, section 5232, the following-named officer for commands and other duties determined by the President to be within the contemplation of said section, for appointment to the grade indicated while so serving:

To be lieutenant general

Maj. Gen. Robert B. Luckey, U.S. Marine Corps.

IN THE U.S. NAVAL RESERVE

The following-named officers of the Naval Reserve for temporary promotion to the grade indicated subject to qualification therefor as provided by law:

MEDICAL CORPS

To be rear admirals

Paul W. Greeley
Raymond T. Holden

IN THE REGULAR ARMY

The nominations beginning David C. Ammons, to be first lieutenant, and ending Richard F. Young, to be second lieutenant, in the Regular Army, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on August 21, 1961.