renewal projects; to the Committee on Banking and Currency.

H.R. 7909. A bill to amend title I of the Housing Act of 1949 to provide that individuals, families, and business concerns displaced by an urban renewal project shall have a priority of opportunity to relocate in the project area after its redevelopment; to the Committee on Banking and Currency.

By Mr. CONTE:

H.R. 7910. A bill to amend the Immigration and Nationality Act so as to grant nonquota status to certain alien orphans adopted or to be adopted by U.S. citizens; to the Committee on the Judiciary.

By Mr. GARMATZ:

H.R. 7911. A bill to unify apportionment of liability in cases of collision between vessels, and related casualties; to the Committee on Merchant Marine and Fisheries.

H.R. 7912. A bill to limit the liability of shipowners, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. RIVERS of South Carolina:

H.R. 7913. A bill to amend title 10, United States Code, to bring the number of cadets at the U.S. Military Academy and the U.S. Air Force Academy up to full strength; to the Committee on Armed Services.

By Mr. SCHERER:

H.R. 7914. A bill to amend the Subversive Activities Control Act of 1950 so as to provide that certain individuals shall be ineligible for any right, privilege, or benefit under any law of the United States; to the Committee on Un-American Activities.

By Mr. ADDONIZIO:

H.R. 7915. A bill to prevent the use of stopwatches, work measurement programs, or other performance standards operations as measuring devices in the postal service; to the Committee on Post Office and Civil Service.

By Mr. ASPINALL (by request):

H.R. 7916. A bill to expand and extend the saline water conversion program being conducted by the Secretary of the Interior; to the Committee on Interior and Insular Affairs.

By Mr. FEIGHAN:

H.R. 7917. A bill to amend part II of the Interstate Commerce Act in order to require proof of settlement of State and local tax claims as a condition to transferring a certificate or permit issued to a carrier by motor vehicle under the provisions of such part; to the Committee on Interstate and Foreign Commerce.

By Mr. LATTA:

H.R. 7918. A bill to amend the Agricultural Act of 1956, as amended, and the Agricultural Act of 1949, as amended, to prohibit the subsidized export of any agricultural commodity to Communist nations and to prohibit sales by the Commodity Credit Corporation of surplus agricultural commodities to such nations at prices less than those prices available to American consumers; to the Committee on Agriculture.

By Mr. ROGERS of Texas:

H. Res. 364. Resolution to authorize an investigation for the purpose of determining whether the public interest would be served by modifying or discontinuing the sugar program conducted under the Sugar Act of 1948; to the Committee on Rules.

H. Res. 365. Resolution to provide funds for the expenses of the investigation and study authorized by House Resolution 364; to the Committee on House Administration.

MEMORIALS

Under clause 4 of rule XXII,

The SPEAKER presented a memorial of the Legislature of the State of Hawaii, memorializing the President and the Congress of the United States to appropriate such amount as it may deem necessary to the U.S. civil administration of the Ryukyu Islands for the purpose of cultural and historical restoration and preservation, which was referred to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. GIAIMO:

H.R. 7919. A bill for the relief of Francesca Dragone; to the Committee on the Judiciary.

By Mr. KILGORE:

H.R. 7920. A bill for the relief of Federico Gonzales Rodriguez; to the Committee on the Judiciary.

By Mr. LINDSAY:

H.R. 7921. A bill for the relief of Mrs. Marcelita Lopez Kabayao Mortensen; to the Committee on the Judiciary.

By Mr. TOLL:

H.R. 7922. A bill for the relief of Mrs. Dora Lipshutz; to the Committee on the Judiciary.

By Mr. WILLIS:

H.R. 7923. A bill to direct the Secretary of the Interior to issue land patents to certain persons; to the Committee on Interior and Insular Affairs.

By Mr. ASHLEY:

H.R. 7924. A bill for the relief of Fred J. Sear; to the Committee on the Judiciary.

By Mr. MINSHALL:

H. Res. 366. Resolution to congratulate John Carroll University on the occasion of the 75th anniversary of its founding; to the Committee on the Judiciary.

SENATE

WEDNESDAY, JUNE 28, 1961

The Senate met at 12 o'clock meridian, and was called to order by the President pro tempore.

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

God of grace and glory, we thank Thee for the radiance of Thy truth which no denial can ever put out. Across our shadowed earth, send out Thy light and Thy truth; let them lead us; let them bring us to Thy holy hill. Increase in us the moral passion which shares Thy righteous indignation with all that makes or loves a lie.

Cleanse our own hearts; cast out the defilements we have cherished in our own lives, which should be the channels of Thy will.

Bewildered by the world's confusion, we are tempted to lose certitude, stability, and self-control. Too often our own distraught spirits but mirror the angry emotions of a violent time. Knowing how insufficient we are of ourselves for these terrific days, send us forth strengthened with Thy might to front tasks that tax our utmost, with the glad assurance "He restoreth my soul."

In the dear Redeemer's name we ask it. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, June 27, 1961, was dispensed with.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting a nomination was communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the joint resolution (S.J. Res. 106) transferring the management of the Senate Restaurants to the Architect of the Capitol, and for other purposes.

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 PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

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

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

EXECUTIVE MESSAGE REFERRED

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting the nomination of Paul J. Kilday, of Texas, to be a judge of the Court of Military Appeals, which was referred to the Committee on Armed Services.

The PRESIDENT pro tempore. If there be no reports of committees, the nominations on the Executive Calendar will be stated.

COAST AND GEODETIC SURVEY

The Chief Clerk proceeded to read sundry nominations in the Coast and Geodetic Survey.

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

The PRESIDENT pro tempore. 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 PRESIDENT pro tempore. 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.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

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

EXECUTIVE COMMUNICATIONS, ETC.

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

EMERGENCY PAYMENTS TO CERTAIN PERSONS SUFFERING INJURY OR PROPERTY DAMAGE AS A RESULT OF AIRCRAFT OR MISSILE ACCIDENTS

A letter from the Assistant Secretary of the Air Force, transmitting a draft of proposed legislation 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 (with an accompanying paper); to the Committee on Armed Services.

REPORT ON ADMINISTRATION OF SUBVERSIVE ACTIVITIES CONTROL ACT OF 1950

A letter from the Attorney General, transmitting, pursuant to law, a report on the administration of the Subversive Activities Control Act of 1950, dated June 1, 1961 (with an accompanying report); to the Committee on the Judiciary.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A concurrent resolution of the Legislature of the State of Hawaii; to the Committee on Appropriations:

"HOUSE CONCURRENT RESOLUTION 86

"Whereas the United States, through Executive Order No. 10713, dated June 5, 1957, directed the Secretary of Defense not only to encourage the development of an effective Ryukyuan Government based on democratic principles, but also to improve the welfare and well-being of the Ryukyuan people through promotion of their economic and cultural advancement; and

"Whereas the U.S. Civil Administration of the Ryukyu Islands was established pursuant to said Executive order; and

"Whereas the Ryukyu Government has operated within the framework as established by the U.S. Civil Administration of the Ryukyu Islands; and

"Whereas the cultural restoration and preservation committee of the department of education of the Ryukyu Government has proposed:

"(a) To erect a museum in which to house cultural and historical artifacts, the preservation of which will save for posterity, to as great an extent as possible, all available relics, paintings, art objects, literary works, and other objects which attest to the rich cultural heritage and the proud historical riches of the Ryuku people; and

"(b) To reconstruct certain shrines and castles which bear witness to the significance of the Ryukyu's historical past; and

"Whereas many priceless relics, paintings, arts, literary works, and historical shrines and castles have been devastated or destroyed by bombs during World War II; and

"Whereas so little is known of the history and culture of the Ryukyu Islands that whatever can be preserved will be truly priceless; and

"Whereas the preservation of the remnants of the previous eras of the Ryukyu society will aid the economy of the Ryuku Government as a tourist attraction; and

"Whereas at the present, the Ryuku Government is in no financial position to appropriate the necessary funds to effectuate the aforementioned proposals; and

"Whereas assistance given by the U.S. Government to the Ryuku Government for the purpose of promoting its cultural advancement will be in keeping with the objectives of Executive Order No. 10713; and

"Whereas such assistance by the U.S. Government will not only be a noble gesture to the Ryukyu Government but will also be a showing to the rest of the world that the U.S. Government is interested and does encourage the preservation of peace through nonmilitary assistance; and

"Whereas, the U.S. Civil Administration of the Ryukyu Islands has worked together with the Government of Ryukyu Islands in attaining the objectives set forth in said Executive order and can also work together to restore and preserve the history and culture of the Islands: Now, therefore, be it

"Resolved by the House of Representatives of the First Legislature of the State of Hawaii, general session of 1961 (the Senate concurring), That the Congress of the United States be requested to appropriate such amount as it may deem necessary to the U.S. Civil Administration of the Ryukyu Islands for the purpose of cultural and historical restoration and preservation; and be it further

"Resolved, That duly authenticated copies of this concurrent resolution be transmitted to the President of the United States, to the President of the Senate and the Speaker of the House of Representatives of the U.S. Congress, to the majority and minority leaders of the Senate and House of Representatives of the U.S. Congress, to the U.S. Civil Administration of the Ryukyu Islands, to Senator HIRAM L. FONG, Senator OREN E. LONG, and Representative DANIEL K. INOUYE."

A resolution adopted by the Women's Democratic Club of Philadelphia, Pa., relating to Federal aid to education, etc.; to the Committee on Labor and Public Welfare.

RESOLUTION OF NEW YORK STATE ASSOCIATION OF REAL ESTATE BOARDS, INC.

Mr. KEATING. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution adopted by the 57th Annual Convention of the New York State Association of Real Estate Boards, Inc.

This resolution opposes the President's proposal that Congress revise the tax rate and tax treatment on capital gains realized from the sale of depreciable property. Although the President's tax message is still pending before the Ways and Means Committee, I am sure that the appropriate committee of the Senate, the Senate Finance Committee, will give this resolution their attention when and if tax legislation including this provision is passed by the House and referred to the Senate.

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

RESOLUTION ON CAPITAL GAINS TREATMENT FOR REAL ESTATE SALES BY NEW YORK STATE ASSOCIATION OF REAL ESTATE BOARDS

Whereas a Presidential proposal to the Congress would change the tax rate on capital gains realized from the sale of depreciable real property to the extent of prior depreciation allowances, and tax the said prior depreciation allowances as ordinary income in the year of a sale; and

Whereas the New York State Association of Real Estate Boards assembled in convention came to the conclusion after extensive study, that the Congress of the United States be requested to reject any legislation which would give effect to the President's proposal for the following reasons.

1. The proposal would make the sale of real property on which there has been substantial depreciation taken in past years a practical impossibility and thereby impair the ready sale of investment properties.

2. The proposal would discourage the initiation of new real property investment and construction and divert funds from this vital segment of the economy.

3. The proposal would decrease the purchase and sale of building materials and all allied industry and curtail employment in all construction industries.

4. The proposal would unfairly tax present accumulated depreciation at higher income tax rates than the rates in effect in the years in which the depreciation was originally taken.

5. The proposal would discourage the volume of real estate sales subject to tax, thereby drastically reducing the total Federal tax revenue, and the tax revenue of States and municipalities.

6. This proposal, by discouraging private enterprise, would make it obligatory for the Federal Government to engage in all types of real property construction in order to meet the needs of the people: Therefore be it

Resolved, That for the reasons set forth in the preamble hereof, the New York State Association of Real Estate Boards assembled in convention June 11–14, 1961, respectfully request that the Congress of the United States reject any legislation which would substitute a regular income tax for a capital gains tax to the extent of any prior depreciation allowance, and that the present law in regard to capital gains treatment for real estate sales be continued in full force and effect.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McCLELLAN, from the Committee on Government Operations, favorably:

S. Res. 143. Resolution opposing Reorganization Plan No. 3 of 1961 (Rept. No. 477); and

S. Res. 147. Resolution opposing Reorganization Plan No. 4 of 1961 (Rept. No. 478).

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

S. 680. A bill to authorize the Secretary of Commerce to utilize funds received from State and local governments and private organizations and individuals for special meteorological services (Rept. No. 479).

By Mr. BYRD of Virginia, from the Committee on Finance, with amendments:

H.R. 4591. An act to continue until the close of June 30, 1962, the suspension of duties on metal scrap, and for other purposes (Rept. No. 480).

By Mr. McNAMARA, from the Committee on Labor and Public Welfare, without amendment:

H.R. 1258. An act to amend the Longshoremen's and Harbor Workers' Compensation Act, as amended, to provide increased benefits in case of disabling injuries, and for other purposes (Rept. No. 481).

TO PRINT AS A SENATE DOCUMENT A COMMITTEE PRINT ENTITLED "STUDY MISSION TO EASTERN (AMERICAN) SAMOA"—REPORT OF A COMMITTEE

Mr. LONG of Hawaii, from the Committee on Interior and Insular Affairs,

reported an original resolution (S. Res. 169) to print as a Senate document a committee print of a "Study Mission to Eastern (American) Samoa," which, under the rule, was referred to the Committee on Rules and Administration, as follows:

Resolved, That there be printed with illustrations as a Senate document the committee print, with appropriate foreword, entitled "Study Mission to Eastern (American) Samoa" (report by Senators OREN E. LONG, of Hawaii, and ERNEST GRUENING, of Alaska), issued by the Committee on Interior and Insular Affairs during the Eighty-seventh Congress, first session.

BILLS INTRODUCED

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

By Mr. ELLENDER (by request):

S. 2158. A bill to amend the act relating to the importation of adult honey bees; to the Committee on Agriculture and Forestry.

By Mr. MCCLELLAN (by request):

S. 2159. A bill to authorize reimbursement to owners and tenants of certain lands or interests therein acquired by the United States for certain moving expenses and losses and damages, and for other purposes; and

S. 2160. A bill to amend section 109 of the Federal Property and Administrative Services Act of 1949, as amended, relative to the general supply fund; to the Committee on Government Operations.

(See the remarks of Mr. MCCLELLAN when he introduced the above bills, which appear under separate headings.)

By Mr. JAVITS (for himself and Mr. KEATING):

S. 2161. A bill to amend title 28, United States Code, to authorize actions for declaratory judgments to determine the authority of congressional committees to require the production of official records of State or local governmental authorities; to the Committee on the Judiciary.

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

By Mr. SALTONSTALL:

S. 2162. A bill for the relief of the town of Winthrop, Mass.; to the Committee on the Judiciary.

By Mr. SALTONSTALL (by request):

S. 2163. A bill for the relief of Saifook Chan; to the Committee on the Judiciary.

By Mr. MAGNUSON (for himself, Mr. JACKSON, Mr. CASE of South Dakota, Mr. METCALF, and Mrs. NEUBERGER):

S. 2164. A bill to authorize the Secretary of the Interior to cooperate with the First World Conference on National Parks, and for other purposes; to the Committee on Interior and Insular Affairs.

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

By Mr. CLARK:

S. 2165. A bill for the relief of Jean L. Dunlop; to the Committee on the Judiciary.

By Mr. DIRKSEN:

S. 2166. A bill to amend section 170 of the Internal Revenue Code of 1954 with respect to certain civic organizations; to the Committee on Finance.

By Mr. KEATING:

S. 2167. A bill for the relief of Aniela Wojtowicz; to the Committee on the Judiciary.

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

CONCURRENT RESOLUTION

CORRECTION IN ENROLLMENT OF S. 1922, HOUSING ACT OF 1961

Mr. SPARKMAN submitted a concurrent resolution (S. Con. Res. 30) to make a correction in the enrollment of S. 1922, the Housing Act of 1961, which was considered and agreed to.

(See the above concurrent resolution printed in full when submitted by Mr. SPARKMAN, which appears under a separate heading.)

RESOLUTION

TO PRINT AS A SENATE DOCUMENT A COMMITTEE PRINT ENTITLED "STUDY MISSION TO EASTERN (AMERICAN) SAMOA"

Mr. LONG of Hawaii, from the Committee on Interior and Insular Affairs, reported an original resolution (S. Res. 169) to print as a Senate document a committee print of a "Study Mission to Eastern (American) Samoa," which was referred to the Committee on Rules and Administration.

(See the above resolution printed in full when reported by Mr. LONG of Hawaii, which appears under the heading "Reports of Committees.")

REIMBURSEMENT TO OWNERS AND TENANTS OF CERTAIN LANDS

Mr. MCCLELLAN. Mr. President, by request, I introduce, for appropriate reference, a bill to authorize reimbursement to owners and tenants of certain lands or interests therein acquired by the United States for certain moving expenses and losses and damages, and for other purposes.

This bill is being introduced at the request of the Administrator of General Services as a part of the legislative program of the General Services Administration for 1961.

I ask that a letter addressed to the President of the Senate by the Administrator of the General Services Administration under date of June 13, 1961, which sets forth a statement of justification for this proposal, be inserted in the RECORD as a part of my remarks.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 2159) to authorize reimbursement to owners and tenants of certain lands or interests therein acquired by the United States for certain moving expenses and losses and damages, and for other purposes, introduced by Mr. MCCLELLAN, by request, was received, read twice by its title, and referred to the Committee on Government Operations.

The letter presented by Mr. MCCLELLAN is as follows:

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., June 13, 1961.

Hon. LYNDON B. JOHNSON,
President of the Senate,
Washington, D.C.

MY DEAR MR. PRESIDENT: There is transmitted herewith, for referral to the appropriate committee, a draft bill prepared by the General Services Administration, "To authorize reimbursement to owners and tenants of certain lands or interests therein acquired by the United States for certain moving expenses and losses and damages, and for other purposes."

This proposal is a part of the legislative program of the General Services Administration for 1961.

Prior to September 28, 1951, the cost of moving owners and tenants from lands acquired by the Federal Government was not reimbursable because such moving was determined to be a "consequential" cost and not compensable under existing law. Section 501(b) of the act of September 28, 1951 (65 Stat. 364), authorized the Secretaries of the military departments to reimburse landowners and tenants for moving expenses in connection with lands acquired for specific military projects. Section 401(b) of the act of July 14, 1952 (66 Stat. 624–625), broadened the authority of military departments to make such reimbursement for all of their public works projects. These acts provide for reimbursement to owners and tenants of land acquired for such projects for expenses and other losses and damages incurred in the process and as a direct result of moving themselves and their families and possessions because of such acquisition of land; that such reimbursement shall be in addition to, but not in duplication of, any payments in respect of such acquisitions as may be otherwise authorized by law; that such reimbursement shall not exceed 25 percent of the fair value of the parcel of land being acquired; and that applications for such reimbursement must be filed within a period of 1 year following the date of the acquisition. The act of September 21, 1959 (73 Stat. 589), amended the foregoing 1952 act to provide that applications may be filed either 1 year from the date of acquisition or within 1 year following the date that the property is vacated by the applicant, whichever date is later.

An act of May 29, 1958 (72 Stat. 152), granted the Secretary of the Interior authority similar to that granted the Secretaries of the military departments in connection with the acquisition of lands for the construction, operation, or maintenance of developments under the jurisdiction of the Secretary of the Interior, including water conservation, other water developments, and other public works projects of the Bureau of Reclamation.

Under existing statutory authority available to the General Services Administration and to executive agencies other than those referred to above, the owners or tenants of land or interests therein may be paid only the fair market value of the property acquired; and expenses and losses and damages incurred by the owners and tenants as a direct result of moving themselves, their families, and possessions are not compensable. The legislation described above is indicative of the growing concern of Congress that owners and tenants of land and interests therein be compensated when their property is acquired for public use, by establishing a new category of compensable expenses and damages. The necessity for Government-wide legislation on the subject and the problems that have arisen in connection therewith are indicated by Representative TELLER in his remarks at pages A275–278 of the CONGRESSIONAL RECORD for January 15, 1958. Further discussion of the need for general legislation of this nature is found in Senate Report No. 1374, 86th Congress, 2d session, which accompanied S. 2583, a bill similar to the present proposal. In proposing this legislation, we recognize the benefits to be derived from more equitable treatment of landowners and tenants and from the favorable effect of such legislation in the

relationships between the Government and the public in general.

The text of the legislation proposed by GSA and enclosed herewith is similar to the authority granted to the military departments and to the Secretary of the Interior in the foregoing statutes. The reimbursement of moving expenses under the proposed legislation is limited to acquisitions of land or interests therein for Federal use; it would not apply to former owners or tenants of property acquired by the Government as the result of the foreclosure of a mortgage held by the Government or to such owners or tenants where the property is subject to a mortgage held by the Government and the owner-mortgagor conveys title to the property to the Government in lieu of a foreclosure. While it is impossible to foresee every item that may be compensable under the proposed legislation, the following are examples considered by the Office of the Chief of Engineers, Department of the Army, to be typical items of reimbursable expenses, losses, and damages (par. 12(a), Engineering Manual 405–1–699, dated Oct. 27, 1958):

"Expenses: Transportation costs; costs of removing and crating possessions; cost of advertising for transportation or crating; costs of storage pending moving; insurance premiums for protection of possessions while in storage or being moved; labor performed by owner or tenant in accomplishing move; costs of reinstalling machinery, equipment, etc.; costs of inoculation of livestock, if required, prior to entrance of livestock into a county or State; short term loan charges to defray moving expenses only; and out-of-pocket expenses in obtaining new site or land, such as expenditure for title search, appraisal, survey, or settlement (not including any part of the purchase price for the new site or any expenditure for the purpose of adding to the value or utility of the new site); taxes incident to expenses incurred in moving;

"Losses: Time lost from employment by owner or tenant because of moving (not including labor performed to accomplish move); property lost or stolen in the process of moving; death of or injury to livestock;

"Damages: Uninsured injuries to furniture or equipment."

The Office of the Chief of Engineers, Department of the Army, lists the following as typical nonreimbursable expenses, losses, and damages (par. 12(b), Engineering Manual 405–1–699, dated Oct. 27, 1958):

"Expenses: Costs of conveying land to Government, additional expenses incurred because of living in a new location, costs of removing salvage material reserved, capital improvement to the replacement site;

"Losses: Difference between amount received from Government for property and amount paid for replacement property, interest on loan for purchase of replacement property, loss due to duplication of interest, taxes, etc., loss of goodwill, loss of profits, loss of trained employees, expenses of sales, and losses because of such sales;

"Damages: Personal injury while moving or preparing to move."

It was found advisable in drafting the proposed legislation to depart from the provisions of the act applicable to the military departments and to the Secretary of the Interior with respect to the period of time within which application for moving expenses can be made. It was decided to propose that a 1-year period for application should begin on (a) the date the parcel of land or interest in land is to be vacated under an agreement with the Government or pursuant to law, including an order of a court, or (b) the date the parcel is actually vacated whichever, (a) or (b), first occurs. GSA's experience is that, in many instances, some time may elapse after the date on which title is acquired to a parcel of land for the construction thereon of a public building and the date on which construction commences; during this period the property may be leased to the former owner or tenant of the owner to provide interim income to the Government to offset the costs to the Government of maintenance and protection of the property during such period. There are other instances where lands have been acquired by purchase and the landowner or tenant occupying the land, or interest therein, has been notified of the Government's requirement for immediate possession but the occupant has held over without color of right. In other instances, it has been necessary to file a declaration of taking in a condemnation proceeding in order to give the Government immediate possession of the property; but, although the court orders the landowner to surrender possession of the premises on a particular date, the landowner may refuse to surrender possession of the premises on the date fixed. In such situations the holdover-occupant should not be permitted to take advantage of his own delinquency in vacating the premises by having the 1-year period begin on the date he actually vacates the property. On the other hand, if the occupant elects to vacate the premises at some time prior to the date he is required to do so, there is no reason why he cannot furnish an itemized statement of his expenses, losses and damages within 1 year from the date he actually moves from the premises.

Although GSA is primarily concerned with reimbursement for moving expenses in connection with projects or activities under its jurisdiction, the Bureau of the Budget, after discussing the proposed legislation with other executive agencies, has decided that such legislation is necessary on a Government-wide basis in order not to discriminate against landowners and tenants whose lands are acquired by other executive agencies. At the same time, it was felt advisable to make the proposed legislation inapplicable to acquisitions of lands or interests therein by the Tennessee Valley Authority, and by the Secretaries of the Army, Navy, and Air Force and the Secretary of the Interior as to the situations referred to in the statutes referenced in section 4 of the draft bill, inasmuch as such legislation effectively serves the purposes for which it was enacted. It is not necessary similarly to exempt from this bill the acquisition of land or interest therein covered by section 106(f) of the Housing Act of 1949, as amended (42 U.S.C. 1456(f)), which provides for Federal reimbursement for relocation payments made by local public agencies, as defined in section 103(h) of the Housing Act of 1949, as amended (42 U.S.C. 1460(h)), in connection with urban renewal projects, since such payments are not in connection with the acquisition of land for Federal use and are outside the scope of this draft bill.

In order that landowners and tenants receive equal treatment by all executive agencies, the proposed legislation provides for the issuance of uniform rules and regulations. Since the Administrator of General Services has the responsibility for acquiring real property for public buildings and since, except for the land acquisitions of the military departments and the Department of the Interior which are not affected by the proposed legislation, GSA's land acquisitions are probably greater than those of other executive agencies, the proposed legislation vests in the Administrator of General Services the authority to make such uniform rules and regulations as he finds necessary and proper for the purpose of carrying out the provisions of the proposed legislation.

With respect to the fiscal effect of the proposed legislation on the budgetary requirements of each executive agency the bill provides that the amount paid under it shall in no event exceed 25 percent of the fair value of any parcel of land or interest in land, as determined by the head of the executive agency concerned. The legislation of the military departments and the Department of the Interior contains a similar provision. We are informed by these departments that in terms of their overall acquisitions average payments are substantially less than the maximum 25 percent. It is anticipated that under the proposed legislation the total amount to be paid for moving expenses and losses and damages will be greater than those of the military departments or the Department of the Interior, because most of GSA's land acquisitions are in urban areas and involve acquisition of lands on which there are buildings with many tenants; and, if the proposed bill is enacted, may average as much as 10 percent of the fair market value of the real property acquired by GSA after enactment of the bill. On this assumption and based on GSA's current building program, it is estimated that the proposed legislation would result in an increase in the GSA appropriation of $1 million in the first year. Because of the different types of land acquired by the various executive agencies in both urban and rural areas, coming within the authority of this proposed legislation, it is not possible to estimate the effect its enactment would have on the total budgetary requirements of the Federal Government.

For the reasons stated above, prompt and favorable consideration of the enclosed draft bill is recommended.

The Bureau of the Budget has advised that, from the standpoint of the administration's program, there is no objection to the submission of this proposed legislation to the Congress.

Sincerely yours,

JOHN L. MOORE,
Administrator.

AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949, RELATING TO GENERAL SUPPLY FUND

Mr. McCLELLAN. Mr. President, by request, I introduce, for appropriate reference, a bill to amend section 109 of the Federal Property and Administrative Services Act of 1949, as amended, relative to the general supply fund.

This bill is being introduced at the request of the Administrator of General Services.

I ask that a letter addressed to the President of the Senate by the Administrator of the General Services Administration under date of June 19, 1961, which sets forth a statement of justification for this proposal, be inserted in the RECORD as a part of my remarks.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 2160) to amend section 109 of the Federal Property and Administrative Services Act of 1949, as amended, relative to the general supply fund, introduced by Mr. McCLELLAN, by request, was received, read twice by its title, and referred to the Committee on Government Operations.

The letter presented by Mr. McCLELLAN is as follows:

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., June 19, 1961.

Hon. LYNDON B. JOHNSON,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is enclosed for your consideration a draft of a bill "to amend

section 109 of the Federal Property and Administrative Services Act of 1949, as amended, relative to the general supply fund."

The principal purpose of this legislative proposal, expressed in subsections (a) and (b) of the draft bill, is to authorize the use of the general supply fund to pay transportation charges for supplies to the ultimate point of distribution from which the supplies are issued by the General Services Administration to requisitioning customer agencies, and to permit inclusion of such charges in the prices paid by such agencies. Subsection (a) of section 109 of the Federal Property and Administrative Services Act of 1949 now provides for payment from the fund of transportation charges only "to first storage point," and, correspondingly, subsection (b) of that section limits inclusion in prices to customer agencies of transportation cost "to first storage point."

For some time the General Services Administration in the operation of its stores program has designated certain of its 10 regions to make necessary purchases of special materials on a volume basis. These regions hold the materials in their own warehouses, or "pilot depots," and then ship them, when demand arises from customer agencies in other regions, to the distributing GSA depots in the latter regions for issue to these agencies. GSA has charged the entire cost of transportation to the distributing depot to the general supply fund, and has included such cost in the billings to the agencies.

The Comptroller General of the United States considered the propriety of this practice in his decision, B–141251, dated April 11, 1960 (copy attached). After noting the significance of the word "first" in the expression "first storage point," he reached the following conclusion:

"Accordingly it appears to be doubtful whether sections 109 (a) and (b) of the Federal Property and Administrative Services Act of 1949 were intended or could be construed to authorize practices such as the paying from the general supply fund of transportation costs from pilot depots to distributing depots and the inclusion of such costs in the costs passed on to requisitioning agencies."

The use by GSA of the pilot depots and the fiscal procedure employed in connection therewith, as hereinabove outlined, are justified by good transportation and storage practices and result in maximum economy for the Government under the circumstances. There are certain kinds of equipment which GSA must purchase to meet the needs of particular Government agencies. In many instances, there are insufficient data available to GSA concerning the timing and amount of the anticipated demand of the agencies for individual items. This lack of information may be present on a national or a regional basis.

GSA has purchase facilities, warehouses, and distribution points in each of its 10 regions. Were each of the regions separately to purchase and stock new items for the stores program to meet the needs of agencies for particular types of equipment, inefficiency and additional expenses would result because of the uncertain customer demand in the region. Volume purchasing and storing for each region could result only in higher prices, which would have to be passed on to the customer agencies. GSA therefore adopted the aforementioned technique involving temporary storage in pilot depots, transfer to distribution points, and billing to agencies for cost of all transportation to such points.

The Comptroller General, while questioning the propriety of such practices under a literal reading of the text of subsections (a) and (b) of section 109, has recognized that there is justification for them from the practical point of view, and has indicated that he would not oppose their being sanctioned by amendatory legislation. He concluded his decision B–141251 with the following paragraph:

"The practices, however, are understood to have existed for some time on a limited basis and they are stated to result in the greatest economies for the Government under the circumstances, having been initiated for the purpose of reducing transportation between storage warehouses. On that basis, we agree with representatives of your administration that amending legislation is desirable and shall raise no objection to those practices with the understanding that your agency will make timely presentation of the matter to the Congress with a view to securing clear legislative authority therefor."

The pilot depot discussion heretofore presented is merely illustrative of the transportation savings and improvement of management practices that the proposed flexibility in the general supply fund authorization would permit. Under sound transportation planning and practices, large procurements could be temporarily stored and then reshipped in smaller amounts to diverse points to meet ascertained demands. This would result in savings through use of carload and truckload rates as against those for less than carload and less than truckload, the development of storage in transit freight savings arrangements, and the utilization of economical break-bulk centers.

The total shipping costs which will be charged to the general supply fund under the proposed amendment should be less than at present, so that there will be no increase in supply prices to consuming agencies. In accordance with current regulations, redistribution of inventories among GSA regional depots, where economically desirable, will continue to be charged against the appropriation, expenses, supply distribution.

It should be noted that under governing law the general supply fund is subject to a special annual audit by the General Accounting Office, which reports annually to the Congress the results of the audit, together with recommendations on the status and operation of the fund (sec. 109(e), Federal Property and Administrative Services Act of 1949; 5 U.S.C. 630g(e)).

It will be noted that, in the amendment of subsection (b) of section 109 to be made by subsection (b) of the draft bill, there is deleted, as executed and therefore no longer necessary, the second sentence now in the subsection stating that, until July 1, 1950, prices payable by requisitioning agencies shall be fixed in accordance with law and regulations applicable on the date of enactment of the Federal Property and Administrative Services Act of 1949 to prices fixed by the Director of the Bureau of Federal Supply.

The draft bill, by subsection (c), would repeal subsection (d) of section 109 of the Federal Property and Administrative Services Act of 1949. That subsection provides for the establishment of a special deposit account, as a part of the general supply fund, with the Treasurer of the United States, which may be credited with applicable receipts and funds of the general supply fund, and charged with payments properly chargeable to the fund. The subsection is now obsolete by reason of Treasury Department-General Accounting Office Joint Regulation No. 4, issued June 30, 1953, pursuant to section 115 of the Accounting and Auditing Act of 1950 (64 Stat. 837, 31 U.S.C. 66c). Under that regulation recording of receipts in the appropriation and fund accounts of the Treasury constitutes the official acknowledgment of receipt (in lieu of the former transfer and counterwarrant procedure). The need for subsection (d) was thus obviated.

The amendment made by subsection (d) of the draft bill is merely perfecting in nature. It would substitute the term "personal property" for the term "supplies" wherever the latter occurs in section 109. This amendment would be in conformity with the terminology employed in the Declaration of Policy (sec. 2) of the Federal Property and Administrative Services Act of 1949 and generally throughout the act.

Since the proposed legislation would simply permit continuation of present practices, its enactment would not affect the budgetary requirements of GSA.

For the reasons hereinbefore given, GSA recommends early enactment of the proposed bill.

The Bureau of the Budget has advised that, from the standpoint of the administration's program, there is no objection to the submission of this draft legislation to the Congress.

Sincerely yours,

BERNARD L. BOUTIN,
Acting Administrator.

AUTHORIZATION FOR DECLARATORY JUDGMENTS IN CERTAIN CASES

Mr. JAVITS. Mr. President, I introduce, for appropriate reference, a bill that would permit a State or local public official to test the authority of a congressional committee before which he is called without being liable for prosecution for criminal contempt. My colleague, the junior Senator from New York [Mr. KEATING], is cosponsoring the bill.

The bill permits a suit for declaratory judgment in certain cases, thus allowing the courts to decide the rights of a congressional committee without requiring a public officer to stand in contempt and to risk jail for upholding the rights of another Government authority.

In the recent contempt of Congress conviction of Austin J. Tobin, executive director of the Port of New York Authority on June 16, 1961, U.S. District Judge Luther Youngdahl expressed concern that there is no way to test a committee's rights to demand documents when the issue involves a conflict between Federal and State Governments.

Tobin was convicted for refusing, on instructions of the Governors of New York and New Jersey, to produce authority documents before the House Judiciary Committee. His conviction is now pending on appeal.

In his opinion, Judge Youngdahl stated:

The court must comment on the way in which it was necessary for Mr. Tobin and the authority to challenge, in good faith, Congress' right to subpena these documents to stand in contempt and be liable for criminal prosecution. During the House debate on the contempt citation, the committee inserted in the CONGRESSIONAL RECORD a memorandum purporting to show that declaratory judgment procedures were not an available means for procuring judicial resolution of the basic issues in this dispute in this case. Although this question is not before the court, it does feel that if contempt is, indeed, the only existing method, Congress should consider creating a method of allowing these issues to be settled by declaratory judgment. Even though it may be constitutional to put a man to guessing how a court will rule on difficult questions like those raised in good faith in this suit, what is constitutional is not necessarily most desirable. Especially where the contest is between different governmental units, the representative of one unit in conflict with another should not have to risk jail to vindicate his constituency's rights. Moreover, to raise these issues in the context of a con-

tempt case is to force the courts to decide many questions that are not really relevant to the underlying problem of accommodating the interest of two sovereigns.

Judge Youngdahl's suggestion appears most constructive and appropriate and I am introducing this bill with Senator KEATING to resolve a situation that is embarrassing and painful to all concerned.

To avoid misuse, my bill would limit the declaratory judgment procedures to cases where governmental privilege or immunity is involved; and would cover only State and interstate instrumentalities and their political subdivisions; and would call for the declaratory judgment suit to be instituted in the Federal court of the District of Columbia.

I ask unanimous consent that the bill be printed in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 2161) to amend title 28, Unted States Code, to authorize actions for declaratory judgments to determine the authority of congressional committees to require the production of official records of State or local governmental authorities, introduced by Mr. JAVITS (for himself and Mr. KEATING), was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2201 of title 28, United States Code (relating to declaratory judgments) is amended by—

(1) redesignating the text thereof as subsection (a) thereof; and

(2) adding at the end thereof the following new subsection:

"(b) In a case of actual controversy between a congressional committee and an officer or duly authorized representative of any State governmental authority with respect to the authority of such committee to compel the production of documentary evidence constituting any part of the official records of that State governmental authority, the District Court of the United States for the District of Columbia, upon the filing of an appropriate pleading by any party having an official interest in the resolution of that controversy, shall have jurisdiction to determine and declare whether that State governmental authority is entitled by any governmental privilege or immunity to withhold such documentary evidence from that committee, whether or not further relief is or could be sought. Any such declaration shall have the force and effect of a final judgment or decree, and shall be reviewable as such. As used in this subsection—

"(1) The term 'congressional committee' means any committee of the Congress or of either House thereof, or any duly authorized subcommittee of any such committee;

"(2) The term 'State' means any State of the United States and the Commonwealth of Puerto Rico, but does not include the District of Columbia or any possession of the United States; and

"(3) The term 'State governmental authority' means the government of any State or any political subdivision thereof, or any agency or instrumentality of the government of one or more States."

Mr. KEATING. Mr. President, I am delighted to join in cosponsoring this legislation.

I have complained for years about the cumbersome, illogical, and time-wasting procedure which now must be followed in testing claims of privilege or immunity in congressional committee hearings. For some time I have sponsored legislation which would make it possible to deal with such cases in a much more reasonable and expeditious manner. Briefly, my bill would allow the committees of Congress to seek immediate review in the courts of refusals to answer questions or produce documents. No criminal indictment would be necessary and the whole issue could be resolved in the same time it would take to review a claim of privilege in a trial or before a grand jury. The bill I am referring to is S. 2074 in this Congress.

The bill proposed today would also represent a tremendous improvement over the present law by eliminating the requirement for criminal proceedings. The principle of the declaratory judgment action has been applied to many similar situations and its extension to cases involving the authority of congressional committees seems to me to be entirely appropriate.

It should be understood that neither of these proposals would in any way preclude the use of criminal indictments in cases in which criminal action is called for. As Judge Youngdahl recognized in a recent opinion, the dispute between the New York Port Authority and the House Committee on the Judiciary does not fall within this category. I do not intend to comment on the merits of this case in any way while it is pending in the courts, but it does make obvious the inadequacies of the procedures under the present contempt of Congress statute.

I hope that Congress will not continue to ignore this problem and that there will be hearings and action on the proposals which have been made.

I commend my colleague for the initiative he has taken in presenting this bill today and ask unanimous consent to have printed at this point in the RECORD the text of S. 2074.

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) either House, any committee or subcommittee of either House, and any joint committee of the two Houses of Congress may, by an affirmative vote of a majority of its actual membership, invoke the aid of the United States district courts in requiring the attendance and testimony of witnesses and the production of evidence, in furtherance of any inquiry such House, committee, subcommittee, or joint committee is authorized to undertake.

(b) The United States district court for the district within which the inquiry is carried on may, in case of contumacy or refusal to obey a subpena issued to any person by either House, any committee or subcommittee of either House, or any joint committee of the two Houses of Congress, issue an order requiring such person to appear (and to produce evidence if so ordered) and give evidence relating to the matter in question before such House, committee, subcommittee, or joint committee, as the case may be; and any failure to obey such order of the court may be punished by the court as a contempt thereof.

(c) Attorneys of the Department of Justice shall furnish legal assistance in invoking the aid of the United States district courts under subsection (a) to either House, or any committee, subcommittee, or joint committee which requests it.

COOPERATION WITH FIRST WORLD CONFERENCE ON NATIONAL PARKS

Mr. MAGNUSON. Mr. President, on behalf of myself and Senators JACKSON, CASE of South Dakota, METCALF, and NEUBERGER, I introduce, for appropriate reference, a bill to authorize the Secretary of the Interior to cooperate with the First World Conference on National Parks, and for other purposes. I ask unanimous consent that the bill lie on the desk through July 14, 1961, in order to give other Senators an opportunity to cosponsor it if they so desire.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will lie on the desk, as requested by the Senator from Washington.

The bill (S. 2164) to authorize the Secretary of the Interior to cooperate with the First World Conference on National Parks, and for other purposes, introduced by Mr. MAGNUSON (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

ANIELA WOJTOWICZ

Mr. KEATING. Mr. President, I introduce, for appropriate reference, a bill for the relief of Miss Aniela Wojtowicz. Approval of this measure would strike a resounding blow for freedom and would reaffirm America's humanitarian dedication to the troubled peoples now trapped by Communist tyranny.

The beneficiary of this bill arrived in the United States on June 28, 1960, as a servant, maid, and cook to the U.N. permanent representative of Poland. During her stay in this position, she was constantly subjected to Communist brainwashing and persecution because of her religion and her liking for America. I am told she was not even permitted to listen to the radio or to read Polish-American newspapers. Before she left Warsaw for the United States, she was given a Polish dictionary. This was even taken away from her.

Miss Wojtowicz' employers apparently wished to keep her isolated from the Polish-American community and not allow her to establish any friends outside of the household. She was kept under constant surveillance, and about May 20 of this year she was unexpectedly informed by her employers that she should be prepared to travel to Poland "on leave." This surprised her a great deal, as most members of the staff remained in the United States for several years before being permitted to go home on leave. No explanation for this unprecedented leave was given. She heard that 2 to 3 months' notice was generally given in advance of leave. She got the impression that her time to leave the United States might be on May 28 or 30

on a freighter from Poland that was in the port of New York.

On Sunday, May 28, Miss Wojtowicz arose at 6 a.m., slipped out of the house and took a bus to a Polish Roman Catholic church in downtown New York City. From there she called friends who lived in Queens. When the friend left his house to pick her up, he noticed a car parked with the engine running standing a short distance from his house. The driver of the car was seated at the wheel and another man, dressed in a Polish-styled topcoat, was walking up and down near the car. The friend became apprehensive that the Polish officials had found out about her escape and knew that she might attempt to come to Queens for asylum. Therefore, not wanting to take any chances, refuge was found for Miss Wojtowicz elsewhere.

Friends of Miss Wojtowicz then contacted the Polish-American Immigration and Relief Committee for their advice on how to handle Miss Wojtowicz' case. On June 6, the executive vice president of the committee, Mr. W. Zachariasiewicz, reported the case to the Immigration and Naturalization Service Office in New York and arranged for a preliminary examination for political asylum for Miss Wojtowicz. On June 9, she was served with an order of deportation and was offered an opportunity to show cause why she should not be deported. An application for a stay of the order of deportation was immediately submitted and a hearing held. I have been in touch with the Service about this, but up to the present time there has been no determination of this hearing, and Miss Wojtowicz' status in the United States remains uncertain.

The general problem of Iron Curtain country citizens seeking asylum in the United States is one that deserves the earnest attention of the Congress. After living a life under tyrannical communism and finally seizing an opportunity to seek freedom in the United States, it is unfortunate that an individual must be subjected to deportation proceedings before it can be established that he or she is legitimately seeking political asylum in the United States.

The purpose of my bill would be to grant to Miss Wojtowicz permanent residence in the United States as of the date of its enactment. Miss Wojtowicz is a symbol to millions of imprisoned people behind the Iron Curtain who are yearning for the opportunity of free expression and freedom of religion—cherished liberties that all Americans hold so dear. Atheistic communism has suppressed these freedoms and by the very basis of its dogma and philosophy will not supply them for people in the future. It is up to America to keep the freedom lamp of hope and opportunity burning for the oppressed throughout the world. Enactment of this bill would in a small but significant way contribute to this vital task, and I shall press for its speedy approval.

Mr. President, I ask unanimous consent that the text of my bill be printed at this point in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 2167) for the relief of Aniela Wojtowicz, introduced by Mr. KEATING, was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, 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 Immigration and Nationality Act, Aniela Wojtowicz 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.

MUTUAL EDUCATIONAL AND CULTURAL EXCHANGE ACT OF 1961—AMENDMENTS

Mr. MUNDT submitted amendments, intended to be proposed by him, to the bill (S. 1154) to provide for the improvement and strengthening of the international relations of the United States by promoting better mutual understanding among the peoples of the world through educational and cultural exchanges, which were ordered to lie on the table and to be printed.

EXTENSION OF NATIONAL DEFENSE EDUCATION ACT—AMENDMENTS

Mr. GOLDWATER (for himself, Mr. MUNDT, Mr. FONG, Mr. TOWER, Mr. CARLSON, Mr. MILLER, Mr. YOUNG of North Dakota, Mr. THURMOND, and Mr. CASE of South Dakota) submitted amendments, intended to be proposed by them, jointly, to the bill (S. 1726) to extend and improve the National Defense Education Act, and for other purposes, which were referred to the Committee on Labor and Public Welfare and ordered to be printed.

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. ELLENDER:

Address delivered by him at a luncheon for the American Food for Peace Council, on June 28, 1961, in the old Supreme Court chamber in the Capitol Building.

THE BERLIN PROBLEM

Mr. SALTONSTALL. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an article written by Joseph Alsop, and published this morning in the Washington Post, in which he states very clearly and, I think, very succinctly the problem which faces us in Berlin. Sometimes I do not agree with what Mr. Alsop writes in his articles, but I think this one is an excellent portrayal of this problem which faces our Government at the present time.

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

PEERING INTO THE INFERNO

(By Joseph Alsop)

The policy planning for the Berlin crisis continues to be the all but exclusive preoccupation of the highest level of the Government. It is a slow business, precisely because everything hangs upon the answer to a question the like of which no leaders of any government in history have every had to answer before.

For this reason, in turn, it is high time to stop being mealy mouthed about this dark but central question. No one has debated it. No one has even mentioned it in a forthright way in any public discussion. But it dominates the private discussion of the Berlin problem by the President and his policymakers; and the national future probably hangs upon the answer.

Is the United States prepared to risk a thermonuclear war in order to discharge its sacred obligations at Berlin? This is the question that has to be answered, fairly and squarely, before intelligible, clear-minded decisions can be taken about the right way to meet the threat to Berlin.

The question would not have arisen if measures had been taken, in the years of the locust, to maintain this country's former commanding margin of military power. There would be no threat to Berlin, one may be sure, if the balance of power in the world today were anything like the balance of power that existed in 1953. But the measures to maintain the old margin of the U.S. power were considered to be too costly, although democracies badly need some margin in dealing with totalitarian empires.

Thus the question has arisen. In this last month, moreover, since Nikita S. Khrushchev has taken a position from which he cannot easily retreat, it has become a sternly insistent question.

The chances are 5 to 1, 6 to 1, 10 to 1—what you will—that Khrushchev will do everything needful to avoid a thermonuclear war if he can only be convinced that there is real danger of one. But one cannot forget the off-chance that Khrushchev's arrogance will prove impenetrable, because of grossly overoptimistic military calculations or for some other reason.

Thus the question cannot be dodged or ducked. Yet no real precedent exists to give historic guidance about the best answer.

To be sure, cities and nations and peoples have sometimes in history fought to the last man. How often this has happened is easily forgotten in this rather flaccidly comfortable age. Anyone who wishes to be reminded only need to read such records as the historian Josephus' account of the siege and destruction of Jerusalem by the Emperor Titus.

Yet two things set the present question apart from the question that was so firmly answered by the iron-willed Jewish zealots who manned the walls of their holy city with such fearful and unyielding courage. First of all, the defenders of Jerusalem had consciously made their choices, whereas today this country is thinking about everything on earth except the choice that has to be made. And secondly, the scale of the choice is different.

If the Berlin crisis results in a thermonuclear exchange, the peoples of the United States and the U.S.S.R. will by no means die to the last man. But a great many millions will quite certainly die, whereas the bloody toll of the fall of Jerusalem was still counted only in tens of thousands. He who makes this choice, and President Kennedy

above all, must first peer long and hard into the inferno. That is the sum of the matter.

It is downright frivolous to demand a quick and easy answer from men who must peer into the inferno first. But it is also frivolous, and even shameful, to pretend that the dreadful risk inherent in one kind of answer makes the risks in the other kind of answer any less dreadful.

The answer that we shall stand up and be counted for Berlin involves a certain risk—probably rather a small risk—of a thermonuclear exchange. But the answer that this risk is too awful, and that we shall not stand up and be counted, involves a very much greater though longer term and quite different risk. It involves, in fact, an actual probability of a general Western decline which will continue from crisis to crisis, until the final stage of Soviet world domination.

Suppose we are not ready to stand up and be counted for Berlin, where our commitment is so deep, so morally compelling, and so politically crucial. Why then should we stand up and be counted for any other Western position overseas, or for any of our allies, or for Staten Island or Alaska or the State of Washington, for that matter?

That is the other half of the central question, which must also be weighed. And when it is weighed, the fact must be remembered that each failure to stand up and be counted will lead to a new and bolder challenge, in worse circumstances, at a new point still nearer home. In sum, this is a moral-philosophical question of the deep and final sort that controls the course of history.

THE MARITIME STRIKE

Mr. LAUSCHE. Mr. President, the U.S. Government has a twofold interest in the 13-day-old maritime strike which confronts the country.

Its general interest deals with the impact of the strike upon the national economy, health, and safety. The special interest concerns the taxpayers of the United States who, to a substantial degree, subsidize the private carriers of cargoes and passengers on the high seas under the U.S. flag.

While the taxpayers do not generally know it, it is a fact that they pay the difference between the cost of building a ship in an American shipbuilding yard and the cost of such construction in a foreign shipyard, but in no event to exceed 55 percent of the cost. They also subsidize the operations of the American ships as they sail the high seas—paying to the ship operators about 61 percent of the cost of operating the ships.

Since the Merchant Marine Act was enacted in 1936, the subsidies paid by the taxpayers of the United States to these private carriers have amounted to about $1,400 million.

The difference between the construction and the operation costs of the two groups has grown worse since 1936. At that time it was anticipated that the gap between the cost of using foreign labor and the cost of using U.S. labor would grow smaller. Instead it has grown larger.

The difference for the cost of the construction of ships in 1936 was about 32 percent; in 1960, it rose to 52 percent, requiring an amendment in the law, raising the limitation on the subsidy from 50 percent of the cost of the ship up to not more than 55 percent.

The difference for the cost of operating the ships on the high seas increased from 54.7 percent in 1947 to about 61 percent in 1959. These subsidized costs include wages, subsistence, maintenance and repairs, stores and supplies, and insurance. The wages subsidy is now about 85 percent of the total subsidy paid. In 1938, wages amounted to about 47 percent of the subsidy dollar.

Mr. President, from a competitive standpoint, the carriers of our country are sliding into a worse position as time goes on, because of the increasing costs of construction and operation.

The President, in his message of May 25, said when dealing with a stabilization of our fiscal position:

> We must maintain this progress and this will require the cooperation and self-restraint of everyone. As recovery progresses, there will be temptations to seek unjustified price and wage increases. These we cannot afford; they would only handicap our efforts to compete abroad and to achieve full recovery here at home. Labor and management must—and I am confident that they will—pursue responsible wage and price policies in these critical times.
>
> I look to the President's Advisory Committee on Labor and Management Policy to give a strong lead in this direction.

Based on my understanding, Mr. President, the demands made by the labor leaders are substantially as follows:

First. A 30-hour week.

Second. Cash increases in pension and welfare contributions.

Third. Increase in allowances for subsistence and lodging.

Fourth. Provision that in the construction of new vessels, operators will provide sufficient living spaces to provide one room for each man.

Fifth. Most favored union clause.

Sixth. The right to bargain under collective bargaining agreement with the crews of foreign-flag vessels owned directly or indirectly by American citizens.

What will be the ultimate increase in the cost of the operation if these demands are met, I do not know. However, it is clear that whatever they may be, a substantial part of them will have to be paid directly as subsidies by the taxpayers of the United States.

I repeat the statement of the President:

> As recovery progresses, there will be temptations to seek unjustified price and wage increases. Labor and management must—and I am confident that they will—pursue responsible wage and price policies in these critical times.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The time available to the Senator from Ohio, under the 3-minute limitation, has expired.

Mr. LAUSCHE. Let me ask whether I may have 1 additional minute.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senator from Ohio may proceed for an additional minute.

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

Mr. LAUSCHE. Madam President, we cannot afford to further price ourselves out of the competitive markets of the world in the carrying of cargoes and passengers on the high seas, nor can we afford to increase the taxpayers' burden in providing additional subsidies.

The negotiators and the conciliators in this maritime strike should not forget that the taxpayers directly—and I repeat the word "directly"—through subsidies will have to finance both unjustified demands and concessions.

I respectfully submit that this is the time for the first application of the principles enunciated by the President as recently as May 25, which received such enthusiastic response when uttered to the joint session of the Congress.

Thus far we have subsidized the merchant marine in the sum of $1,400 million. We will subsidize them much more, and the taxpayers will pay, unless reasonable restraints are voluntarily adopted by the participating contestants.

MIGRANT WORKERS' PLIGHT

Mr. YOUNG of Ohio. Madam President, it is a disgrace that the richest nation in the world permits a system of virtual peonage to continue in the 20th century.

Our migrant farmworkers have been cited by Secretary of Labor Arthur Goldberg as the most economically underprivileged group in the Nation. His predecessor, Secretary Mitchell called their plight the shame of America.

Their income is shockingly low. The average migrant worker receives less than $1,000 a year.

Because they are constantly on the move, migrant workers and their families do not qualify for local public health and welfare services. They rarely see a doctor, and their children are often not received in local schools. Until they, themselves, are old enough to work, their days are spent sitting in the fields and watching their parents toil from dawn to dark. Home to them is one bleak decrepit shack after another.

Madam President, these people, unfortunately, are totally excluded from social security and the protection of the Fair Labor Standards Act. They have yet to benefit from the measures passed over 20 years ago during the administration of Franklin D. Roosevelt.

State and local governments and organizations have in many instances acted to aid these people. However, unfortunately, in many cases there is no responsible State or local force at work. This is a national, and not a local or State problem. We can no longer bury our heads in the sand and pretend that the problem does not exist.

Madam President, in August of 1959 the Subcommittee on Migrant Labor was created. The chairman of this subcommittee, the distinguished junior Senator from New Jersey [Mr. WILLIAMS], deserves the commendation of all Americans for the magnificent work he has done, and is doing, in bringing this situation to the attention of the public and in urging action to remedy it.

This subcommittee has recommended an extensive program of legislation. National support is proposed for local programs to bring migrant children into the educational system. Also proposed are a housing program, child welfare

services and day care centers, extension of public health services, and measures to increase wages.

This legislative program should be acted upon during this session of Congress. With each month that goes by without doing so, thousands of children are denied the right to a full education and a better life while their parents continue to toil under deplorable conditions.

Madam President, on June 27, 1961, an excellent column by Peter Edson, "Migrant Workers' Plight," appeared in the Washington Daily News, a member of the Scripps-Howard league of newspapers. Mr. Edson clearly reveals the deplorable situation of migrant farmworkers and the inequities that exist between American migrants and those imported from Mexico and the British West Indies. His column points out the need for new legislation which would give native Americans the same protection and benefits enjoyed by immigrant migrant laborers, as well as the need for legislation to improve pay and working conditions of American migrants in their own rights.

Madam President, I commend this column to my colleagues and request unanimous consent that it be embodied in my remarks and printed at this point in the RECORD.

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

MIGRANT WORKERS' PLIGHT

(By Peter Edson)

July is peak month for employment among the more than 600,000 migrant farmworkers in 37 States. They comprise the most depressed group in the American work force and they present the most complex and misunderstood of all U.S. labor problems.

Last year there were 316,000 Mexican farmworkers who came to the United States under legal contract. There were 10,000 from British West Indies to work the east coast, 8,000 from Canada to work principally in the wheatfields and 1,000 from Japan to work in California.

There were in addition 293,000 native American migrant farmworkers, including 18,000 from Puerto Rico.

One of the most deplorable aspects of this broad picture is that the native American migrant farmworkers—who have no Taft-Hartley or minimum wage law protection—are in most cases paid less than the imported foreign labor which is protected by U.S. law.

The U.S. average for migrants is under 150 days of work a year for an average of 75 cents an hour. Mexicans are guaranteed a minimum of 50 cents an hour. This is prevailing wage in such places as lower Rio Grande Valley in Texas and Imperial Valley in California.

In the Texas trans-Pecos and Panhandle areas and farther north Mexicans are paid $1 an hour and more.

British West Indies labor gets $1 an hour minimum under contract and often more, plus transportation, good housing and decent food at fair prices—not low-cost labor.

Average annual income of a British West Indies migrant farmworker last year was about $3,000. Average annual income of U.S. migrant farm labor is about $1,000.

Mexican migrant labor in some parts of the Cotton Belt gets 50 cents an hour plus housing while native American farm labor is paid as low as 35 cents an hour.

One reason that British West Indies labor gets better treatment is that its government labor office in Jamaica—since a cleanup of bad scandals several years ago—has taken over the making of contracts with private U.S. employers. One British West Indies inspector comes along with every 350 workers.

British West Indies labor gets better treatment and pay than two-thirds of the Mexicans. Both of them fare better than the native Americans. But the most curious aspect of this situation is that the foreign migrant's better pay and working conditions have raised standards for U.S. migrants.

It is for this reason, principally, that American Federation of Labor-Congress of Industrial Organizations reluctantly goes along with present migrant labor conditions, though AFL–CIO leaders do not regard the import of foreign labor as good policy. A principal reason for this acceptance is that organizing migrants into unions has not been too successful.

So the main reliance of everyone who is interested in improving the lot of U.S. migrants is placed on getting better legal protection out of Congress.

The present Public Law 78 was enacted in 1951 to get a steady supply of Mexican farm labor during the Korean war manpower shortage. It has now practically ended the disgraceful "wetback" migration of a million Mexicans who crossed the border illegally to work for 15 and 25 cents an hour under the worst possible living conditions.

The House has approved extension of Public Law 78 for another 2 years without change. But Senator EUGENE MCCARTHY, Democrat, of Minnesota, is sponsoring new legislation which would give native American migrants the same protection and benefits now given Mexican migrants as a minimum.

Senator HARRISON WILLIAMS, Democrat, of New Jersey, has also introduced an 11-point program to improve pay and working conditions for American migrants in their own rights. But it hasn't much chance. The Kennedy administration, through Labor Secretary Goldberg and Agriculture Secretary Freeman, has thrown its support behind the McCarthy bill.

A REAL TRACTORS-FOR-FREEDOM PROGRAM

Mr. KEATING. Madam President, the tractors-for-freedom deal with the Communist regime of Fidel Castro seems to have ended in the fiasco which many of us feared. As usual, Castro tried to eat his cake and have it too, but quite rightly, the American committee was not prepared to wait on Castro indefinitely.

Madam President, it is my understanding that the money contributed to the committee is now being returned to the donors, in the unopened envelopes, as is entirely right and proper. But I suggest, in order to demonstrate the very real concern of the American people for freedom, not only in Cuba but throughout the rest of Latin America, that the committee appeal at once to the donors to send their contributions back again so that the 500 tractors can be purchased and donated to the other Latin American countries who are not Communist and who have not tried to blackmail us in this way.

A gesture of this type, completely voluntary, would be a far more dramatic sign of our concern to aid and encourage free nations than any kind of barter deal with Castro. Used properly, 500 tractors could well save more than 1,200 lives among the undernourished people of other Latin American States.

How the tractors should be distributed could best be worked out by economic experts on Latin America in the Government. Personally, I would favor distribution of the tractors to agricultural colleges and cooperatives where the tractors would have maximum impact and effect. The International Cooperation Administration is studying ways right now to help agricultural cooperatives. This is one way that could have great force, both practically and public relationswise. In any case, they should go where they can bring the most benefit to small landowners and contribute to social as well as economic progress. Large landowners and profiteers do not need this kind of help, but such a contribution would advance the long-term human battle against poverty, disease, and starvation.

Madam President, I realize that the United States already has a sizable aid program for Latin America, and I realize that some of the donors who wished to save the prisoners in Cuba might not wish to send their checks back for a different cause. But, on the whole, Madam President, I think the return would be great. Such a program could honestly be called tractors for freedom. Instead of transferring our tractors for the pound of flesh Castro demands, we would be transforming them into pounds of food for the free peoples of Latin America. "Pounds of food," not a "Pound of flesh," should be our motto. The plan could have widespread appeal and impact in our country and throughout Latin America.

I am contacting Dr. Milton Eisenhower at once to see whether such an arrangement would be feasible. Let us send our tractors to work where they can plow and plant for freedom, not where they will be used to undermine and bulldoze freedom to death.

Mr. COOPER. Madam President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Kentucky?

Mr. KEATING. I yield.

Mr. COOPER. First, I should like to say I think the Senator has made a very constructive proposal. Contrary to the views that some of my colleagues have held on this subject, I believe the Government of the United States was to a great extent responsible for the landings in Cuba, and for that reason I felt we had an obligation to try to secure the release of prisoners. But that effort appears to be by the boards now. So the Senator from New York has brought before us a really constructive program, one in which the people of the United States could show their interest for the other people of Latin America, those who it could not be said are Communists, and who need food. I congratulate the Senator from New York.

Mr. KEATING. I appreciate the remarks of the Senator from Kentucky.

CALL OF THE CALENDAR TOMORROW

Mr. MANSFIELD. Madam President, I ask unanimous consent that tomorrow,

at the conclusion of business during the morning hour, the Senate proceed to the consideration of items on the calendar to which there is no objection, beginning with Calendar No. 418, Senate bill 149, a bill for the relief of the estate of Gregory J. Kessenich.

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

SENATOR KEFAUVER, OF TENNESSEE

Mr. GORE. Madam President, the Honorable ESTES KEFAUVER, the distinguished senior Senator from Tennessee, has made a direct contribution to the public welfare as chairman of the Subcommittee on Antitrust and Monopoly of the Senate Committee on the Judiciary. This distinguished public servant brought to the attention of the Nation the practice of administered prices.

Subsequently he exposed to the white glare of the Nation's attention collusion and price rigging by some of our largest institutions.

In this critical time in world affairs, when our attention is riveted upon the war clouds which constantly threaten, such a great public service may not receive the attention to which it is entitled.

My colleague [Mr. KEFAUVER] has written a very fine article entitled "The Fruits of Price Investigation," and I ask unanimous consent that it be printed in the RECORD at this point.

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

THE FRUITS OF PRICE INVESTIGATION

(By Senator ESTES KEFAUVER, of Tennessee)

On July 9, 1957, the Subcommittee on Antitrust and Monopoly of the Senate Committee on the Judiciary began hearings on what Gardiner C. Means in 1935 termed administered prices. Administered prices are those which, in contrast to competitive prices determined by market supply and demand, are arbitrarily set and held constant, or, on occasion, even increased despite a fall in demand. Now, after 4 years, 26 volumes of hearings numbering 16,505 pages, and four reports, it may be appropriate to inquire what the subcommittee has accomplished.

The inquiry has rested basically upon a detailed examination of administered prices in four important industries:

The first industry examined, steel, produces one of the Nation's most basic materials; it has long been referred to as the bellwether of the economy.

Next came an inquiry into the automobile industry, which is not only the Nation's largest but one that exercises a pivotal influence upon the rate of activity in the economy generally.

Bread, the staff of life, is among the Nation's half dozen most important industries. It also presents an interesting example of an industry in which there is no technological basis whatever for the concentration of sales in a few large companies, yet nonetheless is changing from a market-determined to an administered-price status.

Finally, we examined the drug industry. The importance of drugs lies not so much in the overall size of the business (although with annual sales of $2.5 billion this is hardly negligible), but rather in its crucial relationship to health and indeed life itself.

We then turned to the heads of the antitrust agencies and asked what action could be taken against the simultaneous price increases, identical bids, and similar manifestations of group behavior we had uncovered. In essence, their position was that competition could be restored only if they were fortunate enough to come across hard-core evidence of meetings and agreements—overt conspiracy.

These professions of futility dramatize the basic irony underlying the enforcement of the antitrust laws. Although now and then an exception, such as electrical goods, turns up to prove the rule, the typical hard-core case involves enterprises, such as Louisiana strawberry firms or Maine lobster fishermen, so small and so poor that they are unable to afford the legal fees of corporation law firms, and thus go about the business of fixing prices in the direct, old-fashioned way—through meetings and price-fixing agreements. In the process they leave behind all kinds of evidence of hard-core violations.

But if the same result is achieved by price leadership, with, say, United States Steel raising its price, which is then matched by all of the other steel companies (some of which enjoy even higher profit rates and appear to have lower costs), the antitrust agencies have insisted that they are powerless to act. This position, expressed before our subcommittee during the previous administration, represents a tragic retrogression in enforcement.

During the late 1940's and early 1950's, the antitrust agencies had made considerable progress in establishing conspiracy through the economic evidence of its operations and effects. Courts were increasingly holding that such phenomena as identical bids could not possibly be explained as the result of mere chance but must reflect an implied conspiracy or planned common course of action and that, therefore, the law had been violated even though no proof of meetings or formal agreements had been uncovered. Unless this doctrine of conscious parallelism is revived, the case for new legislation to deal with the problem of administered pricing becomes very strong indeed.

But what kind of legislation? There is the rub. During our hearings outstanding economists who have specialized on this subject described the alternative public policies. On the one hand is the viewpoint, expressed by Dr. Ben Lewis, chairman of the department of economics at Oberlin College, that whether we like it or not the logic of events is working inexorably toward direct controls:

"Tutored by its attorneys, bathed, barbered, and cosmeticized by Madison Avenue, nourished and sanctified by war and cold war, and enthroned by public opinion which sees only goodness in bigness that is well mannered and well behaved, bigness exhibits the supreme confidence and gracious assurance that bespeak stature, status, and a clear conscience. Bigness was once the bad boy in Sunday school; now it sits on the vestry. It may not yet have acquired a full-sized soul, but the contract has been let and the press has been alerted. Bigness spreads its protective arms benevolently over thousands of small, less favored firms, and dispenses justice among them as it is given to see justice. It keeps them alive—in the aggregate—and in the main tolerably happy—and in line. Bigness is here and, what distinguishes its present from its earlier position, we all know that bigness is here to stay. I suggest that competition, today, is captive to bigness—that today's competition is more controlled than controlling, its temper lessened, its tautness gone slack. * * *

"My own prediction—and I stress that I am predicting, not prescribing—is that the years ahead will see a great increase in conscious, collective, governmental controls and of governmental enterprise; and that bigness will be a major focal point of the development. The development will reflect a growing, intensified concern over the private possession of economic power so vast that even its possessors are frightened by the implications of their holdings. * * * The conviction that great power over the economy must reside only in a government of the people will be acted on relentlessly, bluntly, and with force. Events will count more heavily than fine logic in determining the action, but events will surely occur, and public action to repossess the power to economize will surely follow."

While agreeing on the general nature of the problem, another group of authorities, including Fritz Machlup, Corwin Edwards, and Walter Adams, held that not only is competition preferable to controls but that it is not too late to make competition work; that to this end the Government may act in many ways in addition to antitrust enforcement, such as reducing tariffs; that bigness is not the inevitable result of technology or anything else; and that breaking up the giants would not impair efficiency. In the words of Walter Adams:

"Size, in the sense of market control, is the fact of life, and the essence of the problem, in our concentrated industries. Restrictive practices are merely superficial symptoms of the disease. Given a market structure dominated by a few firms, it seems inevitable that prices be administered, that there be a deep-seated and characteristic fear of spoiling the market, that price competition be frowned upon as unethical chiseling and cutthroat rivalry deserving of punishment. Given such a market structure, behavior which inhibits or regulates price competition and which gives the results of collusion and conspiracy must be expected. Therefore, if competition is our goal, and I repeat, if competition is our goal, the only real solution, the most effective remedy, is dissolution, divorcement, and divestiture; trustbusting in the literal sense.

"Industrial concentration * * * is not inevitable. * * * It is the concomitant of unimaginative, shortsighted, or corrupt exercise of governmental power. It is man made, not God made, and since it is made by man, it can be changed by man."

Still a third group, including Edwin D. Nourse, Gardiner G. Means, and J. Kenneth Galbraith, appeared to express the hope that standards of desirable economic performance and behavior could be evolved and ways and means short of direct governmental intervention in the economic process could be devised to induce the heads of large firms to operate their corporations in accordance with these standards.

Regardless of the differences in their proposed remedies, these authorities seemed to be in general agreement that the time for action is now. But they also recognized that the problem is not going to be solved tomorrow. In this, they were merely manifesting their awareness that an inevitable timelag exists between the advancement of a proposal for legislative action and its final adoption.

But this is not to say that nothing can be done and done now. For one thing, there has come out of our hearings a growing recognition that the consumer is the forgotten man not only when capital and labor sit down to divide up the spoils of technological advance, but when governmental agencies act on matters which impinge directly upon his interests. Together with 19 other Senators, I have introduced a bill, S. 1688, to establish a Department of Consumers of Cabinet rank which would have the right and duty to call to the attention of the regulatory agencies the effects of their actions on consumers before they are taken. The new Department would act as a central clearinghouse for consumer information and complaints, bringing under one roof the varying agencies of the Government whose primary responsibility is to the consumer interest. In introducing the bill, I referred

to the preoccupation of the regulatory agencies in settling conflicting claims among rival groups of producers:

"Is it surprising, then, that amid this constant tug of war between contesting private interests there is little room for the consumer to be heard? And, unlike these private pressure groups which are well organized, highly disciplined in the art of exerting influence, and omnipresent when decisions are to be made, consumers are scattered, unorganized, and often unaware that decisions are taken of vital import to their standard of life."

As another step which need not wait upon any comprehensive solution to the general administered price problem, I recently introduced a bill, S. 1552, designed to stimulate competition and bring about lower prices in the ethical drug industry. From our hearings it has become obvious that, by any standard, drug prices are excessive and in some cases outrageous, that this is made possible by a tight control of the market by a few big drug companies, and that this tight control in turn stems from three factors: patent monopolies; enormous advertising and promotional campaigns directed to the doctor which the small drug manufacturer cannot possibly match; and the successful efforts of the large drug companies in persuading physicians to prescribe by trade name rather than by generic name. The bill is directed at each of these sources of market power.

Among its major provisions the bill would require compulsory licensing—after 3 years—under patents for drug products; provide that the Food and Drug Administration shall pass on the efficacy as well as the safety of drugs; see to it that physicians are provided with clearer, better, and additional information on the bad as well as the good features of drugs; require fuller and more comprehensive inspection of drug manufacturing plants and their licensing by the FDA, thereby giving to physicians greater confidence in prescribing on the basis of generic, rather than trade names; and grant to the FDA authority to determine the generic names for drugs, which now are frequently so long, complex, and unpronounceable that they cannot possibly be remembered or used by physicians.

While the drafting of effective legislation on new and complex problems is itself an accomplishment, it is true that neither the consumer bill nor the drug bill has yet become the law of the land. Nor are they likely to become so unless they receive strong public support. Without such support the usual fate of legislation in the public interest, particularly if opposed by powerful groups, is permanent interment in the standing committee to which it is referred.

A particular source of annoyance to me and to other Members of Congress is the citizen who consistently deplores the lack of essential legislation but does nothing to communicate his own views to his elected Senators and Representative. The importance of even a small volume of mail from the grassroots is confirmed by the lengths to which large organizations will go to evoke a spontaneous flow of mail from the folks back home.

In addition to these measures which are definitely within the area of the possible, the hearings by the subcommittee have provided the bases for important additions to the arsenal of antitrust weapons. Penalties for violation of the statutes have been increased, while orders issued by the Federal Trade Commission under the Clayton Act now become final unless appealed—a significant technical change which the FTC had been urging upon Congress for many years.

In recent years the argument has been made with increasing frequency that the hearings of congressional committees should be restricted solely to the consideration of legislation. Because of the flagrant abuses of some hearings, such as those of the late Senator Joseph R. McCarthy, this argument has found favor with many individuals of liberal persuasion who formerly would have opposed any restriction on the rights of congressional committees to get at the facts. Yet, throughout our history most reforms have been preceded by congressional investigations which were not directed toward any specific piece of legislation for the simple reason that no meaningful bill can even be drafted until the facts of the matter are known and understood.

Each of the investigations made by the Subcommittee on Antitrust and Monopoly has been conducted for legislative purposes. Its inquiries have been focused principally on the questions of whether a need for new legislation exists and, if so, what form it should take. But even if they had not been directed to a legislative purpose, these investigations would still have been appropriate as part of what Woodrow Wilson called the informing function. Indeed, in his celebrated treatise on Congressional Government, President Wilson went so far as to say that "the informing function of Congress should be preferred even to its legislative function." With the emergence of big business, big labor, and big government as the central forces in our society, and with the pressures for greater secrecy and nondisclosure coming from everywhere, the need for the informing function today is far greater than in the simpler days of Woodrow Wilson.

As a byproduct of its legislative work our subcommittee has carried out this informing function which, it appears, has not been without certain beneficial results. A specific example is the failure of the steel companies to raise their prices after the settlement of the steel strike of 1959. Following the strike, conditions were propitious for a price increase. Wage rates had been increased as part of the settlement with the union. Predictions of demand for steel were optimistic. Some of the metal-using companies were looking forward to a price increase as "a good peg on which to hang higher price tags that would recoup even more than the additional steel costs." In each of the previous 4 years an increase in wage rates had been followed by an increase in price—$4.50 per ton in 1958, $6 in 1957, $8.50 in 1956, and $7.35 in 1955. The 1957 increase, alone, was shown to have cost direct steel buyers $500 million a year, and, because of the pyramiding effect, the cost to the ultimate consumer was several times this amount.

The subcommittee made it clear that if the price of steel were increased, it would hold public hearings in which steel officials would be asked to compare the price increase with the cost of the wage increase and to explain the need for the price rise in view of their remarkable profit showings. Trade sources suggest that this was a factor in the decision of the steel companies not to raise prices, although there is no way of precisely determining its importance. To assume all of the credit for this new-found rectitude on the part of the steel companies would be presumptuous since other factors were at work, not the least of which was an approaching national election. At the same time, to ignore completely the subcommittee's role would be to distort reality.

But perhaps an even clearer case in point is provided by the subcommittee's inquiry into the drug industry, the indirect consequences of which are referred to in the trade press as fallout effects. For one thing, there has been a number of price reductions which the trade has attributed in considerable part to the subcommittee's investigation. In actual dollars and cents the savings to consumers have not been inconsiderable. Just 1 month prior to the subcommittee's hearings on antibiotics in September 1960, the price of the largest selling broad-spectrum antibiotic, tetracycline, was reduced 15 percent, the first price reduction since the product was introduced in 1954. Savings to consumers total more than $50 million a year. Immediately prior to the subcommittee's first drug hearings in December 1959, the price of the largest selling oral antidiabetic drug was reduced 10 percent—an annual saving to consumers of $2,500,000. During the course of the hearings, price reductions were made on still other drug products. (The subcommittee's total annual appropriation is only $450,000, or less than 1 percent of the savings on antibiotics alone.)

Savings have also been effected through the broader use of generic name prescribing, interest in which has been stimulated by our disclosures that nonpatented drugs marketed under their generic names are usually available from smaller drug manufacturers at prices far below those charged by the large companies for their trade-name products. A typical case is the arthritic drug, prednisone, which under the trade-name Meticorten is sold to the consumer for nearly 30 cents a pill. Under its generic name the product can be purchased currently from drugstores in Washington, D.C., for less than 4 cents a pill.

The growing interest in the subject is evident from the fact that the American Medical Association at its meeting in Washington in November 1960, recommended the use of generic name prescribing for welfare patients as a means of keeping down drug costs. In August 1960, the American Hospital Association's house of delegates strongly urged hospitals to adopt "formularies" which employ generic names as a means of cutting down expenses. By stressing the use of generic names in prescribing for welfare patients, the State Welfare Department of Connecticut claimed savings of $250,000 for the first half of 1960. In mid-1960 the State Welfare Department of New York adopted a new policy requiring doctors treating welfare patients to use generic names for 17 commonly used drugs. The State of New Jersey in December 1960, decided to purchase drugs for State institutions on the basis of generic names.

The growing acceptance of generic name-prescribing for welfare patients led Senator PHILIP HART, of Michigan, to raise a logical question. If drugs purchased under generic names are of adequate quality for welfare patients, asked HART, why should they not be equally acceptable for the general public, and if they are not of adequate quality for the general public, why should they be prescribed for welfare patients?

In addition to the savings resulting from lower prices and broader use of generic names, the drug investigation has had a number of other effects, not the least of which was the prompt dismissal of Dr. Henry C. Welch, formerly Director of the Antibiotics Division of the Food and Drug Administration. Dr. Welch was dismissed upon our revelation that he had received more than $280,000 from antibiotic producers; the money was principally in the form of payments for reprints of articles appearing in medical journals edited by Dr. Welch.

Throughout our hearings the Food and Drug Administration was the subject of severe criticisms for its failure to require adequate clinical testing of new drugs prior to clearance for marketing; for its failure to act when new evidence revealed significant undesirable side effects of drugs previously cleared; for inadequate policing of promotional material of drug companies which fell within the agency's power over labeling; and for its approval of certain drug combinations which are worthless and in some cases dangerous to public health.

Recently the FDA has taken a number of positive steps to meet these criticisms. It has issued new regulations providing for full disclosure of all information—good and bad—in promotional material. It has inaugurated a plan of action with the American Hospital Association, the American Medical Association, and others to secure reports of adverse reactions to drugs. It has stiffened its requirements for adequate data in toxicity studies. It has taken a number of drugs with dangerous toxic effects off the market. And on others, such as chloromycetin, it has strengthened the warning language required to appear on labels and in advertisements.

Still another type of indirect result of the subcommittee's work has been the filing of antitrust cases. On the basis of material unearthed by the subcommittee, new actions have been filed in the automobile, bread, and drug industries. But it is in electric machinery that this form of fallout effect has been of greatest importance. In September 1959, the subcommittee held hearings on identical bids on purchases of electrical equipment by the Tennessee Valley Authority and five muncipal distributors of electrical power. Subsequent to the announcement of those hearings the Department of Justice gave notice that it was beginning a grand jury investigation in Philadelphia of identical bidding in the electrical equipment industry. Daily transcripts of the subcommittee's hearings, which showed a consistent pattern of identical bidding on electrical equipment, were made available to the Department of Justice in its investigation. These hearings resulted in a printed record of more than 1,200 pages.

The Justice Department proceedings resulted in the filing of some 20 criminal cases in which 29 corporations and 44 individuals were charged with conspiracy to fix prices on electrical equipment through identical bids to governmental agencies. Rotation bidding, known as phases of the moon in one of the more colorful Department of Justice proceedings, is clearly shown in the documentation of the subcommittee's hearings.

The results consisted not only of jail sentences and fines for leading company officials but of important savings to buyers as well. In just two categories of products involved in the cases, transformers and switchgear, manufacturers' shipments in 1958 were valued at $1.6 billion. Press accounts of the cases report that prices for many of the items involved in the conspiracy have been decreased by 20 to 30 percent since the indictments were returned. If these reductions were to apply to only half the volume of sales in these two industrial groups, the annual savings to industry, public utilities, and governmental agencies would amount to some $200 million. The bid on a single TVA generator was reported by the Knoxville News Sentinel in late 1960 to have been reduced by more than 5 million below a 1959 bid. Recovery by private and governmental purchasers for past overcharges could run well in excess of a year's savings, since the conspiracy ran from 1951 to 1960.

Important as these indirect effects may be, the hard fact remains that the question of what to do about the problem of administered prices remains very much with us. That it is a problem is recognized by members of both parties. Earlier I referred to the inevitable time lag between the instigation of a reform and its final adoption. But recognition of this social phenomenon should not be interpreted as justifying a passive acceptance of things as they are.

For reasons which I outlined in an article in The Progressive a year and a half ago and which appear to have been well borne out by the subsequent course of events, there is grave underutilization of our industrial capacity and our manpower. We are losing, and in some cases have already lost, our foreign markets for certain metal and metal-product industries. A principal cause of both the underconsumption in our domestic economy and the loss of foreign markets has been the upward "stair-step" movement of prices in the administered-price industries. We may not solve the problem tomorrow, but we postpone the day of reckoning at our own peril.

THE PROBLEMS OF THE EASTERN RAILROADS

Mr. SCHOEPPEL. Madam President, many of the Senators from the Eastern States, are aware, I am sure, that within the next few days the fate of the New Haven Railroad will be determined by a decision to be made within the administration. The question is whether the Office of Civilian and Defense Mobilization should make a loan to the railroad.

Unfortunately, in my view, the loan is being fought by the New England Council, which is urging bankruptcy for the railroad in the hope that the railroad plant would be left intact and that essential public service could be provided by operation under a court-appointed trustee. I fear, however, that bankruptcy would close down the railroad and send a psychologic shock throughout our whole economy.

Commissioner Charles A. Webb, of the Interstate Commerce Commission, working with Examiner Ries, made an intensive study of the New Haven Railroad for the ICC. In Commissioner Webb's judgment, the New England Council is grievously mistaken in recommending bankruptcy for the New Haven. He expresses this view most cogently in an address which he has prepared for delivery today at Newport, R.I., before the 14th Annual Convention of the New England Conference of Public Utilities Commissioners.

I ask unanimous consent that the text of Commissioner Webb's address be printed at this point in the body of the RECORD as a part of my remarks.

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

THE PROBLEMS OF THE EASTERN RAILROADS

(Remarks of Charles A. Webb, member, Interstate Commerce Commission, before the 14th Annual Convention of New England Conference of Public Utilities Commissioners, Viking Hotel, Newport, R.I., June 28, 1961)

Eastern railroads face one of the most critical periods of their history. For the first 4 months of 1961, these railroads suffered a deficit in net railway operating income of over $68 million. Last year 19 class I railroads in the East failed to earn their fixed charges. For many years railroad earnings have been inadequate for the improvement of plant and equipment to the extent required for optimum efficiency.

For New England railroads the situation is even worse. Revenue ton-miles of freight in New England in 1960 were only 63 percent of the 1947 total, as compared with 87 percent for all class I railroads and 74 percent for eastern railroads as a whole. Since our rail network is essentially indivisible, America may be on the verge of a major transportation crisis.

I do not want to be an alarmist. By reason of the very nature of railway economics, any significant rise in carloadings would be substantially reflected in an increase in net revenue. Nevertheless, I think the situation is more critical today than it was in the depression years. In the first place, the deteriorating physical and financial condition of many eastern railroads has occurred in relatively prosperous times; in an age when our society came to be known as affluent. Moreover, railroads are not plagued today by high fixed charges resulting from overexpansion or from improper financial and accounting practices. The fact that some railroads in New England and the eastern district have so little cushion that their survival is threatened by modest dips in the economy, by intermittent strikes, or by unusually severe weather, is a strong indication that their problems are urgent, chronic, and deep seated.

My awareness of the problem springs in part from an intensive study of the New Haven Railroad. In the recommended report which Examiner Ries and I prepared, and in the reports of the investigation conducted by the Connecticut Public Utilities Commission, the particular problems of the New Haven are discussed at some length. It is a relatively short-haul railroad. It has an unbalanced freight traffic pattern and high terminal costs. It is vulnerable to water competition. Its natural vulnerability to motor competition was increased by the construction of the Connecticut Thruway at a cost of over $450 million. The New Haven has a huge passenger deficit but the continuance of that unprofitable service is required by the public convenience and necessity. Its management must be strengthened.

While certain of the New Haven's problems are unique, it is important to realize that most of its problems differ only in degree from those of other eastern railroads. No other railroad, except the Long Island, derives over 40 percent of its revenue from passenger and allied services. In 1958 the New Haven's percentage was 45.2, as compared with 22.8 percent for the New York Central and 21.4 percent for the Pennsylvania. However, the freight revenues of these and other Eastern railroads can no longer absorb their passenger deficits. The New Haven's freight revenues during the past 10 years have not declined much more than those of other Eastern railroads. It is a mistake, therefore, to view the New Haven's problems in isolation. The New Haven's special problems have simply placed that carrier in the vanguard of a number of other Eastern railroads moving at varying speeds in the same general direction.

Since many of the New Haven's problems are common to those of other eastern lines, I can think of no better illustration of what I have to say. As members of the New England Conference of Public Utilities Commissioners, you are familiar with the New Haven's problems and vitally concerned about its future. And finally, the New Haven has become the catalyst of constructive thought and action at all levels of government.

When Examiner Ries and I wrote our recommended report on the New Haven investigation, I thought that the following conclusion was so obvious as to be incontestable. We said:

"What we wish to emphasize most of all—is that no single group—neither the Federal Government, the State governments, local communities, the management, the New Haven's employees, or the patrons of the New Haven—should be expected to solve the problem alone or to shoulder all the burden. If the New Haven survives, it will be because of the cooperation of all of the groups concerned. If, on the other hand, the New Haven goes that way of the New York, Ontario & Western, it will be because one or more of the groups named subordinated the public interest to its short-term self-interest."

I was wrong. The New England Council, referring to that statement in its statement of May 26, 1961, declared that "the cooperative effort as proposed is a dangerous alternative and inferior to a section 77 proceeding." As you may know, the New England Council, a highly respected organization of businessmen, is an ardent proponent of reorganization under section 77 of the Bankruptcy Act for the New Haven Railroad. The Interstate Commerce Commission in its interim report of March 31, 1961, on the New Haven investigation concluded (1) that the passenger deficit was the primary cause of the New Haven's financial difficulties; and (2) that reorganization would not be an adequate solution for the carrier's basic problems. If only the New Haven's future were involved, I would add nothing to what was said in the Commission's interim report. But more is involved. Much more. As I have suggested, the New Haven may be merely the first of a number of railroads sliding toward bankruptcy. If a do-nothing policy is good for the New Haven, the same policy would seem to apply to other hard-pressed railroads vital to the Nation's defense effort.

In general, the New England Council's position in this matter is one of free enterprise, unmodified and unlimited. It warns of continued reliance on the Federal Government for financial support. It conjures up the prospect of Government control and ultimately Government ownership. The increased interest asserted by the States in the service provided by the New Haven—an interest expressed in their tax relief legislation—is described by the New England Council as a possibly serious invasion of managerial prerogatives. Section 77 of the Bankruptcy Act, on the other hand, is described as "an instrument of a private ownership society." New England is urged to face its economic problems realistically and to work out the answers within the framework of a dynamic free enterprise system. If the New Haven were a railroad running from nowhere to nowhere or a pickle factory, I would not be concerned. Reorganization proceedings would be appropriate if reduction of the fixed charge burden would give the carrier some prospective earning power or alleviate its huge passenger deficit. But if such proceedings should culminate in the loss of essential transportation services, the disaster should not be attributed to any imperfection of the free enterprise system but to a lack of courage and foresight on the part of public officials and the people they represent.

But, says the New England Council, the disaster will never occur. We are told that it has "been characteristic of section 77 proceedings and of receiverships before them that the properties themselves were greatly improved by the trustee or receiver." The last great wave of railroad bankruptcies occurred in the 1930's. In January 1938 railroads operating 77,700 miles of track, or 30 percent of the total, were in reorganization or receivership. I say that these properties were improved primarily as a result of the traffic and revenues generated by World War II.

Those who think that the New Haven now and other railroads later on should be put through the section 77 wringer should read President Roosevelt's special message to the Congress on "Immediate Relief for Railroads," dated April 11, 1933 (H. Doc. No. 583, 75th Cong., 3d sess.). In March 1938, the President asked Chairman Splawn and Commissioners Eastman and Mahaffie to submit recommendations on the critical railroad situation. Their report, together with the comments of other interested departments and agencies, was sent to Congress with the President's message. In his message, President Roosevelt emphasized the importance of "preventing bankruptcies among a large number of railroad companies, great and small."

Among the principal recommendations made in the Splawn-Eastman-Mahaffie report were Federal loans of $300 million for the purchase of railroad equipment; authorization for the RFC to make other loans without ICC certification of a railroad's ability to meet its fixed charges; and the creation of a Federal Transportation Authority to plan and promote consolidation and coordination. Secretary of the Treasury Morgenthau criticized the Commission's proposals as "overcautious." The RFC Chairman, Jesse Jones, suggested that the Government might guarantee the interest on senior securities. It is significant that at a time when numerous railroads were in reorganization or receivership no responsible Government official regarded reduction of the fixed-charge burden, relatively much higher then than now, as a cure for basic railroad ills.

Of course, transportation problems are somewhat different today than they were in 1938. Proposed solutions appear in new forms. However, these differences are actually rather small. For example, the following statement from the report of Chairman Splawn and Commissioners Eastman and Mahaffie to President Roosevelt is almost pat in its application to the current problems of eastern railroads:

"In recent years there has been a great and radical change in transportation conditions, brought about principally by the rapid development of new forms of transportation, not all of which are subject to the Commission's jurisdiction. The railroads have lost much of their former dominance. Competition has become a continually increasing, and often a profoundly disturbing, factor. The persent transportation problem is very largely the product of that competition, combined with depression. It has created need for readjustments between and within the different branches of the transportation industry, for consideration of present tendencies and their probable results, for the avoidance of uneconomic and wasteful practices, for the survey and possible amendment of governmental polices, and in general for the determination, creation, and protection of the conditions most favorable to the development of a transportation system which will best serve the public interest. Much of this is planning and promotional work, as distinguished from regulation."

If, as I believe, this is a reasonably accurate summation of the current problems of eastern railroads, they are not going to be solved by section 77 procedures. We must seek a solution in a broadly based program of cooperation and not in the doctrinaire individualism of Herbert Spencer. As pointed out in the 1938 report of Chairman Splawn and Commissioners Eastman and Mahaffie:

"There is work for the Government to do, with relation to transportation, of a kind differing from that which the Commission was created to carry on. The Commission is essentially a regulatory body. While its duties are chiefly quasi-legislative, in the performance of most of them it functions somewhat after the manner of a court. Primarily it is occupied with the decision of controversies, or cases, involving complicated issues of both fact and law, and requiring hearings, briefs, arguments, conferences, and ultimate reports. It handles a great volume of such work.

* * * * *

"In view of the multitude of conflicting interests among those engaged in transportation, we believe that it is necessary for the Government to take the lead in this planning and promotional work. Probably the need has long existed, but it has been vastly intensified by the recent great change in conditions. The Commission, however, is not suited to the purpose. It was constituted for an essentially different purpose. Its methods and organization were designed for regulatory work requiring quasi-judicial procedure. We believe that planning and promotion are separate and distinct from regulation, can be separately pursued without interference, and require unlike procedures and methods."

You will find the same distinction between regulation, on the one hand, and transport planning and promotion, on the other, drawn in Dean Landis' report to the President-elect. Differences of opinion may arise as to where planning ends and regulation begins but that does not detract from the validity of the distinction or the importance of recognizing it. The Commission has no intention of shirking its responsibilities under existing law. Moreover, we hope to be able to advise and assist whatever agency of Government may be entrusted with planning and promotional functions related to surface transportation.

There is indeed much work for Government to do. The question is what work and by whom. At the Federal level, the role of the Interstate Commerce Commission, as I have suggested, should be essentially advisory. The basic problem, in the case of the New Haven, is to find a way to overcome its huge passenger deficit without discontinuing essential service. If this problem is given priority and if a satisfactory solution can be developed, other major railroads in the East may reasonably be expected to benefit. For example, the New York Central and Long Island Railroads will realize annual benefits of $2,800,000 and $3,100,000, respectively, from the tax abatement and other legislation enacted this year by the State of New York in response to the New Haven's peril.

From 1950 through 1960, the New Haven's total passenger deficit, computed by the formula prescribed by the Commission, amounted to $138 million. If the New Haven had not been required by law to provide this amount of free public service, it would not be in a critical condition today. Accordingly, I think it is unjust to require security holders to bear all or a major part of that loss. More important, however, is the damaging effect of widespread defaults on general credit conditions. Efficient operation requires constant renewal and replacement of railroad plant and equipment. This will be impossible if heavy losses must be sustained by institutional and individual investors before the Government extends a helping hand.

The railroad passenger deficit is not exclusively a Federal problem. By reason of the emergency loans guaranteed by the Commission under part V of the act, the States of New York, Connecticut, Rhode Island, and Massachusetts have passed 4-year tax relief programs from which the New Haven will derive an annual benefit of approximately $6,500,000. In pressing for such a program, the Governors of the four States and their legislatures displayed the highest order of statesmanship.

I have no specific solutions for the problems of eastern railroads. An essential first step in framing solutions, in my opinion, is to establish the machinery which will permit Federal, State, and local governments to work together and to enable them to enlist the cooperation and support of labor, management, security holders, and patrons of the railroad. It is certain, particularly with respect to passenger service, that State and local officials will have a major role to play in formulating and executing any constructive program. This is as it should be. By reason of your intimate knowledge of railroad operations, you are in an excellent position to tailor the assistance to the particular needs of the citizens of your States and to determine what minimum standards

of service are appropriate. What is being done in Philadelphia, San Francisco, and Chicago may not satisfy the needs of New England communities.

A great rail network does not topple under a single blow. Our railroads have suffered some cruel blows as a result of inequitable regulatory and promotional policies, unfair taxation, and, at times, predatory and inept management. Still they live. That does not mean they can live forever, or even survive another generation. Like an old neglected house, decay proceeds by almost imperceptible degrees. Our rail network, if ever lost or severed, cannot be reconstructed except at a fanastic cost. Time will not permit the idle building of dream substitutes. Elementary prudence forbids the construction of substitute facilities that would destroy the character and impair the utility of the cities they are supposed to serve. Reorganization procedures are not the lamp that will lead railroads out of the darkness of despond. The lamp can only be lit by the courage, toil, imagination, and cooperation of all interested groups.

SEGREGATION AND THE "STRIFE RIDERS"

Mr. JOHNSTON. Madam President, I wish to bring to the attention of the Senate one of the most shameful happenings I have read about in a long time. I refer to a United Press International news item originating in Chicago which reports that a jeering mob of Chicagoans forced 80 Negro fire refugees from a Chicago church which had offered them shelter after their home had been destroyed.

In South Carolina we practice segregation, but never in history has anything like this ever happened in my State. Should any Negro residents ever be burned out of their homes, I can safely say that neighboring South Carolina white people would be more than happy to shelter them in their church and would not revert to mob violence and throw them out on the streets.

The reason I bring this matter to the attention of the Senate is because a large number of the so-called freedom riders who are traipsing across the South today stirring up strife originated from the Chicago area where this act of violence occurred. It would be well for the freedom riders to go back to Chicago and clean up their own backyard and teach their own people something about humanitarianism. The people of the South, while practicing segregation, have never turned on one another in times of distress and acted in such a repugnant and un-Christianlike way. To the contrary, in times of crisis the whites and Negroes of the South have always rallied together to overcome whatever difficulty is besetting them.

I hope the strife riders and troublemakers who are harassing the South because of the South's belief in segregation will look back with shame on happenings such as this in the North and do something in their own backyard to uplift themselves before they start throwing rocks at other people in this Nation.

It is obvious that if this occurrence had taken place anywhere in the Deep South, there would have been ravings and rantings by northern spokesmen and demands that the Attorney General send out troops or marshals to quell the violence. But since it happened in Chicago, one of the homes of the strife riders, the wire services saw fit to give only a few paragraphs to the story and, of course, it was found buried on one of the inside pages of this morning's Washington Post.

In all honesty, I think this tragic occurrence received more publicity than it actually deserves. Similar agitation movements in the South and minor racial incidents in other parts of the Nation have been grossly overplayed by the press, giving undue prominence to the incidents and resulting in embarrassment to our Nation.

There are problems such as this arising in every nation; and no people, so long as one looks different from the other or acts differently from the other, will ever be free from some sort of friction. The press can make a mountain out of a molehill, but unfortunately the American press does more of this than does the press of other nations, so our problems are always the ones which are magnified.

I ask that the article entitled "80 Negroes Forced From Haven in Church," taken from the Washington Post and Times Herald of this morning, be placed in the RECORD immediately following my remarks.

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

EIGHTY NEGROES FORCED FROM HAVEN IN CHURCH

CHICAGO, June 27.—The American Red Cross today said a shouting, jeering crowd of white persons forced the removal of 80 Negro fire refugees from the Chicago church that had offered them shelter.

The Red Cross said the disturbance took place last night at the Holy Cross Lutheran Church in a predominantly white neighborhood on Chicago's south side.

Eighty Negro residents of the old Douglas Hotel had been made homeless by a fire. Red Cross volunteers took them to the church, a few blocks from the home of Mayor Richard J. Daley.

Mrs. Albert H. Constien, wife of the church pastor, said the crowd assembled shortly after the fire victims arrived at the church and "threatened to destroy the church if we didn't get the Negroes out of the building."

John M. Angle, of the Red Cross, said: "Red Cross people at the scene said there seemed to be some chance of ugliness developing and the Red Cross decided that the people would be taken elsewhere. It was our decision but it was taken at the suggestion of the minister."

"We were very surprised when this happened," Mrs. Constien said. "There has been no racial trouble in this area. We had no idea the neighborhood would act like this. I can't repeat any of the words they used." The refugees were taken to a Negro church."

SS "HOPE"

Mr. SCOTT. Madam President, SS *Hope*, a good-will vessel of the highest order, is now completing its mission to southeast Asia. During the past 7 months this ship has treated disease and disability, taught medicine, and generally worked toward improving the lot of mankind in Indonesia.

The Review, of Towanda, Pa., recently carried an editorial on the subject of this important project, which I ask unanimous consent to have printed in the RECORD.

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

[From the Towanda (Pa.) Review, June 15, 1961]

MERCY MISSION TO VIETNAM

The good ship SS *Hope* steams into the Vietnamese port of Saigon on Thursday, June 15, for a 4-month medical mission that could not have come at a more propitious time. With Vietnam reeling under the forces of internal subversion, this evidence of American helpfulness may be more persuasive in putting the Vietnamese people on the side of the free world than military assistance.

The hospital ship is on the final leg of its year-old good-will mission to southeast Asia. During 7 months in the waters off Indonesia, the *Hope's* basic medical team of 15 physicians, 24 nurses, 30 medical technicians, and others earned the respect and friendship of the Indonesian people and of their Government. This hard-working staff of volunteers held 800 classes and lectures, treated 17,000 patients, performed 700 major surgical operations, and greeted 30,000 shipboard visitors.

It will cost $3.5 million to operate the *Hope* for 1 year, exclusive of the $2 million in mutual security funds that were used to refit the 15,000-ton onetime Navy hospital ship. All the operating funds are being privately raised through solicitations of corporations, labor groups, and individuals. The Project Hope organization would like to send still more ships on medical teaching missions to Africa and South America if the necessary funds are forthcoming.

The Senate eased the way for a stepup in this type of mercy mission by adopting a resolution, June 1, supporting the establishment of a white fleet. The President would have authority to establish such a fleet—to rush assistance to disaster areas as well as to carry on a regular program of technical and medical assistance and training—whenever he feels that it would further U.S. foreign policy. That time is right now if the reaction of one beneficiary of the *Hope* project mission is typical. The mayor of Sumbawa, an island in the Indonesia archipelago, told one of the ship's staff: "This is the first time foreigners came to Sumbawa who did not come to steal our rice. We will never forget what you have done."

TRIBUTE TO THE LATE GEORGE H. BENDER

Mr. BRIDGES. Madam President, I have been a Member of this body for 25 years and I have had the privilege of being associated with many fine Americans. I do not know of any period in our history when there were before the U.S. Congress more pressing and more critical problems than has been the case during this quarter century. These problems have taxed not only the minds of Americans but their physical being in our democratic attempt to arrive at solutions best for our national welfare and our common good in our relations with foreign governments.

During part of this period there was among us a very fine, intelligent, and dedicated citizen. I refer to George Bender, the late Senator from Ohio. His passing a few days ago brought to

my mind the many critical problems he was called upon to help resolve during his service in the House of Representatives and later in the U.S. Senate.

George Bender's devotion to his State and his Nation was for the most part his life. He deeply believed in the principles of our Republic and fought vigorously day in and day out for them, never veering from his great love of our way of life. He was a very strong and ardent Republican, but first he was an American.

George started his interest in public affairs at a very early age—in fact, 16—and he pursued it with vigor. The people of his senatorial district recognized his efforts by sending him as their representative to the Ohio State Senate. Later, the citizens of his congressional district adopted him as their own and sent him to the U.S. Congress. Then, in tribute to his energy, his ability, and his devotion to their American interests, the voters of Ohio decided they wanted him in the U.S. Senate. Here he served with great distinction.

All I can say is that I am saddened at his passing. I appreciated his friendship and I know that the American people are grateful to Mrs. Bender and his family for his and their interest and effort in public affairs over the years. To Mrs. Bender and his children, Mrs. Bridges and I extend our sincere sympathy.

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

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

DEBT LIMIT EXTENSION

Mr. MANSFIELD. Madam President, I ask unanimous consent that the unfinished business, H.R. 7677, be laid before the Senate.

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

The LEGISLATIVE CLERK. A bill (H.R. 7677) to increase for a 1-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act.

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

There being no objection, the Senate resumed the consideration of the bill.

Mr. McCLELLAN. Madam President, the pending business, H.R. 7677, the proposal to increase the public debt limit, as recommended by the administration, is further evidence of the need for improvement of the fiscal functions of the legislative branch in order to enable it to perform its constitutional obligation to control Federal expenditures.

The Committee on Government Operations, of which I have the honor to be chairman, has reported and the Senate has approved legislation to create a Joint Committee on the Budget, with adequate staff and facilities to enable the Congress to eliminate unnecessary expenditures which have brought about deficit spending and necessitated constant increases in the public debt ceiling.

On March 28, 1950, prior to the introduction of legislation designed to effect improvement of the fiscal procedures of the Congress in the 81st Congress, I submitted to the Senate, on behalf of the Committee on Government Operations, a report on "Increasing Cost of the Federal Government," which was authorized to be printed as a Senate document—Senate Document No. 150.

At that time I warned the Congress that, unless some action were taken to provide adequate machinery to enable the Congress to halt unnecessary Federal expenditures and annual deficits, the national debt would reach astronomical totals. Specifically, I point out that—

> With a $5½ billion deficit for the present fiscal year and another deficit for fiscal 1951 of about the same amount or more, it is obvious that without greatly increasing taxes we cannot possibly meet already established obligations and ever balance the budget again, unless we are willing to dispense with some of the governmental services that are now provided, discontinue some programs we are now supporting, and drastically reduce the cost of others.
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> In view of our present fiscal difficulties which present an almost insurmountable obstacle * * * instead of pursuing a course of action calculated to correct this condition, we are being asked to enact a multitude of new laws, to expand further existing governmental services and programs, and to create additional and new obligations that will increase the cost of the Federal Government within the next few years to some $65 billion or more.
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> As this session progresses, I hope the situation which I described will grip the attention and interest of many other Members of Congress, and will help to arouse and awaken all of us to a keener sense and appreciation of our duties and responsibilities. Furthermore, I hope it will cause us to hesitate—yes, more, to refuse—to legislate a program piling additional Government costs in terms of billions of dollars annually on the already heavily and burdensomely taxed American citizens.
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> This tremendous rising cost of operating the Federal Government is indicative of a fixed, permanent trend that cannot be ignored or remain unchallenged. Its significance demands of us who have the legislative responsibility for the American people that we remedy this condition and take the necessary action to reduce now, insofar as it is reasonably possible and practical to do so, present expenditures that are authorized by existing laws. But more, it is a warning of compelling force against our proceeding with reckless indifference to enact more and more laws expanding present governmental services and instigating new programs creating additional governmental obligations that will add billions annually to the already swollen costs of Government that are now having to be met by deficit spending in excess of $5 billion annually. To pursue such a course and continue such unsound fiscal policies will be imprudent, destructive to our economy, and imperil our national solvency.
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> As a result of the Government living beyond its income, the national debt is rising again. Our national debt reached its lowest figure of $251,245,889,052.02 on June 27, 1949. Since that date, in less than 9 months' time, the national debt has increased by $5 billion, or in round numbers to $256 billion.
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> If we do not stop passing laws calling for more and more spending, there is neither prospect nor hope for revenues to ever again overtake or equal expenditures. We can stop it. This Congress can stop that trend both by reducing appropriations for the next fiscal year and by deferring action on or passage of many bills that are now pending in the Congress that would produce large, increased expenditures. I sincerely hope that we will have both the wisdom and courage to do our statesmanlike and patriotic duty in meeting the exigencies of the situation.

Madam President, I was sadly mistaken. Instead of those measures and the course we were following being destined to increase the cost of the Federal Government to $65 billion annually, the cost has been increased to more than $80 billion annually. We are now confronted with comparably the same situation. The Congress is passing numerous bills, taking on new obligations, expanding programs in existence, which results in a continually increasing cost to the Federal Government. Madam President, we are moving swiftly toward an annual budget of $100 billion. We are moving toward a national debt in excess of $300 billion.

Since 1951, when the Committee on Government Operations first proposed legislation to provide for more effective evaluation of the fiscal requirements of the executive agencies by creating a Joint Committee on the Budget, the annual budget has increased $36 billion to $85 billion for fiscal year 1962, or an increase of nearly $5 billion annually over the 10 years that have elapsed since this legislation was first proposed. Since 1954, the statutory debt limitation has also risen from $275 billion, through temporary increases, to $293 billion. A further temporary increase of $5 billion is now proposed.

In another 4 or 5 years—possibly in 3 years—we may be asked to increase the national debt limit another $5 or $10 billion.

Madam President, in its report to the Senate the Committee on Government Operations has pointed out repeatedly that, unless the Congress takes affirmative action to restore its control over the purse strings, these recurring deficits and increases in the national debt will continue. This will inevitably result, unless it is stopped, in a corresponding loss of confidence on the part of those who look to the United States for world leadership and by the American taxpayers who look to the Congress to maintain national solvency.

Estimated expenditures for all operations of the Federal Government for the next fiscal year, including funds required to support the new programs proposed or to be initiated by the present administration, as well as continuing programs approved by previous Congresses, will have reached a peak of $85 billion. It is further estimated that, unless some constructive action is taken to stop this trend through the full evaluation and analysis of all expenditures of the Federal Government, its ramifications, activities, and operations, an annual budget of $100 billion will be reached by the year 1965, or possibly earlier. This compares to the prediction I made, in 1950, that the annual budget would reach a figure of $65 billion within the next few years, which some considered to be too high an estimate at that time.

I submit that the Congress must accept a part of the blame for the constant increase in the cost of the Federal Government, by its refusal to establish the necessary machinery to fully evaluate all Federal spending programs, to determine whether they are serving the purpose for which funds were originally authorized, and whether appropriations being approved annually are warranted. It is incumbent upon the Congress to determine that only so many dollars are appropriated—and no more—as may be absolutely necessary for the continuation of those activities and programs which were determined to be necessary and in the public interest.

To accomplish these objectives and to carry out these obligations to the American people, who have elected Members of Congress as their representatives and their spokesmen, it is imperative that action be taken, and without further delay, to provide the Congress with the essential tools required to perform these duties and responsibilities to the people of the United States.

I therefore urge that the other body give early and favorable consideration to legislation proposed by the bill, S. 529, approved by the Senate and referred to the House Committee on Rules on May 29, 1961, to establish a Joint Committee on the Budget, which would provide much needed services to the Committees on Appropriations of the House and Senate. The bill would insure that members of those committees, and all Members of Congress, will have full information and adequate facilities with which to cope with the problems as emphasized by the pending proposal to increase the ever-mounting national debt ceiling.

The objectives and proposed duties and responsibilities to be vested in the Joint Committee on the Budget are set forth in detail in Senate Report No. 264, which accompanied S. 529. The proposed legislation includes provisions designed to bring about coordination of all fiscal functions of other substantive committees in order to insure a united effort to effect necessary economies in Government.

Also, Senate Document No. 11, on the financial management of the Federal Government, approved by the Senate on February 13, 1961, contains a full legislative history of the proposal and actions taken thereon by the U.S. Senate.

FORTIETH ANNIVERSARY OF THE BUDGET AND ACCOUNTING ACT OF 1921

In this connection, I would like to call to the attention of the Congress that this month marks the 40th anniversary of the Budget and Accounting Act of 1921, which represents the first great step forward of this era in the modernization of financial management in the Federal Government. It also marks 40 years of service by the General Accounting Office, which was established by that act, as an agency responsible only to the Congress.

The long and conspicuous record of the General Accounting Office over the last 40 years is well known and highly regarded by the Congress. It is indeed appropriate to especially acknowledge the dedicated and competent services of this agency of the Congress on this occasion of the 40th anniversary of the Office.

I wish to express particularly the high regard of the Senate Committee on Government Operations, of which I am privileged to serve as chairman, for the contribution of the General Accounting Office to the work of the committee. The committee and GAO have had the most cordial and productive working relationship. Staffs of the committee and of GAO have worked jointly on matters of common concern, and important developments such as the establishment of the joint program to improve accounting in the Federal Government, the Budget and Accounting Procedures Act of 1950, and other financial legislation which have been significantly advanced by these efforts. The advice and counsel of the General Accounting Office have been sought and obtained in connection with proposed legislation.

The numerous reports submitted by the Comptroller General to the Congress and its various committees during the past 40 years have been of great value in identifying areas of governmental activities and excessive expenditures which should require the constant attention of the Congress. In addition, it is a matter of record that the General Accounting Office has more than paid its way in the amounts it has recovered for the Government from illegal and otherwise improper expenditures of Government funds by the agencies.

Under the provisions of the committee's bill to provide for the creation of a Joint Committee on the Budget the General Accounting Office would play an important part, since it would be directed in addition to its present functions, to make such investigations and reports relating to agency budgets and expenditures considered to be necessary to assist the joint committee in its consideration of the budget as submitted by the President.

It is, therefore, with sincere appreciation that I acknowledge the contributions of the General Accounting Office to the work of the Congress and its committees on this occasion of its 40th anniversary and extend to the Comptroller General and his staff my best wishes for continued success in their work.

I ask unanimous consent to have printed in the RECORD, as a part of my remarks, an editorial from the Saturday Evening Post on June 24, 1961, entitled "One Federal Bureau Aims To Curb the Spenders," which relates to some of the services rendered by the General Accounting Office.

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

ONE FEDERAL BUREAU AIMS TO CURB THE SPENDERS

Whatever happens to the administration's various projects on the New Frontier, it can be confidently predicted that Government expenditures are going up. Consequently it becomes more important than ever to see to it that the taxpayers' money is at least used for the purposes intended by Congress and that the supplies and services contracted for are the best that money can buy.

The agency charged with this housekeeping assignment is the General Accounting Office, the head of which is the Comptroller General, Mr. Joseph Campbell. The GAO was set up by Congress in 1921 to ride herd on the executive department and all Government agencies authorized to spend public funds. Its original function was simply to check on the taking in and paying out of money to make sure that it was spent as Congress ordered it spent. More recently the General Accounting Office has emphasized the performance audit of expenditures—to indicate whether or not the public got its money's worth.

Despite the importance of its task, the General Accounting Office is far too little known. Also, as Senator PAUL DOUGLAS put it during the hearings before the Joint Economic Committee last year, the Comptroller General and his staff "are exposed to the fire of the departments whose expenditures they scrutinize. They do not receive the popular approval and commendation which I think they deserve, and must at times feel very lonely and friendless." The attitude of Congress toward GAO varies with individual Members. Savers hail it as an indispensable guardian of the Treasury. Spenders ignore it as a pestiferous Scrooge.

Although GAO has been instrumental in bringing about returns to the Treasury of many millions paid on account of excessive transportation charges, improperly drawn contracts, overpayments, and so on, its primary function is preventive. Revelations of improper transactions tend to make purchasing officials more vigilant next time. Greater care in the future may be expected on the part, for example, of those responsible for the delivery abroad, under the military-assistance program, of tactical navigation equipment—$12 million worth—which the receiving countries were not able to use and which the Air Force needed.

Other instances of slatternly housekeeping unearthed by GAO include the shipment by air of household goods from Texas to Pakistan at a cost of $14,830, when shipment by sea would have cost $1,470. Comptroller Campbell made the comment that "in this instance they (the goods) would have arrived in Pakistan by ship 1 week earlier than by air. Also we noted that air shipments included a piano, a model ship, and a sled." The result of this revelation was an amendment to the law restricting air shipment to articles which are "required for use in carrying out assigned duties or are necessary to prevent undue hardship."

Opinion as to the services of GAO is not universally laudatory. Manufacturers attempting to fulfill defense contracts sometimes complain that GAO's accountants devote so much meticulous attention to the precise terms of a contract and are so rigid in their attitude toward costs of new and often experimental gadgets that our defense posture is not helped by their operation. The armed services often charge that GAO field inspections and criticisms of military equipment purchases take too little account of the emergency conditions under which this kind of material has to be purchased.

On the other hand, GAO appears to have a good case, at any rate in peacetime, when it criticizes the purchase of 19,000 military vehicles, all deficient, on the ground that the Army bought the whole lot before getting adequate assurance that identified defects could be corrected either during production or by later modification. The amount involved in that bobble was $1,600 million.

In any event, GAO has recovered for taxpayers many times what its services have cost. Equally satisfying is GAO's defiance of Parkinson's law by reducing its staff so that the total number of employees is 1,200 less than it was in 1952, despite the addition of new branches in Europe and Asia.

When taxpayers, editors, teachers, political scientists, and civic agencies become

better aware of what GAO does, not only can more billions of dollars be saved, but new incentives to efficient and economical public service will arise in unexpected areas. And the pencil sharpeners in GAO will feel less unloved.

Mr. SPARKMAN. Madam 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. DIRKSEN. Madam President, I move that the order for the quorum call be rescinded.

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

HOUSING ACT OF 1961—CONFERENCE REPORT

Mr. SPARKMAN. Madam President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1922) to assist in the provision of housing for moderate and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of today.)

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

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

Mr. ROBERTSON. Madam President, I call attention to the fact that the omnibus housing bill as reported to the Senate by the conferees is now a more extravagant and inflationary measure than the very extensive bill which was passed by the Senate.

There are many changes in the bill now before us that raise serious and, to my mind, more far-reaching objections than those which I expressed when the Senate bill was before this body.

Among the more important of these changes are the following:

First. The general standard for payment of urban renewal grants has been raised from two-thirds to three-fourths as the Federal share in communities with populations of up to 50,000, and up to 150,000 in depressed areas. This is a departure from the general two-thirds rule and can result in larger cities in the future demanding equal treatment. It all adds up to the Federal Government paying out more and more money as time goes on.

In the bill as reported by the subcommittee to the full Banking and Currency Committee, there was a proposal to increase the Federal share to five-sixths in cases where there is State assistance in urban renewal. Fortunately the full committee deleted this proposal. Nevertheless, it shows the dangerous trend that is developing and may well continue to develop until the Federal Government is called upon to pay 100 percent of all slum clearance in our cities.

The urban renewal grant authorization was cut by the conferees $500 million to $2 billion. This is meaningless because there is no time limitation involved and as soon as the $2 billion is used more will be requested.

Second. The Federal National Mortgage Association special assistance authorization was drastically increased. The full Banking and Currency Committee deleted an extra $750 million authorization proposed by the subcommittee to buy mortgages in the low and moderate income 40-year loan provisions of the bill. Now the conferees report back an authorization restoring that $750 million with an extra $10 million for good measure, for a total of $1,510 million authorized in this program. The House language is in the nature of transfers from other authorizations but it adds up to the total which I have given.

Third. FNMA would now be permitted to go into the banking business and make short-term loans on the security of pledged FHA and VA mortgages. This provision has been before us before but it has never yet been in a conference report. This places FNMA in the field of making direct loans in competition to private lending institutions and tends to substitute public for private credit. I believe that it is serious error to permit it.

Fourth. The interest rate in community facility loans was reduced from the current average of 4 percent or above to ¼ percent more than the current college housing rate of 3½ percent, and the loan authorization was increased by not a mere $50 million, as passed by the Senate, but by $500 million. This is but another illustration of attracting communities to the Federal Government for aid. Lower and lower interest rates for Federal loans are dangerous to our economy. If we continue this trend, we will make Federal assistance so attractive that the trend toward reliance on the Federal Government will be irresistible. The interest scale adopted by the conferees is currently 3¾ percent but, on computations as of June 30, 1961, this rate might be even lower for the coming year since it is based on the rate paid on all interest-bearing obligations of the United States.

Fifth. We are faced again with open space provisions in this bill. To add insult to injury, the previous authorization for appropriations in this new and unexplored field is now changed to back-door financing. I suppose that the conferees wanted to make sure that the agency received the $50 million herein authorized without the fear of facing the Appropriations Committee with an initial request because even the House bill, which was the only thing in conference, contained an appropriation authorization. I question this procedure because there was no Senate provision in conference. The only provision in conference was a House appropriation authorization for $100 million which was changed by the conferees to $50 million in contract authority which is another method of back-door financing.

Mr. HOLLAND. Madam President, will the Senator yield?

Mr. ROBERTSON. I yield to the Senator from Florida.

Mr. HOLLAND. As I recall, during the debate on the pending measure, the Senate struck out that provision; is not that true?

Mr. ROBERTSON. Absolutely.

Mr. HOLLAND. How much is now placed in the bill by the conference report?

Mr. ROBERTSON. Fifty million dollars. It bypasses the constitutional provision with respect to appropriations. This money goes out of the Treasury and will never come back. It is obtained by the device of authorizing direct withdrawal from the Treasury—back-door financing.

Mr. HOLLAND. Does it mean that these funds can be used in unnamed cities for any reason that seems to be impressive to the handling authority, to enable the acquisition of so-called open spaces in the suburbs of the cities?

Mr. ROBERTSON. Absolutely. If a park is desired, all that is necessary is call it an open space, and if the idea can be sold to the Administrator, he will say, "All right; here is your money."

We took that provision out. It has now been put back. Not all the $100 million has been put back, but $50 million of it has been put back. This will start things in an untried field that are bound to grow into great demands on the Federal Government.

Mr. HOLLAND. What percentage of the total cost for each of these open areas is to be paid by the Federal Government out of the $50 million?

Mr. ROBERTSON. I will have to ask the chairman of the subcommittee if the conferees made any change. I believe it was 30 percent.

Mr. SPARKMAN. Twenty percent as a general rule and 30 percent in some cases.

Mr. ROBERTSON. As I have said, the bill follows the usual pattern of trying to avoid the Appropriations Committee on new and experimental programs and never returning to the constitutional method of spending Federal money through appropriations.

I wish to include in my remarks a chart showing a comparison of the funds requested by the administration with those included in the bill, S. 1922, as passed by the Senate and as agreed to by the conference committee. I will not read it, but I ask unanimous consent that it be included in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. ROBERTSON. Included in this chart is the $3,146 million for public housing authorized by this bill to be paid over a 40-year period. These figures are seldom if ever given by proponents of housing legislation because they are so large. In this bill, the public housing figures, together with the FNMA figures,

make the bill approximately a $9 billion bill rather than a $5.646 billion bill as reported in the press today. This is exclusive of the $1.2 billion VA direct loan portion which has been handled by separate legislation, although originally carried in the Senate bill.

The public housing figures are always staggering when reduced to dollars rather than units, and the public at large should realize this fact. Moreover, I call attention to the fact that the bill now contains the House provision removing one of the few remote possibilities that any public housing money may ever return to the Federal Treasury. It would repeal the existing law requiring payment of a part of the net proceeds of a public housing project back to the Federal Government after the 40-year bonds are paid off. At least this possibility of repayment should be retained.

The bill is now $856 million in excess of requests made by the administration. It is devoid of fiscal responsibility and tainted with low interest rate programs unfair to business enterprise. The 40-year, no-downpayment program for low and moderate income housing is now 40 years for displacees and generally 35 years, plus 5 years in hardship cases, respecting new construction, with a 3 percent downpayment requirement. There is very little difference between these provisions. The principle of fostering a program of individual financial irresponsibility that does not encourage considerably more equity than depreciation in a home still applies.

Mr. HOLLAND. Madam President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. HOLLAND. What change was made by the conference committee in the mass transportation figures? The figure in the bill as passed by the Senate, as I recall, was $100 million for loans. There was an additional $50 million for grants. That was at the sole discretion of the Administrator of the HHFA, to be used in unnamed cities, to be selected by him, as I recall.

Mr. ROBERTSON. The loans were cut to $50 million, and the grants to $25 million. Congress has no control over what is done.

The below-market rate rental part of this program is now definitely alined with public housing. The Senate deleted public bodies as eligible mortgagors, but the conferees put most of them back in the bill.

I might stop here to say that in committee we were told that it was public housing. As a matter of fact, the middle-income group and the low-income group take in nearly everybody, because there are not a great many millionaires, or many who have $100,000 or more. So the program now is to be expanded to give some kind of public housing to practically everyone in the country. That is where the bill is headed.

Mr. HOLLAND. Madam President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. HOLLAND. Does the Senator anticipate having a recorded yea-and-nay vote on the conference report?

Mr. ROBERTSON. Absolutely; 25 Senators were opposed to the bill when it passed the Senate. This bill is far worse than the one the Senate passed, and I cannot picture the Senate not insisting on going on a record. This act will live to plague us for a good many years to come. We are starting things that we cannot stop. We are dealing with $9 billion of expenditures which are beyond our control, unless we pass a law repealing some of these items, which of course will never be done.

Mr. HOLLAND. Of course the Senator from Florida would have liked very much to be left in the position where he could support a conventional housing bill. Apparently the programs which have been included vastly exceed in amount any conventional housing program. The Senator from Florida will say to the Senator from Virginia that he hopes he will get a yea-and-nay vote. If not, the Senator from Florida wants the RECORD to show that, like the Senator from Virginia, he opposes the conference report.

Mr. ROBERTSON. The junior Senator from Virginia is the chairman of the committee which handled the bill, and he tried, in committee and again on the floor of the Senate, to keep the program within due bounds, and somewhat in keeping with what had been done in previous years in connection with FHA. In spite of those efforts, there has been put into this one bill almost as much as we have put in all the housing programs over a period of 25 years. That fact in itself should indicate how extravagant this omnibus housing bill is.

In all, this bill is now more undesirable than it was before the conferees met. It is indeed a "catchall" measure for practically everything that the term "welfare state" in the field of housing and related matters would imply. It is needlessly extravagant and inflationary. I trust that it is not enacted into law.

The total of the grants and loans unconditionally authorized by the conference report is approximately $9 billion. The fact that funds allocated to FNMA for purchase of mortgages, to urban renewal for grants for cities, and the 100,000 units of public housing costing an average of $14,000 each will not all be used in the next year is not the issue. The issue is what spending does the bill authorize unless Congress passes a subsequent repeal act or the President impounds a certain authorized expenditure. The answer is $9 billion.

Mr. AIKEN. Madam President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. AIKEN. Can the Senator tell me by how much the conferees increased the total for loans above the amount of the Senate bill?

Mr. ROBERTSON. I have a chart which shows that.

Mr. AIKEN. I understand that one item has been deleted.

Mr. ROBERTSON. The grand total requested by the administration was $8,143 million; as passed by the Senate, it was $8,293 million—deducting the $1.2 billion provided for the VA direct home loan program, which was later taken out of the bill and passed separately by the Senate—as agreed to in the conference report the grand total is $8,999 million.

Mr. AIKEN. What happened to the VA direct loans? You say they are not provided for in the report?

Mr. ROBERTSON. They account for more than a billion dollars, and they are not provided in the conference report at all.

Mr. AIKEN. That item will appear in subsequent legislation, will it not?

Mr. ROBERTSON. That is not in this report; it is separate legislation.

Mr. AIKEN. Yes.

Mr. ROBERTSON. That item has already been approved by the House and by the Senate with minor amendments, as I recall.

Mr. AIKEN. However, if that amount is added to the amount agreed to by the conferees, the total will be from $600 million to $700 million above the amount appearing in the Senate bill.

Mr. ROBERTSON. That is correct. The Senate bill included $750 million which we authorized to increase the current assets or purchasing power of FNMA. Not only was another $750 million added, to which the administration objected, but $10 million was added on top of that.

Mr. AIKEN. Is that larger than the amount provided in the House bill?

Mr. ROBERTSON. No; it is almost as large, but not quite. The Senate provided $750 million. All of it could be loaned at below commercial loan rates. No commercial financial institution will lend money at a rate below 4 percent.

Mr. AIKEN. Had the provision for VA direct loans been left in the bill, the amount provided in the conference report would have been $706 million more than the total amount of the Senate bill.

Mr. ROBERTSON. That is correct. The conference bill is $850 million above the administration bill, and we thought that was extremely liberal.

Mr. AIKEN. If the conference report is not accepted by the Senate, will the bill go back to conference again?

Mr. ROBERTSON. Yes; the bill would go back to conference if the Senate refused to accept the report. The bill would have to go back to conference, and we hope the conferees would take note of the objections which we have raised. Instead of adding all the new things in the House bill and including all the objectionable things contained in the Senate bill, the conferees should remove some of them and bring the amounts in the bills down to the administration requests—to the budget estimates—and even, we hope, below the estimates.

Mr. AIKEN. How much did you say is the total in the conference report above the budget estimate?

Mr. ROBERTSON. It is $850 million above.

Mr. AIKEN. The President has not been stingy in making his requests for appropriations.

Mr. ROBERTSON. He certainly has not.

Madam President, I yield the floor.

EXHIBIT 1

Loan and grant authorizations in S. 1922, as introduced (S. 1478), as passed by the Senate and as agreed to by the conference committee

[In millions of dollars]

Subject	In S. 1478, as requested by the administration	As passed by Senate	As agreed to by conference committee	Conference bill is larger by—
FNMA special assistance:				
Presidential discretion	750	750	750	
Transfer of program No. 10 authorization	(1)	(1)	200	200
Transfer of mortgage repayments from M. & L. fund [2]	(1)	(1)	560	560
FNMA total	750	750	1,510	760
Loan programs:				
College housing loans	[3] 1,350	[3] 1,350	[3] 1,200	[3]—150
Public facility loans	50	150	500	350
(Mass transportation)	([4])	(100)	(50)	—(50)
Housing for the elderly loans	50	50	75	25
VA direct housing loans	([5])	1,200	[6] 0	[6]—1,200
SBA disaster loans	(1)	50	25	—25
Public works planning loans	(1)	(1)	10	10
Farm housing loans	[7] 207	[7] 207	[7] 407	200
Subtotal, loans	1,657	3,007	[6] 2,217	[6]—790
Grant programs:				
Urban renewal grants	2,500	2,500	2,000	—500
(Mass transportation)	([4])	(50)	(25)	—(25)
Urban planning assistance grants	80	80	55	—25
Public housing:				
Annual contributions (40 years)	3,146	3,146	3,146	0
Demonstration grants	10	10	5	—5
Open space	([8])	(1)	50	50
Farm housing research	(1)	(1)	1	1
Defense, hospitals	(1)	(1)	15	15
Subtotal, grants	5,736	5,736	5,272	—464
Grand total	8,143	9,493	[6] 8,999	[6]—494
Memo: Plus $1,200,000,000 for VA direct housing loans excluded from administration bill, then included in Senate-passed S. 1923 but finally removed and passed by Senate as separate bill (H.R. 5723)	9,343	9,493	10,199	706

[1] No provision.
[2] Assumes mortgage repayments from FNMA management and liquidation fund at rate of $140,000,000 annually over 4 years, as set forth in the summary of significant differences between the bill (S. 1922) as passed by the Senate and as amended by the House. These repayments could amount to as much as the entire $1,600,000,000 portfolio if this portfolio were completely liquidated within 4 years.
[3] In Senate bill, 5-year authorization; in conference bill, 4 years.
[4] S. 345, the proposed Urban Mass Transportation Act of 1961, provided $75,000,000 in grants and $250,000,000 in loans.
[5] S. 1481 provided $1,200,000,000 for the VA direct home loan program.
[6] Excludes $1,200,000,000 for VA direct housing loans, passed as a separate bill by the Senate on June 26, 1961 (H.R. 5723).
[7] Includes $207,000,000 made available for farm housing loans by extending the present program.
[8] S. 858, the proposed Open Space and Urban Development Act of 1961, provided $100,000,000 in grants.

Mr. SPARKMAN obtained the floor.

Mr. SPARKMAN. Madam President, I ask unanimous consent that, without my losing my right to the floor, I may yield 30 minutes to the distinguished Senator from Mississippi.

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

COLLAPSE OF TEXAS TOWER NO. 4 INTO ATLANTIC OCEAN

Mr. STENNIS. Madam President, I thank the distinguished Senator from Alabama for the kind consideration which is typical of him.

Madam President, I ask unanimous consent that Mr. Stuart French, a member of the staff of the Subcommittee on Preparedness of the Committee on Armed Services, who has done much valuable and outstanding work on this subject, be allowed the privilege of the floor during the discussion of this Texas tower report.

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

Mr. STENNIS. Madam President, the Preparedness Investigating Subcommittee today intends to transmit to the chairman of the full Armed Services Committee and to the general public its report of facts and circumstances surrounding Texas tower No. 4, which collapsed into the Atlantic Ocean in January of this year, taking with it the lives of 28 persons.

It is the conclusion of the subcommittee, after thorough investigation, backed up by 5 days of exhaustive, recent hearings and cross-examination of many witnesses, that the catastrophe must be shared among the designers of the tower, the Navy, and the Air Force.

Texas tower No. 4 was constructed for the Air Force by the Navy and completed in November 1957 after it was determined that radar platforms were needed to serve as seaward extensions of our early warning radar system.

Subcommittee findings reveal that the design criteria, upon which the final structural integrity of the tower was to be based, were clearly inadequate.

This inadequacy must be charged to the Navy's Bureau of Yards and Docks and to the structural design engineers, since there were on file many estimates of the environmental wind and wave forces to which the tower would be exposed during its anticipated 20-year life in the Atlantic Ocean.

Herein lies a great miscalculation.

As a matter of fact, the design criteria had been exceeded by recorded or reliably computed wind velocities and wave heights since 1937—or some 20 years immediately preceding the tower's erection—and these forces should reasonably have been foreseen on the basis of the findings from the feasibility study conducted by the structural design engineers and approved by the Navy.

This point is covered in more detail on page 8 of the final report.

The subcommittee also found, for special reasons specifically noted in respect to its supervisory responsibility, that a substantial portion of the responsibility for the defects, deficiencies, and inadequacies in the design and construction, and in some cases in the repair, of Texas tower No. 4 rests squarely upon the Navy's Bureau of Yards and Docks.

The report also points out that the Air Force was chargeable with the responsibility for the safety and well-being of the personnel on board the tower, both civilian and military, and must accept a substantial portion of the blame for the loss of the 28 persons on board at the time of collapse in failing to order a timely evacuation of the tower.

It was apparent from September 12, 1960, until the tower collapsed on January 15, 1961—4 months later—that the tower was greatly weakened; that it was in a dangerous condition and that it was highly unsafe. The winter storm season was in progress and it was known that it would continue for several months more.

A complete evaluation of the tower should have been made and all personnel evacuated or, as a minimum alternative, highly effective measures taken which would have insured the safe and timely evacuation of all personnel in advance of any predicted storms, the report states.

Since November 1957, when the tower was turned over to the Air Force for operational purposes, serious question as to its structural integrity had been voiced by many, including the operating personnel aboard. This question was raised even more vociferously after hurricane Donna struck in September 1960—4 months prior to its collapse—and rendered it weak and highly unsafe.

One of the design engineers said, in sworn testimony, that he did not see how the tower stood up at all after September 12, 1960.

But the beginning of the end of the tower occurred when two braces were first broken and finally lost from the structure as it was towed from Portland Harbor to its site some 80 miles off the coast of New Jersey in June 1957. An attempt was made to repair these braces at sea, and from that time on the tower was known as Old Shaky and never again regained its original or attained its intended structural integrity and strength.

The Navy declined to assume responsibility for attempting repair at sea; conversely, the contractor denied mak-

ing the decision and testified that the responsibility had to rest with the Navy. Even the design engineer disclaimed any responsibility for the decision.

It is the unanimous conclusion of the subcommittee that the Navy cannot escape or avoid responsibility for the decision to repair the structure at sea, because the naval officer in charge of construction was vested with the power and authority to direct the contractor to return the tower to port, for repair.

The decision to remain at sea and to attempt underwater, jury-rig, or extemporaneous repair of the broken braces was, in the opinion of the subcommittee, the point of no return and the time at which the fate of the tower was sealed.

The subcommittee seriously questions the wisdom of using for the first time—and particularly on a difficult structure such as Texas tower No. 4—an untried, untested process of erecting an offshore platform which had not even been considered by the Navy as a method of erection until after its inventor had been hired by the structural design engineering firm.

We have thrown many millions of dollars into the ocean, but the loss of money was not the driving force behind the subcommittee's determination to get the facts surrounding the collapse of the tower. It must be remembered that 28 valuable lives were lost. Furthermore, two more such towers are still standing in the Atlantic and are in use; we must make sure they are safe. A recurrence of this tragedy would be intolerable.

To achieve an evaluation of the seaworthiness of these other towers, the Navy awarded a contract to the same structural engineers who designed them all, including the ill-fated tower No. 4.

In view of the many structural failures and the ultimate collapse of tower No. 4, the award of this contract to the original structural engineers constituted a grave and serious error of judgment.

The subcommittee feels that it not only would have been preferable, but virtually mandatory under the circumstances, that such an evaluation be performed by independent experts who took no part in either the design, the construction, or the repair of any of the Texas towers.

Experience showed that for 4 months prior to the collapse, these same engineers had failed to provide any yardstick by which the using agency, the Air Force, could relate the tower's integrity to predicted weather forecasts. From September 12, 1960, to the date of the tower's collapse on January 15, 1961, the structural design engineers either could not or would not evaluate the tower's remaining strength, even though it could have been done in a week's time.

The special findings and the conclusions of the subcommittee begin on page 35 of the report.

Madam President, I submit, and I ask unanimous consent to have printed at this point in the RECORD, a chronology of the significant events, so that all can understand for themselves the chain of events which culminated in the tragic collapse of this tower.

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

CHRONOLOGY OF SIGNIFICANT EVENTS—TEXAS TOWER NO. 4

August 1952: Preliminary report on substitution of Texas towers for radar picket ships prepared by Lincoln Laboratories of Massachusetts Institute of Technology.

June 1954: Navy's Bureau of Yards and Docks awarded contract to Anderson-Nichols Co. and Moran, Proctor, Mueser & Rutledge firm as joint venture for conducting feasibility study.

October 1954: Feasibility report submitted.

December 1954: BuDocks awarded contract to same two firms for preparation of design and specifications for all five towers as joint venture.

November 1955: Texas tower No. 2 on Georges Bank completed by DeLong Corp. and Raymond Concrete Pile Co. as joint venture for construction.

August 1956: Texas tower No. 3 on Nantucket Shoals placed on site by J. Rich Steers, Inc., and Morrison-Knudsen Co. as joint venture for construction.

July 1957 to November 1957: Subsea trussed structure template of Texas tower No. 4 upended at location off New York by J. Rich Steers, Inc., and Morrison-Knudsen Co. in joint venture.

The diagonal braces in the upper tier of bracing on the A–B side of the structure sheared off their connecting pin plates and were lost during tip-up.

Field redesign of collar connections secured to legs by Dardelet bolts necessitated for attaching replacement diagonals.

November 1957: Texas tower No. 4 completed and turned over to the Air Force.

July 1958: Complaints by operating personnel of considerable platform motion of Texas tower No. 4.

August 1958: Hurricane Daisy struck Texas tower No. 4. Navy's BuDocks ordered first underwater diver's inspection. Operating personnel noticed distinct change in the nature of tower platform motion following Daisy.

October 1958: Diver inspection report disclosed failure of collar connections and Dardelet bolts. Treated as construction deficiency by BuDocks.

November 1958: Construction contractor only partially completed repairs to collar connection by use of T-bolts and will return the following spring for final completion.

November 1958 to March 1959: Brewer Engineering Laboratory conducted motion study of platform and concluded that subsea bracing ineffective for platform horizontal movements of 3 inches and rotational movements of 0.1°. Waves of 10 feet in height caused greater platform movements than waves of 30 feet.

May 1959: Construction contractor completed field repairs to collar connections. Manual operation of radar equipment begun.

June 1959: Diver inspection certified to adequacy of repairs.

January 1960: Operating personnel again report excessive platform motion.

April 1960: Tower became fully operational and tied in with semiautomatic ground environment (Sage) system.

February 1960: Diver examination revealed substantial deterioration in pin plate connections and loose pins in underwater bracing. Determination made that tower No. 4 in dangerous condition. Above water X-bracing is treated as an emergency which must be installed before fall hurricane season.

August 1960: Above-water X-bracing installed. Design engineers certify that tower is restored to original strength.

September 1960: Hurricane Donna, with wind and wave forces both in excess of design criteria, struck the tower. "Flying bridge" or revolving maintenance platform suspended from base of tower, torn loose. Contract to construction contractor to repair flying bridge and perform inspection.

November 1960: Flying bridge repaired and diving operations begun. Divers report extensive damage above and below water. Tower personnel reduced and operational standdown. Damage reviewed and method of repair established to consist of three strands of cable bracing in crossed pattern on A–B side in substitution for upper two panels. (Lowest panel assumed to be intact.)

December 1960: North Atlantic gale with winds of 87 knots and high seas struck the tower.

January 1961: Repair of sleeve at 75-foot level completed.

January 1: Installation of wire rope cable bracing begun.

January 7: Broken diagonal brace in lowest tier of underwater bracing discovered, assumed to have been caused by December storm.

January 12: Meeting in New York City with Air Force, construction contractor, and design engineers. Although under subcontractual responsibility to do so, design engineer declined to state remaining strength of tower in light of known damage. Statement was made that after cable bracing installed but with lowest diagonal broken, tower would then be 55 percent as strong as original design called for.

January 15: Tower collapsed at 7:25 p.m., taking lives of 14 military and 14 civilian personnel. Rescue efforts immediately started.

January 16: Rescue efforts continue. One body (military) plucked from sea. One other body sighted but not recovered. No survivors. Air Force convened factfinding board of officers.

January 17, 1961, to February 1961: Search for bodies continued. One body (military) found within the platform. No others recovered. Platform location at bottom of sea established.

Mr. STENNIS. Madam President, waiving, for the time being, the errors in design, construction, and repairs, the subcommittee feels that it was inexcusable that the tower fell into the sea. Furthermore, no evaluation was made of its strength, and no firm and timely decision was made to evacuate the tower completely before the tragedy occurred.

After hearing the testimony of the many witnesses, members of the subcommittee feel that the tower's nickname, "Old Shaky," was so accurately descriptive that it should have given rise to abandonment of the tower long before it fell into the ocean.

Twenty-eight persons, both civilian and military, lost their lives in the tragedy; but they gained the recognition of their country in the great sacrifice they made and the service they performed.

We bow in appreciation of their service and in respect to their memory, as they were indeed patriots in every sense of the word. They died at their posts of duty. They deserve from their country the same recognition and tribute accorded those who similarly have sacrificed their lives on the battlefields of war, in preservation of our liberties, our freedom, and our way of life.

Madam President, the subcommittee, in taking the proof in this case, used a cutoff date of January 12, 1961, 3 days before the tower fell. We did so because

we understood that the Air Force might institute court-martial proceedings with reference to some of the officers involved in the immediate chain of command, and therefore we wished to avoid, as reasonably possible, dealing with the events of the last 3 days which led up to the tragedy.

The subcommittee will observe, with interest, the court-martial proceedings, if any are held, and, if so, the subcommittee probably will make a supplemental report following such proceedings.

We had before us some very fine witnesses who are highly skilled in their professions. We had before us witnesses of the very highest caliber from the services.

The tower was very difficult to construct and install at sea. Much of the work involved reflects credit on the designers, the contractors, and the services. At the same time, the facts are so clear and strong and the responsibility so great that we were driven to the conclusions I have now briefly outlined in the course of this statement.

Again, I thank the other members of the subcommittee for their very fine attention and help in going through the testimony, reaching the conclusions, and preparing the report.

Mr. SALTONSTALL. Madam President, will the Senator from Mississippi yield?

Mr. STENNIS. I yield.

Mr. SALTONSTALL. Let me say that I have listened with a great deal of interest to the brief report which has been made by the chairman of the subcommittee on the Texas tower investigation.

I was originally informed of this problem by a telephone call at my home in the middle of the night. I studied the matter, and called it to the attention of the chairman of the Preparedness Subcommittee of the Armed Services Committee, the Senator from Mississippi. I did so because the base from which the tower was supplied was in New Bedford, Mass.; and many of the members of the crew who were on the supply ship felt very strongly that an investigation of this subject should be made. The Senator from Mississippi [Mr. STENNIS], the chairman of the subcommittee, who just now has made his report, agreed; and that was the beginning of this investigation.

I have read the report which has been prepared by the chairman of the subcommittee, with the help of Mr. French; and I approve of the statements made in the report and the 12 findings.

This problem and the loss of life in connection with the collapse of the tower came because of lack of decision, lack of careful and thoughtful planning, imperfect construction, and, at a later date, the operation and maintenance of the tower, the decision as to what should be done, and the decision as to whether human beings should be kept on the tower or should be removed.

The planning of the tower and its method of erection involved novel procedures. Certainly, the engineers for the construction are highly reputable. They prepared the plans and designs.

The construction was novel because of the fact that this tower as erected in deeper water, so I understand, than that in which any other tower had been constructed; and, in addition, the base or foundation of this tower was on sand.

The design was novel; and its erection was based on a patented method.

The installation was faulty, because one of the diagonal braces was broken in the process of installing the structure in the deep water. However, the structure was put in place, bracing was put on it, and the tower remained in operation for some time.

But from September 12, 1960, on, the tower was known to be weak. A diver examination was made.

Then, on December 12, another storm developed; and after the storm, another diver examination showed that one of the lowest diagonal braces was broken.

The Air Force rightly asked that an evaluation be made by the structural design engineers. The engineers stated that the installation was weak, but would make no evaluation as to whether it was safe or not up to January 12, the cutoff date of our investigation. All the crew was taken off except the 28 men who were left on as an emergency standby crew.

There was some question as to whether there was proper construction in the original planning and construction. The Navy Bureau of Yards and Docks had the ultimate responsibility for the design and construction. Then, after the tower was built and operated by the Air Force, the question came up as to whether men should be left on it or taken off.

We did not go into the events of the final 3 days before the collapse of the tower, because, as the Senator from Mississippi has so well stated, these may be the subject of a court-martial decision by the Air Force.

As I see it, the findings and conclusions are substantially sound and correct. The facts stated and the conclusions based on them, are accurate as a result of the hearings which were held.

I want first to commend the chairman of the subcommittee, the Senator from Mississippi [Mr. STENNIS], upon the thoroughness with which the investigation was conducted, and the thoughtful and careful hearings, in which we heard witnesses who were all honorable men and who were doing their best to give us the best testimony they could.

The resulting conclusions are quite far reaching. They certainly show that the remaining towers, towers 2 and 3, should be carefully examined as to their safety, even though they are built in shallower water and under different conditions.

As to the final conclusions of the committee—whether Texas tower No. 4 was valuable in the warning system of our country—remains to be seen at the present time because of the advanced research and development in other warning systems.

Surely, no new tower should be placed in the location where Texas tower No. 4 fell without a careful, thorough, and new plan being evolved; without careful and thorough construction; and without surveillance of the underwater braces, to make sure it is safe.

We are informed that the Air Force does not intend to request that another tower be placed where this one so sadly fell.

I am gratified about the investigation, because, as I have said, the base for the ship which supplied the tower was in New Bedford, Mass., and the crew was very, very much concerned with the safety of the personnel aboard. The supply ship stood by the tower during the storm which caused it to collapse and the crew saw it topple.

Madam President, I believe this report should be placed before the full Committee on Armed Services, so those who are interested in the matter will have an opportunity to read the report, which is a very careful examination of the whole subject.

I conclude by again commending the fairness and thoroughness of the chairman in making this report.

Mr. STENNIS. I thank the Senator from Massachusetts very much for his generous remarks, and thank him again, too, on behalf of the subcommittee, for his diligent and effective work in developing the facts.

I now yield to the Senator from Alaska [Mr. BARTLETT] who is also a member of the Preparedness Investigating Subcommittee.

Mr. BARTLETT. I thank the Senator.

Madam President, it was with reluctance, as a member of the subcommittee, that I approved, for my personal part, the report which has just been submitted by the distinguished Senator from Mississippi. It was not that I did not agree with its findings and conclusions, but there was regret that there should ever have been a need for this investigation, that the tower should ever have collapsed, that these precious lives should ever have been lost.

I think, in reading the report, Members of the Senate and of the public will discover that it is not only very thorough, but exceedingly temperate. It is easy to criticize harshly after an event, but this report does not do that. It is objective, and states, as the Senator from Mississippi has said, beginning on page 35, certain findings and conclusions, which I feel will, among other things, be extraordinarily useful in preventing any possibility of a repetition of a disaster of this kind, which surely does not constitute a shining chapter in our national history. The whole thing is pitiful.

I was much impressed by the fact that when the template was being towed to sea it was discovered that two diagonal braces were missing, and neither the Navy nor the contractor was willing to take the responsibility for making the decisions as to whether it should have been towed to port for repairs or whether erection should have been continued. Someone should have been in charge. The committee conclusion states that it believes the Navy was responsible for the decision.

I have no criticism to make of the structural design engineers. I am not

qualified in any manner to do that. But I think it is quite proper for the committee conclusion on page 40 to point out that it is strange that these same structural engineers who made the original design were then hired to go out in the Atlantic Ocean and to inspect and determine the safety of the remaining towers.

The report concludes that it is a military judgment which must prevail in respect to the continued operation of towers No. 2 and 3. I, for one, hope that great attention will be paid by the military to the need for them, and, if it is found they are essential to national security, that constant investigation will be made so there will be no possibility of a repetition of the disaster which befell tower No. 4.

I should like to associate myself with the distinguished Senator from Massachusetts in saying that in my experience no more thorough job in an investigative manner has ever been done than was performed by the chairman of the Preparedness Investigating Subcommittee of the Committee on Armed Services, the Senator from Mississippi [Mr. STENNIS], in respect to this important assignment. He was ably aided by the efficient members of the staff, Mr. French and others. I feel that a report of this kind will go far in keeping everyone alert in the future to guard against possibility of a similar tragedy.

Mr. STENNIS. I thank the Senator from Alaska very much for his fine words, for his constant attention to the hearings and for his consideration of the report. The Senator has made a valuable contribution.

Mr. WILLIAMS of Delaware. Madam President, will the Senator yield?

Mr. STENNIS. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. I commend the Senator from Mississippi and the members of the subcommittee for the excellent contribution they have made in submitting this report to the Senate and for calling this sharply to the attention not only of the Congress, but also of those in the military who may have been responsible. We recognize, with reference of the unfortunate incident which occurred, that we cannot bring back the lives of the men who were lost, but perhaps the report will impress upon those officials who were in authority a greater respect for their responsibility. Perhaps in the future we can prevent a recurrence of such an unfortunate incident.

Mr. STENNIS. I thank the Senator for his fine evaluation.

Mr. WILLIAMS of Delaware. I have one question in this connection. It was called to my attention in a letter I received a few days ago.

The writer of the letter was one of the men who served on the tower, and he claims that during their service the men received the usual additional pay allowed to men in the military serving outside the continental United States. Presumably the men collected the additional allowance throughout the period of their service on this tower. According to the writer, since the tower collapsed there has been a reversal of the ruling and presumably an attempt is now to be made to retroactively collect the additional pay which had been given to those men who served on the tower.

Is the chairman of the subcommittee aware of this situation or does he have any comment to make?

Mr. STENNIS. The Senator from Mississippi did not have personal knowledge of the point the Senator from Delaware has mentioned until a few minutes ago. I have learned from members of the staff, since the question was asked a few minutes ago, that such a report did come to the subcommittee. It is true that additional allowances were given, and now an attempt is being made to recover them. That was not included in the report, for obvious reasons, because it is beyond the import of our investigation.

Mr. WILLIAMS of Delaware. I appreciate that point.

Mr. STENNIS. It certainly is a pertinent point of inquiry. I appreciate the Senator's interest. I think we should follow up, not as a part of the investigation of the incident, but as a part of the whole picture, to develop the full facts. We shall let the Senator know about them.

Mr. WILLIAMS of Delaware. I appreciate that statement. I fully recognize that this question has nothing whatever to do with the report. But I felt it was germane to the subject. I was very much concerned about the effect this action might have upon some of the men who have served in this field. If true it does seem to be unfair.

Mr. STENNIS. I think the Senator is correct. The Senator's remarks are very timely. I thank the Senator especially for his remarks.

Madam President, I thank the Senator from Alabama again, and I yield the floor.

Mr. JACKSON subsequently said:

Mr. President, I ask unanimous consent that the brief remarks I am about to make may be printed in the RECORD after the debate which followed the remarks of the distinguished junior Senator from Mississippi, made earlier, in connection with the Texas tower report.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Washington? The Chair hears none, and it is so ordered.

Mr. JACKSON. Mr. President, I wish to associate myself with the exceedingly able report presented by the chairman of the Preparedness Subcommittee of the Senate Committee on Armed Services, the junior Senator from Mississippi [Mr. STENNIS], in connection with the so-called Texas tower incident. The chairman of the subcommittee, as usual, conducted the hearings in a most fair and impartial manner.

I also wish to pay my particular respects to the staff and to Mr. French, who directed the investigation.

I think the Senate will find the hearings were conducted throughout in a judicial way. There was no effort on the part of any member of the subcommittee to be punitive or to try to punish anyone. On the other hand, the committee rendered a very fair and just verdict.

I hope all the Members of the Senate will have an opportunity to read the report. I am certain my colleagues will come to the same conclusion the committee reached in its usual unanimous way.

ORDER OF BUSINESS

Mr. BENNETT. Madam President——

Mr. SPARKMAN. Madam President, I have the floor.

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

Mr. BENNETT. There is some material I should like to put into the RECORD.

Mr. SPARKMAN. Madam President, I ask unanimous consent that I may yield to the Senator from Utah without losing my right to the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama? The Chair hears none, and the Senator from Utah is recognized.

HOUSING ACT OF 1961

Mr. BENNETT. Madam President, I ask unanimous consent to have printed in the RECORD two editorials on the subject of housing; one entitled "Lifetime of Debt Bill," and the other entitled "Needed: Greater Economy."

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

LIFETIME OF DEBT BILL

The goings-on in Washington, usually hard to understand, sometimes are downright incredible.

The same week that President Kennedy, following his talks with Khrushchev, emphasized in a television broadcast the deadly seriousness of the international crisis, administration forces pushed through the Senate a $6,090 million housing bill of dubious merit.

We face an arrogant, ruthless, and implacable foe in the cold war, and the President has stressed again that unity and sacrifices will be necessary to withstand the relentless Communist pressure. Yet it is business as usual in politics.

The original Kennedy proposal was for Federal Housing Administration insured 40-year mortgages with no downpayment for homes costing up to $15,000. In addition the administration has called for urban renewal, water and sewer projects, and other types of housing to cost more billions. The moderate-income family provision was first beaten in the upper House but a substitute was later passed. It is almost identical with the original provision except that a buyer taking advantage of the 40-year mortgage must now make a small downpayment.

Has anyone stopped to think what condition a $15,000 house will be in near the end of the 40-year period?

Senator DOUGLAS and others have been warning of the grave dangers, individually and nationally, of the buy now, pay later excesses. This measure would encourage home buyers to get mired in a near-lifetime of debt. In addition, the housing program will cost the taxpayers billions which they cannot afford. If this country must pay more than $40 billion annually for defense, something else will have to give.

"Ask not what the country can do for you," said Mr. Kennedy in his inaugural message. One doesn't have to ask what he can do for the country. He can pay ever-increasing taxes. This may be tolerable in the critical

struggle for survival against the Communists, but questionable schemes like the housing bill raise questions about the national goal.

NEEDED: GREATER ECONOMY

Congress has before it this week two measures, among others, that illustrate all too clearly the problem of America today.

It has a housing measure, already passed by the Senate, containing $6 billion worth of spending in a field where there is serious question the Federal Government belongs in the first place.

And it has an urgent request for a $5 billion boost in the national debt ceiling, so that the country can continue to operate.

If there is any question remaining about the inflationary pressures the country faces, this request to raise the ceiling to $298 billion ought to erase them. One of the most effective blocks to welfare spending has been removed by the reorganization of the House Rules Committee, and the floodgates now seem to be open.

How we can have both the increased spending needed for defense and the increased spending being requested for domestic welfare programs, without starting another inflationary spiral that will further weaken our position in world affairs, is hard to see.

The housing bill is a good example of the sort of unnecessary spending that may be politically popular but risks serious dangers.

In it, the Government throws off its pretense of trying to provide for only the destitute. It authorizes 40-year, no-downpayment sales and rental housing programs for moderate-income families, with interest below the market rate. The loans will go to commercial developers or nonprofit organizations and public agencies to build housing for sale or rent.

What this amounts to is public housing for the middle-income group. Is America prepared to take that big step toward further socialism?

Such a program will stimulate the construction industry, no doubt, and make it easier for people to get new housing. But is this the kind of sacrifice that President Kennedy meant when he urged Americans not to ask what America can do for them but what they can do for America?

America does not need this kind of stimulation. What it does need is leadership toward strict economy, toward more self-reliance instead of Government-reliance, toward the realization that the Government can give to its citizens only what it takes from them—and that in the process precious values can be lost.

AN EMERGENCY IN EDUCATION

Mr. BENNETT. Madam President, last April I introduced a bill, S. 1678, to extend the program of Federal aid to areas whose schools have been adversely affected by Federal activity.

As I explained when I introduced my bill, such legislation is necessary because Public Laws 815 and 874, which provide this assistance, will expire next Friday, June 30.

The administration thus far has refused to recommend passage of my bill or similar bills in the House, because it hopes to use this very vital and noncontroversial program as a hostage for the administration's general aid to education bill.

When I introduced S. 1678, I protested against this form of legislative blackmail, and I predicted that even by this threat to the continued existence of this important program the administration would be unable to get an education bill passed before these laws expire on June 30. It now appears that my prediction was correct, since the aid to education bill is not now expected to be acted upon before late July, or possibly not until next year.

The time has come for immediate action by Congress. Public Laws 815 and 874 should be considered on an emergency basis, and should be extended immediately. The administration should acknowledge its error in using this most important program as a hostage and should put its weight behind this program so that action can be completed this week.

The unfairness of the administration's permitting this important program to expire lies in the fact that the burden would be so unequally distributed, being borne by communities whose school systems are under serious pressures because of Federal installations nearby.

In my own State of Utah, for example, the Thiokol Chemical Corp., has established a production plant for the Minuteman missile. This has had an explosive effect on the community, and the few schools which once served this rural area are unable to cope with the sudden expansion. If Public Laws 815 and 874 are allowed to expire, the effect will be serious damage to the school district.

A similar situation exists in Tooele County, where a great influx of workers will soon occur because of expansion of the activities of Tooele Ordnance Depot. This will create a sudden and severe strain in the limited school capacity of that area.

The Senate is no doubt familiar with the fact that even under the Kennedy proposals the program for Federal assistance to federally affected areas would be drastically curtailed. Testimony before the Senate Labor and Public Welfare Committee, since the President made his recommendation, has refuted the President's contention that these programs should be curtailed.

The confusion and uncertainty about the future of this program has already created serious problems for schools throughout the country. School budgets are generally approved the spring preceding the school year. This spring, because the administration refused to back a separate bill for extension of Public Laws 815 and 874, it was impossible for school boards to know what to plan for.

In playing politics with this noncontroversial and badly needed program, the administration has done a great disservice to education. I trust that its error can be remedied before further damage is done.

KENNEDY LEAD-ZINC PROGRAM—RETURN TO FAILURE

Mr. BENNETT. Madam President, the Kennedy administration is reportedly ready to recommend a barter program involving lead and perhaps zinc. This program is supposed to give assistance to our depressed domestic lead-zinc industry. However, barter is worse than no program at all; it is only a delaying action obviously designed to cover up for the total lack of a permanent administration solution.

The Kennedy administration barter program is a return to the discredited barter effort of 1955 and 1956. All that accomplished was to stimulate foreign lead-zinc production and, as a result, imports reached an alltime high in 1956 through 1958, amassing commercial surpluses which have never been liquidated. Yet the Kennedy administration now proposes that we return to this program which was such an abysmal failure. We have gone full circle, from failure to failure.

It is my understanding that the Department of Agriculture will utilize the Public Law 480 program to sell certain surplus farm commodities to foreign lands for dollars which will be used to purchase lead and zinc for a supplemental Government stockpile. It is believed that $60 million worth of metal will be purchased this year.

I am advised that the administration intends to enter soon into barter arrangements with Canada and Australia under which we will acquire 100,000 tons of lead. In return we will give Canada wheat. This is a novel situation, to say the least. On one hand we are buying lead, of which we have a huge surplus, and sending wheat to Canada, which almost literally has wheat running out of its bins. Parenthetically it should be observed that this wheat may directly or indirectly end up in Red China, along with other wheat already shipped there by Canada.

The net result of this remarkable program is that the American taxpayers will be called upon to spend millions of dollars to buy up the world's surplus of lead which will be placed in our overflowing stockpile where it is not needed. This is merely a temporary uninspired stopgap measure that conveniently puts off a permanent solution to the problem of excessive lead-zinc imports.

What our domestic lead-zinc industry needs is a flexible tariff plan such as that recommended in S. 1747, which I have the honor to cosponsor with the Senator from New Mexico [Mr. ANDERSON] and others. An identical bill was introduced by Representative WAYNE ASPINALL in the House.

APPOINTMENT OF REPRESENTATIVE KILDAY TO REPLACE JUDGE LATIMER ON U.S. COURT OF MILITARY APPEALS

Mr. BENNETT. Madam President, the administration recently announced that Representative PAUL KILDAY will replace Judge George Latimer on the U.S. Court of Military Appeals. I believe the President's refusal to reappoint the incumbent Judge George Latimer indicates a complete departure from the administration's announced intention of keeping politics to a minimum in judgeships and basing appointments on merit. I believe the circumstances surrounding this appointment should be called to the attention of the Senate.

Let me emphasize that this is not intended as a criticism of Representative KILDAY, who has had a distinguished career in Congress, representing the 20th District of Texas. However, it is the policy of the American Bar Association that a sitting judge should be reappointed unless there is some serious opposition to his appointment or some good reason for not continuing him in office. There was no such opposition to Judge Latimer, who is recognized as perhaps the Nation's leading authority in military jurisprudence.

I am confident that Mr. KILDAY will do a creditable job as a member of the court, even though he has had no experience on the bench and has not served in the armed services. My objection is not on the basis of his qualifications, but because of the fact that he is replacing a sitting judge who had made an outstanding record, who had the complete support of the Judge Advocates General of the three services, and of the president of the American Bar Association, and who therefore deserved to be reappointed.

The notable thing about the administration's decision is that this is the first such vacancy to have occurred since the creation of the U.S. Military Court of Appeals. It is true that President Eisenhower filled one vacancy on the court, but this occurred as a result of death and did not involve the displacing of an incumbent judge.

There is one other aspect of this matter which seems to indicate that the administration does not consider the U.S. Court of Military Appeals to be a very important institution. The administration refused to make a decision on this appointment until long after his term had expired. Judge Latimer was appointed in 1951 by President Truman to a term which ended May 1, 1961. It was not until May 28 that the administration finally advised Judge Latimer they had not reappointed him.

But even more surprising was the announcement that the vacancy would be left open until after the end of the present session of Congress, in order to permit Representative KILDAY to complete this legislative session. In the meantime, the court is without one judge and the work of the court is being seriously hampered. I find it incredible that the administration should be indifferent to the injustices which are resulting from this, merely to avoid inconveniencing one man.

It seems to me that this state of affairs is particularly shocking in view of the President's high sounding statement he made when he signed the judgeship bill into law. And when one considers that the President has 76 new judges to appoint as a result of this law, one cannot help wondering if the positions will all be filled in such a blatantly political fashion.

TOURIST'S DUTY-FREE ALLOWANCE

Mr. BENNETT. Madam President, today the Senate Committee on Finance approved the bill to reduce the amount of merchandise a returning tourist can bring into this country from $500 to $100. In view of that action, I ask unanimous consent to have printed in the RECORD the Wall Street Journal editorial of June 27 entitled "One Less Keepsake."

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

ONE LESS KEEPSAKE

The other afternoon we went down to wish bon voyage to some young friends sailing for Europe. We came back wishing President Kennedy and Secretary of the Treasury Dillon could have joined the party.

These two gentlemen have just about persuaded Congress that they are going to save the dollar by cutting the tourist's duty-free allowance from $500 to $100. The theory is simple. Tourists will spend less money buying keepsakes in Venice. That will reduce the outflow of dollars and so shrink this country's balance-of-payments deficit which continues to threaten the dollar's value in world markets.

Well, one trouble with this lovely theory, as we were reminded the other day, is that most people who go to Europe aren't rich people, like the Kennedys and the Dillons. For most of them it is a once-in-a-lifetime dream.

There were nearly a thousand people on this single tourist-class ship, off to see the bright lights of Paris or the ruins of Rome, and they were about equally divided among young college students, newlyweds and elderly couples for whom this tour represented years of savings. For all these people, unlike some in Washington, a dollar is hard to come by and not lightly spent. Most of them don't intend to buy $500 worth of souvenirs anyway. So at best the savings over the customs counter are exaggerated.

But even those who can afford it are already out-foxing Mr. Kennedy and Mr. Dillon. Student, honeymooner, or gray-haired couple, nearly all are seeing Europe on something almost forgotten in Washington, a carefully thought out budget. The junior from Wellesley may be going on a thousand dollars of father's money; Aunt Bessie and Uncle John may have saved up three times that much for their sight of the world. But however much it is that's earmarked "Europe," that's what it's going to be.

If the Government says they must spend $400 less on Italian neckties or French perfume—well, the travel agent can add a few days to the stay in Rome or the young people can just make the night lights of Paris a little brighter. Neither Uncle John nor father need expect to save a dollar from being left somewhere over the sea.

Nor need Mr. Kennedy and Mr. Dillon expect to save the dollar that way. Already they delude everybody with the pretense that the trouble is tourist shopping abroad, a tiny drop compared with the gallons of dollars poured out by the Government itself. And a day among the real tourists would disillusion them about this new regulation.

When that is adopted, all that will have been done will be to prevent some students, honeymooners and greyhaired couples from spending their travel savings the way they want to. Kindly Government will still let them, for the time being, have their memories of Venice—just to see to it, in the name of the Nation's good, that they bring back one less keepsake to help remember how it was.

FEATHERBEDDING

Mr. BENNETT. Madam President, it is very unusual to place an advertisement in the CONGRESSIONAL RECORD, but a recent full page advertisement by President Edward Swayduck, of Local 1, Amalgamated Lithographers of America, published in U.S. News & World Report, in my opinion, merits the widest possible distribution.

In this advertisement the president of the New York local of the Amalgamated Lithographers of America is interviewed by John Luter, president of the Overseas Press Club, on the subject of featherbedding.

His attitude is evidence of a mature and enlightened approach to this question, and I believe leaders of unions throughout the country should consider the points Mr. Swayduck makes.

I ask unanimous consent that the advertisement may be printed in the RECORD.

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

"FEATHERBEDDING IS FOR THE BIRDS"—SAYS THIS UNION PRESIDENT

Question. In the first of this series of advertisements, you indicated that a person who orders lithography in an ALA plant doesn't pay for featherbedding or obsolete processes. Since featherbedding has been in the news so much lately, I'd like to explore that situation with you.

Answer. Good. This is a subject on which the Amalgamated Lithographers has very strong feelings.

Question. And what are these feelings?

Answer. We abhor it. We're absolutely opposed to such a practice. Featherbedding is for the birds.

Question. Recently out of Cape Canaveral and Washington we learned of featherbedding as it affected our missile program. Would you care to comment on this?

Answer. Absolutely. Let's go back in history, the history of labor unions. The philosophy of trade unions was to enhance our society for the benefit of all. Today, decent trade unions do not want to be looked on as a privileged class thinking only of themselves. Now it disturbs me when I see what's happening down at Cape Canaveral. According to the press, these people are not doing for the country what President Kennedy asked them to do. Members of a few unions down there allegedly are being paid for doing nothing. They watch components come in, already assembled, clock the time it takes to assemble them, and get paid for standing around for this time. It's outlandish.

Question. What do you see as the solution for such a situation?

Answer. The unions have to raise their voices against this kind of practice, just as I'm doing now. Nobody profits by featherbedding. A man might profit temporarily, but the industry and our country lose. The money goes down the drain. It's neither constructive nor profitable. Now if the public is aroused enough by these abuses there is certainly going to be some type of antilabor legislation which is going to hurt unions like my own which have consistently opposed featherbedding.

Question. Then I take it you feel that leaders of every union should come out publicly against featherbedding?

Answer. Yes. I don't like to see Senators, or anyone in public life for that matter, having to do the job that labor officials themselves should have the courage to do. All union people should be saying that featherbedding is for the birds. Otherwise this could destroy in the public mind the proper mission of labor unions.

Question. The Cape Canaveral problem got a lot of attention because of the importance of our missile program. But doesn't featherbedding exist in other areas?

Answer. It certainly does. It's not detrimental to the country from the point of view of the missile program. But it's a practice that presents a form of immorality handed down into our society that negates what the good unions have done and are doing in our country and the world. One example is "bogus type." There is a union which resets type that duplicates material already prepared on the outside, then throws away the type they've just set. Their idea is to use the same number of people to do a job which either has been automated or which the industry has found a better or less expensive way to do. Responsible trade unions have many ways to embrace industry innovations. In this way they benefit both the industry and themselves in the areas of training and rehabilitating their members, and in contract negotiations.

Question. What has the Amalgamated Lithographers Union done in this direction?

Answer. Over the years, as we helped the lithographic industry to automate and create new processes, we were able to justify and attain for our members a 35-hour week, 10 paid holidays a year, 3 weeks' vacation, the finest welfare and pension programs and wage increases. This means our philosophy in fostering automation and being opposed to featherbedding made these gains possible. The volume of business has increased tremendously. Many more people are employed. This couldn't happen with featherbedding.

Question. Can you cite any specific examples where you have actually cut down the number of men on a job to the benefit of the lithographic industry?

Answer. Certainly. Only a few years ago there was a new press on the market. At the beginning, in negotiations, we thought it would require three persons to operate. However, it became evident that the press wasn't competitive with three men and it could be operated with two. We then volunteered to renegotiate to reduce the complement to two men so that the press could be run profitably.

Question. Does your stand against featherbedding represent a new policy of your union or a shift in policy?

Answer. No. It has always been a policy of our organization to oppose featherbedding. In our 80-year history we've stood for progress, not only in the graphic arts, but as an example for all industries. In the United States, through American ingenuity, we can manufacture at a decent high level and maintain the high standards of the American way of life—unequaled in world history.

Question. Eddie, this has been an enlightening and unusual interview.

Answer. Thank you. I hope that anyone concerned with graphic arts reproduction or who buys ink on paper is fully aware of this fact: The Amalgamated Lithographers of America is working in his best interests toward the highest craftsmanship and lowest cost. The ALA is unalterably opposed to featherbedding or any other immoral business practice. It knows and has proved that a good craftsman is good economy.

FEDERAL CONSTRUCTION OF DISPUTED TRANSMISSION LINES TO SERVE THE UPPER COLORADO PROJECT — UNNECESSARY AND WASTEFUL

Mr. BENNETT. Madam President there is a proposal now before Congress calling for a disputed Federal investment of $136 million for electric power transmission lines to serve the Upper Colorado River Storage Project. This appropriation is supported by public power groups and by the Department of the Interior. On the other hand, it is opposed by many other groups, including the private utilities in the five-State area. The utilities have submitted a firm offer to wheel the power over their systems, thus avoiding duplication of lines and the unnecessary expenditure of $136 million in taxpayers' money.

Conflicting claims have been made by both sides and this has created some confusion in the minds of the people of Utah and perhaps in the minds of some torial staff of the Salt Lake Tribune has Members of Congress. However, the edimade an exhaustive study of all sides of the controversy. Even using the figures of the Bureau of Reclamation, the Tribune has concluded that the Federal Government should not build the lines. In its lead editorial of June 25, 1961, the Tribune states in part:

> Unfortunately partisan politics and heated public versus private power emotions have served only to bury the true issue. We believe the issue should and can be decided on a simple dollar and cents basis. After careful study of figures, presently available from both sides, the Tribune is convinced the utilities' proposal is the least costly for all concerned. That includes the Federal Government and its taxpayers as a whole, the preference customers who will use the project power, the reclamation projects to be financed through the same power, and the general public in the States served by this multimillion-dollar program.
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> * * * * *
>
> All things considered, therefore, the utilities' case is better. It will save the Government much more than the cost of wheeling. The Tribune is persuaded it will assure scheduled payout and irrigation assistance and that preference customers can be guaranteed their 6-mill power rate, plus the great service dependability advantage of an assured interconnection with the vast private utilities power pool as well as the Federal power pool.
>
> Congress should refuse to grant the Bureau of Reclamation funds to build the proposed all-Federal system.

Similarly, the Deseret News of Salt Lake City has carefully examined all of the issues involved and concluded as follows in its principal editorial of May 31, 1961:

> Government transmission lines in our region would be a serious mistake. Government duplication would do nothing to promote the economic or moral welfare of our people. It would merely shift the burden of taxes from one set of citizens to another, and in the process eventually bring about the inherent waste that comes with bureaucratic control.
>
> Thoughtful westerners do not favor public ownership of any industry, including the power industry.

In addition, the Deseret News, in an editorial of June 9, 1961, paid tribute to the position taken by Gov. George D. Clyde, who is an acknowledged expert on water and power matters. Likewise, the Murray Eagle for June 1, 1961, and the Salina Sun for June 2, 1961, contained excellent editorials on the transmission line controversy.

I ask unanimous consent that these five editorials and the relevant portion of a statement by Governor Clyde, together with a resolution adopted by the Utah Water Users Association, and a list of leading groups who have passed resolutions against Federal construction of the lines be included in the CONGRESSIONAL RECORD following my remarks.

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

[From the Salt Lake Tribune, June 25, 1961]

LET UTILITIES WHEEL GLEN CANYON POWER

Congress must soon decide whether to authorize construction of an all-Federal system for transmitting power from the Colorado River storage project.

The U.S. Bureau of Reclamation has proposed what it calls a yardstick system of 2,375 miles which it estimates will cost $176 million. The Bureau rejected a package proposal by six private utilities in the project area to transmit power mainly over their own privately built system for a fee.

Unfortunately partisan politics and heated public versus private power emotions have served only to bury the true issue. We believe the issue should and can be decided on a simple dollar and cents basis. After careful study of figures, presently available from both sides, the Tribune is convinced the utilities' proposal is the least costly for all concerned. That includes the Federal Government and its taxpayers as a whole, the preference customers who will use project power, the reclamation projects to be financed through sale of power, and the general public in the States served by this multimillion-dollar program.

The Bureau of Reclamation contends an all-Federal system is essential because use of private transmission lines and payment of wheeling (power transmission) charges would force: (1) an increase in the price of power supplied preference customers (such as municipally owned or REA consumers), (2) an extension of the payout period of the project and reduced irrigation assistance.

On the other hand, the utilities insist the 6-mill power rate would be the same under either proposal and that actually their offer would make for an earlier payout and provide at least as much irrigation assistance.

The problem is a vast and complex one. Lack of agreement by the two sides on some basic factors further complicates it.

The layman casually examining the problem is therefore hopelessly confused. The whole complexity, however, can be reduced to the fundamental problem, the cost to the general public. When this basic problem is considered, a simple answer does exist.

Private business, already engaged in transmission of large quantities of power for its own purposes, ought to be able to transmit power on contract at least as efficiently and cheaply as the Federal Government could over an extensive and in places duplicating system of its own.

A little arithmetic supports this conclusion.

The Bureau of Reclamation agrees it would save transmission line construction costs of $118,475,000 if the utilities wheel the power. The Bureau would also save on transmission line operation, maintenance and replacement, and on line losses. In addition the Federal Government would benefit, under the utilities' proposal, from income taxes paid back to the Government on earnings from wheeling.

There is dispute between the Bureau and the utilities on some of these savings.

The Bureau, for instance, puts operation, maintenance, and replacement savings at $1,330,000 a year; the utilities estimate is $1,900,000. The Bureau agrees that the utilities could wheel with less line losses (of power) but does not estimate the savings. The utilities say the savings due to their shorter routes would amount to $1 million annually. The Bureau estimates income tax

payments at $945,000 per year for the utilities. The utilities put the figure at $1,120,000.

The Bureau maintains that wheeling costs by the utilities would amount to $7,270,000 annually. The utilities say it would be $700,000 per year less.

A total of $4,561,000 would be the annual savings in interest if the $118,475,000 Federal lines are not built. This is figured at the current 3.85 percent interest rate being paid by the Government.

Now, if one uses only the Bureau's own cost figures and adds to them the savings from interest and the $1 million line loss figure (since the Bureau makes no estimate) the annual total savings is seen to be $7,836,000.

This savings is $566,000 per year greater than, again, the Bureau's own estimate of $7,270,000 in annual wheeling costs.

If the utilities' rather than the Bureau's figures are taken throughout, the saving to the Government would be a million and a half dollars a year more and total saving over the Bureau's 86-year study period could approximate $200 million.

There is one other major factor which the Federal Government ignores, and perhaps with some justification, but which Utah and other affected States cannot ignore. That is the value of State and local property taxes which would be collected if the utilities' proposal were accepted, but which would not be collected under the Bureau's proposal.

These would amount to some $2 million a year, most of which in Utah at least would go to support of schools.

Finally the doubts of preference customers might be laid by a firm guarantee of a 6-mill rate on project power no matter who builds the lines. Actually this would not be much of a gamble for the Government because with steamplant power already being delivered at a cost of about 6 mills, project power could not realistically be sold for much more.

All things considered, therefore, the utilities' case is better. It will save the Government much more than the cost of wheeling. The Tribune is persuaded it will assure scheduled payout and irrigation assistance and that preference customers can be guaranteed their 6-mill power rate, plus the great service dependability advantage of an assured interconnection with the vast private utilities power pool as well as the Federal power pool.

Congress should refuse to grant the Bureau of Reclamation funds to build the proposed all-Federal system.

[From the Deseret News, May 31, 1961]

PRESERVE OUR FREE ENTERPRISE

The growing tendency of America's citizens to seek from the Federal Government services and functions which they could and should provide for themselves is alarming and dangerous to the concepts upon which America was built.

Too many citizens are seeking Federal aid for hospitals, roads, schools—even help to pay teachers' salaries—and for housing. It seems that all segments of our economy now look toward Washington for aid of some kind.

Instead of being independent and using initiative, people are forsaking good old-fashioned American pride in self-achievement and are no longer ashamed to consider Washington as the first place to go for financial help.

This dependency on the Federal Government will not stand our Nation in good stead in the years to come. Since income taxes have been hidden in payroll deductions, citizens seem to have forgotten that it is their taxes which pay for these initiative-destroying and freedom-decaying Federal services.

The precepts upon which this Nation was founded recognize—and attempt to safeguard—the dignity of the individual and his freedom to worship in accordance with his conscience, freedom to engage in lawful business endeavors, and freedom to acquire and possess private property. These freedoms engender initiative, enterprise, independence, and self-reliance, all of which enabled this Nation to make tremendous advancements in social and economic fields.

Now we find gradual and unnecessary encroachment of Government into responsibilities previously assumed by individual citizens or by cities, counties, and States.

In these times of world crisis, we face new frontiers each day. But what has happened to the old frontier? Certainly people need the character and courage developed through self-reliance to conquer the difficult problems ahead.

The electric power industry is an area into which the Federal Government has already seriously encroached. There seems to be no valid explanation as to why the Federal Government should penetrate deeper into the field of providing electric power at great loss in tax revenue to State and local taxing districts and to the Federal Government, as well as an increase in the already top-heavy national debt.

Now the Government is planning to build transmission lines to market electric power from the Colorado River storage project, although the private utilities in the region have offered to transmit the Government power over their own transmission lines.

No one questions the importance of development of electric power on the Colorado River. But it is good business on the part of Government to provide transmission lines at public expense—at the same time providing yet another opportunity for tax loss to the benefit of a few people—when private industry would provide these transmission lines at no cost to the Federal Government?

Many of the good but misguided citizens who advocate construction of a government transmission system to market Colorado River electric power would be the last to want entanglements with socialistic philosophies or socialistic programs. Yet in this case they seem willing to sacrifice principle for questionable self-interest.

This Nation was not built to its present stature by people using Federal assistance. Nor was the mountain West. Our pioneer forefathers pulled their carts across the prairies, and, through enterprise, independence, and self-reliance, built a sound economy.

This area has a promising industrial future. Our resources, including electric power, have been developed through private enterprise with money supplied by our people with little or no help from taxpayers in other States. We are better off for this, and believe that this is the way we will continue to grow and develop.

Government transmission lines in our region would be a serious mistake. Government duplication would do nothing to promote the economic or moral welfare of our people. It would merely shift the burden of taxes from one set of citizens to another, and in the process eventually bring about the inherent waste that comes with bureaucratic control.

Thoughtful westerners do not favor public ownership of any industry, including the power industry.

[From the Deseret News, June 9, 1961]

PRIVATE POWER CAN DO THE JOB

On balance, it is probably fair to say that America does not have a more competent witness on the Colorado River storage project than Gov. George D. Clyde, of Utah.

As one of the West's foremost water engineers, he has been involved in planning of Colorado River development most of his life.

As director of Utah's Water & Power Board, he was the key figure in the long fight that finally was won in 1956 with congressional approval of the project. During that period, he worked intimately with Bureau of Reclamation officials, and thoroughly understands their goals.

And as Governor, he is in the best position of all to speak from the standpoint of the State's total best interests—representing the water users, the power customers, the taxpayers, and everyone else concerned with the project's development.

Thus, Governor Clyde's testimony in full support of construction of the Colorado project transmission lines by private industry is impressive, meaningful, and should prevail.

The following basic reasons declare why Congress should not appropriate the full sum the administration has requested for building public power transmission lines:

First, by tradition and conviction, America believes in free enterprise. Allowing Government to compete unnecessarily with private industry can only rot away the foundations upon which America was built and kill the traditional American spirit of self-reliance.

Second, Federal construction of transmission lines would be an unnecessary and wasteful duplication of cost and effort. This is the considered judgment of an impartial expert, Governor Clyde, who has thoroughly examined the conflicting claims of both sides. It certainly stands to reason that the private utility industry, which will handle 90 to 95 percent of the area's total power load even after the Colorado project is in full production, can work this additional capacity into its lines more effectively and economically than if a separate transmission system were built.

Third, the Federal Government cannot begin to pay for the needed power development of the next decade. The great bulk of the development will continue to be done by private capital. Government funds should be reserved for those projects of such magnitude they are beyond the capacity of private capital—such as the Colorado River project itself—not frittered away on projects that could be handled in other ways.

Fourth, neither the Federal Government nor, especially, Utah can afford the loss in tax revenues that Federal construction of the lines would entail. Estimates are that Federal construction would mean the loss of $100 million in Federal taxes and $60 million in State and local taxes over the 86-year-period of operation. Most of those State and local taxes would be lost to the schools, which are in such critical need of further financial support.

Perhaps this generation's greatest danger is the gradual loss of local initiative and self-reliance to the Federal Government. Sometimes that self-reliance and initiative are lost by default, which is tragic. But doubly tragic would it be to rip away by Government fiat the right of private industry to do what it stands ready, anxious, and able to do on a sound economical basis.

[From the Murray (Utah) Eagle, June 1, 1961]

KEY TOOL IN CREEPING SOCIALISM—FEDERAL CONTROL OF ALL POWER

It would require a diligent comparison of then and now to determine how many individual rights Americans have surrendered during the past 30 years.

But when this study was completed, it would be surprising. This elimination of civil rights has been a token thing in each instance. Progressing at a snail's pace, but progressing, nevertheless.

Nowhere does all this show more clearly than in the case of the private versus public power dispute. It's been gaining momentum for more than two decades. Its battle lines are drawn and its competitive

statements forged. But it is being fought under rules created by the Federal Government and changed by it at will.

The current phase is being aired to the public in a series of advertisements by Utah Power & Light Co. These ads point up the ridiculous fact that the Government will erect a transmission line from Glen Canyon Dam which will duplicate the lines of private power companies. It will be fantastically costly to us taxpayers. It will operate in direct competition to the private firms who pay out substantial sums every year in taxation. It will be as unnecessary as a sixth toe.

This struggle goes further back than the Glen Canyon transmission line. It goes back to the era when creeping socialism began to feed upon these United States. The TVA was one of the first steps. It has been followed by countless Federal power projects which were constructed with tax dollars and made to appear solvent only through manipulation of books. When private power concerns launched a series of nationwide advertisements calling to the attention of Americans the inequality of and lack of need for these power facilities, the Government changed the rules. It became a nontax deductible item to advertise these facts. This didn't stop the private firms. It only made it more costly for them to tell the public what was happening.

John T. Flynn wrote a book 10 years ago. He called it The Road Ahead. Step by step, he predicted the rise of socialism in our country. He pointed out by departments what the Federal Government would do to promote it. He's been frighteningly accurate. We look with some concern upon his prediction that the Government will continue to fight private power until it controls all power in our Nation. When it also controls transportation—and its supervisory holdover this is more dictatorial than many realize—we will be a step nearer what the Socialist planners had in mind for America's future.

We commend private power for fighting to preserve the American way of life, free enterprise and free competition. We urge our statesmen to heed this message and to begin to combat this devouring monster which would one day make of us dependent wards of the Government, looking to it for our very livelihood.

We think, further, you the people should lend your strength to the fight. Write your Congressmen and Senators. Remind them of their duty to preserve Americanism; their voted charge to do what is right for the land and for their constituents.

[From the Salina Sun, June 2, 1961]

PRIVATE UTILITY VERSUS GOVERNMENT

Much has been written, and much has been said in regard to the Government versus private owned power utility line from Glen Canyon into southern Utah. Experts have taken sides; the discussion goes on, and pretty soon the Congressmen and Senators will vote to decide whether they will dig up the money, or will turn the project over to private interests.

We will not attempt to tell you which side to take in this issue, but we can say, "The Government can't give you anything without first taking something away." Just remember, Government can't support us all—some must be left to pay the taxes that Government operates on.

What appears to go on in Washington is shameful and mighty expensive. Pet project support is traded back and forth with little (if any) thought given to what is best for America as a whole.

Senator FRANK E. MOSS, of Utah, has written me that "I intend to support completion of the project on schedule. Blocking the transmission line funds at this session would serve not only to delay the completion of the project, but would open again the great controversy. Those who oppose western reclamation could use this to thwart the orderly and timely completion of our great project."

Originally, the Bureau of Reclamation said this project was for the reclaiming of land only, and the Government would not enter into the power field. Now, with the project well underway, the grab is on, and the Bureau asks for power line construction moneys.

Some say Government distribution of power is cheaper, and the money can be paid back quicker. How can this be? If Government builds, they use our money. If they charge less for power, it comes from our other pocket. If private interests build the line and sell the power, only those that use it pay. The utility pays millions in taxes, which is shared by everyone. Where does this cheaper nonsense come from?

No, we won't tell you which side to take, but history will tell you the United States was made the No. 1 nation by private interests (big and little business, if you insist) and we urge your support in keeping it that way.

A PORTION OF A STATEMENT BY GOV. GEORGE D. CLYDE, OF UTAH

My present recommendation is not to increase, but to reduce by several million dollars, the proposed budget for the construction of transmission lines.

My reason is that I believe that we should use, so far as it is possible, existing or contemplated transmission lines constructed and operated by the investor-owned utilities of the geographical area directly concerned, to carry the power from the hydroelectric installations of the Colorado River storage project, and that the Federal Government should construct transmission lines only where they will not duplicate those constructed and operated by the utilities.

I fully realize that there have been issued conflicting reports, by the utility companies and by the Bureau of Reclamation, which present very different pictures of the construction cost and of the effect on final repayment of the total project costs, if the lines are built by the private companies or by the Federal Government.

I shall not attempt to get into the technical discussion, leaving it to the experts on both sides who will present their respective cases in detail. I do want to say, however, in order to make my own position clear, that careful and extensive study of the proposals and the analyses presented by both sides has convinced me that the transmission lines can be built and operated by the investor-owned utilities without damage to the financial structure of the Colorado River storage project, and without neglecting the interests of the preference customers and other potential consumers of the hydroelectric power. If I believed it would be detrimental to either of these interests, I should not take the position which I am now taking.

I have three fundamental reasons for the position I have taken.

I am opposed to Government at any level competing with private enterprise. I recognize that Government must sometimes become a partner of private business, or even independently undertake projects which are too vast for private capital to handle—the Colorado River storage project itself is an excellent example. However, I think it is wrong in principle, and contrary to our system of economic free enterprise, for Government to compete in areas where private business is capable of and willing to undertake the job that has to be done. The evidence indicates that private enterprise can, and will, if given the opportunity, perform the job we now have under consideration.

My second point is that I believe Federal construction of the entire transmission system for the Colorado River storage project would be a needless and wasteful duplication of effort and of capital investment. This, to me, is obviously poor business practice.

Now I am familiar with the argument that Federal construction would not constitute unnecessary duplication because the proposed transmission lines (whether federally or privately constructed) will eventually be filled to normal capacity by power from the Colorado project. If the utilities built the initial system (so the argument goes), they would eventually have to build another parallel system to carry their own power.

This argument collapses when considered in the light of standby requirements. If the Federal Government builds the transmission system, it will be unthinkable to permit a single system of this magnitude to stand by itself, without any immediately available standby transmission capacity. That would place the entire system, and all the customers dependent on it, at the mercy of a bolt of lightening or other crippling accident which does from time to time strike the best of transmission systems.

What would the Government do for standby transmission capacity if it built its own basic system? The obvious answer is that standby capacity would be purchased from the privately owned utilities operating in the area—precisely the same utilities that are offering to handle the basic transmission system. But if this is the plan, then certainly the cost of purchasing standby capacity should be included in the analysis of the total cost of the proposal to build Government-owned and operated transmission lines. This has not been done.

If the Government built the transmission system and did not purchase standby capacity from the utilities, the only possible alternative would be to construct standby capacity of its own. This would be needless duplication carried to the extreme. Furthermore, it would be ridiculous to construct parallel lines of this magnitude solely for standby use, that is to say with the idea they would stand idle except for periods of temporary emergency. Following this line of thought to its logical conclusion inevitably suggests construction of Federal steam-generating plants to work in conjunction with the hydroelectric generating capacity of the Colorado projects and justify the parallel transmission lines that would be essential for standby requirements. Now I am not trying to read the minds of Federal planners, nor to put words in their mouths. However, such a line of reasoning and of action has been known to follow in the wake of Federal hydroelectric power generation, and I believe—most certainly in the circumstances presently under consideration—this would be unjustified competition with private business, completely contrary to the principles on which our free-enterprise economy is founded.

Without pursuing this possibility any further, I shall rest on the assertion that Federal construction of the transmission system for the Colorado project would be costly and unnecessary duplication of effort and investment. Handling 90 to 95 percent of the total powerload for the area (even after the hydrogenerators of the Colorado projects are in full production) the utilities can more efficiently and economically absorb the additional capacity requirements from the project than could an independent system constructed especially for this single purpose.

My third and final reason for supporting the utilities' proposal is that of tax revenues which would be paid both to Federal and State governments if the transmission lines are privately built and operated, and which would be lost if the Federal Government builds the lines.

Federal income taxes from the transmission system are estimated at more than $100 million over the 86-year period which has been used as a base for calculations. This

is a substantial sum which should be included in any analysis of comparative costs.

In my own State of Utah, State and local taxes under the utilities' proposal are estimated at $700,000 a year, of which $470,000 would go to the support of public schools. With the tremendous increase in school-age population which we have experienced in recent years and the critical problems in school financing which it has produced, this is a factor which we cannot ignore. I am sure the situation is comparable in other States which would be affected by this project.

I shall not impose further on your time. In very brief summation, let me repeat that I believe the investor-owned utilities should construct, insofar as feasible, the transmission system to carry power from the Colorado River storage project:

1. Because it is in keeping with the American free-enterprise system;

2. Because it would be more efficient and economical, and therefore of benefit to the overall project; and

3. Because of the tax revenues which would accrue if the system is privately owned and operated but which would be lost if the system were federally owned and operated. Speaking for my own State of Utah, these revenues will be important to our schools, to our counties, and to the State.

With all my heart I endorse the full Colorado River storage project and the entire reclamation program as being in the best interest of the Nation, being designed both to promote the general economy and also to strengthen our national defenses.

UTAH WATER USERS ASSOCIATION,
May 13, 1961.

At the board of directors' meeting of the Utah Water Users Association, the following resolution was adopted, with copies to be sent to the chairman of the House Appropriations Committee, the chairman of the Senate Appropriations Committee, delegations, and to the Utah Power & Light Co.:

"Whereas the Colorado River compact allocated to the upper basin 7,500,000 acre-feet of water per annum from the Colorado River system, and the upper Colorado River basin compact apportioned to the State of Utah 23 percent of the water allotted to the upper basin States, and beneficial use thereof is the basis, the measure, and the limit of the right to the use of such water; and

"Whereas the Colorado River storage project now under construction by the Bureau of Reclamation provides for the development of only a small part of the waters of the Colorado River available to the State of Utah and particularly under the upper Colorado River Basin compact, the only water which will be developed for Utah is that made available by the central Utah (initial phase) and Emery County participating projects; and

"Whereas the water not being developed will continue to flow down to the lower basin and be used beneficially in California and in Mexico until revenues are available for further development; and

"Whereas revenues from the sale of electric power generated by the project are dedicated by the Colorado River Storage Project Act to pay costs for operation, maintenance, and replacement, the facilities relating to power and municipal water plus interest and the cost of storage units allocated to irrigation, within 50 years and all excess revenues from the sale of power are divided between the upper basin States for additional development of Colorado River water allocations; and

"Whereas Utah is entitled to 21.5 percent of the excess revenues for the development of its apportionment of Colorado River water; and

"Whereas the Bureau of Reclamation has proposed that Congress grant it the use of money now available for construction of the Glen Canyon Dam to enable the Federal Government to build Federal transmission lines from units of the Colorado River project generating plants to serve preference customers (cooperative corporations, who are borrowers from the Rural Electrification Administration, and municipal corporations owning their own generating plants); and

"Whereas the Bureau of Reclamation estimates that it will cost $176 million to build a Federal transmission system and that much of said system will duplicate existing and planned transmission lines of investor-owned public utilities already delivering most of the electricity now used in the area, and which lines are available for delivery of Government power; and

"Whereas the Congress of the United States in Public Law 86–700, relating to appropriations to the Bureau of Reclamation for construction of authorized reclamation projects, provided that no part of the appropriations could be used to construct transmission facilities where private wheeling service contracts can be made for the transmission of electricity to the preference customers and the Government; and

"Whereas the use of investor-owned transmission facilities by the Federal Government would reduce the expenditure of the Federal Government for transmission facilities by at least $136 million, which need not be repaid from revenues derived from the sale of power, thereby providing for funds to assist in the earlier repayment of water development projects: Now, therefore, be it

"*Resolved*, That the Colorado River Storage Project Act was adopted to develop the water resources of the Colorado River and delays in the development of those resources resulting from a desire to construct and operate transmission facilities, will result in the delay of the development of waters allotted to Utah under the Upper Colorado River Basin Compact and a consequent danger of losing rights to Colorado River waters which are not developed, but permitted to flow to California and Mexico, and be developed and put to beneficial use by people in those areas; and be it further

"*Resolved*, That the undersigned urges the Federal Government to sell power from the Colorado project at its value, and opposes the diversion of funds appropriated for construction purposes, to the building of a transmission system which duplicates existing or planned transmission systems of investor-owned public utilities, the cost of which must be repaid from revenues derived from the sale of power generated by the project; and be it further

"*Resolved*, That the Federal Government be urged to use the transmission facilities of investor-owned public utilities already constructed or authorized for the transmission of electric power from the Colorado River project to preference customers."

RALPH A. RICHARDS,
President.

T. W. JENSEN,
Secretary-Manager.

LIST OF UTAH ORGANIZATIONS WHICH HAVE PASSED RESOLUTIONS IN OPPOSITION TO FEDERAL CONSTRUCTION OF POWER TRANSMISSION LINES TO SERVE THE UPPER COLORADO RIVER STORAGE PROJECT

Apartment Association of Utah.
Associated General Contractors of America.
Farm Bureau Federation.
First Federal Savings & Loan Association.
Home Builders Association of Greater Salt Lake.
Illuminating Engineering Society.
Industrial Relations Council.
Intermountain Electrical Association.
International Brotherhood of Electrical Workers, Local 57.
Liberty Fuel Co.
Metropolitan Water District.
Ogden Chamber of Commerce.
Provo Water Users Association.
Salt Lake Association of Insurance Agents.
Salt Lake Butchers & Grocers Association.
Salt Lake City Chamber of Commerce.
Salt Lake City Jaycees.
Salt Lake Real Estate Board.
Salt Lake Retail Grocers Association.
Twenty-One Counties Committee.
Utah Bankers Association.
Utah Building & Construction Congress.
Utah Consumers Finance Association.
Utah Engineering Council.
Utah Furniture Association.
Utah Home Builders Association.
Utah Manufacturers Association.
Utah Mining Association.
Utah Motor Transportation Association.
Utah Plumbing and Heating Contractors Association.
Utah State Medical Association.
Utah State Restaurant Association.
Utah Savings & Loan Association.
Utah Taxpayers Association.
Utah Water Users Association.
Utah-Wyoming Coal Operators Association.
Weber County Industrial Bureau.
Wyoming Natural Resource Board.

Mr. BENNETT. Madam President, I have concluded the work I wished to do, and I thank the Senator from Alabama [Mr. SPARKMAN], the chairman of the Subcommittee on Housing of the Committee on Banking and Currency, for his courtesy in making possible this opportunity for me this afternoon.

Mr. SPARKMAN. I am very happy to do so.

HOUSING ACT OF 1961—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1922) to assist in the provision of housing for moderate- and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. SPARKMAN. Madam President, the Senator from Connecticut wishes to make a motion which, it is felt, should be made early in the consideration of the conference report. I ask unanimous consent that I may be permitted to yield to him for 5 minutes without losing my right to the floor.

Mr. BUSH. Madam President, is the Senate operating under a time limitation?

Mr. SPARKMAN. No. Before the Senator speaks, will he yield to me?

Mr. BUSH. I yield.

Mr. SPARKMAN. Madam President, I ask unanimous consent that the number of aids and assistants that may be allowed on the Senate floor may be greater by four than the number usually provided for.

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

Mr. BUSH. Madam President, I thank the Senator from Alabama. I now move that the conference report on S. 1922 be recommitted to the conference committee with instructions to the Senate conferees not to exceed requests for authorizations made by the administration, as listed in a table which I make a part

of the motion, and ask unanimous consent to have it printed at this point in the RECORD.

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

Comparison of administration's requests against authorizations contained in the conference report on S. 1922, the proposed Housing Act of 1961 [1]

[Millions of dollars]

Purpose	Administration's requests	Conference report
FNMA investment in mortgages and improvement loans	750	1,510
Other loan programs:		
College housing	[2] 1,000	1,200
Public facility loans	50	450
Mass transportation loans	[3] 50	50
Housing for the elderly	50	75
SBA disaster loans		25
Public works planning loans		10
Farm housing loans	207	407
Subtotal	1,357	2,217
Grant programs:		
Urban renewal	[4] 2,000	2,000
(Mass transportation)	[3] (25)	(25)
Urban planning assistance	80	55
Public housing demonstration grants	10	5
Open spaces	[5] 50	50
Farm housing research		1
Defense hospitals		15
Subtotal	2,140	2,126
Totals:		
FNMA	750	1,510
Other loan programs	1,357	2,217
Grant programs	2,140	2,126
Grand total	4,247	5,853

[1] Excludes $1,200,000,000 for VA direct housing, loans, passed as a separate bill by the Senate on June 26, 1961, and excludes annual contribution grants for the 100,000, approximately, units of public housing reactivated in the bill. If these contributions were fully utilized over a 40-year period the amount involved would be $3,146,000,000.

[2] Adjusted to a 4-year basis. The administration initially requested $100,000,000 to provide for immediate needs plus $250,000,000 a year for 5 years. The House provision, accepted by the conferees, was for $300,000,000 for 4 years.

[3] The administration omitted mass transportation from its housing bill, but the conferees were advised the amount shown reflects the administration's current request.

[4] The administration requested $2,500,000,000 for urban renewal grants, the agency testifying $100,000,000 was needed to care for a backlog of applications and the balance to provide for anticipated demands at the rate of $600,000,000 a year. The House provision, accepted by the conferees, was for $2,000,000,000, with no time period specified. If the administration's estimate of demand is accurate, this amount will be adequate for 3½ years. The figure shown in the table is adjusted for this time period.

[5] The administration omitted open spaces from its bill, but the conferees were advised the amount shown reflected its current request.

Mr. BUSH. The table includes not only the requests made by the administration in connection with S. 1428, the administration housing bill, but also its requests on such matters as mass transportation and open spaces, which were submitted to the conference committee.

The effect of my motion would be to instruct the Senate conferees to insist upon savings of approximately $1,600 million in the bill. The savings would be made up as follows:

A difference of approximately $750 million in the FNMA authorizations over the administration request; a difference of about $650 million in other loan programs. The grand total of the administration requests, for the purpose of the motion, is $4,247 million; the conference report figure is $5,853 million.

Madam President, I announce that I intend to ask for the yeas and nays.

The PRESIDING OFFICER. The motion of the Senator from Connecticut will be stated.

The LEGISLATIVE CLERK. The Senator from Connecticut [Mr. BUSH] moves that the conference report on Senate bill 1922 be recommitted to the conference committee with instructions to the Senate conferees not to exceed requests for authorizations made by the administration as listed in the attached table, which is a part of the motion.

The PRESIDING OFFICER. The question is on the motion of the Senator from Connecticut.

Mr. SPARKMAN. Madam President, of course, the motion is debatable. It was not our purpose that it should be voted upon at this time, but, as I understand, the purpose of the Senator from Connecticut in making the motion at this time is to put Senators on notice. Furthermore, he has served notice that he will ask for the yeas and nays at the proper time on the motion to recommit.

Madam President, I do not intend my discussion on the conference report to be at all lengthy. Of course, the conference report covers many items. There is a copy of the report on the desk of every Senator, and it can be checked. There were 82 differences between the House and the Senate. As conferences usually go, there was compromise between the two sides. There was bargaining or trading in the way that conference committees usually discuss and decide the settlement of such issues.

We were in session for 2 days. We held an informal session on Monday, even though our conferees had not yet been appointed. We held an informal discussion that morning merely to explore the differences to see how far apart we were. Soon after the Senate met, conferees were appointed. That afternoon at 2 o'clock we went into session formally and remained in session until nearly 6 o'clock.

Yesterday we met at 10 o'clock, remained in session until noon, went back at 2, and remained in session until about 4 o'clock. In that time we adjusted the 82 differences between the 2 bills.

While I think we bring a good bill to the Senate, I am not wholly in accord with the way things went in conference. In fact, I cannot recall a single conference in which I ever sat at which I agreed to everything. There are items in the report that I voted against, and items for which I voted were eliminated. I could name some of those provisions. However, I believe we have the best compromise that we could get.

One item in which I know a great many Senators will be interested is the item that was hard fought on the Senate floor. We went to the conference with a favorable vote from the Senate for a 40-year mortgage with a 3-percent downpayment up to $13,500, and a 10-percent downpayment on mortgages from $13,500 to $15,000. I had hoped to maintain that position in the conference. The conferees will remember that I stated that, so far as I was concerned, we would be absolutely adamant. We found out that we could not agree on the provision. So we laid aside both the 40-year provision and the downpayment provision and moved on to other points, leaving that item to be decided until the very last session.

It became apparent that we could not possibly agree on the 40-year provision in the Senate bill, or the 35-year provision in the House bill. The 40-year provision was won in the Senate in a close, hard fight, and the 35-year provision in the House was conceded in advance, being announced ahead of time. Regardless of that fact, the House conferees took the position that they could not possibly approve a conference report that would contain a 40-year provision.

Finally we arrived at a compromise. Frankly, I believe it is a good compromise. I am satisfied with it because it does exactly what I want it to do. I believe it does what the Senate wanted to do when it voted for the 40-year mortgage, that is, to provide liberal terms for people whose income levels are below what would be necessary to buy under the usual terms of FHA.

Both on the Senate floor and in the conference committee the argument was made that what we were actually doing was throwing this provision away so that anyone could enjoy the privilege—in other words, that we would provide a 40-year mortgage on any house for an amount up to $15,000. Those who urged that point were correct. The bill would do so. We compromised on a term of 35 years on new construction for moderate income families, with the proviso that, if by reason of low income, alone, the applicant was not able to qualify under the 35-year mortgage provision, the term could be increased by not to exceed 5 years.

In other words, they would limit it to moderate income people, and would exclude people above that level.

Mr. LONG of Louisiana. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LONG of Louisiana. How tight are the provisions drawn to guarantee that there will be no abuse with respect to the 35-year limit, to permit a 40-year mortgage in the case of a person who might be able to make the payments?

Mr. SPARKMAN. Of course, as the Senator knows, the tightness often depends almost exclusively upon the administration of the act. However, the policy in the past has been to make the formula and the restrictions very strict, and that is what they have been. There is a rather strict formula in effect. I know the Senator has often heard me state the rule-of-thumb that a person should buy a house which costs no more than 2½ times his net income. This is a very arbitrary rule but I believe that it represents a good approximation of the limits on the price that a person should pay for a house.

Mr. LONG of Louisiana. Is the administrator expected to draw up certain standards, for example, to say that a person would be expected to spend no

more than about 25 percent of his income for a house?

Mr. SPARKMAN. That is a part of the regulations. I do no know whether the figure is 25 percent or 20 percent or some more detailed formula that the FHA uses.

Mr. LONG of Louisiana. I want to be sure that there is to be some attempt to set up some standards, or to pursue some standards in connection with this matter.

Mr. SPARKMAN. Oh, yes; that is provided for in the regulations.

Mr. CURTIS. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Nebraska.

Mr. CURTIS. Does the conference report call for a program of housing for the middle-income people?

Mr. SPARKMAN. Moderate income is the term that is used.

Mr. CURTIS. What is the definition of "moderate"?

Mr. SPARKMAN. In the report that we made on the original bill, we suggested a range from $4,000 to $6,000 but it would vary depending on the income level of families in a particular community. That is not written into the law.

Mr. CURTIS. Not people in the category of the poor?

Mr. SPARKMAN. This is not intended for what we usually refer to as low-income people. This is for people of moderate income.

Mr. CURTIS. Low income would include people who had no income. Is that correct?

Mr. SPARKMAN. Yes.

Mr. CURTIS. I would include people who are homeless and houseless, and moderate income would be the group above that. Is that correct?

Mr. SPARKMAN. Yes. We have often said it would be families with income between the public housing level and the FHA level.

Mr. CURTIS. What is the purpose of the Federal Government's providing housing for people of moderate income?

Mr. SPARKMAN. The Federal Government is not providing it. It is an FHA insurance program; that is all.

Mr. CURTIS. But it is not individual housing, is it?

Mr. SPARKMAN. Oh, yes. They are individual homes.

Mr. CURTIS. Individual homes?

Mr. SPARKMAN. Yes.

Mr. CURTIS. How does the program differ, then, from the regular FHA program?

Mr. SPARKMAN. The regular FHA program under section 203 would call for 35 years. Under the conference report it would be 35 years basically, but it would make it possible to go to 40 years in order to permit lower income families to have homes.

Mr. CURTIS. Is it any different than the FHA program?

Mr. SPARKMAN. Only in that respect.

Mr. CURTIS. There is no difference in the amount to be paid down?

Mr. SPARKMAN. We use exactly the same schedule of downpayments, as to percentages, but we do provide that in the case of moderate income the closing costs may be included within the downpayment.

Mr. CURTIS. The closing costs?

Mr. SPARKMAN. Yes.

Mr. CURTIS. How much was the figure for this program in the Senate?

Mr. SPARKMAN. There is no figure. There is no money involved.

Mr. CURTIS. What is the amount of the authorization?

Mr. SPARKMAN. There is no money authorization. This is an FHA insurance program. The regular insurance premium is paid.

Mr. CURTIS. I understand. There is a limit as to how much they can insure.

Mr. SPARKMAN. Oh, yes. The limitation they can insure is limited to time, rather than to amount.

Mr. CURTIS. How about the aggregate amount?

Mr. SPARKMAN. Under the pending bill there would be no limitation on the aggregate amount. In the present law there is a limit, but that limit is just about reached.

Mr. CURTIS. At the present time there is a limit on the total amount of insurance that can be entered into?

Mr. SPARKMAN. Yes. From time to time we have extended it. Only a month ago we put through a quick resolution extending it by a billion dollars, to carry them to July 1.

Mr. CURTIS. What does the Senator mean by time?

Mr. SPARKMAN. In the pending bill we say the FHA may continue to insure until July 1, 1965.

Mr. CURTIS. But they determine how much the aggregate amount of the insurance will be.

Mr. SPARKMAN. It will depend on the applications that are received.

Mr. CURTIS. Up to now there has been a ceiling on how much insurance can be allowed?

Mr. SPARKMAN. Yes.

Mr. CURTIS. The time in which the authority can issue the insurance.

Mr. SPARKMAN. Yes.

Mr. CURTIS. Is there any particular reason why the dollar limitation was removed?

Mr. SPARKMAN. As a matter of fact, I may say that for several years, I believe, every recommendation submitted by the past administration had asked for the removal of the limitation altogether, so that there would be no limit as to either time or amount. However, we kept it on. Finally the suggestion was made to us that we could get effective control by putting a time limitation on it, which is really easier for both Congress and the administration to operate under. We agreed to 4 years, to July 1, 1965. It means that at that time we must look at it again.

Mr. CURTIS. What is the most liberal loan the FHA will insure if the conference report becomes law? What is the most liberal loan they could insure?

Mr. SPARKMAN. There are programs which are affected by the law and that are already established under which they can insure up to 100 percent.

Mr. CURTIS. For how long a time?

Mr. SPARKMAN. For 40 years.

Mr. CURTIS. That is under existing law?

Mr. SPARKMAN. Yes; under the law that was passed in 1954, when the Senator from Indiana [Mr. CAPEHART] was chairman of the committee and when the Republicans were in control in Congress.

Mr. CURTIS. Has that provision expired?

Mr. SPARKMAN. No.

Mr. CURTIS. Why was the new provision needed?

Mr. SPARKMAN. The particular program that I have reference to is only in the urban renewal areas, or for persons who have been displaced by reason of urban renewal and other government action.

Mr. CURTIS. In other words, this is something of a special program for people who are displaced by action of the government at some level.

Mr. SPARKMAN. Yes.

Mr. CURTIS. But it has not been available to the general public.

Mr. SPARKMAN. Well, immediately not, but if it is not used by these persons within 60 days, it became available to them.

Mr. CURTIS. Not to be argumentative, but merely to clear up the record and for public information, what is the most liberal loan that can be insured for someone in the so-called moderate income group if the conference report becomes law?

Mr. SPARKMAN. Ninety-seven percent.

Mr. CURTIS. At what rate of interest?

Mr. SPARKMAN. The regular rate of interest.

Mr. CURTIS. Is that rate fixed by Congress?

Mr. SPARKMAN. A good many years ago Congress, by law, set the maximum at 6 percent.

Mr. CURTIS. Suppose a friend or an interested party, or even a relative, wished to make a loan at 2 percent. Is there any law or regulation to prevent the FHA from insuring that loan?

Mr. SPARKMAN. No; the FHA simply places a ceiling. It does not state what the rate must be. It places a ceiling.

Mr. CURTIS. A person can buy a house for 10 percent down, and in the 3 percent certain expenses may be included to close the loan?

Mr. SPARKMAN. They may be.

Mr. CURTIS. On an average, what would they amount to?

Mr. SPARKMAN. We usually use the figure of $200. As the Senator well realizes, the figure may vary from State to State or from locality to locality.

Mr. CURTIS. How expensive a house can be purchased?

Mr. SPARKMAN. Not to exceed $15,000.

Mr. CURTIS. Over how many years can the loan be paid off?

Mr. SPARKMAN. The maximum is 40 years; the basic is 35 years.

Mr. CURTIS. How would someone secure the maximum rather than the basic?

Mr. SPARKMAN. If he did not have sufficient income to justify incurring the obligation of making monthly payments for the basic number of years.

Mr. CURTIS. So conceivably a person in the modest income category, but not in the lower brackets, might possibly qualify for the 40-year loan, while a person in the upper brackets would qualify for the 35-year loan.

Mr. SPARKMAN. That is exactly correct.

Mr. CURTIS. How much public housing is provided in the bill?

Mr. SPARKMAN. We simply put back into effect the 1949 act. In that act there was authorized Government participation to expend, in round numbers, not to exceed $336 million a year. About $257 million of that has been used. So about $78 million is left.

Mr. CURTIS. I am aware that as to insured loans, we do not know until a loan has been paid off whether there is any obligation on the Government. In a part of this program there is a necessity for an authorization for expenditure. If the conference report becomes law, what will it cost the Treasury to carry it to fulfillment?

Mr. SPARKMAN. The Senator from Nebraska has asked a question which has been dealt with perhaps more than any other question. It is difficult to give an answer. I think the Senator from Connecticut [Mr. BUSH], will agree with that. He placed in the RECORD a few minutes ago a table which shows his interpretation of what the cost will be. The reason I say it is difficult to give an answer is that some programs are single-year programs; others are for varying duration. For instance, the college housing program runs for 4 years. The urban renewal program does not have a set time, but it is estimated that it will run for 3 years. The amount provided in the bill is for a period of 3 or 4 years.

The farm housing program is extended for 5 years. Some of the other programs I could name would have other periods of duration. So the Senator realizes the difficulty of providing an accurate answer.

Mr. CURTIS. I call attention to the fact that it is the responsibility of the Committee on Finance to recommend the enactment of tax laws. I hope the Senator from Alabama and the Senator from Connecticut will not be too far apart in their estimates, so that the committee will not be left confused as to the amount of money which is authorized to be spent.

Mr. SPARKMAN. I gave the Senator from Nebraska my figure. I dare say that if we take into consideration the term of the program, the Senator from Connecticut and I will not be too far apart. The regular HHFA program calls for an authorization of $4,645 million, not including public housing.

Mr. CURTIS. It is $4,645 million over what period of time?

Mr. SPARKMAN. This is bringing them all together. In other words, if there is a 4-year program, the whole amount is figured in. For instance, for college housing loans, the bill provides a 4-year program. The total amount is $300 million a year. I think it is a $1,200 million program.

The two largest items are college housing loans and urban renewal grants. For urban renewal we have provided $2 billion. It is anticipated that that program will run between 3 and 4 years.

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

Mr. SPARKMAN. I yield.

Mr. BUSH. The authorization for FNMA is the second largest, at $1,500 million.

Mr. SPARKMAN. Of course, there is a $200 million item which is not new money or a new authorization; it is simply a transfer.

Mr. CURTIS. Mr. President, will the Senator from Alabama yield to permit the Senator from Connecticut to place his figure at this point in the RECORD?

Mr. SPARKMAN. He has already done so.

Mr. CURTIS. His figure according to the definition of time of the Senator from Alabama.

Mr. SPARKMAN. The Senator from Connecticut has the same figure. I dare say that with respect to college housing loans he has the figure of $1,200 million, and on urban renewal he has the $2 billion figure.

Mr. CURTIS. What does the Senator from Connecticut contend the bill would cost, if enacted?

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

Mr. SPARKMAN. I yield.

Mr. BUSH. My total figure is $5,853 million, as against the administration's request of $4,247 million.

Mr. CURTIS. Will the Senator from Alabama state his figure?

Mr. SPARKMAN. My estimate, including all programs, is: First, HHFA, $4,645 million. But when we add the authorizations for farm housing and defense hospital construction, and aid to displaced business concerns under the Small Business Act my total is $4,886 million. Small business is not a part of housing, but since small businesses are pushed out of road construction, urban renewal programs, we amended the Small Business Act to permit the Small Business Administration to make loans. That carries $25 million in loans. It is not a part of housing at all. I do not have the extra authorization for FNMA included in the $4,886 million figure. That is the real difference between our figures.

Mr. BUSH. And farm housing.

Mr. SPARKMAN. Yes; I have farm housing: $200 million.

Mr. BUSH. The conference report calls for $407 million.

Mr. SPARKMAN. But authorization for $207 million already exists. The conference added $200 million.

Mr. BUSH. The conference report calls for a total of $407 million.

Mr. SPARKMAN. But not $407 million of new money. $207 million was already in the program. The conference committee increased the amount by $200 million.

Mr. BUSH. That is correct; but the total now available, counting the $207 million now in the program, is $407 million.

Mr. SPARKMAN. Yes, but the $207 million is already in the program.

Mr. BUSH. I know. I am talking about funds in the bill which are available for use. They amount to $407 million.

Mr. SPARKMAN. I do not believe the Senator would admit that that is a correct figure.

Mr. BUSH. Would the item have expired if it had not been extended?

Mr. SPARKMAN. No.

Mr. BUSH. The money was there to be spent.

Mr. SPARKMAN. It would have expired when the farm housing program expired.

Mr. BUSH. At what date?

Mr. SPARKMAN. It would have expired on June 30.

Mr. BUSH. So $207 million is being renewed, and $200 million is being added, for a total of $407 million.

Mr. SPARKMAN. If that is done, we can follow the same reasoning for urban renewal and college housing; but we are talking about new money.

Mr. BUSH. We agree on the figure.

Mr. SPARKMAN. We are fairly close together.

Mr. BUSH. That is correct.

Mr. SPARKMAN. There is another provision in the report. I shall not discuss it at length. The distinguished Senator from New Jersey [Mr. WILLIAMS] is in the Chamber. The Senate passed the urban transportation program and provided $100 million for loans and $50 million for grants.

The House did not pass the proposal, but had taken up the matter as a separate bill, and actually began to hold hearings yesterday morning. The hearings were held during the morning. The facts were presented, and the chairman of the subcommittee which held the hearings was a member of our conference committee, and attended the conference yesterday afternoon, and recommended that the House agree to the inclusion in the conference report of provisions for an urban transportation program which would be materially less than the one for which the Senate had voted. That was agreed to by the conferees. Therefore, the conference report contains those provisions for an urban transportation or mass transportation emergency program of not to exceed $50 million in loans and $20 million in grants.

Mr. WILLIAMS of New Jersey. Mr. President, will the Senator from Alabama yield?

The PRESIDING OFFICER (Mr. BARTLETT in the chair). Does the Senator from Alabama yield to the Senator from New Jersey?

Mr. SPARKMAN. I yield.

Mr. WILLIAMS of New Jersey. In connection with the mass transportation provisions, let me say the Administrator of the Housing and Home Finance Agency, who testified yesterday before the House subcommittee, expressed the strong support of the administration of the program which was accepted by the conference committee.

I should like to ask to have printed at this point in the RECORD the testimony of Dr. Weaver on this matter.

Mr. SPARKMAN. I shall be glad to have that done; that will be very fine.

Mr. WILLIAMS of New Jersey. Then, Mr. President, I ask unanimous consent to have that testimony printed at this point in the RECORD.

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

TESTIMONY OF ROBERT C. WEAVER, HOUSING AND HOME FINANCE ADMINISTRATOR, HOUSING AND HOME FINANCE AGENCY, BEFORE SUBCOMMITTEE NO. 3 OF THE HOUSE COMMITTEE ON BANKING AND CURRENCY, JUNE 27, 1961

Mr. Chairman, members of the committee, I appreciate this opportunity to present the administration's views on proposed legislation in the field of urban transportation.

As many of our people now know from bitter experience, we are witnessing the demise of public transportation systems in many of our communities—large and small. Between 1945 and 1960, annual ridership on mass transportation systems declined sharply. In some 300 communities, mass transportation systems have been completely abandoned; in countless other places, service has been severely curtailed. Hardly a day passes that our Agency does not receive a phone call or letter from some desperate local official asking for help in saving the community's mass transportation system.

The pervasiveness and severity of the local transportation crisis stamp it as a national problem of considerable dimension requiring Federal attention.

The President recognized the gravity of the problem in his March 9 message to the Congress on housing and community development. He stated:

"Nothing is more dramatically apparent than the inadequacy of transportation in our larger urban areas. The solution cannot be found only in the construction of additional urban highways—vital as that job is. Other means for mass transportation which use less space and equipment must be improved and expanded. Perhaps even more important, planning for transportation and land use must go hand in hand as two inseparable aspects of the same process.

"But to solve the problems of urban transportation will test our ingenuity and put a heavy drain on our resources. While the responsibility for working out these solutions rests primarily with local government and private enterprise, the Federal Government must provide leadership and technical assistance."

Pursuant to the President's instructions, the Secretary of Commerce and I have initiated a joint study to develop long-term solutions to our urban transportation problems. This study is being conducted by the Institute of Public Administration, a well-known nonpartisan and nonprofit research and educational organization.

On June 19 the President transmitted a bill to the Speaker of the House to be known as the Urban Transportation Act of 1961. The President's memorandum to the Speaker, accompanying this bill, took note of the study now underway and instructed me to prepare long-range legislation on urban transportation for consideration by the Congress at the opening of the second session of this Congress.

At the same time, the President recognized the current emergency now confronting many localities in different parts of the country. The administration would therefore set into motion at once planning studies aimed at long-term solutions and demonstrations devised to test various methods of shoring up, strengthening, and improving existing mass transportation systems. Planning studies would be financed by means of the proposed expansion in the section 701 urban planning assistance program. Demonstrations would be undertaken under proposed new authority. For example, grants could be made to help determine the effect upon the cost and utilization of mass transportation if service frequency or speed were increased or transfer privileges made available. Experiments to test the effect upon mass transportation patronage of various types of regulation of highway traffic would also be eligible.

In view of the grave situation facing certain communities, it is essential to authorize loans to prevent the collapse or atrophy of individual local transportation systems.

The administration believes that if such loans are authorized, there must be assurance that Federal aid will contribute to the long-term solution of the transportation problems. In many places, transportation is not a strictly local but an areawide problem.

In such areas, investments in transportation systems should be based upon areawide development plans. Therefore, the administration strongly recommends that any loans by the Federal Government for urban transportation be conditioned upon the existence, or the active preparation, of an areawide overall plan. Furthermore, in order to permit the introduction of long-term solutions, such a loan program might well be considered as a stopgap measure with a 1962 cutoff date. This is in line with the suggestion offered by the President in his June 19 letter to the Speaker of the House.

The administration recommends that the existing urban planning grant program carried on in the Housing Agency be used to provide grants for transportation planning. Grants should be specifically authorized for mass transportation surveys, studies, and planning. The Housing Administrator should be authorized to provide technical assistance to localities undertaking comprehensive urban transportation planning, and he should be authorized to make studies and publish information on related problems. His authority should be broadened to make clear that grants can be made to authorize public bodies other than official planning agencies where the Governor and the Administrator agree that such grants are desirable. The administration's recommendations for mass transportation planning are contained in H.R. 7787.

The administration recommends a program of grants for demonstration projects which will assist in carrying out urban transportation planning and research, including the development of general information on the reduction of urban transportation needs, the improvement of mass transportation service, and the contribution of such service toward meeting total urban transportation needs at minimum costs. The recommendations of the administration in this regard are contained in section 303 of the Housing Act of 1961 (S. 1922) as passed by the Senate, with amendments to conform that section to similar provisions in H.R. 7787, and to reduce the authorized amount of grants to $25 million.

To meet the urgent needs during the next year, including the time needed to formulate the definitive long-range recommendation now under study by the Housing Administrator and the Secretary of Commerce, the administration recommends a program of loans to public bodies to finance the acquisition, construction, and improvement of facilities and equipment for use, by operation or lease or otherwise, in mass transportation service in urban areas, and for use in coordinating transportation facilities in these areas. The administration recommendations regarding these loans are contained in section 402 of the Housing Act of 1961 as passed by the Senate, but with several important changes. The amount authorized should be reduced to $50 million, which we believe adequate for the limited program contemplated during this interim period. This program should expire on December 31, 1962. Authorized loans should be limited to the provision of facilities or equipment which can reasonably be expected to be required for a comprehensive and coordinated urban transportation system.

Mr. WILLIAMS of New Jersey. The President himself wrote to the Speaker of the House in regard to this matter; and I believe it would be very helpful to have the President's letter printed at this point in the RECORD.

Mr. SPARKMAN. Yes, and I shall be glad to have that done.

Mr. WILLIAMS of New Jersey. Then, Mr. President, I ask unanimous consent that the President's letter be printed at this point in the RECORD.

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

THE WHITE HOUSE,
Washington.

Hon. SAM RAYBURN,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: As stated in my message to the Congress on housing and community development, "nothing is more dramatically apparent than the inadequacy of transportation in our larger urban areas." We are pledged to assist in the sound development of our cities, and believe Federal financial assistance should be provided to help plan and develop the comprehensive and balanced transportation systems which they so desperately need. Such assistance will not only directly benefit our cities, but will also make more effective use of Federal funds spent for other urban development programs.

As a first step, I am submitting with this letter a proposed bill to provide increased authority for Federal assistance to urban transportation planning. The assistance to be provided would include grants for surveys, studies, planning, and experimental demonstrations.

Because mass transportation is a distinctly urban problem and one of the key factors in shaping community development, the proposed bill assigns the administration of the program to the Housing and Home Finance Agency. This responsibility, together with the other functions of the Agency, will be transferred to the new Department of Urban Affairs and Housing upon enactment of legislation which I have previously proposed.

Following the directive in my message on housing and community development, the Secretary of Commerce and the Housing and Home Finance Administrator are undertaking an extensive study—due to be completed this fall—on methods and the extent of Federal financial assistance for the actual development and improvement of mass transportation systems. The proposed bill would require the Housing Administrator to submit to the Congress, early in the next session, a report and recommendation based on the findings of the study group. Non-Federal Government financing will have to provide the preponderant share of the new capital funds needed for mass transportation, and Federal assistance should therefore encourage and supplement rather than supplant such investment.

But the time required to complete the study and translate its recommendations into a legislative proposal should not be wasted. Enactment this session of the proposed bill will permit the planning and demonstration programs to be set up and will also stimulate urban areas to establish areawide agencies empowered to plan, develop, and operate transportation systems. These steps are essential to an effective transit program since two absolute requisites to Federal aid are (1) an approved

comprehensive transit plan, and (2) the existence of a suitable organization representing all, or substantially all, of the local governmental units in the metropolitan area.

Although final decision on the exact nature of a Federal program of loans, loan guarantees, or grants for the purchase or modernization of transit facilities and equipment must await the results of this executive branch study, immediate emergency assistance to finance transportation equipment and facilities in a few metropolitan areas with especially urgent problems may be warranted to assure continuation of essential services. While Federal funds should not be used solely to salvage obsolete systems, emergency loans may be essential for projects found by the Administrator to be consistent with the probable comprehensive transit plan for the area, if financing is not available on reasonable terms from private sources or elsewhere in the Federal Government. Consistent with these strictly limited conditions, the Congress may wish to enact, as a part of the bill, a temporary 1-year authority for emergency loans.

Since the Senate has already concluded its consideration of the omnibus housing bill and has adopted an amendment containing a mass transportation program, I hope it will be possible for the House to hold hearings on the subject in order that a satisfactory program can be enacted during the current session.

Sincerely,

JOHN F. KENNEDY.

Mr. SPARKMAN. Mr. President, let me say to the Senator from New Jersey that these provisions, as agreed to by the conferees, are in conformity with the program which was recommended by the President and the administration.

Mr. WILLIAMS of New Jersey. Exactly, both as regards the policy and as regards the amount of money.

Mr. SPARKMAN. And they are also in conformity with the program recommended by the Subcommittee of the House Banking and Currency Committee, and recommended by the conferees, and agreed to by the House conferees, and accepted by the Senate.

Mr. WILLIAMS of New Jersey. The Senator from Alabama is exactly correct.

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

Mr. SPARKMAN. I yield.

Mr. BUSH. Let me say that the pending motion, if agreed to, could not affect adversely—and is not intended to do so—the amount agreed to by the conference committee for the mass transportation provisions.

Mr. SPARKMAN. Yes. Of course, I know that the Senator from Connecticut voted for that in the conference.

Mr. BUSH. That is correct.

Mr. SPARKMAN. And he was one of the original sponsors.

Mr. BUSH. That is correct.

Mr. SPARKMAN. And he supported it last year, and again this year.

Mr. BUSH. Yes, and I favor it.

Mr. SPARKMAN. Yes; and the Senator from Connecticut did a very good job in getting it acted upon favorably by our committee, and also here on the floor.

Next, Mr. President, I wish to discuss very briefly a matter to which I invite the attention of the Senator from New Jersey, because this was one of his projects. He introduced, originally, the proposed legislation; and it was through his influence that it was included in the House version of the bill. It properly belonged there, because it was a part of the program. He defended it very strongly here on the floor of the Senate; and the item was stricken out by the Senate by only a very narrow margin. It is the part which deals with the open space program, to assist—and I emphasize the word "assist," and it will be only a small percentage of assistance—the cities in connection with this program. I think some persons have the idea that the Federal Government will buy all the land, but that is not true at all. The percentage of participation by the Federal Government will be only 20 percent to 30 percent, as I recall.

Mr. WILLIAMS of New Jersey. If the Senator will yield to me, let me say the Federal Government participation will be only 20 percent, unless the open space acquisition is for urban renewal as a whole—and then it could increase to 30 percent—or relates to land use and such open space is related to better planning in connection with our urban areas.

Mr. SPARKMAN. Yes, and I emphasize that. Many persons think the Federal Government is to make grants to cities, for the purpose of purchasing this land; but the participation by the Federal Government will only be to the extent I have stated; namely, between 20 percent and 30 percent.

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

Mr. SPARKMAN. I yield.

Mr. BUSH. Again I point out that the pending motion, if agreed to, would not change that part of the conference report, but would leave untouched the conference report figures.

Mr. SPARKMAN. That is true; and the Senator from Connecticut has been very active in connection with this matter, also.

Mr. WILLIAMS of New Jersey. In fact, if the Senator will yield, let me say the Senator from Connecticut has been an original sponsor and a "pusher" of that program.

Mr. SPARKMAN. Yes, he certainly has.

Mr. BUSH. I thank both Senators for their kind words.

Mr. SPARKMAN. Mr. President, it has been correctly stated that the veterans program has been taken out of the bill. Of course when the bill was under debate here in the Senate, it was stated then that that part would be taken out. That course has been followed during the past several years.

The bill was passed here on Monday. It went to the House; and the House accepted two of the amendments the Senate included, but declined to accept the third one, which now is at the desk, as I understand, awaiting further action. Nevertheless, it is not a part of this measure.

The pending measure contains many other items, but I shall not discuss these matters further at this time.

I believe it might be well for me to say that the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Virginia [Mr. ROBERTSON], the chairman of our committee, and the Senator from North Carolina [Mr. ERVIN] strongly supported a proposal relating to savings and loan associations. I shall not discuss that matter in detail now; it was discussed at that time. The Senate accepted it on a voice vote. The House did not have a similar provision in its version of the bill; but the House had taken up three savings and loan bills—which, incidentally, I had introduced in the Senate some time ago, and our committee would have taken them up and would have reported them favorably to the Senate, except for the fact that when we held our hearings some time ago, it was our intention to handle savings and loan legislation separately.

However, by the time the bill reached the House, it became apparent that that might not be possible. So the House incorporated in this measure the same three bills which I had introduced in the Senate. The House accepted our bill—in which the Senator from North Carolina was greatly interested, and which he introduced in the Senate earlier in the year; and we accepted the three bills the House had included.

Mr. ERVIN. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. ERVIN. I merely wish to say that all who are interested in the wonderful work being done by State development corporations owe a great debt of gratitude to the able and distinguished junior Senator from Alabama for the fight he has made, both on the Senate floor and in the conference, to retain what I regard as the very worthwhile provisions in this part of the bill.

Mr. SPARKMAN. I thank the Senator from North Carolina. I think it is good legislation. I thought it was good legislation when he and his colleagues proposed it here on the floor of the Senate, and I was glad to do what I could to make sure of its approval.

There are other items in the conference report, but I shall not now take time to discuss them.

I do not see the Senator from Hawaii on the floor at this time; but we agreed to his amendment, which permits farm housing loans to be made, to farmers who have only a leasehold interest, under which so much of the land in Hawaii is held.

The pending measure contains many other provisions; but at this time I shall terminate my presentation.

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

Mr. SPARKMAN. I yield.

Mr. JAVITS. First, let me say that I shall support the conference report, although I look with great regret—and I think all of us will have cause to regret it—on the fact that the conference report does not include a middle-income housing program which would not require the Federal costs which are called for by this report. I think that is a shame.

But I am so very much in favor of a middle-income housing program that, notwithstanding that deficiency of the report, I shall vote for it. But I depre-

cate that deficiency very greatly. As I have already said, I think those who favor, and who voted for, the New York plan, which I had the honor to present here in the Senate, will live to regret its omission. It would work as an economic balance system which would give the program validity and viability.

I know my friend, who is so gracious, will not find fault with that. It typifies what we ought to be doing. We ought to be bringing forth programs heavily based on the private enterprise system, and yet doing the job which the social needs of our country require to be done. It is in that spirit that I brought my proposal forward.

I say to my colleague what he would say to me. I hope his mind is not closed on it. He told me as much. He said, "You have to work on these things a long time." Knowing the amount for FNMA has been doubled, to a billion and a half dollars, I must say I am depressed that we have chosen the least desirable road and the most expensive road, when we could have done the job with $100 million, as I had proposed.

Mr. SPARKMAN. May I say something before the Senator moves on to another subject?

Mr. JAVITS. Of course.

Mr. SPARKMAN. My mind is not closed at all. As I told the Senator the very first year he presented his program, I was very much impressed with it; and I am. As a matter of fact, there is a similarity between his plan and the bill I introduced in 1950, which was reported to the Senate, was debated here on the floor of the Senate, and failed of passage by only two or three votes, as I recall. There is a great deal of similarity between the two plans.

The Senator from New York has more selling to do, and I am in favor of his doing it. I suggest to him that he discuss this proposal privately and at length with the head of the Housing and Home Finance Agency, or perhaps some day when things get a little quieter than they are now, he may sit down with the President and discuss it.

Mr. BUSH. Some enchanted evening.

Mr. SPARKMAN. Yes. I am very grateful to my musical friend—some enchanted evening. Is the song, "Do Not Wander Astray"? But I suggest that he sit down and discuss it with the President then.

It is a pretty complex structure. I think the Senator will admit it has got to be worked out carefully. I think it might be well to discuss it with the Secretary of the Treasury, or one of his aids, or the Director of the Budget. I think there is a good deal of selling to be done yet before we are ready to enact it into law. But I do not close my mind to it.

Mr. JAVITS. I thank the Senator.

Mr. SPARKMAN. With respect to FNMA, I may say that not a single dollar of FNMA money is earmarked for this program. What we do is make these funds available for the President's assistance program. By the way, $200 million of the fund was already available. It is not new money. It is money that has already been authorized. We are simply transferring it. We make it available for the President's assistance program. Of course, as the Senator knows, the President may use it. There are certain programs that call for special assistance. For example, housing for the elderly, urban renewal housing and section 221 housing for displaced persons is eligible for special assistance, and several others I could name, by act of Congress.

Furthermore, the President is empowered, within his discretion, to pick up any program he wants to and term it as requiring special assistance. He does so when there is a program that he feels is needed, but which requires some help to get it "off the ground." It does not happen too often. This money goes into his special assistance fund, and is not earmarked for any particular program, and would not necessarily be used for the new program established by this bill.

Mr. JAVITS. Nevertheless, it could be used for that purpose.

Mr. SPARKMAN. Within the discretion of the President.

Mr. JAVITS. I have another question. I notice the conference committee took out of the bill the Senate provision for enlarging the extender funds. I refer to the extender fund in excess of the 12½-percent limit. I understand the reason for that action was that, with the new authorization, without fixed date, there would be considerable resources available for urban renewal and that situation might go on for a year or two. I agree. I understand that——

Mr. SPARKMAN. Mr. President, may I say something right there?

Mr. JAVITS. Yes.

Mr. SPARKMAN. I think the conferees were unanimous in the view that, if the situation should get to a point where help was needed, which I think the Senator from Connecticut will agree with me we discussed in conference, and if New York, or any other State, reached the point where help was needed, we could help those States quickly.

Mr. JAVITS. I am delighted to have that statement.

Mr. SPARKMAN. This action was not taken out of any unfriendliness to New York, which has done such a wonderful job in urban renewal. It was due to the feeling, and the assurance from the administration, that it was not needed.

Mr. JAVITS. The only other point I wish to raise, which is somewhat along the same line, is that I notice the conferees were willing to take off the $3,000 ceiling for relocation of small businesses, but were not willing to take off the ceiling of $200 for relocation of families. I know that was done because of the feeling that, on the average, the costs did not come up to $200, although we have heard of cases which had exceeded that cost. Would my colleague feel that in that case, too, should it appear that, because of increased costs or because of the feeling that certain elements should be included in relocation costs, it would be an open subject, so that if we had a case, we could get relief?

Mr. SPARKMAN. I think that would be true, although that does not apply to a single State, as it did in the other provision. The Senator knows of the formula which we worked out, which is very good. The provision in the Senate bill would have required the local communities to share the cost above the ceiling in existing law.

Mr. JAVITS. Yes, I know of it.

Mr. SPARKMAN. It was called to our attention that only a small number of States, probably 18, could take advantage of this provision, and that the great majority of the States—and I am rather of the opinion that that majority included New York; I know it included Alabama; I think it included Connecticut—because of their enabling acts for urban renewal, could not have this made a part of the local costs. As the Senator recalls, the provision that the excess be made a part of the local costs could not be taken advantage of by a large majority of the States.

If the Senator wants to look into it, the names of the States are listed at page 910. It could not be done in New York.

Mr. JAVITS. There are two points to be made in answer to that statement. We pass many laws as to which we expect States will conform. We did that in the Kerr-Mills Act.

Second, we could have done the same with reference to the $200 allowance that we did with the $3,000 allowance, and take the ceiling off, with the Federal Government paying the excess cost.

However, one is not going to try to overturn the conference report on that basis alone. I will content myself with the assurance that the door is open if we can really prove our case.

Mr. SPARKMAN. The Senator knows that is a troublesome problem. We have made changes every 2 or 3 years. I think, until something can be worked out to cover everything, we shall have to follow this procedure. The Senator is familiar with the bill I introduced, S. 671, which I believe is before the Committee on Government Operations, which provides for a uniform system of condemnation of the property the Government takes.

Mr. JAVITS. If the Senator will allow me to interject, I think that brings us to the question which came up the other day in respect to highways, when there is highway displacement of families with no relief provided.

Mr. SPARKMAN. Yes.

Mr. JAVITS. In view of the fact that the problem has been relegated, as it were, to the housing bill, I hope very much my colleague will give sympathetic consideration to that problem.

Mr. SPARKMAN. S. 671 would be the answer. I hope the Senator will speak to the chairman of the committee and get action on the bill right away.

Mr. JAVITS. It is my own committee, and I shall speak to the chairman.

Mr. SPARKMAN. I thank the Senator.

Mr. President, I yield the floor.

Mr. MONRONEY. Mr. President, I am terribly disappointed in what I understand to be the provision of the conference report on the very hard-fought no-downpayment 40-year provision in title I of the act, which a majority of the Senate voted against.

As Senators will recall, a majority of the Senate voted to kill the action. A compromise was quickly put together in which it was agreed to require a downpayment. The downpayment, small though it was, was to be 3 percent on the first $13,500 mortgage under the new so-called moderate-income housing. It was to be a 3-percent provision in addition to closing costs.

I should like to ask my distinguished friend the Senator from Alabama, the chairman of the Housing Subcommittee, if this was not the compromise which was offered the Senate which resulted in the Senate making a reverse turn and rescinding the action taken in killing that section of the bill.

Mr. SPARKMAN. The Senator is correct.

Mr. MONRONEY. Will the Senator give me some further information? The conference report does not provide for an actual 3-percent downpayment, as the compromise by the Senate to reinstate the section provided. The 3 percent would include the closing costs under the conference report?

Mr. SPARKMAN. It may include them.

Mr. MONRONEY. It may include them. The Senator and I both know that if "it may include them," it will include them, because very few home buyers wish to absorb that amount in addition to whatever is the minimum downpayment.

Mr. SPARKMAN. I do not think that necessarily follows. I believe I am correct in this statement, although I recall it from memory. The Senator knows that we have a no-downpayment program under the Veterans' Administration on the guarantee loans. That has not always been true. There have been times when a downpayment was required. If I remember correctly, at times that downpayment has included the closing costs, and at other times it has been exclusive of the closing costs.

I think this will depend somewhat upon the policy set by the Housing Administrator and the regulations which are prescribed.

Mr. MONRONEY. So far as the exercise of congressional power is concerned, the report provides that the closing costs can be included in the 3-percent downpayment.

Mr. SPARKMAN. The Senator is correct. That was the House provision.

Mr. MONRONEY. I realize that.

Mr. SPARKMAN. I do not think the Senator from Oklahoma was in the Chamber at the time I explained that the issue on which there was the hardest fight was the 40-year program. We fought that out on the floor of the Senate, with the downpayment provision, and we won by a close vote after a hard fight.

In the House, it had been agreed to lower the term of the program to 35 years, with the downpayments which are carried in the conference report. That was agreed to ahead of time.

Frankly, I said very clearly to the conferees at the beginning of the conference that so far as the 40-year program was concerned, I felt the Senate must insist on its provision. The House, on the other hand, felt it was bound to insist on the 35-year provision.

There were four items: Downpayments on the housing under the new program, the length of the term of the mortgages, downpayments on the regular FHA section 203 loans, and the length of the term of the mortgages for that. We held those four back. As the Senator knows, they all fall in the same general category. We held them to the last. That was the last item decided. We wrangled over the four of those at quite a length.

We finally reached this compromise—and it was a compromise, on both sides. The House gave up its strict adherence to the 35-year provision and agreed to what amounted to a 40-year provision for the lower income people.

The Senator will remember that a lot of the debate in the Senate, as was true in the conference committee, was based on the fact that the way the bill was written the provision was thrown open for everybody. That was correct. There was not any argument about it, although that was not our wish.

I feel that the solution we reached on the 40-year proposal is a very good one. The House conferees were willing to accept that, provided we would take the downpayment conditions of the House, and we traded out on that basis.

The Senator has been in enough conference committees to know how those things occur.

Mr. MONRONEY. I have served on many conference committees, but I deeply regret to find the distinguished conferees on the part of the Senate have brought back a bill which, in my considered opinion, based upon some 23 years of experience in working rather intimately on Banking and Currency Committees of the House and Senate, combines the worst features of both bills.

The worst feature of the 3-percent downpayment, which the Senate mandatorily adopted, is brought to us. People who buy $13,500 houses would have put up some equity money under the Senate provision. I find that in spite of the Senate action requiring a 3-percent downpayment plus the closing costs, which ordinarily are about $200—which would have meant a $500-plus downpayment—we are now presented a bill which would require that a person buying such a house have not more than $150 genuine equity on a $13,500 house. So we lose.

I think the conference committee has brought back the worst feature of the protection in the Senate bill.

The House had a protective device. We fought hard all one evening until 2 o'clock in the morning in the Senate, to reduce the extra long 40-year term for moderate housing to 30 years. We were defeated in the Senate. This was a bitter blow to me and to those of us who thought the FHA should not depart from reality, should not cut loose the guy wires from a sound financial basis.

Instead of staying with the House plan, now we are asked to go to complete and total Government investment in housing on an overall 40-year basis, the bonds for which even the committee admits cannot be expected to flow into the normal bond-buying channels. They would all be lead balloons, sitting for 30 years in FNMA, because no buyer in his right mind would invest insurance money, trust fund money, or other capital in them.

A complete 100-percent Government investment in the mortgages, which would remain for 30 years, is provided. Instead of trying at least to support the 35-year payout term, which the House in its wisdom reduced from a 40-year term, we are now told, "It is a sort of hybrid of 35 years or 40 years."

I look for information on page 48 of the statement on the part of the House managers of the bill. I know that statement is not binding on the Senate. But the last paragraph states:

> The conference substitute makes no change in the 40-year term now in existing law for displaced families.

The provision was not under attack. We do not want to change that rule. The housing referred to is substitute housing for people who must find new housing because of Government action in urban redevelopment. But then the statement continues:

> For new construction for moderate income families, the substitute provides a 35-year maximum maturity except that in hardship cases the Commissioner is authorized to permit an additional 5-year term up to 40 years—

Mark this language—

> where the buyer cannot meet the monthly payments under the shorter term.

How many cars is the mortgagor paying for? What are his commitments on other commodities, while the Government waits for an additional 5 years? No test of inability to pay is written in the report. The homeowner could have more equity in his compact American car in 2 years than he would have in his home in 20 years under the conference report that is brought here under the guise of free enterprise housing.

It seems to me that the Senate bill, though a very weak measure, permitting a 3-percent downpayment on a $15,000 house for 40 years, was bad enough, but then we got the provision for a downpayment of 3 percent plus the closing cost, which meant that $500 in cash had to be paid down.

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

Mr. MONRONEY. Permit me first to finish. The House took out that provision and said:

> We must count the closing cost, so the equity will be $150.

Then we moved from the 35-year limit to the 40-year limit without any clear-cut definition of those who would be qualified for such longer term loans, so that the obligations of people who wish hi-fi sets, automobiles, and easy-term trips back to see the old folks in Europe, would come ahead of obligations to Uncle Sam; and if such people could not meet the 35-year term, they could be given carte blanche a term of 40 years.

The Senator from Alabama and I know that if that figure in the end is the maximum limit, it will apply under the present administration of the Home Loan Finance Agency.

I yield to the Senator from Alabama.

Mr. SPARKMAN. I was about to suggest to the Senator from Oklahoma that it was the duty of the Senate conferees to do their best to maintain the Senate position. Would the Senator have preferred our bringing back the provisions of the Senate bill in their entirety with reference to 40-year mortgages instead of the provisions of the compromise contained in the conference report?

Mr. MONRONEY. A razor-edge vote occurred that night in the Senate. I believe the margin was six votes. I have served on conference committees for many years, as has the distinguished Senator from Alabama. Judging from the vote, it would have been perfectly in keeping with comity between the two Houses to say, "If you will accept our 3 percent down plus closing costs, we will accept your 35 years." Under such circumstances, I think any Senator who has served on a conference committee would have thought he had brought back a well balanced program and a quid pro quo.

But when a conference report that incorporates the weak side of both positions is accepted, I do not think it is a report which represents the best possible compromise that could be obtained. I believe that the Senate conferees endeavored to obtain the easiest possible terms for the longest period of time at the lowest possible downpayment, which was the original position of the committee. I do not believe the conferees were compelled by the Senate to support that position after the Senate action.

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

Mr. MONRONEY. I yield.

Mr. SPARKMAN. I have a very high regard for the Senator from Oklahoma. I have followed him many times. But I do not believe he is being quite fair in saying that the Senate conferees did not fight for the position of the Senate. We did.

Mr. MONRONEY. I did not mean to make such a statement.

Mr. SPARKMAN. At the very beginning of the conference I said to the conferees:

> This is something that we have fought hard over. You did not fight in the House to cut the term down to 35 years. You conceded the point even before taking up the bill. But we fought for it. We had only the one adverse vote, which we reversed by including the downpayment, but remember that while that amendment was pending, four other amendments came up, and we won all of them. In other words, out of six votes on the amendment, the Senate voted five times in favor of maintaining our position.

Mr. MONRONEY. But the majority——

Mr. SPARKMAN. I know it was a slim majority. Nevertheless, it was a victory. It may have been a slim one. The University of Oklahoma has won a good many football games by a single point. No one then said, "What a loss." Not at all. It was a victory, and Oklahoma received the national crown because of those victories.

I said to the conferees:

> We cannot give up on the 40-year provision.

Furthermore, my friend from Connecticut [Mr. BUSH] will recall that at one time I said, "If you are to insist upon our backing down on our 40-year program, there is no need to continue this conference. We might as well close it right now." Then it was that we passed over the four items, and the suggestion was made that we might find some way to adjust our differences. The proposal was made to us by the House, and after considerable discussion we voted to accept the House proposal, which in effect accepted our 40-year term proposal for the poor folks—not for everyone, but only for the poor folks. The term for everyone was fixed at 35 years. In turn we refused to go along with the 40-year extension of the regular FHA mortgage under section 203. Strangely, not a single voice in the House was raised in opposition. The House was for extending to 40 years the term on the regular FHA program for high-priced homes. The House passed that measure, providing for payment in terms up to 40 years, without a single word of opposition.

I am glad to say that a half-dozen 40-year programs on housing have been passed in the Senate without contest. But when we bring in a measure for moderate-income people, everyone is stirred up about it.

But we won. When the House conferees made the proposal that gave us, in essence, what we really wanted, which was a program limited, so far as the 40-year term was concerned, to the poor folks, though not poor in the way I used to interpret the term——

Mr. MONRONEY. The middle income people.

Mr. SPARKMAN. The moderate income and low middle-income people.

Mr. MONRONEY. The Senator confuses the point.

Mr. SPARKMAN. When I say "the poor folks"——

Mr. MONRONEY. The Senator means most of the folks.

Mr. SPARKMAN. I mean the great mass of folks.

Mr. MONRONEY. That is it, because if we refer to the middle income families, we must refer to more than half the people in the United States.

Mr. SPARKMAN. I refer to them as the low middle-income group.

Mr. MONRONEY. But the report does not so state. It states "middle income."

Mr. SPARKMAN. Yes; but the provision in the bill specifies that basically the term is 35 years, which term may be extended not to exceed 5 years in cases in which the income is so low that the people cannot qualify.

Mr. MORONEY. Mr. President, will the Senator tell me where I can find that definition? I have been trying to find it. All I can find is a provision that such people would not have quite enough money to meet conveniently the 35-year term. As nearly as I can tell, applicants would not be required to reveal payments they must make on hi-fi sets or on trips to Europe on a time payment basis, or anything else. To say that it is merely inconvenient for a person to pay out in 35 years does not appear sufficient.

I am still looking for the definition.

Mr. SPARKMAN. On page 4 of the conference report under subsection (6) (ii) there appears this:

> Thirty-five years in the case of any other family if the mortgage is approved for insurance prior to construction, except that the period in such case may be increased to not more than 40 years where the mortgagor is an owner-occupant of the property and not able, as determined by the Commissioner, to make the required payments under a mortgage having a shorter amortization period.

The Senator knows that in the FHA operations over the years we have had the regular policy and regular program whereby the amount of income of a person is taken into consideration, and a slide rule is placed beside it to see whether it will support a mortgage requiring a certain payment every month. The same slide rule will operate which operates under the regular FHA programs. We simply provide that where the income is less than will enable the buyer to meet these requirements he may receive consideration for a longer term than 35 years, but in no event more than 40 years.

Mr. MONRONEY. The bill does not say anything about income. It says that the Commissioner may determine it; "as determined by the Commissioner, to make the required payments under a mortgage having a shorter amortization period."

There is a great deal of difference between having income committed on various purchases and on various costs and prescribing an income level. I am not distrustful of the Commissioner. This is the Commissioner's baby. This is what he wants. He wants it badly, and he wants it to succeed. I am sure that, when middle-income families comprise more than half the people of the United States, very few of them are going to tell the Commissioner or his agent that they can pay for these mortgages in 35 years instead of 40 years.

Mr. SPARKMAN. FHA has functioned well for nearly 30 years.

Mr. MONRONEY. Because the law has made it function.

Mr. SPARKMAN. The law has been no more specific than is the law we propose. In fact, this is in line with the regular FHA programs.

Mr. MONRONEY. I beg to disagree with my distinguished friend and colleague, the chairman of the subcommittee, because the terms have been fixed at 30 years.

Mr. SPARKMAN. I am talking about the ability.

Mr. MONRONEY. It has been fixed at 30 years except for special cases, such as those of displaced persons and others.

Mr. SPARKMAN. I am talking about the ability to meet payments. The provision in the conference report is just as specific as it is under the present law.

Mr. MONRONEY. What is the number of housing units under the bill that will be permitted under this section; not for displaced persons but for all the others?

Mr. SPARKMAN. This is not limited. This is an FHA insurance program.

Mr. MONRONEY. Then this is not a trial run, as we were told.

Mr. SPARKMAN. It is limited, of course, to 2 years; yes.

Mr. MONRONEY. Two years. It is not limited as to number?

Mr. SPARKMAN. No.

Mr. MONRONEY. It is the same as for the conventional insurance loans that have been heretofore made, except in the case of old age housing and other special categories; in other words, this will take the same status, with the same authorization to move out in an unlimited number; and the fact that the press has said this is a pilot undertaking or an experimental program has nothing to do with the case. Is that correct?

Mr. SPARKMAN. I do not believe the Senator from Oklahoma should take such a dark outlook. I call his attention to the fact that in 1958 we passed an emergency housing bill. The Senator was helpful in passing the bill. He remembers it, I am sure. That bill provided for a billion dollars. We put a billion dollars into the program, and required FNMA to buy the mortgages at 100 cents on the dollar. We put a billion dollars into FNMA for that purpose. We did it as an antirecession measure.

As a matter of fact, during the 3 years which have elapsed since then that amount lacks $200 million having been used up. It has been discontinued, but it lacked $200 million being used up. People do not flock to these houses unless they really need a home. I do not believe it is going to be any runaway proposition on this thing. There was not under the section 221 provision where we provided 100 percent with no downpayment.

Mr. MONRONEY. The reason I am fearful is because of the Government money that is involved.

Mr. SPARKMAN. Oh, no, no; there is no Government money in this program. This is FHA insurance.

Mr. MONRONEY. I know. However, the Senator and all his colleagues, when the bill was before the Senate, admitted frankly that the hope of finding outside buyers, other than FNMA, was nonexistent.

Mr. SPARKMAN. The Senator is confusing two programs. I have never doubted the ability to find money to take care of this program. As a matter of fact, under section 221 it was found to the extent of 100 percent. I am certain we will be able to find private money on this program. This is a safe and sound program. It carries the regular FHA rate of interest, 5¼ percent.

Mr. MONRONEY. But the security behind it is different.

Mr. SPARKMAN. The part we said the Government would have to get through FNMA was the below market rate housing, which is for low income people. However, I am confident that private money will be available for this program.

Mr. MONRONEY. I do not remember the Senator exactly saying that it would require 100 percent Government financing, but several Members of the Senate who supported the program just as keenly as he did admitted frankly that there was no hope of these finding a market other than in FNMA. The distinguished Senator from Connecticut will verify that.

Mr. BUSH. Mr. President, if the Senator will yield, I would say that nobody can dispute the fact that none of these mortgages that bear the subsidized rate of 3¼ percent will ever find a lender in a private form.

Mr. SPARKMAN. That is what I say, but I say there is a confusion between the two programs. During the debate late in the evening I called attention to the fact that the two programs were being confused. There is a rental program with a below market interest rate which we admit is subsidized. It is only for rental property, and it provides for a rate of 3⅛ percent at the present time. The Government would have to carry it. But on this program the regular FHA rate is provided.

Mr. MONRONEY. With no security behind the loan.

Mr. SPARKMAN. I also remember the argument of the Senator from Oklahoma that if we wanted to meet the problem we should lower the rate of interest.

Mr. MONRONEY. Yes.

Mr. SPARKMAN. Where would we get the money?

Mr. MONRONEY. If they are the types of securities that will move into the private market, the way to break down the money market is to put money into FNMA to pay the mortgages. We certainly do not want to load FNMA down with lead balloons, to sit there for 30 years, because there is no equity behind the loan. That is why I feel so strongly about this. FHA has made money for the Government and for itself, and has provided private capital with Government backing. Now it is to go out into the wilderness, under the guise of a New Frontier program. I believe in the New Frontier and in breaking into new frontiers. However, I do not like it lost in a wilderness or morass of no-downpayment, 40-year financing, when the Senator knows there is little chance that a $13,500 house will even be standing at the end of 30 years, because the people who buy mortgages always look to inspection and quality and the equity of the buyer. I am sure the Senator would not want to tell the Senate that these no-downpayment, or almost no-downpayment, 40-year mortgages will sell as readily in the securities market as the 30-year more or less conventional FHA mortgages.

Mr. SPARKMAN. No; I never claimed that. I said the money would be available in the private market.

Mr. MONRONEY. At a substantial discount; that is the only way it can be obtained.

Mr. SPARKMAN. I differ with the Senator completely as to the quality of houses which are being built today. I know of many houses which are 40 years old or older. Furthermore, half a dozen 40-year mortgage plans are already operating. Some of them have been operating long enough to provide us with good experience. They have been successful; they have been good. They have found money in the private market. Their operation has been successful. The programs are working nicely.

I close on this one word to the distinguished Senator from Oklahoma, whom I regard as one of the ablest persons ever to have been a Member of the Senate.

Mr. MONRONEY. I thank the Senator from Alabama. I hold the same opinion of my distinguished colleague from Alabama.

Mr. SPARKMAN. I enjoy working with him, but I simply differ with him in the views he has expressed on this subject. I dislike so much to see him—who is usually, almost always, optimistic, bright, and cheerful—become so pessimistic and cynical regarding this program.

Mr. MONRONEY. I wish I could be optimistic; but in some way or other I can sense a bad business deal for the Government, a dangerous departure in a pattern of financing which has been the glory of the New Deal and the pride of the Fair Deal. I hesitate to see the New Frontier taking off in a direction which I feel will lead it into destroying that which it has inherited from the very liberal, progressive administrations in the past.

Mr. SPARKMAN. If the Senator will permit me to do so, and I apologize for interrupting him one more time, I should like to do two things. First, I remind him that when FHA was first created, 25-year mortgages were provided.

Mr. MONRONEY. They were 15-year mortgages at first.

Mr. SPARKMAN. The Senator recalls that commercial banks and other lending institutions generally did not like the FHA. There was a terrible time in this country. I remember it. It was before I came to Congress. But I remember the difficult time the country had in selling the FHA program to private financial institutions. Other new programs have come along, and they had to be sold.

But as time has passed, and the soundness of the plans has been demonstrated, the programs have sold themselves. I certainly feel that this one will do likewise.

A few minutes ago I was searching for the FHA regulations relating to the ability of purchasers to meet mortgage payments. The material to which I refer is regulation based upon the housing statutes and bear upon the proposal before us. I do not have the regulations at this moment but I shall place them in the RECORD when I find them, if I may do so.

Mr. MONRONEY. I wish the Senator from Alabama would do so.

Mr. SPARKMAN. Mr. President, I have now located the information for which I was searching. I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the excerpts from Federal Housing Administration regulations were ordered to be printed in the RECORD, as follows:

ADEQUACY OF EFFECTIVE INCOME FOR TOTAL OBLIGATIONS—MORTGAGE CREDIT ANALYSIS

71954.1 The purpose of analysis of the feature is to determine whether the mort-

gagor will have sufficient income to meet all his obligations, including housing expense, without materially impairing the family living standards. The analysis will also involve estimating the risk due to the degree of adequacy of his effective income for those obligations. The mortgagor's total obligations are considered because it cannot be assumed that any of his obligations, including the prospective monthly housing expense, will be given preferential treatment in the allocation of his income. If a mortgagor's income proves to be insufficient to meet all of his obligations, action in the form of a suit, or complaint to his employer by creditors, places all obligations in jeopardy. The result also might be loss of employment, thereby jeopardizing the mortgagor's entire income.

71954.2 Analysis of this feature includes consideration of the three elements, relation of prospective monthly housing expense to net effective income, relation of prospective to previous housing expense, and relation of total obligations to net effective income.

71955.1 Relation of prospective monthly housing expense to net effective income: One of the principal problems in mortgage credit analysis is to determine whether a mortgage obligation will be within the mortgagor's financial ability to pay. The rules of thumb, monthly mortgage payment should not exceed 25 percent of a mortgagor's income, and value of the property should not exceed 2½ times the mortgagor's annual income, have been demonstrated to be unreliable as criteria, and in fact, unsound in principle. Specific maximum ratios for all mortgagors are not practicable because of variations in local conditions, living standards, different family housing needs, and other conditions affecting ability to pay.

71955.2 A general principle to be followed is that the relationship of a mortgagor's prospective housing expense to net effective income should be kept within limits found to be favorable through experience in mortgage lending. Application of this principle requires reliable data with respect to ranges of housing expenses paid by mortgagors of different income groups. The type of data applicable to the problem is illustrated by chart U.S.–3 (not printed in RECORD) and table UA–100–12. (Revised 3–17–61.)

71955.3 Chart U.S.–3 shows relationships of dollar amounts of housing expenses for single-family dwellings to amounts of mortgagor's net effective income. (Revised March 17, 1961.)

Table UA–100–12.—Percentage of increased housing expense for purchasers of 2-family versus single-family dwellings for specific net effective monthly income

[In percent]

Net effective monthly income of mortgagor	Increased housing expense for—				
	Curve A	Curve B	Curve C	Curve D	Curve E
$200	28.2	21.7	20.7	23.5	23.0
$225	29.1	23.3	22.3	24.4	23.6
$250	30.2	24.9	23.4	25.2	24.1
$275	31.2	26.1	24.8	25.8	24.4
$300	32.2	27.4	25.6	26.1	24.5
$325	32.6	28.4	26.3	26.3	24.4
$350	33.3	29.3	27.1	26.6	24.1
$375	33.9	30.2	27.9	26.6	23.9
$400	34.5	31.0	28.5	26.6	23.4
$425	35.0	31.8	29.1	26.5	22.8
$450	35.6	32.5	29.5	26.2	22.1
$475	36.2	33.1	30.1	25.9	21.4
$500	36.8	33.9	30.5	25.5	20.7
$550	38.1	35.1	31.2	24.5	18.9
$600	39.2	36.3	31.6	23.4	16.8
$650	40.6	37.2	32.0	22.0	14.6
$700	41.8	38.4	32.3	20.5	12.0
$750	43.2	39.4	32.4	18.9	9.4
$800 or more	45.0	40.5	32.6	17.0	6.6

71955.4 This chart was designed as a result of continuous studies of housing expense-income relationships for FHA insuring office jurisdictions. It is based on a national average of data compiled for all FHA jurisdictions. This national chart is placed in the Underwriting Manual for informative purposes and to illustrate the use of local charts in the various underwriting jurisdictions in which they are applicable. Charts, reflecting local characteristics with respect to housing preferences and requirements, utility and heating costs, maintenance, consumer spending habits, economic development, social structure and the like, have been compiled for each insuring office jurisdiction. The charts reflect the spread of housing expenditures by income groups over a period of several recent years and were subjected to statistical treatment to assure reasonable representation. They are frequently and periodically reviewed in the light of continuing FHA mortgage insurance experience and other data reflecting consumer spending patterns.

71955.5 The fallacy of arbitrarily establishing a fixed ratio as an upper limit in mortgage credit analysis or of using the rule of thumb which permits a monthly mortgage payment amounting to 25 percent of the borrower's income is demonstrated by the U.S. chart. The chart indicates that the percentage of income allocated to housing expense is not constant but declines as incomes rise. It does not necessarily indicate the upper limits that borrowers in the various income groups could pay for housing but it does indicate the maximums they are typically paying. As income increases higher living standards and other financial obligations may demand a larger proportion of the family budget. It is also evident, that, while a mortgage payment amounting to 25 percent of the mortgagor's income might be a burdensome housing expense for the higher income groups, it could be too conservative even if burdensome for the lower income groups who do not have so wide a market selection.

71955.6 Table UA–100–12 shows the percentage by which housing expense in cases involving two-family dwellings has been found through experience to exceed housing expense in cases involving single-family dwellings for the monthly incomes listed. These percentages therefore should be used to adjust the curves on local jurisdictional charts covering single-family properties for the purpose of establishing guides to judgment and ratings in cases involving two-family dwellings. It will be noted that while the housing expense paid by owners of two-family dwellings was substantially more than the housing expense paid by owners of single-family dwellings, the increase was substantially less than the average rental for one apartment.

71955.7 It is well known that two-family dwellings are often sold on the basis of the assumption that the purchaser need be concerned only with his ability to pay the amount of the net monthly expense after deducting the rental of one apartment from the total monthly expense. It is sometimes assumed, for example, that if a mortgagor having an income of $200 per month can afford to pay a monthly housing expense of $70 for a single-family dwelling, he could then afford to pay a total monthly housing expense of $120 for a two-family dwelling which brings in a rental of $50 from one apartment. This extreme assumption, of course, is fallacious because such a purchaser would be taking a serious risk by not allowing for the possible effect of vacancies and collection losses upon his paying ability. These losses, when they occur, will tend to be concentrated over a period of several months. For this reason, the prudent purchaser of a two-family dwelling will try to limit the total housing expense to an amount that he will be able to meet for a period of at least 3 to 6 months in the event the income from the one apartment ceases.

71956.1 Use of charts in rating of risk: When using these charts as guides to judgment in mortgage credit analysis, the significance of the data, as well as the limitations, should be borne in mind. The large number of cases upon which the data are based includes cases representing a great variety of conditions with respect to other elements affecting ability to pay. Conditions pertaining to a mortgagor's standards of living, housing needs, and total financial obligations are not disclosed by the charts. It is reasonable to expect that favorable conditions with respect to these elements affecting ability to pay would be considerations which permitted some mortgagors to allocate relatively high proportions of their incomes for housing expense, while in other cases unfavorable conditions with respect to these elements would tend to limit the housing expense to relatively low proportions of income.

71956.2 Although the information given by the charts cannot be used as final criteria, they are a starting point in a logical analysis of a mortgagor's ability to pay. In a case under analysis it is possible to determine the relative position of the prospective monthly housing expense in comparison with the range in housing expense for the same income group in a large number of committed cases.

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71955.7–71956.2 Underwriting, home mortgages: While a tentative estimate of the risk may be made in this manner, final determination of the risk and the correct columnar rating can be made only after analysis of other elements affecting the mortgagor's ability to pay. In cases involving acceptable secondary financing by elderly mortgagors such financing may create an additional burden with respect to the mortgagor's ability to pay. It is particularly important that the cash investments of mortgagors in this category are not placed in jeopardy because of overextensions of mortgagors ability to pay. The Mortgage Credit Examiner should carefully analyze such cases with respect to effective income, duration of income, employment and income stability when rating the sixth feature.

71956.3 It is important that the significance of all deviations above the indicated top range of housing expense be recognized. Generally it may be assumed that deviations are of progressively less significance as incomes increase. This is for the reason that borrowers in the upper incomes usually have a margin of safety in such incomes. This will possibly enable them to allot portions of their incomes to housing that may be somewhat above the maximums typically paid in their income group without material effect on the mortgage insurance risk of the transaction. In analyzing borrowers earning the lower incomes any deviation above the indicated top range of housing expense is significant. Borrowers in the low incomes usually must spend most of their earnings to meet their minimal economic needs—food, clothing, and shelter. It is not reasonable to assume that such borrowers can exceed the typical maximum amounts being paid for housing without adversely affecting amounts available for other necessities. In arriving at the tentative estimate of risk it is therefore important that full consideration be given to the expenditure characteristics attributable to the particular income group. (Revised March 17, 1961.)

71956.4 In general, transactions in which the prospective housing expense falls significantly above curve E should be recommended for rejection unless other favorable risk factors are present that tend to decrease risk to a point of acceptability. In the lower income groups any deviation above curve E

is significant while for the middle income groups slight deviations may not be. For those in the upper income groups the significance of housing expense falling above line E diminishes as incomes rise. Examples of favorable compensating risk factors are as follows:

(a) A favorable relationship between previous and prospective housing expense together with a satisfactory credit record.

(b) Although previous housing expense is lower the borrower has demonstrated his ability to accumulate equivalent reserves.

(c) Substantial reserves for contingencies.

(d) The term of the mortgage is less than the maximum term permissible. This will constitute a compensating factor only when financing is readily available on the longer term and the housing expense in connection with the larger term loan is in acceptable relationship to the borrower's income.

(e) Income of a temporary nature which, while not considered effective, may be considered as available to meet short term nonrecurring charges.

(f) The borrower receives benefits not reflected in effective income but directly affecting his ability to pay. (For example: Some companies provide automobiles available for the employee's personal use; members of the military receive medical and dental care, clothing, etc.) (Revised March 17, 1961.)

71956.5 After complete analysis, the tentative rating, as determined by comparing the prospective monthly housing expense with the data on the chart, is modified to reflect any increase or decrease of risk introduced by the additional risk considerations. For instance, if the prospective monthly housing expense indicates a tentative one-column rating, and analysis of the other elements reveals conditions which increase mortgage risk, such as an unfavorable relationship between the mortgagor's prospective monthly housing expense and previous housing expense, or the existence of other obligations which are high in comparison with the obligations of mortgagors in the same income group, a reject rating would be warranted as the final conclusion. On the other hand, if the prospective monthly housing expense indicates a tentative reject rating, and analysis of other elements show conditions which decrease risk, a one-column rating of the feature may be warranted, provided the deviation from the top of the range of housing expense is not too great.

71956.6 Modification of mortgage amounts: When complete analysis of this risk feature produces a reject rating, the transaction should be examined to determine if a mortgage of a lesser amount could be recommended. A recommendation of this nature will be warranted only when it is apparent that the borrower has the financial ability to close the transaction in a satisfactory manner on the basis of the lesser mortgage loan. Under less favorable circumstances a rejection should be recommended without counterproposal. It is seldom that a reduction in mortgage amount of less than $1,000 can be justified in this action. This is for the reason that reductions of less than $1,000 usually produce differences in housing expense of less than $5 and it is extremely difficult to make these fine gradations in ability to pay. For this same reason, reductions in excess of $1,000 can ordinarily be rounded to the nearest $500 multiple based on the mortgage applied for.

71957.1 Relation of prospective to previous housing expense: If a mortgagor has been able to maintain a satisfactory credit record while paying out of comparable income housing expense approximately equal to the prospective monthly housing expense in the case under analysis, the risk will not be affected. However, if, in addition to paying the same amount of housing expense, he was able to accumulate some reserves, or his effective income has increased; or if the prospective housing expense is substantially less than that which the mortgagor has been accustomed to paying out of an income comparable to the estimated effective income, a decrease in risk would be indicated. If a mortgagor has been able to barely meet his obligations out of income and has been unable to accumulate reserves and the proposed mortgage transaction involves prospective monthly housing expense substantially in excess of the amount which he has been paying in the past, the risk will be increased. A substantial increase in housing expense without a proportionate increase in a mortgagor's effective income usually requires a downward adjustment in his other living expenses, which in most instances is difficult for a mortgagor to make.

71957.2 The significance of a comparison of a mortgagor's prospective housing expense with his previous housing expense can be determined only after considering (a) the mortgagor's past paying record, (b) evidence of previous saving, if any, out of income, (c) changes that have recently occurred in the mortgagor's effective income, (d) changes that have recently occurred in the amount of other obligations of the mortgagor, and (e) the effect of any increase or decrease in housing expense on the amount of effective income remaining for other obligations and living expenses of the family.

71957.3 In instances where a mortgagor has not been accustomed to paying for housing or has been paying an abnormally low amount due to living with relatives, renting a room, or under conditions other than having an established home, the above comparisons of prospective to previous housing expense will be of little significance. Analysis of other elements under this feature will then form the principal basis for the determination of the risk.

71958.1 Relation of total obligations to net effective income: Mortgagors having the same net effective income and the same amounts of housing expense may have different amounts of total obligations which will effect their financial capacity. The total obligations of a mortgagor include, in addition to the prospective monthly housing expense, other recurring charges such as State income taxes, retirement deductions, premiums on life insurance, and payments on loans and accounts. In some cases analysis of the previous two elements may indicate favorable relationships, but the burden of total obligations of the mortgagor may seriously affect his ability to pay.

71958.2 When a mortgagor's obligations other than housing expense are low and are expected to remain low in comparison with the amounts typically paid by mortgagors in the same income group, it is reasonable to conclude that he will be able to allocate a larger portion of his income for housing expense and mortgage risk will be decreased. If his other obligations are high in comparison with the amounts typically paid by mortgagors in the same income group, risk will be increased.

71958.3 A significant guide to the determination of risk under this element is to consider the adequacy of the amount which will remain available out of net effective income for the mortgagor's living expenses. While credit investigations of mortgagors cannot be expected to extend to the type of personal investigation that would be necessary to accurately determine amounts needed for living expenses, there are items of information from which conclusions may be inferred. The mortgagor's recent monthly rate of total earnings less the monthly amount previously paid for housing expense and other recurring charges will indicate the monthly amount which previously remained for living expenses and savings. This information, together with information as to the amount of total savings which the mortgagor has accumulated, frequently will provide a clue as to a mortgagor's approximate level of living expenses. Other pertinent information is the number and ages of members of the mortgagor's family, recent changes in size of the family, and a comparison of the mortgagor's effective income and value of his property with the family incomes and property values indicated on the valuation report to be typical of the neighborhood. The latter comparison will sometimes indicate whether there is a probability of an increase in the mortgagor's living expenses as a result of an attempt to adopt the higher living standards of neighbors having greater amounts of income.

71958.4 The fact that wife's income may be excluded from the estimate of net effective income does not mean that it must be totally disregarded in Mortgage Credit Analysis. When the wife is employed, although it may not be reasonable to predict that her employment will continue during the early period of mortgage risk, it is probable that she will continue working until current obligations of a nonrecurring nature have been paid. This fact should be taken into consideration in determining the adequacy of net effective income in relation to total obligations.

71958.5 When a mortgagor's statement shows that he owns mortgaged real estate in addition to the property involved in the case under analysis, a determination is made as to whether the total of the mortgage obligations is within the mortgagor's reasonable ability to pay. It is not valid to disregard the other mortgage obligations on the assumption that the net income from other real estate owned by the mortgagor will always be sufficient to cover the debt service, or on the assumption that the mortgagor will sacrifice his ownership of the other real estate in the event the net income, at any time, should decline to less than the amount required to cover the debt service. Therefore, an important consideration is whether the mortgagor's effective income from sources other than his real estate provides sufficient reserve financial capacity to carry the obligations in connection with all of his real estate during periods in which there may be vacancies, collection losses, declines in the rentals obtainable, or increases in operating expenses. The degree of reserve financial capacity needed will vary, depending upon the ratio of the debt service to the net income from the real estate. As the margin between the net income and the debt service increases, the degree of risk will decrease.

71958.6 When the proposed mortgagor is a corporation, partnership operating under a trade name, or an individual operative-builder, the first two feature elements, relation of prospective monthly housing expense to net effective income and relation of prospective to previous housing expense, obviously do not apply, and the rating of the feature is based entirely upon analysis of the relation of total obligations to net effective income. A determination is made through analysis of the operating statement and balance sheet of the business, as to the adequacy of net effective income to liquidate all existing and proposed obligations. In cases involving single-family dwelling properties to be built for sale, acceptance of the risk is premised upon the expectation that all or most all of the cases, when closed for insurance, will have acceptable owner-occupant mortgagors. In these cases, therefore, the rating of the feature will reflect the probable degree of success which the operative-builder will have in marketing the properties to purchasers who will qualify as mortgagors, and his ability to meet all financial obligations until the properties are so marketed.

71958.7 Adequacy of net effective income for total obligations—three- and four-family dwellings. It is important that the investment aspect of the transaction be recognized in analyzing adequacy of income in transactions involving three and four units. This will preclude use of the housing expense chart which represents income and expense data for transactions involving single family properties only. The basic consideration in investment type transactions will be in a determination of the adequacy of the income from the property to support the debt service and all operating expenses. A significant guide for making this determination will be the ratio of debt service to net income. The borrowers' reserves and occupational income are considered from the standpoint of their ability to support the mortgage for relatively short periods when property income is curtailed due to vacancy and/or collection losses beyond the allowances therefor.

DETERMINATION OF NUMERICAL RATINGS OF RISK

71959 When the X marks have been recorded for all of the features on the rating of mortgagor grid, the indicated weights are copied in the rating column at the right. The sum of the weights in the rating column is entered in the space at the lower right-hand corner of the grid and becomes the rating of mortgagor. If an X is marked in the reject column opposite any feature, the word "reject" is written in the rating column at the right. If any feature is ascribed a reject rating, or if the rating of mortgagor is less than 50, the word "reject" is written in the space at the lower right-hand corner as the rating of mortgagor. A reject rating necessitates a recommendation for rejection of the application for mortgage insurance.

JUDGMENT IN RATING

71960 When all entries in the rating of mortgagor grid have been completed, the mortgage credit examiner compares the calculated rating with his overall opinion of the mortgage credit risk, formulated during his analysis of the conditions affecting the features. If the rating is not in accord with that opinion, the grid rating as well as the overall opinion are subject to review, so that one or both may be modified to reflect the examiner's final judgment.

Mr. SPARKMAN. I think it is clearly in conformity with what is sought to be done in the conference report.

Mr. MONRONEY. This involves, fundamentally, a very limited accumulation of equity in a property which carries a very long-term mortgage commitment—40 years. I ask the Senator from Alabama if he knows of any securities of the U.S. Government, for which the full faith and credit of the Government is pledged, which have a term as long as 40 years.

Mr. SPARKMAN. No; I cannot say that I do.

Mr. MONRONEY. Does the Senator know of any debentures or types of bonds which are issued for development costs by such blue ribbon corporations as the American Telephone & Telegraph Co. or the electric utilities or other types of first-class business operations for a duration of as long as 40 years?

Mr. SPARKMAN. I do not consider myself qualified to answer the question. Offhand, I do not know of any.

Mr. MONRONEY. Neither do I, and I do not believe any other Member of the Senate does, unless it is the distinguished Senator from Connecticut [Mr. BUSH].

If 40-year financing would attract money; if financiers thought it was good to invest in 40-year term securities; if there was a potential market for 40-year money; then certainly the U.S. Government, the American Telephone & Telegraph Co., and the giant utilities companies, would avail themselves of such a market, because there are times in the economic cycle when mortgage rates or money rates are low, and business entities would like to take advantage of them.

In this instance it is proposed to provide a sort of hybrid mortgage which will have a term longer than any security I know of, or longer than any other type of financing. Behind it we are substituting a $13,500 house, for which a purchaser would find, according to a table which was printed in the RECORD the other day, he had only a $400 or $500 equity after the first 20 years. That is not enough to wallpaper the house or paint the outside of it.

Mr. SPARKMAN. The Senator from Oklahoma has contrasted or compared this proposal with securities of different kinds. I cannot answer as to that, but I know that Congress, including the Senate and including the distinguished Senator from Oklahoma, has passed other 40-year mortgage programs.

Mr. MONRONEY. For special purposes and in special instances.

Mr. SPARKMAN. Half a dozen of them are on the books.

Mr. MONRONEY. Yes; for special purposes and in special instances.

Mr. SPARKMAN. Section 207, which is the old standby FHA rental housing program, provides for 39 years and 33 days. I do not know why the odd number of days was provided, but that is the way it works out.

Mr. MONRONEY. But those programs are not generally for frame construction, individual standing houses. They are the more institutional type of apartment house construction.

Mr. SPARKMAN. They could be either.

Mr. MONRONEY. I doubt seriously if loans to construct frame houses under 35-year mortgages would be permitted under section 207.

The Senator from Alabama is asking us to begin a new process, which I think is a wild experiment. The Senator says there is no limit on this program; there is no definite number of houses to be authorized, other than under the general FHA authority. There is no provision which prescribes the quantity of no-downpayment, or almost no-downpayment, mortgages for 40 years.

I understand the distinguished Senator from Connecticut will move to recommit the conference report and will ask for a yea-and-nay vote on the motion to send the report back for further conference. If he makes that motion, I intend to vote to send the report back to conference on the basis that the conferees have brought back to us the worst in both bills instead of the best in both bills as they passed the Senate and the House. I intend to support the motion of the Senator from Connecticut to recommit the report for further conference.

Mr. HOLLAND. Mr. President, will the Senator from Alabama permit me to address a question to him? I have not been able to attend throughout the debate, and it is quite possible that this subject has been covered.

I have been concerned to hear that the conventional FHA mortgages have been upped from 30 years' duration to 35 years by the conference report. Am I correctly informed?

Mr. SPARKMAN. That is correct. The House raised the term to 40 years; the conference settled for 35 years.

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

Mr. SPARKMAN. I yield.

Mr. BUSH. Is that a correct statement?

Mr. SPARKMAN. Not necessarily the conventional mortgages. It is the regular section 203 FHA insured mortgages.

Mr. HOLLAND. For the purpose of clarity in the RECORD, just what are section 203 mortgages?

Mr. SPARKMAN. Section 203 provides for sales housing under the FHA program. It is individual housing.

Mr. HOLLAND. Is not that conventional housing?

Mr. SPARKMAN. It is conventional housing, but there is another term—conventional mortgages. I believe the Senator from Connecticut understood the Senator from Florida to say "conventional mortgages."

Mr. HOLLAND. I speak of the FHA conventional program.

Mr. SPARKMAN. That is correct. What is called the FHA conventional program is section 203 housing. The House increased the term of mortgages for that type of housing to 40 years. As I have stated, there was not a word of opposition raised to that proposal in the House; but in conference we insisted that the two programs be the same. We managed to reduce the term of mortgages to 35 years.

Mr. HOLLAND. It seems to me that that means it is now proposed in the conference report to change drastically the FHA program which has proved, in the main, to be so helpful and sound throughout the years. Am I correct?

Mr. SPARKMAN. Yes, it has been helpful and sound; and I think this is sound.

Mr. HOLLAND. Does the Senator from Alabama think it is sound to change it to 35 years?

Mr. SPARKMAN. We did not change it here in the Senate. But I think housing has proved itself in this country, and I think home mortgages have proved themselves; I think they are about as good security as any we have.

Mr. HOLLAND. Does the Senator think there is any realistic reason supporting or justifying the change from 30 years to 35 years as to this conventional FHA program, other than the necessity of getting together with the other body in regard to such a program?

Mr. SPARKMAN. In the Senate we have never taken such action; we have held the term to 30 years.

Mr. HOLLAND. I cannot help but express the hope that this conference report will be returned to conference, and

that the conventional FHA program, under which millions of homes have been built and under which millions of people are now proceeding to pay for their homes, will be continued, because it has proven to be very helpful.

On the other hand, to go into this unsound financing plan—which is what I think it would be—would be most unwise, whereas the other program has proven itself through many years of operation.

Mr. SPARKMAN. Of course the Senator from Florida realizes that 35 years will be the maximum. The lender can make his loan on the terms he prefers. But the FHA will not have to insure the loan if it is made for more than 35 years.

Mr. HOLLAND. But mortgages were insured before under the 30-year maximum. On the other hand, under this conference report, it is proposed to increase the maximum to 35 years.

Mr. SPARKMAN. But if I wish to buy an FHA house, and if I go to my banker or my insurance company lender, he can say to me, "I will not make the loan for a period of 35 years; my maximum is 25 years." Under this program he will not have to change the maximum he prefers, and the FHA cannot change it.

Mr. HOLLAND. But I am not willing to leave to the bankers the decision as to whether to enforce the sound program for which our committee has stood, and which our committee had not dreamed of changing, until this conference report was prepared. I think the Senate has some responsibility for insisting upon soundness.

Mr. SPARKMAN. I think it is sound.

Mr. HOLLAND. I think the Senator from Alabama demonstrated his belief that the 30-year program was sound, or else he would not have reported the provisions for it year after year—including this year, in connection with the financing of the loans to which I have referred as the conventional FHA program.

Mr. SPARKMAN. Let me say that when the FHA was begun, its program was a 20-year program. A few years later it was changed to 25 years. I remember when, thereafter, it was changed from 25 years to 30 years. The same arguments were made against that change, then. But it did not prove to be as bad as was predicted. It has been a most successful program; and I believe that the quality of the housing we have today and the determination of families to purchase houses and to make homes of them will keep the program strong, and that the houses will be good security. In fact, I think they have been just about the best security there has been in this country.

Mr. HOLLAND. Mr. President, I appreciate the opinion of the Senator from Alabama, who certainly is well entitled to have, and is well entitled to express, an intelligent opinion in connection with this matter. But it seems to me that instead of having seen better houses constructed as we have gone along, we have seen a great many shoddier and cheaper houses constructed; and I do not believe they will hold up as well or will continue to supply good security as well as the houses which were built years ago.

In my opinion it is a tremendous departure now to change to a 35-year mortgage program from normal FHA financing; and I am certainly very sorry that such a program has been included in the conference report.

Mr. MONRONEY. Mr. President, will the Senator from Alabama yield to me?

Mr. SPARKMAN. The Senator from Florida now has the floor.

Mr. MONRONEY. Mr. President, will the Senator from Florida yield?

The PRESIDING OFFICER (Mr. HICKEY in the chair). Does the Senator from Florida yield to the Senator from Oklahoma?

Mr. HOLLAND. I am glad to yield.

Mr. MONRONEY. Is it not also a fact that if we are searching for ways and means to lower the cost of money and the rate of interest, we are now going in exactly the wrong direction—by weakening the security behind the loans? If the market is flooded with 35-year or 40-year mortgage loans, we shall never have the opportunity I had hoped we would have to make a vigorous effort to bring down the cost of mortgage money and the interest charge to the occupants of the mortgaged houses—as would occur if the loans were made for, let us say, 25 years.

But to proceed in the new direction now proposed would only accelerate the rise in the cost of mortgage money, because of the flooding of the market with these extraordinarily long-term, beyond-normal-length mortgages—far beyond the normal length of time for which the equity behind the mortgages is considered sound. Is not that true?

Mr. HOLLAND. I thoroughly approve the position of the Senator from Oklahoma, and I answer his question in the affirmative.

It seems to me self-evident that one who has a gilt-edged security will have a lower rate of interest; but if the security is not so safe, of course the interest rate will be higher. There simply cannot be any argument about that; and I thank the Senator from Oklahoma for bringing out that point.

Mr. MONRONEY. The Senator from Florida has well stated—and it has been true since the beginning of time—that the better the security, the lower the interest rate; the more speculative the loan, the higher the interest rate.

But now it is proposed that we embark on a program of having a speculative equity behind a 35- or a 40-year mortgage. In that event, what once was a practical, conservative, and profitable housing operation, which provided more than a million houses a year for the people of America, under the free enterprise system and under a self-sustaining, self-supporting industry, would be destroyed.

Mr. HOLLAND. I thank the Senator from Oklahoma. I cannot speak about what has happened "since the beginning of time"; but during my lifespan I have seen that principle in operation, and I think it has always been the rule—namely, that the sounder the security, the cheaper the money which will be loaned against the security; and the weaker the security, the higher the interest rates are certain to be.

The Senator from Oklahoma has stated so well his point that all Senators, on both sides of the aisle, have been striving for some years to bring about conditions which will result in a lower interest rate. We know we cannot legislate a lower interest rate; but we can, by means of the conditions we provide by means of law, I believe, have a decided effect on the interest rates. And one of those conditions is the type of security, under the legislation we pass, which will be offered to those who have money to lend. The stronger the security and the sounder the security, the lower the interest rates will be.

But now it is proposed that small houses, costing less than $15,000 a year, can be built under this program with 35-year mortgages—although with full knowledge of the fact that most of the lumber available today is inferior. For instance, in my part of the country we no longer get any sound, longleaf pine heart lumber. The lumber now available is mostly sappy; and, in some measure, the same situation exists everywhere else in the country, both as to the quality of the lumber and the quality of the work done on the houses and the quality of the construction. Everyone knows that today the quality of the materials and the quality of the work and the construction is not nearly as high as it used to be, and the houses will not last as long.

Furthermore, under the provision now proposed—namely, that for 35-year mortgages—the home borrowers would have to pay higher interest rates.

Mr. MONRONEY. The Senator from Florida is speaking, of course, about conventional FHA loans. But earlier in the debate it was brought out that under the title I program there could be a 3-percent downpayment—which would not give a higher equity, for when the 3 percent includes the closing costs, that means that the purchaser will have an equity of less than $150 in the new house; and if it were found by the Housing Commissioner that the purchaser could not meet the payments required by a 35-year mortgage on a house of that type, he could have a 40-year mortgage.

So under this new section there could be almost no downpayment on a $35,000 house, and the purchaser could have 40 years in which to pay for it. This is another reason why I believe the conference report should be returned to conference, as will be proposed by the distinguished Senator at the conclusion of the debate—in order to make it possible for the conference committee thereafter to bring us a sounder and stronger measure than the one we now have before us.

Mr. HOLLAND. I thank the Senator for that contribution.

I remember clearly the amendment offered by the Senator from Tennessee, which was so strongly supported, and I believe the Senator from Tennessee had as his associate the Senator from Oklahoma. Under that amendment it was

insistently required that a substantial downpayment be made. The same comments which we made about long terms bringing higher interest rates apply to a small equity. The smaller the equity and the longer the term, the higher the interest rates and, in my opinion, the shoddier the workmanship which we will get.

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

Mr. MONRONEY. I am happy to yield.

Mr. MILLER. In the debate on the bill during the first go-round, quite a point was made of the fact that, under the 40-year mortgage provision, there would be a very small equity at the end of 20 years. I do not recall the figure, but I believe it was $300.

Mr. MONRONEY. Between $300 and $500, as I recall.

Mr. MILLER. Would that include the downpayment?

Mr. MONRONEY. The figure was arrived at on the basis of the depreciated value. There was a table put in the RECORD by the committee itself, calculated by the Housing Commissioner, which showed, on the basis of normal depreciation, what the equity in the house would be. As I recall, it was under $500 at the end of 30 years, if my memory serves me correctly. It was very discouraging to realize that there would be so little incentive for the owner to keep the house. His appliances would all be in the house, including the refrigerator, the electric stove, the linoleum on the floor, perhaps carpeting and other installations. They would all be worn out at the end of 20 years. He would be better off to call the Commissioner and say, "Come get your house. I will get a new one. I have to have only about $150 of downpayment for the new house."

Mr. MILLER. If he did that, who would pay for the difference?

Mr. MONRONEY. Uncle Sam would pay for the difference, because all these mortgages are insured by the Federal Government.

Mr. MILLER. Has the Senator from Oklahoma had the opportunity to recast his figures with respect to a 35-year mortgage, rather than a 40-year mortgage?

Mr. MONRONEY. No, I have not, because under the terms of the conference report, if the buyer cannot meet the payments in 35 years, he can have a 40-year mortgage. So insofar as we are concerned, we are extending the mortgage period to 40 years for middle-income families. This is not a measure to help the indigent or the helpless; it is for the great mass of the American people.

Mr. MILLER. Would the Senator say, for all practical purposes, that the conference committee's revision of the mortgage period from 40 to 35 years, with the possibility of extending the period to 40 years, is not going to make much difference so far as the equity is concerned and so far as the persuasion for the owner to stay in the house is concerned, instead of turning it over to Uncle Sam to pay for the difference on a resale?

Mr. MONRONEY. The change of the mortgage period from 40 to 35 years would make hardly any difference in the equity. The best the Government hopes for now on 50 percent of them is 30 years, and the rest 35 years. We have negated the strength of the mortgage when we raise the period another 5 years. Under the normal FHA mortgage period, it was 30 years, and now, by action of the conference, the mortgage period becomes 35 years.

Mr. MILLER. Mr. President, I would like to ask the Senator from Alabama a question, if I may have his attention.

Mr. SPARKMAN. The Senator may proceed.

Mr. MILLER. Shortly, we are going to be asked to raise the debt ceiling from $293 to $298 billion, or a difference of $5 billion.

Looking at the table which the Senator from Connecticut has prepared, of which I know the Senator from Alabama has a copy, I note that the difference between the amounts asked for by the President and the amounts determined by the conference committee has resulted in the conference committee coming up with an amount of $1.6 billion of additional spending under the proposed legislation.

My question is, How much of the $5 billion increase in the debt ceiling limit is attributable to the action of the conference committee in increasing the expenditures over the administration's request by $1.6 billion? Is there a direct relationship?

Mr. SPARKMAN. A little earlier the Senator from Connecticut and I engaged in a colloquy, and we decided that our figures, when they are fully considered, are very close together. The administration proposal, according to the figures I have, was $4,890 million. The new authorizations as carried in the conference report are $4,886 million, which amount is actually $4 million below what the administration asked for. The impact on the 1962 budget, as I understand, is $248 million.

Mr. MILLER. As I understand, there is an impact on the budget of $240-odd million, but it does not meet the problem regarding the impact on the debt ceiling, because there is so-called back-door financing involved in the legislation—which prompts correspondence to come into my office from the people of my State which says, in effect, that if the conference report was defeated and if the Senate and the House took action in line with the administration's own request, it would not be necessary to raise the debt limit to $298 billion.

I do not know, but I can see a considerable relationship. I am asking the Senator from Alabama whether or not the correspondence is correct in the statement that, if we were to revert to the administration's own requests, rather than persist in the conference committee's report, it would not be necessary for us here, in the next hour or two, to increase the debt ceiling limit to $298 billion.

Mr. SPARKMAN. That could not possibly be correct. It must be remembered that some of the $5 billion, in round numbers, which has been referred to, will not be spent for 40 years.

I will take that statement back. The public housing program is not included in that figure. Some of the money will not be spent for 10, 12, or perhaps 15 years—urban renewal, for example. The money for other programs will not be spent for 4 or 5 years from now.

It is difficult to get a calculation, because there is a mixture of programs, some for 1 year, some for 2 years, some for 3 years, some for 4 years, some for 5 years, and longer. But the total, over the whole expanse of time, is, roughly, according to my figures, $4,886 million, That does not include public housing, which runs over a period of 40 years.

The only way I know to measure the impact on the national debt is to judge the impact on the budget. The impact on the 1962 budget is $248,200,000. That is the only thing by which we can measure the impact on the national debt.

While I do not have the administration figure for the impact on the national debt, our new authorizations are less than the amount requested by the administration. I simply do not see how anybody can get anything out of this to fit the statement the Senator cited a minute ago.

Mr. MILLER. I should like to ask the Senator if it is not true that, in addition to the budget impact of $248 million, we must take into consideration the borrowing authorizations which are provided in determining the impact on the national debt and, in turn, the impact on the national debt ceiling?

Mr. SPARKMAN. The public borrowings are carried in the figure which I gave. It is all in that figure. The college housing program, for instance, is financed by Treasury borrowing. That is carried in the $1,200 million.

Mr. MILLER. I realize that it is carried in the figure, but it is not carried so far as the budget is concerned.

Mr. SPARKMAN. It is carried in the figure I gave.

Mr. MILLER. That is correct, so far as the $248 million is concerned.

Mr. SPARKMAN. Yes.

Mr. MILLER. What I am asking the Senator to do is to carry it as far as its impact on the national debt.

Mr. SPARKMAN. The Treasury borrowings do not have an impact on the national debt. This is what is called the back-door financing, for the borrowings from the Treasury.

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

Mr. SPARKMAN. I yield.

Mr. CLARK. The Senator from Alabama has been working with the program for many more years than I, but I have been working with it for 5 years. I ask the Senator from Iowa to listen. Is it not a fair generalization that the impact of this housing bill on the national debt will be somewhere between the minimal and the nonexistent?

Mr. SPARKMAN. As I said a few minutes ago, the impact on the budget for 1962 is $248 million. That has an impact of the national debt.

Mr. CLARK. The only way the bill could have any impact on the national

debt would be if revenues were not raised all across the board for all the governmental programs if revenues were exceeded by expenditures which we make in any one year.

Mr. SPARKMAN. That is pretty involved. I assume the Senator is correct. I am not certain I fully understand exactly what would be done.

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

Mr. MILLER. I am happy to yield.

Mr. CURTIS. I should like to ask the Senator from Alabama if it is not true that when money flows out of the Treasury under back-door financing, so far as surpluses and deficits and debts are concerned it is exactly in the same category as appropriated money?

Mr SPARKMAN. The Senator from Nebraska served on the Ways and Means Committee of the House and serves on the Finance Committee of the Senate. If the Senator says it does, I certainly accept his statement, because he ought to know.

Mr. CURTIS. It is my contention it does.

Mr. SPARKMAN. If the Senator says it does, I am willing to accept his statement.

Mr. CURTIS. All right.

Mr. SPARKMAN. With reference to the so-called back-door financing, I think that is a rather unfortunate appellation. This financing has been going on ever since the days of President Hoover. It was started I believe in 1930, or perhaps at the time of the establishment of the RFC. It has been used through the years since that time, primarily for programs which involve investment, by nature, over a long period of time. It is necessary for some programs to have a drawing account, one might say, rather than an outright blocked-off appropriation, as other programs have carried.

As I recall now, the only new financing of that type carried in the bill before the Senate is the $50 million for the open space program, which the Senator from Connecticut [Mr. BUSH] supported. We all supported it. We accepted that program after some discussion and after cutting the fund. That is the only new program of that type. It is contract authorization. Of course, it enables the administrators to make the contracts, and later on the money will have to be appropriated.

Mr. MILLER. Mr. President, I thank the Senator from Nebraska for his comment.

I should like to finally come to a conclusion on this matter with the Senator from Alabama.

Do I correctly understand the point the Senator made is that, taking the $50 million of new authorization plus the $248 million, I believe he said, over and above the President's request——

Mr. SPARKMAN. No. It is below the President's request.

Mr. MILLER. The impact on the budget is $248 million?

Mr. SPARKMAN. $248 million. I said I did not have comparable administration figures. I do not know whether the figure is more or less.

Mr. MILLER. Considering the $248 million plus the $50 million of new authorization, which comes pretty close to $300 million, can we conclude that the impact on the debt ceiling, at least for the year 1962, will be approximately $300 million?

Mr. SPARKMAN. No. This is a rather strange thing, but even the $50 million authorized for the open space program will not have much impact on the 1962 budget, for the impact will be only $2 million. These are programs which will require a long period of time. The administration suggestion is that the amount which will be used in the 1962 budget will be $2 million. That is a part of the $248 million.

Mr. MILLER. I thank the Senator from Alabama.

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

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

The legislative clerk proceeded to call the roll.

Mr. BUSH. 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. BUSH. Mr. President, yesterday evening I made some remarks about the conference report. I call attention to the fact that there are desirable programs in the conference report, programs which I have firmly supported in the past and still support enthusiastically. Among those programs are urban renewal, college housing, housing for the elderly, the newly added mass transportation provision, taken from a bill of which I was a sponsor, the provision for Federal assistance to communities in acquiring open spaces within communities, the extension of the FHA insurance program, and some others.

However, the situation has gotten out of hand, in my judgment, and we are faced with a conference report that very greatly exceeds what the administration itself asked for authorizations under the proposed Housing Act of 1961.

I particularly wish to call to the attention of the Senate once more what President Kennedy said on May 25, when he made a most unusual personal appearance before a joint session of the Senate and the House of Representatives to deliver a message on the question of urgent national needs, the subject of heightened world tensions, and the increased competition we face from international communism. At that time he called for new and larger expenditures for defense and for space exploration in connection with national security. At the same time he cautioned Congress in the following language:

> If the budget deficit now increased by the needs of our security is to be held within manageable proportions—if we are to preserve our fiscal integrity and world confidence in the dollar—it will be necessary to hold tightly to prudent fiscal standards; and I must request the cooperation of the Congress in this regard—to refrain from adding funds or programs, desirable as they may be, to the budget * * *.
>
> Our security and progress cannot be cheaply purchased; and their price must be found in what we all forgo as well as what we all must pay.

As I said yesterday, I credit the President with sincerity in making his appeal to the people and to the Congress, but since that time I have not found sufficient action to support his words. Certainly they appear to have fallen upon the deaf ears of Congress, if we are to judge by the conference report, upon which the Senate must now act.

I wish to cite some of the differences between what the President requested and what we find in the conference report. The total administration requests involved in the items total $4,247 million, whereas the conference report calls for $5,853 million.

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

Mr. BUSH. I yield.

Mr. HOLLAND. Do both the figures quoted by the Senator from Connecticut omit the cost of public housing?

Mr. BUSH. Yes. I will come to that subject in a moment. That provision was not in the conference report, but is an additional figure which I may as well discuss now, since the Senator from Florida has mentioned it. I point out that the totals in my tabulation exclude $1,200 million for VA direct housing loans, passed as a separate bill by the Senate on June 26, 1961.

Mr. LAUSCHE. Mr. President, will the Senator repeat his statement?

Mr. BUSH. The figures I am giving exclude $1,200 million for VA direct housing loans, which was passed as a separate bill by the Senate on June 26, 1961, and exclude annual contribution grants for the 100,000 units of public housing reactivated in the bill.

If these contributions were fully utilized over the 40-year period, the amount involved is estimated to be $3,146 million additional. This is not included in the report. Does that answer the Senator's question?

Mr. HOLLAND. Mr. President, will the Senator yield? I want to be sure that I understand the situation.

Mr. BUSH. I yield.

Mr. HOLLAND. As I understand the figures which the Senator has cited heretofore, showing a total of $5,800 million in the conference report, that total excludes the items that were not in conference. Is that correct?

Mr. BUSH. That is correct.

Mr. HOLLAND. The items not in conference include the 100,000 units of public housing.

Mr. BUSH. That is correct.

Mr. HOLLAND. And their total cost, whatever it may be, is estimated to be over $3 billion.

Mr. BUSH. Yes; over a 40-year period.

Mr. HOLLAND. It excludes the GI direct loan housing, covered since we passed the other bill, or a total of $1,200 million.

Mr. BUSH. The Senator is correct. The administration requested $4,247 million for the items covered in the conference report, but the conference report increases them to the figure of $5,853 million, or an increase of approximately $1,600 million. So what we are

asking the conference to do, if the bill is recommitted to the conference, is to cut the conference report figures back to the figures the administration requested, which I filed with my motion, which lies at the desk; to cut it back to $4,247 million, or to reduce it by approximately $1,600 million.

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

Mr. BUSH. I yield.

Mr. LAUSCHE. I understand that the Senator from Connecticut takes the position that what has been done is in direct contradiction to the advice given to us by the President of the United States at the joint session of Congress on May 25. In that advice he urged that Congress refrain from adding funds and programs, desirable as they may be, to the budget, so as to avoid deficits and other fiscal troubles.

Mr. BUSH. Yes. I quoted what the President said. I believe that what we are about to do—if we agree to the conference report—will be in violation of what the President said at the joint session. Does not the Senator from Ohio agree?

Mr. LAUSCHE. I agree fully. I think the time has come when we ought to check to see how completely we are complying with the recommendations or not complying with them. I spoke on the subject earlier today, when I pointed out another aspect of the advice, in which the President suggested that in order to keep ourselves in a competitive position and to keep our monetary reserves strong, employers and employees should not indulge in practices which will further devaluate the dollar, and that self-restraint must be imposed upon management and labor leaders. It would be well for Members of the Senate to look at the President's message of May 25 when we deal with these subjects, to see whether we are or are not complying with the President's recommendations.

Mr. BUSH. I thank the Senator. The contribution he has made is very appropriate. In that connection, we are faced with a crisis in this country in relation to Berlin. How much this is going to cost, no one knows. The chances are that if we stand firm, as is the intention, I believe, of the administration—and I believe it would be supported by the Senate and by the House—we will embark on further expenditures for security, not only for ourselves, but also for the whole Western World. This is not a time to be incautious about public funds, but, on the contrary, to heed what was said by the President of the United States at the joint session, when he said that in view of the critical days in which we live we must refrain from adding funds or programs to the budget.

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

Mr. BUSH. I yield.

Mr. LAUSCHE. I listened attentively to the statement of the President on May 25 at the joint session. I vigorously applauded his recommendations. I resolved then to place in the drawer of my desk, on the Senate floor, a copy of that speech. I contemplate taking it out and using as a Bible, to point it out to the Senate if and when we depart from his recommendations. We have departed from it more often than we have adhered to it since the recommendations were made.

Mr. BUSH. I thank the Senator from Ohio. I will discuss briefly a few of the items to show the difference between what the administration requested and what the conference report recommends. Perhaps the most significant item is in connection with the so-called FNMA or Federal National Mortgage Association investment in mortgages and improvement loans. The administration requested $750 million. The original bill introduced by my good and able friend from Alabama called for $500 million. The administration later increased it to $750 million in its request. The effect of the conference report is to double the figure and provide $1,510 million; $760 million is added.

In connection with the college housing program, if we reduce it to a comparable number of years, the conference report adds about $200 million. For farm housing loans, about $200 million is added.

All the loan programs together increase the figure from $1,357,000 to $2,217,000; the grant programs are about the same. The total difference is $4,247 million, as asked for by the administration, and $5,853 million, as provided by the conference report.

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

Mr. BUSH. I yield.

Mr. SPARKMAN. Of course, as the Senator knows, I do not agree with the correctness of those figures. I admit that there is room for argument. However, taking the item of FNMA for additional allowances, that consisted of two items. The first was to take $200 million out of a billion dollars authorized for FNMA back in 1958. We simply transferred it from one part to another. That is not a new authorization. The money is there. It is authorized already. Then there is the $140 million a year. FNMA has been disposing of mortgages. These are mortgages acquired before 1954, when we changed the FNMA law. The fund has a mortgage portfolio of mortgages, I am told by our staff director, amounting to something over $1.6 billion. What we have done is to provide the repayments made to FNMA on these mortgages, amounting to $140 million a year for 4 years, as I recall, be transferred out of that fund. That is $560 million.

Mr. BUSH. I ask the Senator to yield to me to ask him what would have happened to that money if we had not done so?

Mr. SPARKMAN. Eventually it would have gone back to the Treasury.

Mr. BUSH. It would have gone into mortgages first.

Mr. SPARKMAN. Eventually it would go back to the Treasury.

One further point. The Senator referred to farm housing, showing an increase of $200 million.

Mr. BUSH. From $207 million to $407 million.

Mr. SPARKMAN. The Senator is correct. There is a $200-million increase in that item.

Mr. BUSH. I submit I am correct on all points, because the Senator must agree that if we did not do what we did, the $140 million, times 4, would go back into the Treasury forthwith. We have said that we will not let it go back but will put it into FNMA for a special assistance fund. If that will not create new money for expenditure for mortgages, I do not know what will.

Furthermore, the administration did not ask for this amount; the administration asked for $750 million. We are providing $1.5 billion.

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

Mr. BUSH. I yield.

Mr. LAUSCHE. The staff official says there is $1.6 billion in the fund that FNMA made available to be paid into the Treasury. The Treasury could then use it, if it so desired, to pay off the debt.

Mr. SPARKMAN. I may have stated that incorrectly. I refer to the mortgages that FNMA acquired prior to 1954. At that time it had $2½ billion worth of such mortgages. FNMA receives money from the sale of mortgages and repayments on these mortgages. It is estimated that there will be $140 million a year for the next 4 years from this source which we propose to transfer.

Mr. LAUSCHE. Then the fact is that $140 million a year would be transferable to the Treasury, to be used by the Treasury in paying off the debt.

Mr. BUSH. That is correct.

Mr. LAUSCHE. But the conference committee, contrary to the advice of the President proposes to make that money available for additional housing?

Mr. BUSH. In a special assistance fund.

Mr. SPARKMAN. It is in housing now, and has been.

Mr. LAUSCHE. Yes, it has been, but it will now be available to pay off the debt.

Mr. SPARKMAN. Instead of returning it to the Treasury, we propose to transfer it and provide that it be used further in connection with housing.

Mr. BUSH. Mr. President, so long as we are discussing the subject of mortgages, I should like to refer to a point I made before, namely, the mounting accumulation of mortgages. We find the FNMA in a race with the Commodity Credit Corporation, to see which one can pile up the biggest surpluses, whether it be in mortgages or in agricultural products.

FNMA has made a good gain recently. Its surpluses have risen to $7 billion; at least, that was the figure the last time I checked on the total holdings of mortgages by FNMA. I do not know whether the Commodity Credit Corporation has yet reached $10 billion worth of surplus farm products in storage, but the last I heard was that the amount was in excess of $9 billion. It is a very interesting race. I am in favor of slowing both of them down; in fact, I would be glad to check them and begin to reduce the amounts held by both organizations. I think that is one of the duties Congress should undertake immediately.

However, I do not like to see Congress proceed now to authorize an additional $1,500 million for a special assistance

fund, because I feel certain that the type of mortgages which will be brought under this program will remain in force until maturity.

There are some other bad features about the bill. I do not know whether they can be corrected if the bill goes back to conference. One of them is a provision in the bill under which the lender on mortgages would have a choice of repayment in either cash or debentures, in case of default, under either of the two new FHA low-cost housing insurance programs. All other FHA default payments are made in debentures. This change is intended to make the new programs more attractive to private lenders. Nevertheless, it is expected that artificially low interest rates will make the low-cost rental housing loans unattractive for the lender to hold, and the Federal National Mortgage Association will be forced to step in and purchase them under its special assistance program.

The President also will have discretion to order FNMA purchases of low-cost sales housing mortgages, if necessary.

The trouble with cash payment proposal is that it is simply a foot-in-the-door operation. The bankers and other lenders have had some responsibility in the past in connection with FHA loans. They have been responsible for policing the loans. They have been responsible for exercising the discipline that goes with collecting loans and keeping payments up to date. If the mortgage went into default, they had to turn it over to FNMA and accept a debenture, which might or might not be worth par, and which might sell at a discount. But there was some slight risk, and that is all the risk the lenders have in connection with FHA mortgages.

What is proposed to be done in this part of the bill is to cut the legs out from under the program and take away the last vestige of responsibility the lender has in connection with an FHA loan.

As surely as we are standing here, if this provision becomes effective in connection with this section of the bill, we shall find it coming up next year or the year after in connection with other sections of the bill.

The responsibility for the collection of these mortgages will be taken away from the bankers, the savings and loan associations, and other lenders. I say it is a bad idea. The lenders should have some stake in this program, but the purpose of this section of the bill is to relieve them of their responsibility. I think it is a very dangerous section of the bill.

Mr. LAUSCHE. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. LAUSCHE. Will the Senator reexplain how the responsibility, which would normally induce a lender to watch his loan with prudence, is taken away?

Mr. BUSH. Suppose the Senator from Ohio were a lender and lent money on a mortgage insured by the FHA. He would be responsible for policing the loan, collecting the downpayment and the interest, and so forth. But suppose the mortgage went into default. Under existing law, after a period of time—I have forgotten whether it is 60 days or some other period—he may turn the mortgage over to the FNMA. But he will not get cash for it; he will get a debenture, which may sell at a discount. I am not certain how large the discount would be for selling it. It would depend, I suppose, on the money market and other factors. He would not get cash; he would get a debenture for it. If he sold it, he would have to find a market. It may be that he would lose four or five points in order to liquidate and sell out the mortgage which he turned in to FNMA.

What is proposed to be done now is to eliminate that feature, so that the lender would not turn in the mortgage and get a debenture under this section of the bill. He would turn it in and get cash. So when he makes the loan, he is not taking any risk at all; the Government is completely protecting him. Heretofore, and in other sections of the bill still, the lender is a partner with the Government. He is the Government's agent, and he has a responsibility. If he does not live up to it, he will lose his money.

Have I made myself clear?

Mr. LAUSCHE. Yes. Now the Government will be the absolute surety, obligated to pay in cash a delinquent loan; whereas formerly the Government was in the nature of a guarantor, obligated to give a debenture to the lender in the event a loan became delinquent.

Mr. BUSH. Yes; and because the debenture might have been of varying value, and might even have been worth a discount rather than a premium, the lender will not have the same risk.

Mr. LAUSCHE. What reason was given for changing the secondary liability to a primary one?

Mr. BUSH. Just what the Senator would suppose—to take the risk away from the lender, so that the lender would be pushing the money out under the Government's guarantee of cash.

Mr. SPARKMAN. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. SPARKMAN. I hope the Senator from Ohio will listen to my statement. First, this proposal is discretionary with the Commissioner of the FHA.

Second, if such an agreement is entered into, it must be done at the time the mortgage is entered into, which is not the case at the present time. Let us keep those facts in mind.

Furthermore, we talk about the Government guaranteeing. The Government actually uses the insurance fund, to pay any claims, which the borrowers themselves have paid into. Remember, a half percent per year is paid on every loan. The amount of FHA insurance reserves today is nearly $1 billion.

Furthermore, since 1944, when the so-called GI bill of rights was enacted into law, we have had a program of making GI guaranteed loans. Approximately 6½ million of those loans have been made. No insurance on them has ever been paid; the program is not an insured program. It is a guaranty program; and from the beginning the Government has paid off 100 percent in cash, and there have not been the disasters which some predicted.

As a matter of fact, I recall that, even as of today, the default rate is only 1.2 percent and the dollar losses less than 0.085 percent, for the guaranty program. It seems to me these facts should allay the fears some Senators have—such as those which have been advanced by my good friend, the Senator from Connecticut, who is a very fine worker in connection with the housing program.

Mr. LAUSCHE. That would mean the application of the same principle which was applicable to the veterans.

Mr. SPARKMAN. With the very material exception that payments to the veterans come from the Treasury of the United States, or, rather, are made by the Administrator, and are part of the pool which has been developed from the veterans' loans. As a matter of fact, a profit has been made, because of the interest paid. But under the FHA, it would be paid out of the insurance pool which has been built up by the interest payments on mortgages.

Mr. BUSH. Mr. President, we are now talking about the veterans program, which—as all of us know—has very special concessions for the veterans. That program is not at all comparable to the FHA program. The veterans program must be considered as a separate matter, just as we considered the VA program as a separate one, only a few days ago.

So, Mr. President, with all due respect to my highly respected friend, the Senator from Alabama, I cannot agree that anything he has said in regard to the veterans program affects anything I have said here in reply to the Senator from Ohio.

Mr. MAGNUSON. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. MAGNUSON. The Senator from Colorado [Mr. ALLOTT] and I have just finished holding hearings on the Veterans' Administration, and at the hearings this item was taken up. I think the RECORD should show that they anticipate more foreclosures—in fact, a 20-percent increase during the coming year, as compared to the previous year. But they also testified that the loss will be only three-tenths of 1 percent, although the foreclosures and the retaking of the property are expected to be 20 percent more than last year.

Mr. ALLOTT. I believe we should make clear that the testimony applied strictly to the direct veterans' loans.

Mr. MAGNUSON. Yes. And the money comes out of the Treasury; it is a direct appropriation.

Mr. BUSH. Yes.

Mr. President, I think there is no question that these loans have had a very good record.

The Senator said the insurance program has built up a reserve of nearly $1 billion, and I suppose that almost $40 billion of them have been insured under the FHA program. Of course, in view of the continued prosperity of the country since World War II, during the period in which this program has been very heavily made use of, and in view of the

expansion of the national income, earnings, and all the rest, we should have had a fairly good record. What worries me is what will happen if the situation is not so favorable for a time. We really have not had a situation in which this program has been tested.

So certainly I agree with what the able Senator from Oklahoma [Mr. MONRONEY] has said today, because it has a very important bearing on this subject.

Mr. SPARKMAN. Mr. President, let me suggest that through 1960, beginning with the commencement of the program in 1934, the total amount of loans has been $67,389,237,000. I do not have the figure in regard to how much has been paid off. But it seems to me that that figure of more than $67 billion is a very imposing one.

Mr. BUSH. Yes, it is. I am surprised that the surplus is not a little larger than it is, in view of that large amount.

At any rate, we agree in a general way that the Government has not been hurt too much by losses.

Mr. SPARKMAN. Let us also remember that the premiums which have been paid also have paid the administration costs.

Mr. BUSH. I understand.

But I think the figure I mentioned—as to the large accumulation of mortgages—also has a bearing on this matter; I refer to the fact that the Government has been obliged to absorb and absorb, so that today the administration has $7 billion of FNMA mortgages—or an increase of approximately 8 percent in a few years of operation under this program.

Now I wish to move to another point. I think now of the change proposed by the conference report as regards the smaller communities in the urban renewal program. Not only did a majority of the conferees disregard President Kennedy's appeal for "fiscal responsibility"—those were his words—with respect to the authorizations provisions of the bill, but they also ignored it with respect to the other provisions of the measure; and a most glaring example is the provision of the House version for Federal urban renewal grants of three-quarters, rather than two-thirds, of the cost of such projects in the smaller communities.

I ask Senators to listen to what the Kennedy administration said about that. The Kennedy administration objected strenuously; here is what the Kennedy administration said in a message, sent to our committee, with respect to the proposal to increase the proportion to three-fourths:

> There is no real evidence that urban renewal activities are relatively more costly for smaller communities or that the local share or project costs is harder to raise in such communities. Program statistics show that cities under 50,000 population contribute about the same proportion of cash to the local cost share as larger cities do. Actually considering higher land costs, absence of open land, and disproportionately multiplied expenses of government, larger cities may well have a tougher problem in financing urban renewal.
>
> Any such increase for smaller communities would quickly be sought for all.

I have heard the Senator from Ohio make that statement many times; namely, that if we give an inch, before long we shall have to give a mile.

The Kennedy administration also said:

> Yet the two-thirds/one-third sharing formula of existing law is an equitable and widely accepted division of costs between Federal and local government. It should not be abandoned.

Of course I was very glad to hear that from the Kennedy administration.

Then they said:

> In summary, there is no sound reason to favor smaller communities and thereby discriminate against the larger cities which so desperately need urban renewal assistance. There is no justification for further increasing Federal grants and reducing local participation, whether for some communities or, as would surely follow, for all.

But what did the conference committee do, in the face of that admonition? The conference committee paid no attention at all to it, but proceeded to make this special provision for a three-fourths contribution by the Federal Government to the cost of such projects for communities of 50,000 population or less. That puts a foot in the door; and if this provision is now enacted into law, I expect that before many more years the participation by the Federal Government will be increased to 70 percent. If I am not here at that time, I hope someone else will then point out that the Kennedy administration said, this very spring, that the two-thirds to one-third arrangement is fair, and should not be changed—not even for the smaller communities, which, in the opinion of the Kennedy administration, often are better able to carry their fair share than are the larger cities.

Mr. LAUSCHE. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. LAUSCHE. I do not recall the vote on that matter, here in the Senate a few weeks ago. I am told that it was voted down by approximately four votes.

Mr. BUSH. The vote was a very close one.

Mr. LAUSCHE. We voted that down, and the House said what?

Mr. BUSH. We had to have it.

Mr. LAUSCHE. We had to have it.

Mr. BUSH. And that is where we yielded to the House.

Mr. LAUSCHE. Will the Senator yield further?

Mr. BUSH. Yes.

Mr. LAUSCHE. I merely want to repeat that if we approve this measure, it will be the forerunner of an effort, either next year or the following year, to have the Federal Government assume 75 percent of the burden of large and small communities.

Mr. BUSH. That is what the Kennedy administration predicts.

Mr. LAUSCHE. Will the Senator yield so that I may make a comment on that?

Mr. BUSH. Yes.

Mr. LAUSCHE. My belief is that to the extent that the President recommends thrift and frugality, we will reject him and we will substitute the course of the past, which will lead to deficit operation, further cheapening of the dollar, increase of the national debt, and influence upon the withdrawal of gold reserves. Although the latter are rather sounder right now, we cannot go on with this program without accentuating the very weaknesses about which the President has been so apprehensive, and which weaknesses induced him to beg us not to increase the budget, regardless of how essential we may deem certain measures to be.

Mr. BUSH. I thank the Senator from Ohio. I simply should like to say, in conclusion, that we are faced with a critical situation in our national life today. President Kennedy told us that in the joint session of Congress. He talked about the perils of the days in which we live, and about the somber situation as a result of his talks with Mr. Khrushchev. We know we shall be faced with a critical situation, within 6 months, in reference to Berlin, to mention just one. It seems to me the least we can do is support the President of the United States when he says, "Do not give us a lot of added programs, and do not add a lot to those programs which are necessary."

I have been sitting on this committee for 8 years now, and I say to the Senate that the President's requests are perfectly adequate to go ahead with his program, and that the additional items which boost the administration's request by $1.6 billion are not necessary, are not advisable, and, indeed, may turn out to be harmful and embarrassing.

What we do here is being watched all over the world. We are giving advice to governments everywhere as to how to conduct themselves. We are saying, "You must have fiscal responsibility. You must balance your budgets. You must not waste the people's money." What do we do? We come here and take this kind of action. When we have big bills like this, the chancellories of Europe and the central banks of the free world are watching the United States to see what we do with these big financial proposals.

Why are they watching? Because we have had in the past few years trouble with our balance of payments, and with inflation for many years. They have seen the value of the dollar go down and be cut in half in the last 20 years. So they are watching us.

I say to the Senate that we should support President Kennedy in his plea for fiscal responsibility, and not reach out and enact a lot of programs, and add to programs, against the wishes and the recommendations of the administration, and in a way that is quite incautious and unnecessary so far as the public need is concerned.

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

Mr. BUSH. I yield.

Mr. ALLOTT. I could not let this particular moment pass without expressing my thanks to the Senator from Connecticut for the presentation he has made on this matter, not only this afternoon but last night. I took the position, when the bill was before the Senate, before it finally passed, that it represented a departure far beyond what

I considered to be the needs of the country, a departure that went so far that I considered it to be reckless economic policy.

The Senator from Connecticut has very adequately pointed out the several areas in which we have not only gone beyond what we did before, but have envisioned new things and have embraced, as the Senator said last night in his remarks, the worst parts of both measures. With this statement I wholeheartedly concur.

Of course, having voted against the bill when it was before the Senate, I will have to vote, and will vote, even more wholeheartedly against this bill.

The matter raises a question with all of us. There are parts of this bill which I have supported in the past, and which I support now. I would do anything if we could backtrack the Senate 2 or 3 weeks to a consideration of this bill and get what I think is a logical consideration of the needs of this country.

Mr. BUSH. Mr. President, will the Senator permit me to say it is perfectly possible for us to do so? That is exactly what we should do.

Mr. ALLOTT. I agree with that statement. In the area of college housing loans, for instance, that is a measure which I have supported repeatedly. No matter in what form the vote may come before the Senate—it may be on a motion on which I shall vote, but no matter how I cast my vote—my vote will be against the adoption of the conference report. I do not believe that by such action I shall in any way be reversing my stand and support for those elements of the bill that I have traditionally supported. As the Senator from Connecticut has so well expressed, in this day and age, when we shall be asked, today or tomorrow, to raise the public debt limit by $13 billion—and I think we may be asked to do it by a greater figure before the year is over—and when the President himself has come before a joint session of Congress and asked Congress not to increase the budget amount, and when the bill increases the budget amount over and over, I certainly cannot support the conference report.

I cannot possibly support the bill. I think the Senator from Connecticut has made one of the clearest and most appealing and most logical arguments for financial responsibility in the Government, even within the context of the requests of the President of the United States, that I have ever heard.

For those reasons, I shall be forced to cast whatever vote it is within my power to cast against the adoption of the conference report.

Mr. BUSH. I thank the Senator for that observation. I should like to say that, like the Senator from Colorado, I have stated repeatedly there is a great deal in this bill which I favor. Most of the programs embraced in it are programs which I have supported from their inception, and I intend to continue to support them. What I am asking for is simply a degree of moderation and compliance with what the President himself has asked for in connection with this whole matter.

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

Mr. BUSH. I yield to the Senator from Oklahoma, who, I may say, made an eloquent and unanswerable argument this morning. I agree with everything he said about the 40-year, no-downpayment provision, on which proposition we lost.

Mr. MONRONEY. As I understand, the distinguished Senator would recommit the Senate bill to conference again, in order to enable us to see what kind of an adjustment can be made within the framework of the bills of the two Houses.

Mr. BUSH. Mr. President, I do not think the motion is quite as broad as that. I should be glad to modify it, if the Senator will suggest the language.

Mr. MONRONEY. The motion would recommit the bill to conference?

Mr. BUSH. It would recommit the bill.

Mr. MONRONEY. It would include consideration of the 40-year, almost-no-downpayment provision?

Mr. BUSH. That is not specifically mentioned in the instructions, but I should be glad to modify the motion, if the Senator will suggest language he thinks appropriate.

My motion would recommit the bill to conference with instructions not to exceed the administration request for authorizations, as outlined on the paper which I submitted, a total of $4,247 million. That is the specific instruction in the motion.

I should like to broaden it to include the Senator's suggestion.

Mr. MONRONEY. The Senator has a right to broaden it.

Mr. BUSH. I have a right to modify.

Mr. MONRONEY. The Senator can broaden the instructions to include the differing votes of the two Houses on title I of the bill, to again reopen the proposal. As the Senator said, we have been given the worst of both bills rather than the best of both bills.

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUSH. May I modify my amendment so as to further instruct the conference to review its decision with respect to title I of the bill, especially as it affects the 40-year, no-downpayment provision?

Mr. MONRONEY. Forty-year, almost-no-downpayment provision.

Mr. BUSH. Forty-year, small-downpayment provision.

Mr. LAUSCHE. Almost-no-downpayment provision.

Mr. BUSH. And to report, in that connection, a measure conforming to the term of 35 years specified in the House bill, with the downpayment provisions of the Senate bill?

The PRESIDING OFFICER. The Senator can modify his instructions however sees fit.

Mr. BUSH. I do so modify my motion, in the instructions to the conference.

Mr. SPARKMAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SPARKMAN. When the Senate passed the bill and sent it to conference, it sent the bill to conference with a provision for 40-year mortgages with the downpayment practically the same as that included in the conference report, without including the closing costs. Would it be in order, in view of that, to accept such a provision as that proposed by the Senator from Connecticut?

The PRESIDING OFFICER. An instruction to the conferees is not binding upon the conferees. The conferees may ignore it completely, if they wish, or they can accept it. It is not subject to a point of order on that basis.

Mr. SPARKMAN. I wish to be certain that the basis of my point of order is understood; that is, that this is clearly out of line with the provision which the Senate originally voted to put in the bill.

Mr. BUSH. Mr. President, I observe that it is not clearly out of line with the sentiment expressed by the Senate in the vote of 49 to 44 on the Gore amendment to strike.

Mr. SPARKMAN. That was reversed five different times later.

Mr. BUSH. I think that particular vote on the Gore motion reflected the views of the Senate of the United States. What was done later I do not think did.

Mr. SPARKMAN. May we have a ruling?

Mr. LAUSCHE. Mr. President, will the Senator yield? What did the Senator have in mind when he mentions what was done later on the 49-to-44 vote?

Mr. SPARKMAN. Does the Senator refer to the Senator from Connecticut? I stated there were five subsequent votes, every one of which we won. The last vote, the one which counts, was for the 40-year mortgages up to $13,500, with a 3-percent downpayment.

Mr. BUSH. There was an inquiry made. I believe the Presiding Officer has an announcement to make.

The PRESIDING OFFICER. The Senator from Connecticut can modify his motion in any manner he sees fit. The Senate can vote for or against it.

Mr. BUSH. But it is not binding on the conferees.

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

Mr. BUSH. I yield to the Senator from Oklahoma.

Mr. MONRONEY. May I inquire of the distinguished Senator from Connecticut if there is any termination date involved? Is there to be an expiration of any vital part of the housing legislation, which would cause an adverse effect, if the bill were sent back for further consideration by the conference?

As I understand the situation, this is not a deadline bill. Nothing is going to expire. We will be no worse off if we let the conference have more time to examine the bill and the relative positions taken by the majority votes of the two Houses, and then report the bill again.

Mr. BUSH. The Senator is quite correct. The Senate acted on this bill only a few days ago. Had we voted to reject the bill then the committee would have had an opportunity to report another bill in a week or two or three.

There would be no difficulty in getting a bill, if it goes back to the committee. There would be no difficulty at all, if the bill is sent back to conference. It can be taken up next week, and the modifications can be made if the conferees so decide. There is no deadline to forbid the action the Senator wishes to take.

Mr. MONRONEY. I have been very glad to observe that many of the distinguished newspapers which first apparently applauded the Housing Act, and particularly the new title, have, on sober reflection—after the long discussion on the floor of the Senate as to the wisdom of having some downpayment which would be in line with more responsibility of the buyer, and the action on the part of the House in reducing the 40-year-mortgage provision to 35 years—applauded these two sensible actions.

Mr. BUSH. The Senator is correct.

Mr. MONRONEY. It seems to me, in the interest of letting sober second thoughts take place, it might be wise to have the distinguished conferees both of the Senate and of the House enjoy a good Fourth of July, and then come back after the holiday to sit down in the somber light of world affairs and the difficult situation we face with respect to increasing the public debt limit, to consider whether it would not be the part of wisdom and fiscal responsibility to try our best to reach a more sound agreement than that which the conference report before us represents.

Mr. BUSH. I think the Senator is correct.

Mr. MONRONEY. I thank the distinguished Senator for yielding.

Mr. SPARKMAN. Mr. President, if the Senator will yield, I should like for the record to show—and I ask the Senator from Oklahoma to listen—that there is one program which will expire. So far as I know there is only one. That is the program for farm housing loans.

Mr. MONRONEY. After the Fourth of July the housing could still be built, if the bill comes back from conference.

Mr. SPARKMAN. Certainly.

Mr. MONRONEY. It will not be fatal to the farm housing program.

Mr. SPARKMAN. It would not be fatal. I do not contend that.

Has the Senator from Connecticut concluded?

Mr. BUSH. Yes. I yield the floor, Mr. President.

Mr. SPARKMAN. Mr. President, I shall take only 1 minute.

I do not agree with the Senator as to some of his figures. As a matter of fact, I have figures supplied by the Housing and Home Finance Agency which show that the administration proposal involves $4,890 million, and the amount of new authorizations in the conference report is $4,886 million. These figures show we are actually $4 million under the administration proposal.

Does the Senator wish to ask for the yeas and nays?

Mr. BUSH. Yes. Mr. President, I ask for the yeas and nays on the motion.

The yeas and nays were ordered.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. METCALF in the chair). Without objection, it is so ordered.

Mr. KUCHEL. Mr. President, we have a singularly strange and anomolous situation in the U.S. Senate today. The President of the United States has made recommendations to Congress in the field of housing legislation. He has made recommendations to Congress with respect to mass transportation. He has urged Congress to continue a program of college housing, and to pass legislation in a number of other areas, all of which, in the opinion of the President, should carry an authorization of future expenditures of $4,247 million, and no more.

But what a strange and paradoxical situation. It is the Republican side of the aisle which is asking the Senate to go along with the President's recommendations. From the Democratic side of the aisle members of a conference committee have reported proposed housing legislation which would abandon the President's recommendations. Our Democratic brethren turn their backs on the President. They tell us that the Congress must authorize expenditures in this field $1,600 million in excess of what their own administration has urged.

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

Mr. KUCHEL. In a moment. I wish to say to the Senator from Connecticut [Mr. BUSH] that he has performed a magnificant service to the people of the country in asking the Senate, and particularly Senators on the Democratic side, to follow the President's recommendations and not to exceed them, in this unbelievable amount, as the Democratic Members of the conference committee on housing most regrettably have done. The Senator from Connecticut has recalled for us the words of the President in his inaugural. Dark days lie ahead for free peoples. Sacrifice will be required of us. Defense expenditures will grow larger. But here, on this important piece of domestic legislation, our Democratic majority, in a cavalier fashion, adds another billion and a half dollars and more to what President Kennedy has asked. Where is the jurisdiction? Where is the sacrifice?

Mr. President, I voted for the proposed housing legislation when it was recently before the Senate. I come from a State that is keenly, indeed, vitally interested in a continuation of the great programs of housing and home financing, of college housing, of urban redevelopment, of public housing, which have been upon the statute books for years. But my State is also interested in fiscal responsibility. How can any of us now justify approving a conference report which would blithely authorize sums in excess of those recommended by the administration by more than $1.5 billion? I most respectfully urge my Democratic colleagues to go along with the recommendations of the President of the United States. The conference report before us is unwarranted and unjustified.

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

Mr. KUCHEL. I yield.

Mr. AIKEN. Like the distinguished Senator from California, I voted for the housing bill as it passed the Senate, but I did so feeling that rather than add hundreds of millions of dollars to the proposed authorizations, the conferees would cut them down at least $100 million, and yet perhaps retain some of the more valuable provisions of the bill. My position now is the same as that of the Senator from California. I believe we ought to send the report back to the conference committee, with the understanding, direct or otherwise, that we will not exceed the President's recommendations in this case. I believe the President's recommendation, and assuredly the bill as enacted by the Senate, certainly provides adequate funds for a tremendous housing program in this country over the next 2 to 6 years, depending upon what length of life would be given to each section of the bill.

Mr. KUCHEL. Those are words of wisdom which my able friend, the Senator from Vermont, has uttered. The Senator from Vermont is interested in progress. But fiscal responsibility is an indispensable component of progress, and this report before us is irresponsible.

Mr. SPARKMAN. Mr. President, will the Senator now yield to me?

Mr. KUCHEL. I yield to my able friend, the Senator from Alabama.

Mr. SPARKMAN. I do not believe the Senator from California has been in the Chamber during the course of the debate.

Mr. KUCHEL. Yes, I have been present most of the time. Some of it, I have spent in a seat at the rear of the Chamber.

Mr. SPARKMAN. I hope that the Senator from Vermont will also listen. I do not know where the figures that are being played with on the Republican side have come from. I have the figures which were furnished by the administration. The figures furnished by the administration show that the amount requested or proposed was $4,890 million. The amount of new authorizations carried in the bill is $4,886 million, or $4 million less than the request of the administration.

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

Mr. KUCHEL. I shall be glad to yield in a moment.

Apparently, it is a little difficult to chop our way out of this jungle of figures, but I think it is generally conceded that the conference committee report is considerably in excess of the recommendations of the administration. The public press repeatedly has so indicated in describing what we have before us. I must say also the debate in my judgment has been sufficient, so far as this Senator is concerned, to place credence in what my able friend from Connecticut has developed in his argument. I

now yield to my able friend from Connecticut.

Mr. BUSH. Mr. President, I would like to say first that I have explained fully this afternoon where the so-called figures came from, and I challenge the Senator from Alabama on the very point that he is making. I ask the Senator to refer to the report which he read from a moment ago, which is entitled "Housing and Home Finance Agency regarding conference report on the Housing Act of 1961." The Senator has it in his hand. I ask the Senator to turn to page 2 and read what is said under "(b)."

Mr. SPARKMAN. Yes, I have read that section of the report. I discussed it with the Senator when he was speaking. Those are transfers of housing funds already authorized.

Mr. BUSH. The amount stated is $750 million additional, which is transferred to the special assistance fund. Otherwise the amount would be returned to the Treasury of the United States. It definitely was not requested by the administration.

Mr. SPARKMAN. The amount would come back.

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

Mr. KUCHEL. I yield to my able friend from New York.

Mr. KEATING. The distinquished Senator from California [Mr. KUCHEL] has made an extremely powerful argument. It may be that we on our side are more ready to make the sacrifices that we are asked to make than those on the other side of the aisle. I for one am prepared to support the President in the request which he has made. I do not always find myself in agreement with him, but on this question I find myself in his corner, and I shall therefore support the motion.

Housing is extremely important to the State which I represent, as it is to the State of the Senator from California.

The urban renewal program, which is completely unaffected by the amendment, is vital to the State of New York. I also call attention to the fact that this motion does not mention any figures. It is to send the bill back to conference and to have it come back in the form which will not exceed the requests for authorizations made by the administration. I join in the Senator's comment that it seems rather paradoxical that the motion should come from our side of the aisle.

Mr. President, I shall support the housing bill, because it is essential. I believe that we should follow the President's recommendations. I compliment the distinguished Senator from Connecticut on the excellent presentation which he has made and the formula which he has devised to carry out the President's recommendations. I also commend the distinguished Senator from California for the extremely cogent argument which he has presented.

Mr. KUCHEL. I thank my able friend from New York. When he referred the Senate to the exact text of the language of the motion which is in front of us, his argument was clinching and telling because what we ask to do in the pending motion, no more and no less than to give a Senate directive, to the extent we can direct, our Members on the conference to go back to conference and not exceed what the President of the United States has recommended in drafting a conference report. I very much hope that in giving bipartisan support to the administration, we may now give a resounding victory to the motion before us.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Connecticut, to recommit the conference report with instructions.

Mr. LAUSCHE. Mr. President, I heard the colloquy between the Senator from Connecticut and the Senator from Alabama with respect to the figures, and I heard it said that in FNMA there are moneys available now to be turned over to the Treasury, and then by the Treasury to be used to pay off the national debt; and that $750 million of that money is now being authorized for housing. That is new money, in my opinion. It is not usable unless the bill is passed. It cannot be argued that that is not new money.

Mr. BUSH. The added point should be made that it was not requested by the administration, which asked for only $750 million. The conference report doubles it by this process.

Mr. LAUSCHE. The argument was being made that that is not new money. It will not be available unless the bill is passed. To that extent it increases the President's recommendations by $750 million. I also heard the Senator from Alabama admit that $200 million was new money for certain types of buildings.

Mr. SPARKMAN. Farm housing.

Mr. LAUSCHE. Therefore, at least $950 million is money added to the recommendation of the President.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. BUSH. Mr. President, I should like to discuss briefly the pending motion.

I have moved that the conference report on S. 1922 be recommitted to the conference committee with instructions to the Senate conferees not to exceed requests for authorizations made by the administration, as listed in the attached table which I make part of my motion, and with further instructions that the conferees carefully examine the provisions of title I with reference to mortgage terms on sales housing.

The table includes not only the requests made by the administration in connection with S. 1428, the administration housing bill, but also its requests on such matters as mass transportation and open spaces which were submitted to the conference committee.

The effect of my motion would be to instruct the Senate conferees to insist upon a savings of approximately $1.6 billion in the bill.

Mr. WILLIAMS of New Jersey. Mr. President, I ask unanimous consent that my remarks in connection with the conference report on the housing bill may be printed in the RECORD prior to the vote on the motion to recommit offered by the Senator from Connecticut.

Mr. President, I was delighted with the action of the joint conference on the housing legislation in retaining the open space program. I merely wish to urge the Senate to approve this program, which represents a meaningful beginning toward recognizing the crisis we face in uncontrolled urban sprawl.

In the last 10 years, we have put more than half as much new and unspoiled land to urban use as we did in all the previous years since this country was founded.

Under the pressure of rapidly expanding population growth, higher wages, and greater mobility, we have been pushing the urban fringe out from the central city at an unprecedented rate. And as we have laid out these seas of subdivisions, we have pushed nature's horizon farther and farther away from more and more people.

We have failed to recognize that well-planned urban growth must take our open space needs into account. We cannot just say that with our modern expressways anyone can reach the countryside in 40 or 50 minutes. In the first place, it just is not true where I come from. One can drive for hours in the New York metropolitan region and never escape the unbroken monotony of urbanization.

But that really is not the point, because our open space needs include much more than being able to picnic in the country on the weekend. What do our children do for open space during the week day? I am sure there are plenty of subdivisions that have made ample provision for the backyard barbecue pit, but have failed to provide a single area where the kids can play a game of football or baseball.

Also, it seems to me that if we can pinpoint the single greatest lack in the huge so-called gray areas that surround most of our metropolitan core areas, it is the lack of the amenities of open space. Mile after mile of dreary housing and bad zoning, with nothing like a park or open space to serve as an incentive for maintaining property values. I have no doubt that many of our present suburban subdivisions will suffer the same fate as our gray areas for the same reason.

In other words, it seems to me that it is of highest importance that we plan and provide for a sufficient amount of open space as an integral part of urban development, just as we provide for schools, roads and all the other necessary community services.

We have got to recognize that open space is no mere luxury, but a necessity as important as any other public facility.

This brings me to one of the questions that has most often been raised about this legislation—that the disappearance of open space is something of

concern only to the large metropolitan areas on the eastern seaboard.

On the contrary, in the east, from Boston to Newport News, we will be lucky if we can preserve just some of the few remaining patches of green from the bulldozer.

When you look at open space as an integral part of urban development and growth, it becomes clear that open space is of paramount importance to the smaller and rapidly growing urban areas all over the country. We are almost beyond redemption on the eastern seaboard, but there are smaller, rapidly growing urban areas in every State that still have a chance to work a program of open space preservation into the whole fabric of urban development and expansion that lies ahead.

If they do not preserve the open space now while there is still time, they will never be able to. Once the subdivisions are built, they will not be torn down to provide open space.

A look at the preliminary reports from the Bureau of Census shows the startling rate at which many of our smaller and medium urban areas are growing all across the country.

At least 83 towns with a population of over 25,000 people grew more than 100 percent in the last 10 years.

The population of Huntsville, Ala., increased 337 percent, from a town of 16,000 to one of 71,000. Irving, Tex., grew from a sleepy little town of 2,000 in 1950 to a city of 45,000 in 1960—an increase of 1,632 percent. Hampton, Va., expanded from 5,000 to 88,000—an increase of 1,389 percent.

A number of cities in Illinois also grew. I notice that Senator DIRKSEN'S home town of Pekin increased only a modest 27 percent in the last 10 years. But Skokie, Ill., grew from 14,000 to 59,000—an increase of 300 percent. And Rockdale, Ill., grew a whopping 1,866 percent. Perhaps if our distinguished colleague from Illinois had come from Skokie instead of Pekin he would display more enthusiasm for reasonable and orderly open space in urban development.

But even these percentages do not tell the whole story. Many cities added a lot of people to their population and undoubtedly plowed under a lot of open space to house them, but because the population was fairly large to begin with, the percentage of increase may not be very startling.

For example, Topeka, Kans., grew only 50 percent in the last 10 years, but it represents an increase of 40,000 people, who can cover up a lot of land with our present pattern of low-density sprawl. There are undoubtedly hundreds of urban areas experiencing the same growth as Topeka.

I want to emphasize, however, that open space is essential not only for orderly urban development and to prevent the all too familiar gray areas surrounding many of our cities.

Not only do we need it to enhance property values, improve community appearance, serve recreational needs, and afford some relief from the concrete and steel of urban living, we also need it for a variety of conservation purposes.

Each year we seem to hear more and more about the problem of floods. I doubt very much that nature is acting up any more than usual. I do strongly suspect that we are failing to preserve our flood plains as open space, thus keeping people from building where they should not have built in the first place.

An effective open space program could do much, I am sure, to reduce the expenditures we are making and will have to make to correct the problems arising from the misuse of our land around the urban areas—problems of sedimentation that arise from the reckless denuding land of its vegetation, storm drainage problems that arise from the careless bulldozing of long established natural drainage patterns, problems of water pollution that arise from the improper preservation of our stream valleys.

Finally, I would like to touch upon another value of open space—to help shape the timing, character, and direction of community development.

I have great hope for an open space program—if it is based on sound and imaginative comprehensive planning—as a tool for helping our urban and metropolitan areas achieve some alternative to endless low-density suburban sprawl.

To me it is self-evident that we cannot much longer afford the luxury of such sprawl. Los Angeles, sometimes referred to as 100 suburbs in search of a city, is finding this out the hard way. Seventy-six percent of the capital investments required by each family moving into the country go for roads, streets, and highways, leaving schools and all the other public facilities to scramble for the remaining 24 percent. And now they are finding that this enormous investment in roads and highways needed to accommodate the sprawl has merely compounded the problem of traffic congestion. So they are now preparing to embark on a program to provide rapid transit, which they once had and then abandoned.

Obviously the greater the sprawl, the greater our transportation costs, and the more difficult it becomes for private enterprise to provide modern mass transportation service without going bankrupt in the process. With everyone dependent on their automobiles in the suburbs, massive traffic jams build up with everyone converging inward to work from the outlying areas. These traffic jams, in turn, make surface mass transportation in the higher density areas just as ineffective as the automobile.

The sprawling suburban communities find themselves building four or five small schools for the same number of children that one larger school might serve in a higher density area, because there is just so far the children can walk to school these days. And the multiplication of small schools makes it that much more difficult to find enough competent teachers to support a well-rounded curriculum in each school.

The cost of homes also goes up when they must be built to serve a population spread thinly over a large area. Someone has to bear the higher costs of sewers, streets, drainage, earthwork, utilities, irrigation, and water supply—either the people of the community through taxes, or more likely the developer, who merely passes the cost along to the buyer.

So much for the curse; what is the cure?

It seems to me that in seeking to provide some alternative to urban sprawl we need to concentrate as much on how we use land as how we preserve open space.

If we merely concern ourselves with the problem of preserving open space, we will find ourselves fighting a losing battle. The tide of urbanization will inevitably engulf even the most ambitious open space program we can reasonably expect to be undertaken. Our efforts to preserve open space will be like a chapter out of Perils of Pauline, with our governments striving desperately at the last minute to save some virgin tract from the onrushing urban locomotive.

We must find some way of channeling future growth into more imaginative, less land-consuming patterns. There have been many suggestions and efforts along this line, from the revitalization of our central and inner-ring cities, to the development of cluster communities, new satellite cities, or corridor developments, as is being proposed here in Washington.

But it is equally obvious that just as the preservation of open space by itself will not give us a better pattern of urban development, neither will the development of new satellite cities or radial corridors. What will prevent the boundaries of these new cities or corridors from breaking down and spilling over unless we have, at the same time, an effective program for the preservation of the open space around them? Certainly if past history is any guide, we can ill afford to rely on the zoning ordinance, which seems to be rather susceptible to the blandishments of the buck.

From the standpoint of giving our urban and metropolitan areas the tools they need if they are to become the masters of their destiny, rather than the victims of it, I would say that the enactment of an open space program along the lines of the legislation I have introduced is an urgent priority.

I am glad to say that President Kennedy also called this an urgent matter when he stated:

> Land is the most precious resource of the metropolitan area. The present patterns of haphazard suburban development are contributing to a tragic waste in the use of a vital resource now being consumed at an alarming rate.

Mr. President, a great number of newspapers all over the country have commented on the open-space problem. I ask that some of their comments, together with an article by William White appearing in the Newark Commerce, be printed in the RECORD at this point.

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

[From the Washington Star, June 27, 1961]

VICTORY IN THE HOUSE

Apart from the notable legislative victory which it represents for the Kennedy administration, there are two major aspects of the housing bill as approved by the House which bear remembering.

On the one hand, there is much in the huge $4.9 billion bill which is not new.

Much of the money, including the $2 billion for urban renewal and the $1.2 billion for college housing, is for programs which already are well established. And instead of dealing with authorizations for these programs on an annual basis, as has been the practice in recent years, the omnibus bill covers the needs of several years at a single bite. But the House-passed bill also drastically broadens Federal aid in numerous categories of housing and plows virgin territory with still other provisions which are untested and frankly experimental in nature.

Of these, the most controversial are the long-term, low-downpayment mortgage proposals to provide private sales and rental housing for low-inome families. We believe that the 40-year mortgages, as adopted by the Senate, are unrealistic and that the House provision for maximum 35-year mortgages for sales housing is at least a slight improvement which should be adopted in conference. At best, however, this program faces an uncertain future, and it is well that its authority extends on an experimental basis for only 2 years.

Another pioneering provision of the House bill, unfortunately not widely understood, would provide $100 million in grants to help purchase open spaces in the sprawling congestion of urban areas. Spread among the Nation at large, $100 million would not go far. But this is proposed to be "seed" money, designed to stimulate local areas to provide most of the cost. The Federal grants, for example, could cover no more than 30 percent of the cost of any project. In addition, metro areas would have to adopt regionwide development plans in order to qualify for Federal help. This is a worthy program, which we think should be accepted by the Senate conferees.

[From the Philadelphia Bulletin, June 21, 1961]

ORDER OUT OF HOUSING CHAOS

The many-faceted housing bill passed by the U.S. Senate continues and expands the well-established policy of Federal encouragement to homebuilding and homeownership, a corollary of which has been the rapid and indiscriminate sprawl of housing in America's suburban areas.

It therefore seems strange and unfortunate, that the Senate knocked out of its housing bill a provision which could have brought some sort of order out of this chaos and which would have helped to insure that the housing so encouraged remains attractive and worth living in.

This is the provision, formulated by Senator HARRISON WILLIAMS, of New Jersey, which would provide $100 million in grants to local and State governments on a matching basis to encourage them to acquire and plan in open space and park land.

While this is a relatively modest amount of money, its beneficial effects would be multiplied many times over. It would act as a catalyst for additional local funds, for the establishment of local programs, for the encouragement of local open space planning.

The provision, although defeated by a small margin and after little consideration in the Senate, is still included in the House version of the housing bill. If the House retains it, there is still some hope that the Senate-House conference will keep it in the final bill.

The blight the provision seeks to correct is a national problem. It is to the interest of every urban and suburban resident that the provision be saved.

[From the Camden (N.J.) Courier-Post, May 6, 1961]

OPEN SPACE BILL LOSS MAY BE GAIN

A Senate housing subcommittee has whittled down the urban open spaces bill sponsored by New Jersey's Senator WILLIAMS.

As introduced, the bill would have made $100 million a year for 5 years in Federal funds available for matching grants to local governments to purchase open space land in and around urban areas. It is a desirable measure and indeed, some legislation of the sort is necessary if we are not to have a tragic shortage of parks, playgrounds, and recreational areas in our urban areas in the early future.

The subcommittee now has decided to cut the provision for matching grants down to a total of $100 million, rather than $500 million. On the surface this would seem to be a disastrous slashing. But WILLIAMS says that while he is disappointed at the reduction, the committee decision enhances the chances of open space legislation this year.

As voted by the subcommittee, the grants will be incorporated in the omnibus housing bill of 1961, which is reasonably certain of passage. WILLIAMS had anticipated that his separate bill would have required a year of debate and discussion before action was taken.

But with its incorporation in the omnibus measure, and with the widespread and favorable response it has received, he believes that his ultimate objectives will be hastened, not set back, by the subcommittee action. We hope he is right.

[From the Bergen (N.J.) Evening Record, Apr. 24, 1961]

A PLANNED ALTERNATIVE TO PLANNED SPRAWL?

Senator WILLIAMS, Democrat, of New Jersey, was speaking to the Maryland's Governor's Conference on Recreation and Parks, but he was talking to us back home. His subject was urban sprawl—the mindless way in which we have carefully planned our affairs so that metropolitan gray areas are gobbling up farm and pasture and woodland at a rate of a million irreplaceable acres a year—but he was talking about any town's zoning ordinance. "Which," he added after a pause, "is notoriously susceptible to the blandishments of the buck."

Senator WILLIAMS, one of the legislative experts on land use, is author of an open-spaces bill authorizing the Housing and Home Finance Agency to grant up to $100 million a year to municipalities or regional agencies for acquisition of open land. The bill was endorsed by Robert C. Weaver, HHFA Administrator, last week, and guaranteed his Administration support for the bill or something much like it.

But Senator WILLIAMS wasn't talking about rich and distant Uncle. He was saying there at Annapolis that by taking thought in our development from now on we can preserve open space and have the housing too that a growing population will need. He might have been addressing an audience in Saddle River or Woodcliff Lake or Mahwah or the Northern Valley:

"Consider the proposal of Victor Gruen to cluster the development of 250 homes on 4 percent of the 516-acre Whitney estate at Old Westbury, Long Island. This would have involved no more than a series of two- or three-family 'town' houses, each with two outdoor patios. The cluster development would have retained 96 percent of the very lovely land in its natural state, and it would have reduced the land-development costs by approximately $1.6 million."

The town turned down Victor Gruen. But why wouldn't it work? Why wouldn't it work better than zoning one little house per acre or 1½ acres or 2, chewing up land, laying it bare, snatching it out of use? In our insistence on lot or acreage zoning, have we actually been planning blight and sprawl? Perhaps it is just whistling in the graveyard to say so, said Mr. WILLIAMS, but in our common concern we may yet force ourselves into the almost embarrassing position of saving money at the same time we are saving nature.

[From the Daily Home News, June 22, 1961]

HOW TO CONTROL URBAN SPRAWL

Coast to coast, more and more of the American countryside is bowing to the bulldozer every year. Granted today's population pressures, there is no way to stop the carving-up process. But possibly we can exercise some control over it.

Annually, about 1.5 million acres of open land go into "special use," mostly for urban development, highways, and airports. Land taken for urban purposes is expected to more than double the present total by the year 2000.

Some talk of the loss of natural beauty spots, wildlife refuges, watersheds, valuable woods and cropland, just plain green space to breathe in. Others, observing haphazard urban sprawl and the chewing up of 60-acre plots for single superhighway interchanges, argue that it's downright bad economics.

This is a problem for communities of all sizes. More than 80 U.S. centers in the 25,000 population class grew 100 percent in the past decade. A town in Texas which had 2,600 in 1950 now has more than 45,000 and is still surging.

In Washington one of the worriers is Senator HARRISON WILLIAMS, of New Jersey. He proposes a starting $100 million Federal grant to local areas to help them buy up wide swaths of open space in their outlying zones.

He and other proponents argue that these green wedges not only would be immensely valuable in themselves, but would serve to channel growth along sensible economic lines.

WILLIAMS' open-space proposal suffered narrow defeat in the Senate, but clings to life in the House. A slashing midnight assault by Senator EVERETT DIRKSEN ripped it out of the omnibus housing bill.

His ridiculing criticisms may have had just point. The proposal seems loosely drafted, with discretionary authority over the program vaguely defined. Though the plan would hold Federal grants to 25 to 35 percent of a project's total cost, there is no dollar ceiling and no time limit. It reads like a script for a Treasury raid.

If the measure were doctored to introduce precise controls on the use of authority and funds, it might find wider House support. For certainly no lawmaker can question the need to put some curbs on the indiscriminate spread of the tree choppers and earthmovers.

[From the New York Times, June 21, 1961]

URBAN SPRAWL AND OPEN SPACE

The haphazard suburban developments—"urban sprawl"—spreading with alarming speed around the perimeters of our cities present an issue of truly national proportions. The open land areas are rapidly giving way to the indiscriminate advance of the bulldozer and the real estate promoter. Yet open space is essential not only to the suburban areas themselves but also to the welfare of the cities they surround. Planning and controls are badly needed to assure that the developments which do take place provide the best possible environment for living and for efficiency in transportation and production.

Title VII of the Federal Housing Act, now before the House of Representatives, contains a sound program for Federal aid, both financial and technical, to local and State bodies in meeting these needs—incorporating for the most part the proposals of Senator HARRISON WILLIAMS, of New Jersey, referred to in a letter on this page. The assistance provided for in title VII would be given only to projects essential to a well-conceived area development plan. This would be an effective stimulant to State and local action which otherwise might not be taken.

While the Senate passed the housing bill by the decisive vote of 64 to 25, title VII was separately voted down—without ade-

quate consideration and by a majority of only 4. The House should keep it in the bill and, if it passes, so should the conference committee in the final draft.

[From the St. Petersburg (Fla.) Times, Mar. 26, 1961]

PARKS ARE TOO PRECIOUS TO SQUANDER

It is quite understandable that some Tarpon Springs commissioners wish to raise money for street repairs by selling part of a tract of land others want to give to the county park board for a new county park.

There are 70 acres in the waterfront tract, and the commission majority wishes to retain 40 acres for sale to developers. The park board has expressed reluctance to attempt creating a park on only 30 acres.

In our view, however, the commission majority is being pennywise. There is no more precious commodity in this highly urbanized county than suitable park lands. With every passing year they grow more scarce and more precious.

Senator HARRISON WILLIAMS, of New Jersey, recently introduced a bill to establish Federal responsibility in sharing the efforts of cities to preserve open spaces for parks and recreation. Speaking on the bill's behalf, he said:

"As far as land is concerned, this Nation has never really relied on a budget. We have used up our acres as we needed them, and we have moved on when we had to. We have been profligate and heedless with unplanned development eating up our precious open land."

The trouble with our old way of using up acres and then moving on is that we have just about played out that string. Nowhere in Florida is this as true as in Pinellas County, where we have more than three times as many persons per square mile as any other county in the State.

As badly as Tarpon Springs undoubtedly needs street repairs—as we do in St. Petersburg—nevertheless the $60,000 the commissioners think they can realize by selling off the 40 acres rather than having it made into a park would be the most costly money they ever spent.

Take a look at what has already happened to almost every foot of our gulf beachfront. With the northward trend of our population growth, in only a few years the residents of Tarpon Springs will bitterly rue the day when they chose street repairs instead of park land—if that decision stands. We hope it won't.

[From the St. Louis Globe-Democrat, June 5, 1961]

HIGH COST OF CHAOS

Senator HARRISON A. WILLIAMS, New Jersey Democrat, offered some words of wisdom the other day that every suburban area—including St. Louis County—should weigh.

Why is suburban living becoming a luxury, rather than an economy? The answer, he said, lies in the haphazard, unplanned growth that goes by the name of "urban sprawl."

Senator WILLIAMS cited Los Angeles as the horrible example. In Los Angeles, he said, 76 percent of all capital investments must go into streets and highways, leaving the schools to "compete with all the other public facility needs for the remaining 24 percent."

The sprawling suburbs make it difficult, if not impossible, to have compact school districts, and high schools big enough to offer a wide variety of courses in science, mathematics, and languages.

To pay for schools and other essential services, a community must have stores, factories, and warehouses, and "high density" dwellings, like apartments, as well as ranchhouses on 1-acre lots.

In St. Louis County this lesson is being ignored. To bring about an orderly, balanced growth, the county must have a land-use plan and stick to it.

More than 4 years ago, in February 1957, the St. Louis metropolitan survey pointed out the high cost of chaos in St. Louis County. Its preliminary report, called "Background for Action," stated:

"On a per capita basis there (is) very little difference in the cost of local government between the city of St. Louis and the county as a whole. The governmental units of each spent in the aggregate about the same amount per resident to provide public services for their citizens.

"In 1955, total expenditures, on a per capita basis, were $112 in the city and $109 in the county."

Furthermore, it added, "governmental costs in general have increased more rapidly in the county than in the city." They will continue to skyrocket unless the county makes some basic reforms, the study warned.

Yet, the county's land-use plan, prepared by one of the Nation's leading planning firms, is an orphan. No one seems to be telling St. Louis Countians that the alternative is no plan—and that no plan means more costly chaos for county dwellers.

[From the Washington Post, Feb. 11, 1961]

OPEN SPACES BILL

Senator HARRISON A. WILLIAMS, JR., of New Jersey, has come up with a bill that will have a wide appeal for urban and suburban dwellers throughout the country. He would create a $100-million fund that could be used over a period of 5 years on a matching basis to help State and local governments protect open spaces that ought to be devoted to parks or other recreational or conservation uses. It would set up a sort of "Capper-Cramton" program for the country as a whole.

The operations of the Capper-Cramton Act over a period of 30 years are responsible for saving many of the stream valleys in the Washington area from the bulldozers. Millions of dollars have been saved by purchasing land suitable for parks before it has acquired real estate values. It was a grave mistake when Congress finally cut off funds for this purpose last year, and an effort is now being made to correct that error by providing $1.2 million in the new budget to match Virginia and Maryland funds for stream-valley purchases.

Congress has a special obligation to exercise foresight in the protection of open spaces near to the Nation's Capital, but the problems of other cities are not essentially different. Urban sprawl is spreading over the countryside at an alarming rate. Unless local governments act quickly to save scenic and historic spots, recreation areas, and greenbelts to relieve the monotony of endless suburbs, many of the amenities of urban living will be lost for all time.

We are well aware of the fact that there are many demands upon the present Congress. In few instances, however, will a current outlay of funds hold greater promise of future return in terms of savings and conservation than that proposed by the Williams bill.

[From the Bergen (N.J.) Record, Feb. 15, 1961]

CAN YOU PROPOSE BETTER SOLUTIONS?

New Jersey's experience with Federal aid is far from heartening. The State pays out almost $2.50 for every $1 in Federal aid it gets back. And there is something like $7 billion of Federal aid in the 1961 budget. Senator WILLIAMS, Democrat, of New Jersey, wants to add $100 million more, for open area. Reluctant as many Jerseymen are to espouse more Federal aid for a State that has to come out on the small end, some of the points Senator WILLIAMS makes are all but unanswerable.

Consider, for instance, this excerpt from his latest "Report Home," the Senator's semimonthly newsletter:

"We are now urbanizing at the rate of more than a billion acres a year. In the last 15 years we have put almost two-thirds as much new land to urban uses as we did in all the previous years in the history of our country. We all want this growth to continue. But there is a difference between growth and sprawl. The question is whether we wish to continue with our haphazard, wasteful, and often deeply unsatisfying pattern of development or whether we wish to create something of lasting value to marshal our resources and revitalize our entire urban environment, both at the fringes and at the center."

If this is not all microscopically germane to Bergen County's growth pattern, what Senator WILLIAMS has to say next certainly is:

"Out in the sprawling suburbs, for instance, communities find themselves building five small schoolhouses to serve the same number of children that attend one larger school in the higher density centers, because there is just so far that children can travel to school. Since there is hardly a one-family house that yields sufficient tax revenue to pay the costs educating a child living in it, little wonder that homeowners are feeling the pinch on their property taxes and the communities and the States are looking to the Federal Government to share the burden."

Yet, with all this talk about open area and the scarcity and cost of land, we continue to employ conventional methods of development which methods are perhaps the most inefficient and wasteful we could design. Mr. WILLIAMS has an idea there too:

"To cite just one of the many ways in which open space can be related to urban development, the architect Victor Gruen proposed that the 516-acre Whitney estate in Old Westbury be developed as a cluster development [of the kind] which was first made famous in Radburn. If one were to build 247 houses on conventional 2-acre plots, the entire tract would be covered. Instead Gruen proposed that 96 percent of the land be kept open for golf courses, tennis courts, and wooded areas and that the same 247 dwellings be clustered in the remaining 4 percent of the land in attractive townhouse style."

Mr. Gruen is sometimes regarded as fanciful. Mr. WILLIAMS has proposed a big Federal grant. And perhaps New Jersey is not ready fully to accept either.

But if we are to avoid the sprawl that Mr. WILLIAMS mentions; if we are to keep open areas; if we are to provide education and still not have confiscatory real-property taxation, then we shall have to do a good many things we do not relish and have not done before. We shall have to update our thinking. There are hopeful signs. The proposal by Mr. WILLIAMS is one. Governor Meyner's green acres plan is another. But until people demonstrate that this, or something like it, is what they want, Government is not likely to make them take it.

[From Newark Commerce, May 1961]

NEW JERSEY'S FIGHT AGAINST URBAN SPRAWL—OR HOW TO AVOID SUBURBAN RENEWAL

(By William H. Whyte)

They call it the Garden State; but it's touch and go. As anyone from New Jersey uncomfortably knows, there are few States which have been transformed so quickly by suburban development. It was one of the most urbanized States to begin with; its gentle, open terrain offered few roadblocks to development, and great new highways removed the barrier of time between the cities and the outlying areas. The great wave of suburbanization that followed has produced

some excellent communities; it has also helped to produce a sprawling mess in which the miscellany of developments has been splattered in a pattern which is uneconomic and which looks like the devil. There are many communities left which still have a chance to save something of the open space people once took for granted, but the time is very short indeed.

The news is that New Jersey is about to take effective action; indeed, there is a very good chance that it may turn out the foremost State in the Union in this respect. If the State's $60 million green acres program goes through, not only will the State be able to acquire key open spaces before the price soars out of reason but, thanks to the grant-in-aid provisions, all of New Jersey's communities will be helped to take action while it is still possible. And many more communities elsewhere: for programs like this are highly contagious. If successful, the New Jersey Green Acres plan, along with New York's $75 million open space program and Wisconsin's $50 million program are very likely to spark a wave of similar programs all over the country.

NEW JERSEY FURNISHES LEADERSHIP

New Jersey is furnishing vital leadership on another count. Thanks to Senator HARRISON WILLIAMS, a Federal aid program for local open space acquisition program may soon be a reality. Senator WILLIAMS has proposed that the Federal Government, through the HHFA spend $100 million in grants-in-aid to States and local governments for the acquisition in land and rights in land if the communities will tie it to a comprehensive plan for their area. Thanks to the pioneering work of Senator WILLIAMS, the Federal Government—whose highway and housing programs have so long helped accentuate sprawl—may soon assume its responsibility for helping communities meet the problem.

The beauty of both these programs is that they are not theoretical; they coalesce all of the principal lessons that have been painfully learned. For a long time many different groups have been tackling the open space problem: in New Jersey, there has been the department of conservation and economic development, the watershed associations, such as Stony Brook-Millstone Watershed Association, the soil conservation districts, and a host of different civic groups. Here as elsewhere, it has been a pragmatic trial and error process; but as experiences have been pooled, a number of important lessons have been learned.

The first lesson is that zoning is not enough. Only a few years ago, most communities looked to the police power as their main weapon against sprawl, and they thought the best exercise of it to be large lot zoning. This would make the developers go somewhere else. Many of them did—and this is precisely why sprawl was vastly speeded up. Large lot zoning has its place, but applied wholesale it forces developers to leapfrog out for cheaper land—or where the zoning is easier—and way in advance of any community plan for services, open space, industrial parks, and such. Worse yet, within an area large lot zoning forces developers to squander an awful lot of land to house a given number of people and to lay down so much paving to connect it all that as far as open space is concerned there often seems to be as much asphalt as there is grass.

OPEN-SPACE PROJECTS FORESEEN

Some recent pilot projects, notably in Philadelphia, have shown that if the community encourages a developer to cluster his housing on a tract of land, there will be some real open space left over for the people to enjoy, and the cost to both the homeowner and the community will be less because of the great savings in the provision of roads and service facilities. To venture a prophecy, over the next 2 or 3 years, there will be a growing number of such developments in New Jersey and those communities which adapt their zoning regulations to encourage this kind of development are going to have a sounder economy than others, and they'll look better, too.

But the fact still remains that zoning alone can't do the job. There are other kinds, of course, like flood plain zoning and agricultural zoning, which can be highly useful in any community plan. But woe betide any community that thinks this is going to do the trick. In one State after another, the lesson has been made clear: such zoning can buy time, but it can fold up very easily when the bulldozers draw near. The zoning may have kept the land open—but only so long as it suited all of the landowners.

THE HEART OF THE ISSUE

Couldn't the police power be strengthened so that owners in a scenic area couldn't subdivide? Here we come to the heart of the issue. Is open space a benefit—or merely the absence of something harmful? In situations where it would be clearly injurious if the land were built upon, such as a flood plain, the community has every right to enjoin a property owner from building on it. In most cases, however, the public is looking to open space as a benefit; if it relies on the police power to keep the land open it is trying to make the owner provide the benefit free without the public paying a cent to compensate him. This is unfair and the courts have been saying so.

And so, somewhat reluctantly at first, community after community has been facing up to a hard truth: If the public wants the benefit of open space, it's got to be prepared to pay for it.

One reason people had resisted this truth is the feeling that the bill would be hopelessly high; no area has money enough to buy outright all the open space it would like and if it did, it would still have the problem of what to do with the land once it got it. Some of the land would be used for parks, but parks alone don't meet the problem; communities also want to preserve the natural landscape—the farms, the stream meadows—and to see it kept productive and alive.

EASEMENT PREFERABLE TO OUTRIGHT ACQUISITION

It can do so. To keep land open the public does not have to buy the whole bundle of property rights from the landowner; thanks to the ancient device of the easement, it can buy a right in the land—the right that it not be loused up. In many cases, indeed, this would be preferable to outright acquisition, even were money not a factor. Imagine, for example, a stream valley in an area on the fringe of suburbia. The community might wish to buy some land in it for a park—and let the obvious again be stated; for the core of an open space program there is no substitute for outright acquisition. But the community also wants to save the meadows bordering the stream; this is the scenic heart of the entire area and the spine of its drainage network. The community goes to the landowners and buys from each a conservation easement covering that part of their land falling within the stream area to be conserved. The title remains with the landowner, and he can continue farming it—indeed, it is this continued productive use of the land that helps make it so amenable; the only thing he has given up is the right to splatter it with billboards or chop it up into development. This provision runs with the land, and is binding on future owners.

How much would easements cost? It depends on how much market value the owner loses by virtue of the easement and this depends on time and place. In a built-up area, where the speculative pressures are intense, it is probably too late to use the device; in outlying areas, however, the cost would be far less; indeed, it often suits the self-interest of the landowner to give the community an easement. For one thing, he is afforded tax protection; on land covered by an easement, he obviously cannot be assessed on the basis of what a subdivider would pay for it, since a subdivider can't buy it. Secondly, because of the guarantee that the key part of the valley will be kept open, the abutting land should increase in value; the history of park acquisition has demonstrated that a relatively small amount of open space can increase the overall valuation of an area to a considerable extent. Progressive developers are well aware of this and instead of fighting open-space programs, some have been among the leading supporters.

They should be. The point of an open-space program is not to prevent development, but to shape it. The comprehensive plan for the area must consider where development should be as well as where it should not.

To take our stream or valley again; at the same time the community is taking measures to keep the bottom land open it might also be taking measures to encourage good development on the land higher up, and an industrial park site could be part of the complex.

An open space plan should also include private golf courses. The general public has an equity in their continued openness even though it may not physically use the course itself, and it is the community's loss, more than the members', when a golf club sells out to a developer and moves further out to the country (where some years later the process is likely to be repeated). For their part, the golf clubs have a responsibility to the public; they can't justly complain about rising assessments unless they offer the public some guarantee they're not going to sell out. And zoning is no guarantee. If the golf clubs are to continue, there must be a binding deal. One possibility: give a conservation easement to the community, for in return they will have assurance that the land will be assessed only on its open-space value.

It is the interlocking of such self-interests, or, rather, the recognition of them, that is vital to a successful push. Ten years ago, most groups were going at it alone—and being defeated in detail. Each group may have wanted the same end result, but they didn't know that so many others did, or they didn't like their reasons. Watershed people might have wanted a valley saved because it was a natural storm sewer; the farmers because it contained the best soil in the area; recreation groups because of its fine park sites; city planners because it would afford breathing space for later urban development; local landowners because they didn't want urban development at all.

The trouble, it seemed, was the other fellow. Sure the area should be saved, people would tell you, but it would take too much money and the people would never go for it.

But now, the groups have been getting together and what a surprise: the people do go for it—indeed, open space is proving to be surprisingly full of political moxie. Just in the last several years, bills have been introduced in most of the big States to enable communities to purchase land and easements for open space conservation.

The sponsors of these bills report pretty much the same experience; each thought it was the sort of thing you threw into the hopper and let it season for a couple of years. To their surprise, the bills attracted immediate support. In some States they passed unanimously and, in others, almost unanimously. The rural-urban conflict so many people had feared turned out to be a rural-urban alliance. In Maryland, for example,

an amendment was put before the voters in last fall's election to provide lower assessments for farmers so that their land would not be taxed in the development. The plurality was heavy in favor of it and in the cities as well as out in the counties.

The enabling statutes didn't provide any money but they helped create a momentum toward the next logical step: State money to do the job. When the New York $75 million bond issue for open space came before the voters last fall, the plurality was roughly 3 to 1 in favor.

For New Jersey's green acres program the omens seem excellent. Because it is broadly conceived, it can unify the interests of every segment of the population. Note that it calls for open space not only for recreation, but "for conservation of natural resources." This latter provision is crucially important; instead of restricting the program to conventional park acquisition, it dovetails many different kinds of land conservation and makes each that much easier. Soil conservation districts, for example, provide benefits for many more people in the area besides the farmers involved; by the same token, park and easement acquisition in the surrounding area can greatly help maintain the integrity of the soil conservation districts. Because of this overlapping of self-interest, the leverage power of each dollar spent for open space can be greatly magnified.

The same is true of the Federal open space provisions pioneered by Senator WILLIAMS. As with the State program, the point is not to superimpose some grandiose master plan of greenbelts; it is to assist communities in working out a comprehensive plan for development of the area. To put it another way, by investing dollars in open space now, the public can avoid having to spend many more dollars later in a vast suburban renewal program. And it will still be the Garden State.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Connecticut, to recommit the conference report, with instructions. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HICKEY (after having voted in the affirmative). 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 therefore withhold my vote.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. DODD], the Senator from Louisiana [Mr. ELLENDER], the Senator from Tennessee [Mr. GORE], and the Senator from West Virginia [Mr. RANDOLPH], are absent on official business.

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

On this vote, the Senator from Louisiana [Mr. ELLENDER] is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from Louisiana would vote "nay," and the Senator from Nebraska would vote "yea."

On this vote, the Senator from Connecticut [Mr. DODD] is paired with the Senator from Kansas [Mr. CARLSON]. If present and voting, the Senator from Connecticut would vote "nay," and the Senator from Kansas would vote "yea."

On this vote, the Senator from West Virginia [Mr. RANDOLPH] is paired with the Senator from Vermont [Mr. PROUTY]. If present and voting, the Senator from West Virginia would vote "nay," and the Senator from Vermont would vote "yea."

On this vote, the Senator from North Dakota [Mr. BURDICK] is paired with the Senator from Tennessee [Mr. GORE]. If present and voting, the Senator from North Dakota would vote "nay," and the Senator from Tennessee would vote "yea."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from Hawaii [Mr. FONG], and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] is absent on official business.

On this vote the Senator from Kansas [Mr. CARLSON] is paired with the Senator from Connecticut [Mr. DODD]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Conecticut would vote "nay."

On this vote the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from Louisiana [Mr. ELLENDER]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Louisiana would vote "nay."

On this vote, the Senator from Vermont [Mr. PROUTY] is paired with the Senator from West Virginia [Mr. RANDOLPH]. If present and voting, the Senator from Vermont would vote "yea," and the Senator from West Virginia would vote "nay."

The result was announced—yeas 42, nays 47, as follows:

[No. 87]

YEAS—42

Aiken	Dirksen	Proxmire
Allott	Dworshak	Robertson
Beall	Eastland	Russell
Bennett	Goldwater	Saltonstall
Boggs	Hickenlooper	Schoeppel
Bridges	Holland	Scott
Bush	Keating	Smathers
Butler	Kuchel	Smith, Maine
Byrd, Va.	Lausche	Stennis
Capehart	McClellan	Thurmond
Case, S. Dak.	Miller	Tower
Cooper	Monroney	Wiley
Cotton	Morton	Williams, Del.
Curtis	Mundt	Young, N. Dak.

NAYS—47

Anderson	Hayden	McNamara
Bartlett	Hill	Metcalf
Bible	Humphrey	Morse
Byrd, W. Va.	Jackson	Moss
Cannon	Javits	Muskie
Carroll	Johnston	Neuberger
Case, N.J.	Jordan	Pastore
Church	Kefauver	Pell
Clark	Kerr	Smith, Mass.
Douglas	Long, Mo.	Sparkman
Engle	Long, Hawaii	Symington
Ervin	Long, La.	Talmadge
Fulbright	Magnuson	Williams, N.J.
Gruening	Mansfield	Yarborough
Hart	McCarthy	Young, Ohio
Hartke	McGee	

NOT VOTING—11

Burdick	Ellender	Hruska
Carlson	Fong	Prouty
Chavez	Gore	Randolph
Dodd	Hickey	

So Mr. BUSH's motion to recommit with instructions was rejected.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. BRIDGES. Mr. President, on this question, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. COOPER. Mr. President, I do not wish to detain the Senate, but I would like to make a brief statement at this time. Is it in order for me to speak now, or has the first vote been cast?

The PRESIDING OFFICER. It is.

Mr. COOPER. Mr. President, I know that Senators wish to vote. But I wish to make a statement because of my convictions regarding what has happened here today.

I have supported every housing bill since I have been in the U.S. Senate, and I supported the Senate version of this bill a short time ago. I have voted for very liberal housing bills and, in fact, last year or the year before I voted to override President Eisenhower's veto. I want the people of my State to know why I shall vote against the pending housing bill.

We are living in a critical year and we do not know what will happen before it has passed—whether it will be one of war or peace. Before the year has ended, we shall be called upon to make larger expenditures for defense; and we must do more to assure the safety of our country. This year may be the most dangerous year since World War II.

The President has asked the Congress to restrain its spending and give priority to measures necessary for the safety of the Nation. But when these bills come before us—bills dealing with social improvement—our friends on the other side of the aisle turn to some of us on the Republican side and ask for 8, 10, or 12 votes because they know they are humane and social measures in which we believe; yet our friends on the Democratic side of the aisle, then proceed to add so greatly to the cost of the bills—add to the cost without reason—that it becomes impossible for us who believe in the purpose of the bills to vote for them.

Unless those on the Democratic side of the aisle who believe in these measures, as we do, refrain from adding money, far beyond the amount the President requests—unless the President can restrain the Members of his own party from piling on additional, and unnecessary, sums—which he has not asked for—you on the other side of the aisle place us on this side in an impossible position.

I will vote against this housing bill to register my protest against the continuing practice of the Members of the President's party—the practice of adding millions of dollars to almost every bill beyond the President's request, and, if I may do so, in order to say respectfully to the President of the United States, "Restrain your own party, look to the necessity of holding expenditures in line this year, to protect the security of our country," I must vote against this measure. It is irresponsible, adding a million dollars to the President's request.

Mr. JAVITS. Mr. President, will the Senator from Kentucky yield to me?

Mr. COOPER. I yield.

Mr. JAVITS. I will vote in exactly the opposite way; but I join the Senator

from Kentucky completely in the statement he has made. I will vote in exactly the opposite way because I am one of the architects of this bill, and I believe that housing is essential to the country, and, therefore, does not represent a reduction in our assets.

But I wish to join in the injunction to Senators on the other side. They cannot carry this on indefinitely; and there are measures against which I, too, will vote. Senators on the other side cannot pile expenditures on expenditures on expenditures, in the present grave situation, without regard to the exigencies we now face. So I wish to join the Senator from Kentucky in that injunction.

Mr. CARROLL. Mr. President, with the Senate's approval today of the conference report on S. 1922, the Housing Act of 1961, and with House approval expected momentarily, it is clear that this important measure will soon become law.

An editorial printed in the Denver Post June 18, 1961, sums up well the significance of this bill. The Denver Post, as I am sure the Senate knows, is a paper respected throughout the Rocky Mountain empire. As the editorial points out, while reforms of building codes and financing practices are badly needed, "such reforms may be a long time coming. Meanwhile, we feel the administration's approach regardless of our misgivings about the large total cost and some disagreement on details, is more directly to the heart of the matter. This is why we support it in principle."

Mr. President, I ask unanimous consent that this fine 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:

KENNEDY HOUSING BILL HEADS FOR HOME

Having weathered tough opposition and gained a heavily favorable vote in the Senate last week, President Kennedy's ambitious and expensive omnibus housing bill heads for the House of Representatives under circumstances which should give him cause for cheer.

Passage of the bill in something like its present form is fairly likely—although the total amount of spending (estimated at at least $6 billion over a period of several years), and the total number of public housing units, may be reduced.

Much of the spending authorized by the bill will be in the form of loans or loan supports—in other words, money that will be paid back.

Some of the supports will undoubtedly create an upward push in demand, which may merely stimulate the economy where it has been dragging, as the administration hopes, or may create new inflationary pressure, as opponents fear.

Certainly it will lead to the creation of a lot more dwellings, particularly for those Americans, estimated by Mr. Kennedy in the millions, who are presently ill housed.

And it will help to attack, in a major way, the stubborn problem of urban blight—a noteworthy objective.

The bill allocates $2.5 billion to be used for urban renewal grants for another 4 years.

Complementing this is the authorization for the construction of an additional 100,000 low-rent public housing units. Representative ALBERT RAINS, Democrat, of Alabama, the bill's floor manager in the House, predicts a battle over public housing.

Since the rental from these units goes to the repayment of the governmental loans under which they are built, and for other reasons, it is difficult to estimate in dollars just what this represents in the way of Federal subsidy. But describing this as a subsidy doesn't answer the problem as to whether a better way—short of condoning the existence of slums—is available to meet the housing needs of the lowest income groups.

Most controversial section of the omnibus bill has been the moderate-income family plan based (in the Senate-passed version) on low-downpayment, limited-interest, 40-year mortgages, which would require an authorization of $750 million.

Senator HOMER E. CAPEHART, Republican, of Indiana, a man well versed in housing matters, led the upper Chamber fight against this provision. We share CAPEHART's uneasiness about the 40-year mortgages, particularly if they are applied to comparatively cheap construction.

We applaud the bill's new provision for FHA financing, on terms up to 20 years and on loans up to $10,000 for rehabilitation of existing houses—an investment, it seems to us, in stability. Judging from housing industry's generally favorable reaction, this good provision seems likely to be retained.

An interesting objection to the Kennedy bill was contained in an open letter published a month ago in House & Home, professional magazine of the housing industry. The letter lauded the President's objectives, but argued that the program "is far too small to cure the vast needs you state."

In the place of more subsidized housing, the letter urged an attack on "roadblocks that still make it impossible for the dynamics of private enterprise to meet all our needs for better housing." These "roadblocks" included archaic building codes, high land costs and unsound financing practices.

They sound like appropriate areas for reform, but such reforms may be a long time coming. Meanwhile, we feel the administration's approach, regardless of our misgivings about the large total cost and some disagreement on details, is more directly to the heart of the matter. This is why we support it in principle.

The PRESIDING OFFICER. The question is on agreeing to the conference report. On this question, the yeas and nays have been ordered; and the clerk will call the roll.

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Connecticut will state it.

Mr. BUSH. Do I correctly understand that on this question a vote "yea" will be in favor of approving the conference report; and a vote "nay" will be in opposition to approving the conference report?

The PRESIDING OFFICER. That is correct.

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 North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. DODD], the Senator from Tennessee [Mr. GORE], and the Senator from West Virginia [Mr. RANDOLPH] are absent on official business.

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

I further announce that, if present and voting, the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. DODD], and the Senator from Tennessee [Mr. GORE] would each vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Nebraska would vote "nay."

On this vote, the Senator from West Virginia [Mr. RANDOLPH] is paired with the Senator from Vermont [Mr. PROUTY]. If present and voting, the Senator from West Virginia would vote "yea," and the Senator from Vermont would vote "nay."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from Hawaii [Mr. FONG], and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] is absent on official business.

On this vote, the Senator from Hawaii [Mr. FONG] is paired with the Senator from Kansas [Mr. CARLSON]. If present and voting, the Senator from Hawaii would vote "yea," and the Senator from Kansas would vote "nay."

On this vote, the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Nebraska would vote "nay," and the Senator from New Mexico would vote "yea."

On this vote, the Senator from Vermont [Mr. PROUTY], is paired with the Senator from West Virginia [Mr. RANDOLPH]. If present and voting, the Senator from Vermont would vote "nay," and the Senator from West Virginia would vote "yea."

The result was announced—yeas 53, nays 38, as follows:

[No. 88]

YEAS—53

Anderson	Hayden	McNamara
Bartlett	Hickey	Metcalf
Bible	Hill	Morse
Boggs	Humphrey	Moss
Byrd, W. Va.	Jackson	Muskie
Cannon	Javits	Neuberger
Carroll	Johnston	Pastore
Case, N.J.	Jordan	Pell
Church	Keating	Proxmire
Clark	Kefauver	Smith, Mass.
Douglas	Kerr	Sparkman
Ellender	Long, Mo.	Symington
Engle	Long, Hawaii	Talmadge
Ervin	Long, La.	Wiley
Fulbright	Magnuson	Williams, N.J.
Gruening	Mansfield	Yarborough
Hart	McCarthy	Young, Ohio
Hartke	McGee	

NAYS—38

Aiken	Dirksen	Robertson
Allott	Dworshak	Russell
Beall	Eastland	Saltonstall
Bennett	Goldwater	Schoeppel
Bridges	Hickenlooper	Scott
Bush	Holland	Smathers
Butler	Kuchel	Smith, Maine
Byrd, Va.	Lausche	Stennis
Capehart	McClellan	Thurmond
Case, S. Dak.	Miller	Tower
Cooper	Monroney	Williams, Del.
Cotton	Morton	Young, N. Dak.
Curtis	Mundt	

NOT VOTING—9

Burdick	Dodd	Hruska
Carlson	Fong	Prouty
Chavez	Gore	Randolph

So the report was agreed to.

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the report was agreed to.

Mr. CLARK. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

HOUSING ACT OF 1961—CORRECTION IN ENROLLMENT

Mr. SPARKMAN. Mr. President, I send to the desk a concurrent resolution, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the resolution.

The legislative clerk read the resolution (S. Con. Res. 30), as follows:

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate is authorized and directed, in the enrollment of the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, to make the following correction:

In section 605(c) of the bill strike out "is approved" and insert in lieu thereof "is not approved".

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

There being no objection, the concurrent resolution (S. Con. Res. 30) was considered and agreed to.

Mr. HART. Mr. President, I join in saluting the Senator from Alabama [Mr. SPARKMAN] for his skill and devotion in developing the housing bill and the conference report, to which the Senate has now agreed.

When we debated S. 1922 on Thursday, June 8, 1961, one minor point which I now notice has been covered in the conference report on the housing bill should be clarified.

A group of public-spirited individuals in Ann Arbor, Mich., and Superior Township, Mich., several years ago formed a nonprofit corporation known as Willow Village Apartments, Inc., to build a nonprofit housing development which would serve to house families being relocated from the old Willow Run housing. These various individuals, representing professional people from the University of Michigan and other public officials from Superior Township, were motivated by civic interest, and after several years of attempting to get their program off the ground, finally succeeded in having the project built.

However, in the period from the forming of their corporation to the time of the building of the project, interest rates and construction costs rose to the point where this development could only succeed in serving the low income families which it was intended to serve if there were long-term, low-interest-rate funds available.

It was for this reason that I sponsored with the Senator from Ohio [Mr. YOUNG] an amendment to allow the refinancing of an existing section 221 nonprofit relocation housing development under the new long-term, low-interest-rate program approved by both Houses of Congress for multifamily housing.

I merely wanted to clarify that it was our intention that a genuine nonprofit civic group such as those making up Willow Village Apartments, Inc., would be able to apply to the FHA for refinancing under our newly passed housing program.

EXTENSION OF VETERANS' GUARANTEED AND DIRECT HOME LOAN PROGRAM

Mr. SPARKMAN. Mr. President, there is lying on the desk an amendment of the House of Representatives to the amendment of the Senate to H.R. 5723.

A few days ago we passed the bill and sent it to the House. The House accepted all the Senate amendments except one, and has asked the Senate to accept the amendment of the House to the amendment of the Senate.

I have discussed the matter with the Senator from Indiana [Mr. CAPEHART] and the majority leader [Mr. MANSFIELD].

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the amendment of the Senate to agree to the amendment of the bill (H.R. 5723) to extend the veterans' guaranteed and direct home loan program and to provide additional funds for the veterans' direct loan program, which was, "on page 2 of the Senate engrossed amendment, in lines 9 and 23, strike out 'four' and insert in lieu thereof 'three.'"

Mr. SPARKMAN. Mr. President, I move that the Senate agree to the amendment of the House to the amendment of the Senate to H.R. 5723.

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

The motion was agreed to.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, while so many Members of the Senate are present, if I may have their attention, I should like to ask the distinguished majority leader what other measures will be considered today, and the likelihood of any record votes, what the schedule will be for tomorrow and whether it is contemplated that the Senate will convene a little earlier tomorrow in order to finish the calendar of bills on which there must be action before we begin the 4th of July recess.

Mr. MANSFIELD. Mr. President, in reply to the distinguished minority leader, I point out that H.R. 7677, to increase the debt limit, is the pending business. It will be followed by H.R. 6874, the NASA authorization bill. That bill, in turn, will be followed by the resolution relating to Reorganization Plan No. 4, which I hope can be reached and made the pending business before the Senate adjourns tonight.

Reorganization Plan No. 4 will be followed by the resolution relating to Reorganization Plan No. 3, which has to do with the Civil Aeronautics Board.

The Senator from South Dakota has some proposed amendments to the educational and cultural exchanges bill, which will be considered tomorrow.

If the House passes the AEC authorization bill, that bill will be considered; if not, it will go over.

After the conclusion of morning business tomorrow measures on the calendar to which there is no objection will be considered.

Insofar as the hour of meeting tomorrow is concerned, I anticipate convening early, but I should like to discuss this further with the distinguished minority leader, so that we may reach a firm agreement.

What we would like to do is to complete the business outlined at a reasonable hour tomorrow, then have the Senate adjourn until Monday, at which time there would be only a pro forma meeting for the purpose of observing the rules, and then the Senate would go over from Monday to Wednesday, and then return prepared for business. In other words, the Senate, if we can finish its business, will, in effect, go over from tomorrow afternoon or evening until the following Wednesday. That will give Senators an opportunity to catch up on their committee work and other activities.

Mr. DIRKSEN. Will there be any record votes?

Mr. MANSFIELD. I do not know that any Senator has indicated a desire for a record vote on either the debt limit extension bill or the NASA authorization bill.

Mr. DIRKSEN. Mr. President, let me say to my distinguished friend that the NASA authorization bill contains such astronomical amounts that I am fairly stricken into a stage of silence and could not think of asking for a yea-and-nay vote, because I am not sure on what I would be recorded. I understand that bill came from the committee unanimously, after thoroughgoing consideration.

Mr. MANSFIELD. Yes, indeed. The bill was reported unanimously after a thorough going over. I think the committee practically wrote a completely new bill.

Mr. DIRKSEN. Mr. President, my limited comprehension of these astronomical amounts should not be persuasive one way or the other, but under the circumstances, knowing what is involved, I am sure the bill will be generally approved by the Senate.

Mr. MANSFIELD. It looks encouraging, but——

Mr. WILEY. There will not be a record vote, then?

Mr. MANSFIELD. It looks encouraging, but——

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

Mr. MANSFIELD. I yield.

Mr. CLARK. It is my understanding that the Senator from Delaware [Mr. WILLIAMS] intends to propose an amendment to the debt limit extension bill to remove the four-and-a-quarter percent interest ceiling. If the Senator seriously presses his amendment, it will be necessary to have a yea-and-nay vote.

Mr. MANSFIELD. There will be some discussion of that question.

Mr. CASE of South Dakota rose.

Mr. MANSFIELD. I yield to the Senator from South Dakota.

Mr. CASE of South Dakota. The Senator from South Dakota wonders if it is a reasonable assumption that if there

is a yea-and-nay vote on the NASA authorization bill, that vote will not take place until the first thing tomorrow?

Mr. MANSFIELD. I think that is a reasonable assumption. We hope to finish the bill, but if a yea-and-nay vote is asked for it can be postponed until tomorrow.

DEBT LIMIT EXTENSION

The Senate resumed the consideration of the bill (H.R. 7677) to increase for a 1-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act.

ADDRESS BY SECRETARY RIBICOFF AT UNIVERSITY OF CALIFORNIA MEDICAL SCHOOL

Mr. KEFAUVER. Mr. President, Abraham Ribicoff, our Secretary of Health, Education, and Welfare, delivered a graduation address in San Francisco before the University of California Medical School on June 5, 1961.

The substance of Secretary Ribicoff's remarks is a ringing challenge not only to the physicians graduating there but also to citizens of all walks of life in our Nation.

It calls upon us to reexamine goals and objectives. I ask unanimous consent that Mr. Ribicoff's speech be printed in the RECORD at this point in my remarks.

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

ADDRESS BEFORE THE UNIVERSITY OF CALIFORNIA MEDICAL SCHOOL, SAN FRANCISCO, CALIF., MONDAY, JUNE 5, 1961, BY ABRAHAM RIBICOFF, SECRETARY OF HEALTH, EDUCATION, AND WELFARE

Here at the Golden Gate I am happy to speak with you graduates of the University of California Medical School. I ask you men and women who today take the Hippocratic oath to consider with me a simple fact:

The practice of medicine is a public trust.

Each of you, in your two decades of training thus far, has been heavily endowed by the people of your community, your State, and your country.

Your distinguished teachers here at the University of California are public employees. So were your public school teachers and, for many of you, your undergraduate instructors at a State university. In private colleges generous benefactors paid the differences between tuition and costs, for tuition seldom covers total costs.

Nor will the public interest in you end when your education is completed. Soon you will pass an examination and be granted a license to practice by the people.

Public laws will govern your practice. The hospital in which you work will be licensed by the public and may well have been built or equipped with public funds.

There has been much comment about President Kennedy's inaugural injunction: "Ask not what your country can do for you—ask what you can do for your country."

"Who me?" people ask, "What can I do? And how? After all—I'm a busy man or woman. It's all I can do to work at my job, raise my family, make a living."

The President answered that he spoke not only of deeds of sacrifice but of the spirit of sacrifice. For the truth is that the corollary of freedom is responsible citizenship; that the United States can be strong only if our free society is strong and our free society can be strong only if those who enjoy its freedom are willing to act for the common good as well as their own personal ends.

The country is the people—the people who have helped you graduates of today to cure in sickness, restore in disability, protect in health.

Your success in fulfilling these great expectations will determine your value as a human being. It will also measure your worth as physicians.

Medicine, since its earliest beginnings, has carried high the banner of public service. Hippocrates wrote, in his Precepts: "Where there is love of man, there is also love of the art."

There can be no purer statement of professional dedication to humanity.

It is interesting that Hippocrates always refers to medicine as the art or my art. The word appears five times in the oath itself. Now we class medicine more as a science than an art.

Art or science, is there not still room in medicine for a full measure of humanitarianism?

For you, as medical graduates, the degree to which medicine and humanity are linked is personal and immediate. How vigorously will you strive to put your carefully built scientific capability to the service of those who need it? How swiftly and equitably will you deliver these services to the society of the 1960's, 1970's, and 1980's? In short, how faithfully will you discharge your public trust?

These are the root questions. The rest is technique and technology—indispensable but derivative.

And these are the questions which the citizens of this land are asking you today.

For as we seek to build—as we acknowledge that we must seek new ways and find new means—all segments of American society are responding. Each is examining its role and its potential; foremost among these is the profession of medicine.

"America is West," said the poet, "and the wind blowing."

Yes, America is West. She is leader of the Western World, defender of a dream in which we all believe, spokesman for liberty and equality.

But how does the wind blow for America? How does it blow for you men and women as you emerge from the swift currents of your medical curriculum and pause for a moment before you plunge into the more advanced stages of professional training? How does it blow for us as we look at the facts of contemporary life that will shape your professional careers?

In a few years, you will come into your own as full-fledged practicing physicians. The new world that is yours to serve will be very different from the world as it is when you began your long preparation 20 years ago.

There will be more people, for one thing—a fact for which medicine can take much credit. Medicine, being a cause, must also live with the effect: greatly increased numbers of people to be served.

And that population will be very different. Its age will have changed. Two age groups—the very young and the very old—are growing more rapidly than the rest of the population. These are precisely the age groups which consume the largest share of medical attention.

More than this: the very texture of our society will be different. Our cities are growing. By 1970, almost three-quarters of us will be living in sprawling complexes of city and suburb. The supercity strains the political and administrative machinery designed for bygone days of the rural majority. It poses complicated problems in terms of distribution of hospitals, patterns of public health service, and private practice of physicians.

More still: our very design of living will be changed. Three generations do not fit as gracefully into a split level or rambler as they did into the farmhouse or townhouse of yesterday. The family's economy will be different, its members better educated and more aware, among other things, of the wonders medicine offers. Their expectations will be higher, including adequate health care on the list of basic rights. They read the popular magazines—they know about research. They will no longer feel that their health is secure or lives saved because of your personal efforts alone.

Within the medical profession itself there will have been changes no less profound than those in the world around us.

Already the surgeon's knife enters where it never could before. Entire organs are removed, segments of blood vessels replaced.

Drugs have conquered once-deadly bacterial enemies, others relax the grip of hypertension and even mental disorders. Hormones ease the pain of arthritis and other chronic ailments. Vaccines shield the body against certain viruses.

Less spectacular but no less important, simple procedures have been devised to detect hidden diseases before outward signs appear, while they can still be treated and still be cured.

And the result? You have more to offer than ever physicians did before. You will have still more to offer in the future. People want your services and will want them further. But they do not always get what they need—when they need it.

Let us face the fact that often—most frequently among our older people—they do not get it because they cannot pay for it. They cannot pay for the medical services they need. Too proud to impose on their children or on others, too ashamed to seek public alms, they postpone the day of reckoning until the point of no return.

Often, too, people do not receive your services for subtler, more complicated reasons. Chiefly, these are the result of slowdowns or bottlenecks in the organization and delivery of medical services.

Hopefully and gladly we invest millions in medical research. But a research discovery in the laboratory, until it is applied, saves mice, not men. Breakthroughs in research should not be followed by breakdowns in delivery. They should be followed—as swiftly as safety allows—with cures.

No matter how we look at it, the evidence tells us plainly that we should be doing better:

"The United States, for example, has slipped to 10th place among the nations of the world in prevention of infant mortality.

"In this seventh year of the dramatically effective Salk vaccine, nearly 80 million people under 40 still have not completed the recommended course of injections.

"Every year nearly 13,000 women die of cervical cancer, a disease which can almost infallibly be detected by a simple test in its curable stages.

"Twenty thousand American lives are taken each year by rheumatic fever and rheumatic heart disease—diseases caused by a chain reaction which, I understand, can be broken at the beginning and in the middle."

The list could be multiplied indefinitely. Many are blind whose sight could have been saved. Many lie helpless whose abilities could be restored. Many sit anguished in mental institutions, who might—through treatment—be returned to their families.

We must not only bewail such defects in our health armament; we must fill them. For they are part of the challenge we consider together, today.

I say "we" deliberately. For as public servants with different skills—as physicians and public administrators—we must apply our separate skills and hearts as quickly and effectively as possible. Such is our duty in a free society.

This is our challenge.

We must examine our respective professions with fearless minds. Searching, we must test so-called "eternal truths" against the unmistakable facts of here and now. We must think critically, experiment courageously, and change constructively.

We must ask ourselves many, many questions. Some of these have to do with the dominant trend in modern medicine—specialization.

Thirty years ago, only one physician in six considered himself a specialist. Today almost half the physicians in private practice limit themselves completely to specialized practice, and many of the rest are part-time specialists. The "family doctor" is a vanishing breed.

Is this necessary or desirable? Obviously, many of the triumphs of modern medicine depend absolutely upon extreme specialization. But how far can we, or should we, go down the road toward fractionization of the patient—toward making him a heart, a head, a tooth, a set of bones? Can we somehow preserve the values of the old ways—of the personal family doctor—while incorporating the values of the new specialization?

In his delightful essay entitled "When the Doctor Is a Pill," Jacques Barzun points out that "to be alive and breathing is not quite enough. * * * We came alone into this world and expect to leave it the same way. When we are ill, we feel similarly alone in our misery; being sick is a highly individual affair, which makes us long for personal attention, not just 'personalized' on the surface; and this is what our system overlooks, what too many of our doctors fail to understand."

And writing of what he calls "the lost art of medicine," Barzun asks: "The patient survives, but why should he spend his worst moments in an atmosphere wholly mechanical and metallic? If he goes to the hospital, he finds it has become a factory run by engineers. The word 'care' has lost its humane meaning and acquired a statistical one which is not at all pleasant * * * he is processed like a side of beef at the Armour plant."

I have a friend who went to the hospital this February for an exploratory operation. She was frightened—she thought she might have cancer. But she was fairly sophisticated in medical matters and understood exactly what needed to be done. First of all, though she wanted a single room and was willing to pay for it, the hospital was—as usual—overcrowded, and she had to share a room with a very sick lady who moaned so long and loud that my friend couldn't rest. She protested and was transferred to another room. That evening seven—count them—seven different people, from surgeon to anesthetist came to examine her, ask her questions, and get her to sign papers.

All she wanted, she told me, was a good old-fashioned family doctor to be patient and tell her she was going to be okay.

Well, she was okay, and you've all heard stories like this. What do we do about them? How do we preserve the art of medical practice while developing the science of practice with consequent specialization? How do we support the skill of the doctor by more effective use of less skilled personnel?

Another set of questions about that most hallowed of all medical phrases—the doctor-patient relationship: What is the physician-patient relationship in 1961? What should it be?

Plainly, it isn't what is used to be. As the trend toward specialization moves on, the patient has—as we have said—become the patient of a platoon of physicians. Moreover, in our mobile urban and suburban world, each physician has a constantly changing set of patients.

"The physician's conventional image, drawn from the past, has become an anomaly in the 20th century," wrote the president of the Arizona Medical Association in Harper's last October. "In Victorian America, the doctor was an undisguised individual in an age that respected individuals. Now, in many ways, he no longer shares the common experience of his patients. His very learning has become complex and esoteric, [the doctors] are perhaps more and more alienated from the common run of people by our altered relation to them. Instead of becoming a professional elite, drawn from and cutting across every social stratum, at the services alike of banker and beggar, we have drifted into an upper-class status identification that prevents us from recognizing the wishes and needs of the great mass of our patients."

Thirty years ago almost half of all physician visits were in patient's homes. Today, 9 out of 10 are in the doctor's office. This has obvious benefits in terms of time saved and convenient facilities. But how has it affected the physician-patient relationship? Is it important that the patient be seen on his home ground, against his unique social and economic background? Why, in the Worthing experiment in England, I hear, even psychiatrists visit patients in their homes, and with worthwhile results. That would be quite a switch for our psychiatrist-physicians.

What is the relationship between the private physician and his community's health services? The big health problem of the future will be care of the chronically ill. These patients go through periods when they need to be in a hospital or in a nursing home or even at home. How can the doctor help assure the proper availability and coordination of such services?

What about the process of education through which you men and women are now passing? I am sure that your professional training has been magnificent. But are you equipped to serve as broad-gaged citizens of these United States? Do you have time—do you have the cultivated hunger—to read widely and ponder thoughtfully?

For as Howard Mumford Jones has pointed out, "Such science as we have is at the mercy of politics, decline of population, war, and the alternating beat of Yin and Yang. * * * So far as applied science creates new things, art will deal with them as it has dealt with the invention of the boat or the creation of television; it will refer them to the passion and motives of men."

I am definitely not an antiscientist—one who deplores the discoveries of science in favor of the beauties of art. Far from it. There is great beauty as well as hope in the giant revolution which has taken place in man's knowledge of himself and of the world.

But the literate scientist himself would assure you that deep compassion for man's social or economic problems is at the heart of modern scientific medical practice.

An understanding of the passion and motives of men is the magic tool of the doctor of tomorrow.

How well are you prepared for your job as a citizen of the world? Health—we all know—is a bond among all people. The cry of a sick child can be heard above the harangues of the conference table. And the light in the eyes of a man made well again or protected against future illness transcends any language barrier.

Will you join us as we develop our programs for exchange of skilled medical people between our Nation and others? Will you help us conduct short-term teaching and demonstration projects in foreign lands—information exchanges, regularly scheduled seminars, collaboration on specific disease problems?

I think you can, I think you will. For I have faith in our young people today, in you—our new physicians—and confidence in your belief in the American dream.

What's more I think you will contribute to that dream, will give us your ideas of what's lacking and what needs to be done. I know from my years as a Governor that new ideas do not need to come from Washington. We in the Federal Government want your ideas. We do not want to tell you what to think.

"What do you want, what do you want?" his own soul asked Ivan Ilych when he lay on his deathbed, helpless and alone.

And Tolstoi tells us that he answered promptly: "To live, and not to suffer."

To live, and not to suffer. This is our hope. This is the task for which you are equipped and trained.

Give it your best. Think of it broadly—hopefully—imaginatively. Thus will you help your Nation to prevail. And thus will you live as a whole man.

GOOD NEIGHBORS IN THIS HEMISPHERE

Mr. KEFAUVER. Mr. President, some provocative thoughts on our international relations with Central and South American nations have been set forth in the Communications Workers News by Joseph A. Beirne, CWA's president.

I believe Mr. Beirne's observations, in these times when we are all struggling with tremendous problems concerning our good neighbors in this hemisphere, are presented with sincerity and considerable thoughtfulness.

I ask unanimous consent that Mr. Beirne's statement be printed in the RECORD at this point in my remarks.

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

CWA PRESIDENT TAKES NEW LOOK AT LATIN AMERICA

(By J. A. Beirne)

Many Americans these days, as people—and as "Government"—are concerning themselves increasingly with the problems, the hopes, and the attitudes of our neighbors to the south.

The hour has arrived when we must pay closer heed to the legitimate aspirations of the people who make up the countries of Central and South America.

More than anything else, perhaps, the events in Cuba have awakened us to the changing attitudes of our Latin neighbors, this dynamic thrust toward a changed world, and their mounting unrest.

We cannot overlook the recent troubles in Venezuela any more than we can countenance the dictatorship of a Trujillo in the Dominican Republic.

We must recognize—and assist—our neighbors to the south in their yearnings to improve their political and economic institutions.

This is not merely enlightened self-interest. We owe that much to these people if we are to maintain our vaunted role as leader of the free, democratic world. If we fail to carry out the promise implicit in that role then it is entirely possible—and even quite probable—that our shortsightedness will cost us dearly.

I have seen, met, and talked to many of the people who make up these countries. They are warm, friendly, and desperately in need of the kinds of assistance we can offer them. For their lives—those who work in the soil and the jungles—are stamped with an appalling poverty. Nowhere in our own Nation, even in its worst places, does anything approach the grinding sort of poverty that is the lot of these people "from the moment of their birth until their eyes are closed in the merciful release of death."

It has been said often that our globe is shrinking and so it is. The capitals of South American countries are only hours away from my office by jet. The jet age has surely come to Latin America but even more important—from our consideration—so has the idea that eternal poverty and want, need not always stunt the lives of its peoples.

And it is well that they should not be forever blighted. Quite apart from its moral aspects, the improvement of conditions in Central and South America should be of concern to every one of us.

In their reaching and striving for better living standards the people of this corner of the world will take one of two roads. Either they will embrace the ways of democracy and all that it has to offer, or they will listen to the deadly doctrines of communism and will inevitably be drawn into the Kremlin's orbit.

No thinking American wants this or would willingly permit it to happen.

There is another side to this situation. Through our example and our efforts we can lift the standard of living in some of these countries and we can create new markets for the goods we make and which we sorely need to export. It is only human for those who have long done without * * * to want the things that we take for granted.

When these people are freed from the serfdom under which they have existed for so long—when their standards are raised, we will have opened a vast new potential market for the goods we know how to produce so well.

The job ahead of us will be a big one, but big, formidable jobs have never stumped the people of the United States. It is a job that is large enough so that everyone can help through governmental and private resources.

I take a great deal of pride in the efforts already made in this direction by the labor movement of the United States—working with our sister unions in those countries where free, democratic trade unions are permitted to flourish. And I should say here—parenthetically—that just as everywhere else in the world where dictatorships of the right or of the left exist * * * so in Latin America trade unions suffer under dictatorships. Dictators know better than anyone else that free trade unions are a means of safeguarding democratic practices and are consequently a menace to the iron rule of a despot.

As Americans, we can all be proud of the concepts contained in the "partners for progress" policy detailed by President Kennedy in his inaugural address. Now it remains for us to implement those concepts.

We can and should assist in the development of the resources of these countries and in the development of sound economies, improved work opportunities and general prosperity.

We can aid in the development of educational institutions at every level from primary school to college. Indeed, this is one of the aims of the Peace Corps now coming into being.

We can assist in the tremendous task of bringing adequate housing and medical care to these countries.

It should be one of our objectives to encourage the development of labor organizations in these countries to improve labor-management relations, to create a medium through which workers may obtain better wages and conditions and thus improve their power as consumers.

Latin Americans are proud people. They insist—and rightly—that self-help will go far to end their national problems. But they cannot advance too far without outside assistance. Their countries cannot raise sufficient capital for the needed rate of economic development. Neither can they by themselves overcome the age-old problems of poverty, ill health, illiteracy and generally low levels of industrial and agricultural skills.

Private capital, especially from the United States, has played a big role in the advances already made. But in too many instances, it has brought about the deserved charge of American colonialism in Latin America.

All of us—Government, business, and private citizens—must move now to improve our relations with Latin America. The stake is high but the goal could well be our future peace and security.

B–58 IN NATO HANDS WOULD HELP PREVENT WAR

Mr. YARBOROUGH. Mr. President, one of the great and growing concerns of worldwide tension today is that the nations of the world might be accidentally plunged into an atomic holocaust.

In answering a missile alert, one moment of decision may well decide whether millions are killed and large areas of the earth burned and made uninhabitable. In 1 minute, just 60 seconds, someone may be required to make a decision to fire a rain of missiles in a war in which all mankind will lose.

That single minute of history, should it every occur, will unquestionably be the most fateful 60 seconds of all time.

Recently I urged the Congress to help lengthen that fateful minute of decision so that we could aid in removing doubt about an atomic attack. I suggested that a sound, but effective, means of helping safeguard against accidental atomic war would be to equip members of the North Atlantic Treaty Organization with a strike force of supersonic B–58 bombers.

The vitally important factor to consider is not only that these supersonic B–58's have the range and speed to deposit atomic warheads on enemy targets, but that manned bombers can be recalled in case of false alarm. Once missiles are fired, there is no stopping them. I firmly believe that we owe it to all mankind not only to build the most powerful weapons possible to protect freedom, but also to choose weapons that will hold the greatest chance for avoidance of nuclear destruction up to the last minute of hope.

In a recent editorial, the Fort Worth Star-Telegram explained:

> Missile bases in Western Europe are less than 15 minutes rocket time from Russian launching pads behind the Iron Curtain. Warning of a Red missile attack might come less than 10 minutes before the first warheads began to drop. The counterattack would have to be signaled immediately on receipt of the first warning or NATO's capacity to retaliate would go up in mushrooms of nuclear smoke.
>
> If the warning proved to have been sounded in error, however, missiles already launched could not be stopped to avert the tragedy of an accidental atomic war.

Throughout the proud history of our Nation, we have been a people who have finished wars, not started them. We want peace, not a sword. With the deadly danger of accidental atomic war hanging over the world, it seems to me that we should strongly consider how the double-sonic-speed B–58 might give us extra minutes of decision which literally could mean the difference between life and death for millions of people.

I ask unanimous consent to have printed in the RECORD the text of an excellent editorial on the subject which appeared in the Sunday, June 25, 1961, issue of the Fort Worth (Tex.) Star Telegram entitled "New Role for B–58."

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

NEW ROLE FOR B–58

In pondering what to do with the unrequested $448 million voted by Congress for manned bombers, the Defense Department might wisely consider a recent suggestion from Senator RALPH YARBOROUGH, of Texas. He urged that the United States provide the North Atlantic Treaty Organization with a strike force of supersonic B–58 bombers.

The idea has tremendous possibilities. They stem not only from the astounding capabilities of the Fort Worth-built plane, but also from military contingencies peculiar to the NATO situation.

The B–58 has all the virtues attributed to manned bombers in general. It can maneuver intelligently to evade enemy countermeasures, seek targets and alternate targets in flight, strike and observe the results of its attack. Most important of all, it can be recalled if sent off on a false alarm.

These qualities, coupled with its double-sonic speed, which is matched by no other manned aircraft in the U.S. arsenal, should make the B–58 doubly attractive as an addition to the NATO shield.

Missile bases in Western Europe are less than 15 minutes rocket time from Russian launching pads behind the Iron Curtain. Warning of a Red missile attack might come less than 10 minutes before the first warheads began to drop. The counterattack would have to be signaled immediately on receipt of the first warning or NATO's capacity to retaliate would go up in mushrooms of nuclear smoke.

If the warning proved to have been sounded in error, however, missiles already launched could not be stopped to avert the tragedy of an accidental atomic war. B–58's could be.

Aside from these desirable qualities, the B–58 would be economical compared with other A-bomb delivery systems. For instance, 60 B–58's could be supplied NATO for the price of the 5 Polaris submarines recently offered, and each plane packs a wallop about equal to one of the 16-missile subs.

With all this in its favor, the lightning swift jet should get strong consideration for the new role Senator YARBOROUGH has recommended for it.

AUTHORIZATION FOR DR. HUGH L. DRYDEN, DEPUTY ADMINISTRATOR, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION, TO HAVE THE PRIVILEGE OF THE FLOOR

Mr. KERR. Mr. President, the distinguished majority leader has said that the NASA authorization bill be considered by the Senate after a while, in the due course of business today. The distinguished Deputy Administrator of the National Aeronautics and Space Administration, Dr. Hugh L. Dryden, has come to the Senate, to be of assistance if needed. Rather than have the Deputy Administrator sit in the reception room, I ask unanimous consent that he may be permitted to come to the Senate Chamber now, to be present when the NASA

authorization bill, H.R. 6874, is considered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oklahoma? The Chair hears none, and it is so ordered.

TASTY STEAKS FROM THE OLD GRAY MARE—THE BERLIN CRISIS

Mr. HUMPHREY. Mr. President, over the weekend there seems to have been a great deal of agitation in some quarters as to whether or not Mr. Khrushchev will believe us when we say that we are standing firm on Berlin. There seems to be some anxiety lest he doubt our determination. It is suggested that we watch for new ways and means to convince him that we are speaking the literal, exact truth when we say that we will stand firm, that, if necessary, we will fight to defend our rights and the rights of the courageous free people of Berlin.

Mr. President, I would suggest that we slow down to a walk and be less concerned about new ways to prove our steadfast determination.

Let us continue to pursue the whole range and variety of our foreign and domestic policy as before, instead of giving the impression that we are dropping or subordinating or putting on the shelf this, that, or the other item in order to concentrate on meeting Khrushchev's latest application of heat, an application which, let us remember, has been made before.

Specifically, I suggest that the best proof we can give that we are still in business and are determined to stay in business on the freedom side in the global struggle is to carry through on the pending request for authorization of funds for international economic cooperation and all the other items in the pending foreign-aid program. Particularly, it is important that we now authorize the appropriation of every penny requested for international economic cooperation in Latin America, in Africa, in southeast Asia, and wherever the have-not nations look to the have nations to help them improve their standard of living, their per capita income, and their stake in the society of which they are now a submerged part.

Above all, as the best proof we are not to be turned on and off like a water faucet by Khrushchev's pressures will be our voting for the 5-year authorization of the $7.3 billion asked for the long-range international economic development program.

Mr. President, Mr. Khrushchev's horsemeat speech in Alma-Ata, capital of the Soviet Republic of Kazakhstan, seems to be the most remarkable confession of the entire Communist agricultural program that has yet been made.

I recognize the facts reported by the New York Times that Mr. Khrushchev sought to limit his hearty endorsement of horsemeat as nourishing and tasty to the local market where, it was implied, they have had the habit of eating horsemeat in the past. But Mr. Khrushchev was on a national broadcast and he is enough of a pro to know that his enthusiastic endorsement of horsemeat would be understood as having been made to all Russians.

Coming a few weeks after the great pork shortage, and on the heels of continued failure in Chinese Communist food production, it seems to me that Mr. Khrushchev is hoping that Russians generally will piece out inadequate supplies of beef, pork, lamb, and mutton with the "tasty" steaks from the old gray mare.

We are very quick to make list of our own headaches; it seems to me that Mr. Khrushchev's list is much longer than ours.

Nearly everyone in America seems to enjoy pointing out the problems we face. I suggest that Mr. Khrushchev's list of problems is much longer than our own. The American people have no shortage of food, and the American people do not stand in line looking for food. America is not a weak Nation. It has the highest per capita income in the world.

I suggest that Mr. Khrushchev's headaches are much more than on the horsey side, much more than the question of eating horsemeat. His headaches are in Africa, where he has suffered a colossal defeat, the proportions of which make the problems of Cuba look insignificant and almost of no consequence.

Mr. Khrushchev suffers all kinds of headaches with his ally, Communist China, with insurrection in Albania, and problems in East Germany. Mr. Khrushchev is in trouble.

I suggest that Mr. Khrushchev points up his trouble when he tries to indicate to the Russian people that horsemeat is tasty, nutritious, and delicious. All I can say is that such a statement is a new kind of political doctrine which will hardly stand the test of modern analysis. I ask unanimous consent that the article on Mr. Khrushchev's new horsemanship be printed at this point in the RECORD.

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

KHRUSHCHEV SEES RUSSIAN ECONOMY NEAR U.S. LEVEL—PREDICTS WORLD LEADERSHIP IN OUTPUT DRIVE—CALLS FOR GROWING AMERICAN CORN

LONDON, June 24.—Premier Khrushchev said today that his new economy drive would make the Soviet Union the richest country in the world.

The Communist leader, quoted by Tass, the Soviet press agency, praised the economic program at a Communist Party assembly in Alma-Ata, capital of the Soviet republic of Kazakhstan.

Calling economic growth "the most formidable weapon in the hands of the Soviet Union," Mr. Khrushchev said the program would insure it "unquestionable superiority over all leading capitalist powers."

ON HEELS OF UNITED STATES OF AMERICA

"Old Russia," he said, "was among the economically underdeveloped countries, whereas the Soviet Union has now outstripped all the developed capitalist countries and is already closely approaching, is about to touch the heels of the very leader of the capitalist world, the United States of America."

"It won't be long," the Premier added quickly, "before we tell them: 'Make way, gentlemen. We are outstripping you, and never again will you catch up with us.'"

The new economic program, he said, will be "a tempestuous growth" of all branches of the economy, in which food and light industries will keep pace with the heavy industry.

"When the project of our new program is published," he said, "the date on the long-term perspectives of the economic development of the Soviet Union will provoke the admiration and enthusiasm of all our friends."

He said it would convince the world that "we are not threatening with arms the enemies of communism."

The economic program will win "millions of people in capitalist countries to the side of the ideas of communism," he added.

OFFERS HORSEMEAT

The assembly, celebrating the 40th anniversary of Soviet Kazakhstan, heard Mr. Khrushchev praise a new type of American corn that reaches maturity in 60 days. Mr. Khrushchev was told about this in conversation with Secretary of State Dean Rusk.

"Our plant breeders must also work at getting such a kind of corn," the Premier told the assembly.

Citing his Vienna meeting with President Kennedy and the West German and Berlin problem, Premier Khrushchev reiterated the Soviet stand on concluding a German peace treaty and a settlement on Berlin.

At the same time, Mr. Khrushchev served up some horsemeat for the Russian people.

"Comrades, you must look at horse breeding as a factor in the production of meat," he said. "There is no need, I think, to repeat that horsemeat is tasty and nourishing. As you see I am speaking about it like a true Kazakh.

"I was offered horsemeat yesterday and I liked it. Tasty, though a little too much fat in it. True, I may have been mistaken as I was judging the fat content by the look of it.

"Anyway let's speak in earnest: Horsemeat is a nutritious, tasty, and cheap product. There are many people in this republic and elsewhere who are used to eating this kind of meat. In fact, they like it. Let them eat it to their heart's content.

"Of course, this is a question of one's personal taste. Those who do not like it will not eat it.

"But as there are people who delight in eating horsemeat I must call on you to increase its production.

"I am saying this also because there are many herdsmen in this hall. I do not want them to think that old Khrushchev has changed his opinion about horsemeat and omitted the subject in his speech."

DUAL-RATE CONTRACT AGREEMENTS—MOTION TO RECONSIDER

Mr. MAGNUSON. Mr. President, I wish to present a matter of some urgency. Yesterday the Senate passed S. 2154, a bill to amend Public Law 85–626, as amended by Public Law 86–542, relating to dual-rate contract agreements. I entered a motion to reconsider the votes by which the bill was ordered to be engrossed for a third reading, read the third time, and passed. I had previously discussed, before the passage of the bill, some suggested remarks and an amendment which the two Senators from Alaska wished to submit. While I was absent from the Chamber consulting with the Interstate Commerce Commissioners, the bill was passed. I felt dutybound to move to reconsider to allow the Senators from Alaska [Mr. BARTLETT and Mr. GRUENING] to present their amendment to the bill.

The bill involves the extension of dual-rate contract agreements, which expire on Friday. It must go to the House and be acted upon by the House on Friday, pending the passage of permanent legislation which is now before the Senate Committee on Commerce.

I ask unanimous consent that the Senate proceed to the consideration of the motion to reconsider the votes on the passage of S. 2154, relating to dual rate contract agreements.

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

The CHIEF CLERK. A bill (S. 2154) to amend Public Law 85–626, as amended by Public Law 86–542, relating to dual rate contract agreements.

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

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

The PRESIDING OFFICER. The question is on the motion of the Senator from Washington [Mr. MAGNUSON] to reconsider the votes by which Senate bill 2154 was ordered to be engrossed for a third reading, read the third time, and passed.

The motion was agreed to; and the Senate proceeded to reconsider the bill.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. GRUENING. Mr. President, on behalf of my colleague [Mr. BARTLETT] and myself, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Alaska on behalf of his colleague and himself will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to add the following new section:

SEC. 2. Section 16 (first) of the Shipping Act, 1916 (39 Stat. 734), 46 U.S.C. 815, is hereby amended by adding at the end thereof the following: "*Provided*, That within thirty days after enactment of this Act, or within thirty days after the effective date of the filing with the Board, whichever is later, of any conference freight rate, rule, or regulation, the Governor of any State, Commonwealth, or possession of the United States may file a protest with the Board upon the ground that the rate, rule, or regulation unfairly discriminates against that State, Commonwealth, or possession of the United States in which case the Board shall by order suspend the effectiveness of such rate, rule, or regulation and issue an order to the conference to show cause why the rate, rule, or regulation should not be set aside; if such suspension and order to show cause issues, the Board shall within ninety days of such issuance determine whether or not such rate, rule, or regulation is unfairly discriminatory and issue a final order either dismissing the protest or setting aside the rate, rule, or regulation."

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Alaska [Mr. GRUENING].

Mr. MAGNUSON. Mr. President, I wish to speak on the amendment. I cannot agree to it, much as I would like to. I understand the peculiar situation involved in transportation problems in Alaska. At first I thought perhaps the amendment might be taken to conference, but after consultation with Members of the House, and in view of the need for expedition of a simple extension of the dual rate contract agreements, I find that the House of Representatives would accept the simple agreement, but further hearings would be required. I am afraid that time will run out on us, because the amendment provides that the Governors may protest to the Federal Maritime Board that conference rates, rules, or regulations unfairly discriminate against their State.

The FMB must then suspend the rate, and so forth, and order the conference to show cause why it should not be set aside. Then, within 90 days, the FMB must determine whether such rate unfairly discriminates. If it does, it must be set aside; otherwise the protest must be dismissed.

Section 15 of the Shipping Act of 1916 already provides that the FMB may disapprove any conference agreement which is unjustly discriminatory or unfair as between ports. Section 17 provides that no common carrier in foreign commerce shall charge any rate which unjustly discriminates between ports. Section 17 permits the FMB to correct such unjust discrimination and to order the carrier to discontinue such unjust discrimination.

The Gruening-Bartlett amendment would shift the burden of proof to the conference. There is a great deal of merit to the proposal of the Senators from Alaska. However, it is a complex issue, and the Federal Maritime Board would have to decide within 90 days. These are major innovations in regulation of ocean freight rates, and may need public hearings.

That is why I would have to oppose the amendment. In view of the legislative situation, I believe it would seriously jeopardize the dual rate extension.

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

Mr. MAGNUSON. I yield.

Mr. BARTLETT. I express my appreciation to the senior Senator from Washington, my committee chairman, for having asked for reconsideration of the vote by which S. 2154 was passed by the Senate yesterday, so that we might present the amendment and this problem.

The amendment comes about for a very particular reason, relating to Alaska. In that connection, I applaud my colleague, the junior Senator from Alaska [Mr. GRUENING], for having proposed the amendment. I associate myself with him in offering it. It is something that ought to be considered.

It is true, as the Senator from Washington has said, that at this time the law permits the Federal Maritime Board to prevent discrimination as among ports with reference to conference shipping rates, but in one instance that we know of the Federal Maritime Board has not moved at all. Whether it has moved in other cases, I do not know. I am inclined to doubt it.

What has happened in Alaska which agitated us to the extent of causing us to bring before the Senate an amendment in connection with the extension of the dual rate law? Alaska is seeking to build up trade with the Orient. Alaska is seeking to extract its natural resources and ship some of them to the Orient, because the Orient provides a great, teeming market. Japan, particularly, where the trade is centered, is closer to Alaska than it is to any other part of the United States.

Let me cite some differences in mileage. For example, from Japan to Anchorage is 3,467 miles; from Japan to Juneau is 4,019 miles; from Japan to Seattle is 4,934 miles; from Japan to San Francisco is 6,260 miles; from Japan to Los Angeles is 5,491 miles.

Notwithstanding the fact that it is hundreds of miles, and in some cases as much as a thousand miles less in distance, from Japan to Alaska than from Japan to any other port on the Pacific coast, on April 1 the Trans-Pacific Freight Conference imposed a surcharge of 30 percent on traffic moving to and from Alaska over and above that applied to more southerly Pacific coast ports. Of course, that is rank discrimination. It prevents the proper economic development of Alaska, a situation which ought not to be permitted. On June 13, the House of Representatives passed and sent to the Senate a bill which it had been considering for about 2½ years, to provide for a permanent law in respect to the so-called dual rates. Obviously, the Senate has not had time since June 13 to hold hearings and consider the proposed legislation in the manner merited by its importance.

The Commerce Committee brought before the Senate a simple extension bill for 1 year. I am fully aware of the fact that legislation such as is proposed by the amendment is a burdensome cargo for the extension bill to carry. I should like to inquire of the senior Senator from Washington if he agrees with me that this is a problem of real importance, that discrimination does exist, and that when the Commerce Committee comes to the point of considering permanent legislation it ought to consider this question very carefully and, I hope, affirmatively.

Mr. MAGNUSON. The Senator is a very distinguished member of the committee. The Senator from California and I have been involved in the dual rate problem for quite a while. The House bill is in the Senate. It is permanent legislation, which deals with the complexities and controversies involved in this subject. We are very hopeful that we can begin hearings and to dispose of the bill at this session of Congress. I believe we agree that there should be permanent legislation in this field, since the Supreme Court decision. I, for one, would be more than glad to give active consideration to the amendment, or some provision that would meet the problem of what I believe to be discrimination practiced against Alaska. I do not know whether this is the correct way to do it, but it is a matter that the Maritime Board ought to take cognizance of.

Mr. BARTLETT. Does the Senator agree with me that we ought not to write into law permanent legislation of a type that would permit a private conference to discriminate between or among American ports? It might be Alaska and the Pacific coast one time and it might be

Washington and California the next, or Boston and Miami the next time.

Mr. MAGNUSON. That is correct. The bill seeks to give to the responsible authorities in the States in which the ports are located some voice in the decisions.

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

Mr. MAGNUSON. I yield.

Mr. ENGLE. I have studied the amendment offered by our colleagues from Alaska. I suggest that it would be better not to add the amendment to the bill now before the Senate, for two reasons:

First, the House will not accept it anyway, and adopting it would send us back to conference on this simple extension bill.

The second reason is that it involves a major provision of legislation now pending before the committee. We propose to proceed with the consideration of that bill as rapidly as possible. This type of amendment belongs in major legislation, and should not be tacked on to a little extension bill such as the one now before the Senate. We should consider it in connection with other measures affecting the same industry.

I understand the problem. The chairman has been so kind as to ask me to preside over the dual rate hearings. I assure my two colleagues from Alaska that they will be given full consideration in connection with their amendment in the subcommittee and the full committee, for the purpose of achieving the objective to which the distinguished Senator from Washington has referred; namely, finding some way to meet the problem of which the Senators from Alaska legitimately complain.

I hope, therefore, that the distinguished Senator from Alaska will not press his amendment to this particular bill, a bill which is important and needs to be moved rapidly, inasmuch as time is running out. We hope it will be possible, within the next 60 days, when we can go forward with hearings, to accord the Senators from Alaska an opportunity to be heard fully on the amendment.

Mr. BARTLETT. If we are accorded that opportunity, we will not run; we will gallop, I assure the Senator from California.

Mr. GRUENING. Mr. President, I express my appreciation to the chairman of the committee, the distinguished Senator from Washington [Mr. MAGNUSON], and to the distinguished junior Senator from California [Mr. ENGLE] for their expressions of interest and their assurance that this very grave discrimination against Alaska will receive the fullest and sympathetic attention in the consideration of permanent legislation.

I associate myself with the remarks of my colleague from Alaska [Mr. BARTLETT], who has cosponsored my amendment. Gross discrimination exists in this present setup in the matter of maritime rates. Alaska has suffered greatly throughout the years and still does in our steamship rates from his home city of Seattle. No one knows this better than the senior Senator from Washington, who has always been most cooperative in helping to try and solve our numerous problems of long antedating statehood, in the achievement of which he played a vital part. He is well aware of the special problems which affect Alaska's maritime transportation.

Alaska is practically an island, commercially speaking, and is dependent upon maritime transportation. Although the maritime carriers from the Senator's home city of Seattle have imposed the most excessive freight rates, Alaska is trying to emancipate itself and has sought trade with the Orient. That trade is developing. The Japanese are coming to Alaska and are taking our pulp and lumber, and are interested in our oil, coal, and chrome. They may be purchasers of our recently discovered natural gas which could be bottled and shipped to Japan.

Japanese ships are coming regularly to Wrangell and Sitka, and only a few weeks ago the newly established port of Anchorage greeted its first ship—a Japanese freighter. I was in Anchorage at the time and was among the group who were hospitably welcomed aboard this Japanese merchantman.

This budding trade, which will help not only the development of Alaska but also the economy of the United States, is seriously jeopardized by the arbitrary imposition of a 30-percent freight rate surcharge on shipping rates to and from Japan. This is an inexcusable and intolerable exaction, whose origin we may well attribute to those who wish to monopolize and restrict Alaska's maritime trade.

In view of the indications made by the distinguished Senator from Washington [Mr. MAGNUSON], chairman of the Commerce Committee, and the Senator from California [Mr. ENGLE], chairman of the subcommittee which will study this situation, that early hearings will be held on this proposal, I am willing to withdraw the amendment at this time and let it be brought up again for enactment as permanent legislation, provided my colleague from Alaska, cosponsor of my amendment, will agree to such a withdrawal.

Mr. BARTLETT. Mr. President, I am willing, under the circumstances explained by my colleague from Alaska [Mr. GRUENING], to join with him in the withdrawal of the amendment. I think those who make up the Trans-Pacific Freight Conference with Japan will heed what has been said here today and will make arrangements which will end discrimination against Alaskan ports.

The PRESIDING OFFICER. Does the Senator from Alaska withdraw the amendment?

Mr. BARTLETT. I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn. The question is on the engrossment and third reading of the bill.

The bill (S. 2154) 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 section 2 of the Act entitled "To amend the Shipping Act, 1916", approved August 12, 1958 (72 Stat. 574), as amended by an Act approved June 29, 1960 (74 Stat. 253), is further amended by striking out "1961" and inserting in lieu thereof "1962".

FREEDOM—ADDRESSES BY HON. ADOLFO LOPEZ MATEOS AND HON. ANTONIO CARRILLO FLORES

Mr. MANSFIELD. Mr. President, there have come to my attention, recently, statements by two leading Mexicans, two outstanding citizens of the hemisphere. One of these is a speech by the President of Mexico, the Honorable Adolfo Lopez Mateos, on the occasion of Freedom of the Press Day. The other is an article by the Honorable Antonio Carrillo Flores, the Ambassador of Mexico in Washington, which appears in the current issue of U.S. News & World Report.

These statements, each admirable in its own right, are complementary to each other. The article by Ambassador Carrillo Flores gives us an insight into the forces which in the last 50 years have brought Mexico to its present state of great internal progress in freedom and political eminence in the affairs of the Western Hemisphere. The speech by President Lopez Mateos reveals a brilliant comprehension of the role of the free press and, in a broader sense, the role of freedom itself in the flowering of human society.

Our knowledge of the currents of social thought such as is expressed in the President's speech and the article by the Ambassador, and which flow in Mexico and other nations of Latin America is unfortunately very limited. It seems to me that the two articles previously referred to provide an excellent opportunity to increase our understanding. I ask unanimous consent, therefore, that they be included at this point in the RECORD.

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

ADDRESS BY ADOLFO LOPEZ MATEOS, PRESIDENT OF MEXICO, ON JUNE 7, 1961, TO NEWSPAPERMEN AND EDITORS CELEBRATING FREEDOM OF THE PRESS DAY

Gentlemen of the press, Mexico prides itself in having freedom of expression without limitation, without subordination, and without retrogression, whereby all people have the right—and not only the right, but the exercise of this right in stating their opinions, their criticisms, their desires, and their aims.

If, in theory, freedom of expression in Mexico has no more restrictions than those imposed by our Constitution looking after the general welfare; in practice, complete freedom is enjoyed by all. That is because the limiting of it has been entrusted and left to the honor and responsibility of those who use this liberty, although not all have always known how to be worthy of this honor.

It is with great satisfaction that I join you once again on a day as this—a day that permits those who govern to talk directly and face to face with the men who shape and interpret public opinion. We are gathered together today in the wake of ever more active forces, some hidden and others visible, whose intention it is to try to confuse free and independent peoples, sowing among them undue antagonism or unfounded alarm that divide and weaken them. A growing insistence exists to employ freedom

of expression toward personal gain and toward furthering one's own ends, tendentiously presenting news or judgments of daily events. It is a time of universal uneasiness that leads to international tensions and creates echoes and repercussions in sectors of our national life, establishing divisions between us which result illogical. It is a time when persons of the most extreme and antagonistic "isms," without weighing the consequences, or deliberately acting in bad faith, cause damage to the interests of the nation and to those of its people. Acts are committed that instead of fostering unity and harmony between Mexicans try to seed division and conflict among them. We live in an age in which government and those governed are mutually aware of the imperative need of proscribing inequitable economic maladjustments and expand the benefits of social justice to which our people genuinely aspire and for which they have tirelessly fought.

Freedom of the press, in order to be exercised with responsibility, requires an alert and constant self-criticism that serves to achieve an objective and truthful presentation of information. Only in this way can impartial and intelligent judgment be formed. Only then can news be given the accurate valuation it really has, and only then by the purpose of attracting its readers toward paths of agreement and harmoniously coordinated action does it permit them each time to better serve Mexico.

We feel sure that the press will know how always to fulfill its notable mission with the deepest social significance and patriotic feeling. Considering the liberties that we enjoy have cost so much effort and blood, the least we can do to correspond is to make good use of them.

Today, as in the days past, Mexico holds foremost the firm tradition of its policy of nonintervention in attempts to divide any given people. Our policy does not vary from that forged in the purest of patriotism by Benito Juárez, who left not only to his country, but to all the world, the unsurpassed formula in defense of the only possibility of peoples living side by side: "Nothing justifies attacking another's right, for in the existence of that right lies the basis of peace."

This is Mexico's thesis, handed down and gaining strength from generation to generation. It was by this thesis that the reform and its exemplary men endowed the Mexican nation with an invulnerable moral arm that is now the foundation and synthesis of a whole people—our people, the Mexico we know today.

We are also sure that in the development of the social and economic program, the administration is carrying out for the assistance of the great majorities, we will be able to continue counting on the full collaboration of the nation's press.

The fulfillment of the Mexican revolution requires the collaboration of all. Its greatness, which needs no foreign examples or outside incentives, lies in the fact that it provides solutions to avoid the exploitation of man by his fellow man, or of man by the state, and permits him, at the same time, to attain livelihood and liberty.

Prejudices aroused from fruitless and inconsequential discussions, or false notions that exist on the outside and persist in preventing a disclosure of the true facts concerning Mexico's particular horizons have tried to distort this categorical truth. We are a people who live with regard to our own efforts and if the orientation that public opinion receives slants those truths, then those efforts will meet with incomprehension and distortion internally as well as externally. In order not to lose view of the truth and reality of Mexico, we will not be disturbed by these differences if we keep foremost in mind the magnificent document which should be and is of great conciliation to all good Mexicans—the constitution of 1917.

An enormous responsibility exists because of this document for not giving officious arguments to these distortions. The world is in need of exemplary nations wherein constructive action will overcome the exorbitant debating of ideologies and come to the support of communities who are dedicated, in an environment of liberty and order, to giving man a greater dignity, not to lower him—to giving him the elements and the surroundings so that this inventiveness, his creative powers, his efforts and his sacrifices achieve a human society that is free from retrogression, from ignorance and from poverty, from insecurity, and from prejudice, and that will not fall into a society of hate or sectarianism, hysteria, or discrimination.

If we look at Mexico, for whose well-being we have dedicated our efforts and our lives—if we examine her with objective eyes, in spite of problems which afflict us and in spite of unsolved deficiencies, we have to recognize that creativeness has multiplied throughout the Republic. Great masses of the population are dedicated to their work and to the materialization of their hopes. Faced with this peaceful and industrious reality, false alarms in which some would like to involve and entangle us dissolve themselves. The moral force of Mexico, the legality of its institutions, the validity of its principles are neither the work nor the expression of one administration—and less so, of only one man; rather, it is the result of its history, of its tradition, and of its experience. I have received the presidential mandate to defend all this, to defend that right of the Mexican people to carve its own destiny, to grasp with vigor and integrity its principles, to have the laws that govern us respected and apply them where they have not been in operation. We will not permit any steps backward that might wound its dignity or its patrimony, its laws or its rights, before pressures of external forces or of internal groups.

Nothing is more damaging for the welfare of the Republic and the organic peace that has cost such a great effort to consolidate than the struggle between the most extreme political philosophies. They debate between themselves in our world of today and now strive to take away from the Mexican people the political thinking that gave birth to our Constitution of 1917—a direct product of Mexico's historic experience during its independent life.

When we speak of peace we do not refer to the extinct "Porfirian" peace of yesteryear, but rather to a dynamic and constructive peace of the welfare of the majorities. To attempt against our ideological legacy would be a crime that the people and the constituted government would not tolerate. They have both the moral and the legal force to apply the law to those who forget that the supreme factor in Mexico is the strict observance of its political constitution.

Thanks to the humanistic principles of the revolution, the nation has surmounted, through the suffering and grief of her native sons, bloody periods of our history instigated by groups of extremists lacking nobleness of feeling and an authentic notion of what Mexico signifies. Therefore, my administration shall suppress excess of demagogic persons or groups of the right or the left, that outside of the constitutional framework try to disrupt the life of the nation and violate constitutional order. Mexico is above group subordination or displays of passion that attempt against public tranquility and the welfare of the majorities.

Friends of the press, there is no more adequate an occasion than that of today to remind ourselves of the orientating mission of Mexican journalism, considering the actions of external circumstances that search for sympathy within the country. Upon assuming the office of President, I expressed that truth requires the existence of a free press, but that a free press is only justifiable when it is at the service of truth.

Up to now, I have sustained confidence in that you, using the inescapable responsibility that concerns you, will hold foremost and above all else the interests of Mexico, the interests of our country and of our Nation in each editorial published, in each piece of information, headline, and printed word so that the people to which you are obligated may be loyally served. If the Government has done its part in watching over and guarding the respect for freedom of expression, nothing would justify the press not knowing how to use such a right.

You enjoy and will continue to enjoy this unrestricted liberty; however, this liberty should serve to defend the best causes of the nation as a whole. You have the duty of conveying the truth about national life without taking away its due and just dimension, nor increase it in proportion, nor distort it in any shape or form. You have the duty of guarding national values, of invigorating our traditions, of affirming our way of life, of supporting the historical sequence of our principles—distinguishing between that which is negative and that which is positive. You must be the first to reveal that which is particularly ours and what our path shall be. If the free press does not know how to reflect the authentic and true reality in which we live—the reality that surrounds us and expresses itself throughout our land in multiple encouraging signs, and that is being built on the basis of effort, of incessant work and even today with sacrifice on the part of some of our people, then you violate your essential responsibility. However transparent the truth may be, you have in your hands the mirror with which to reflect it. Mexico is in need of clean and clear concepts, the knowledge of which would serve us so that we might not only better know curselves, but that those outside of Mexico might know us exactly as we are.

We know that in order to make invulnerable those principles that regulate our national and international conduct and that form an irreplaceable part of our life, it is necessary to fight daily and courageously for them.

If from the war of independence we chose the road of liberty, and our history is a summary of the struggle for political, economic, and social freedom, then we cannot allow this road that Mexico chose to fulfill its destiny to be twisted or changed. We must never permit the use of liberty to which democracy is dedicated to be used to destroy it, nor must we ever permit that the liberty conquered by our people be used to destroy that liberty.

In the Western Hemisphere, Mexico marches in unison along with all free wills that zealously seek to convert our hemisphere into an example of harmony, of international cooperation, of respect for the sovereignty of all nations, and of the consolidation of democratic institutions that guarantee the right of man to a life of liberty, of dignity, and of social justice.

We desire, gentlemen, on this day of freedom of expression, that the truth of Mexico may always radiate from the pages of our Nation's press.

[From the U.S. News & World Report, July 3, 1961]

MEXICO AFTER 50 YEARS

(By Antonio Carrillo Flores, Ambassador of Mexico in Washington)

In its initial stage—with Francisco I. Madero—the Mexican revolution of 1910 seemed a purely political movement that was striving to put into practice the formal institutions

of representative democracy, that had been a dead issue during the long dictatorship of Porfirio Díaz (1876–1911), with the brief interreign of President Manuel González (1880–84). In reality the revolution was due to more profound causes.

The voices of warning had been sounded several times in our history. The main problem, that of the land, had already been pointed out since the epoch of the independence (1811–21) by one of our great liberators, José María Morelos. But the generation which forged the liberal reform (1855–61) had an exalted faith in the doctrinary principles of the social philosophy that dominated European thought during that time.

This explains why, as a group, they did not heed those voices of alarm, one of which, that of Ponciano Arriaga, was raised within the Constituent Congress of 1857. They believed in good faith, with the unquestioning blind faith of all the dogmatic, that happiness and prosperity would come to the people of Mexico by simply destroying some anachronistic institutions of the colonial epoch. It was enough that the Government "allowed things to be done." So it was said by Melchor Ocampo, Francisco Zarco, and Ignacio Vallarta.

The reality did not justify the optimism. It is true that the liberal institutions made possible the promotion of progress, the construction of railroads and the flourishing of an urban prosperity, an elegance of style in the city of Mexico that, at the beginning of the century, attracted the admiration of many foreigners, such as the Secretary of State Elihu Root, who visited us shortly before the revolution. But the rural areas—as another North American, Abraham Lincoln, had observed in 1861—lived in a condition closely resembling that of slavery.

The original effort of Madero failed in 1913 largely because he did not grasp in time the real situation of the country, nor the necessity of reforming completely its social and economic structure. This left him defenseless before the plot concerted to overthrow him. This rebellious group was made up of some disloyal army men, together with the national and foreign interests that sought to maintain the old order of things.

The revolution afterwards, under the guidance of Venustiano Carranza, gained impulse, transcended its initial ideas and purposes. It defeated, with relative ease, the restorationists, but terrible dissensions and struggles followed within the revolutionary groups. Still in a belligerent atmosphere, the constitution of 1917 was recorded, in which norms and social and economic guarantees figure for the first time in a political code of the Western World, side by side with that that the constitutions had traditionally contained since the one of North America in 1789. It ordered the division of the land and its delivery to the peasants along with a statute of protection for factory workers.

The new institutions were implanted in an atmosphere of precarious political stability. Until 1929, the country suffered the periodic reappearance of violence. But time had not been lost. The systematic execution of the agrarian reform was initiated. Labor unions were organized. President Obregón and his Secretary Vasconcelos undertook, in 1921, an ambitious educational effort and, in Government buildings, great mural paintings suddenly appeared.

Around 1925, under the presidency of Plutarco Elías Calles, foundation was laid for a very courageous program. It comprised at one and the same time modernization of public and private institutions bound up with the economic life of the country, regulation of exploitation of natural resources, and public works.

During two of the most fruitful years in the history of Mexico, 1925–26, the construction of highways and dams was begun, the system of rural credit was created, the Central Bank was founded, the very ancient fiscal, monetary, and credit systems were modified substantially, and the petroleum legislation set forth.

This effort was interrupted by the last political-religious conflict of our history (1926–29) and immediately thereafter by repercussions of the vast world economic depression. In 1933, during the tenure of President Abelardo L. Rodríguez, the country regained its pace, as concerns modernization of the machinery of government and economic promotion. For the first time a minimum wage was enforced. On the heels of this, during the tenure of President Lázaro Cárdenas, social reforms followed at an accelerated rhythm, especially in relation to agrarian matters and the invigoration of labor unions. This culminated in the nationalization of petroleum in March of 1938.

In December 1940, Manuel Avila Camacho took over the Presidency. With the sagacious collaboration of his Secretary of the Treasury, Eduardo Suárez, he definitely incorporated into the governmental program large-scale industrialization. Not only was this necessary to produce the major part of the goods which, due to the war, were not available from our normal sources of supply, but also because of the deep-rooted conviction held since then that only through industrialization could Mexico reap the benefits of general progress in technique and productivity, diversification of its economy, and improvement in living conditions of our people. It was also in the early forties that foreign credit, which had not been in use since 1913, was rehabilitated.

I could quote President Alemán (1946–52), President Adolfo Ruiz Cortines (1952–58), and now President López Mateos—who, while differing with regard to methods and in the emphasis on certain issues have, all of them, continued developing the country following the same goals—but it would not be possible to go into details. I will limit myself instead to the fact that the shift in emphasis has been from promoting urban industrialization in some periods to fostering rural improvements in others; from increasing the level of investments to strengthening general consumption.

The fruits of governmental action of the last 20 years have been recorded in many works. The First National City Bank of New York, in its folder which was recently circulated throughout the United States, said:

"In less than two decades, the real national income (adjusted for price changes) has nearly tripled. While the annual rate of growth has been uneven, it has averaged nearly 7 percent a year and has exceeded that of the United States by a wide margin. The output of goods and services has grown twice as fast as the Nation's population during this period. Consequently, there has been an impressive increase in real income per person and in living standards."

From a completely distinct angle, that of the theoretic and academic, Alvin Hansen, professor emeritus of Harvard University, in chapter XII of his work "Economic Issues of the Sixties," mentions only two countries by name, Mexico and Japan, as those that have been able to achieve coupling major growth with a minor degree of involuntary savings. He says:

"Neither Japan nor Mexico undertook a deliberate program of inflation. Instead they undertook a program of economic development. In the process something happened to prices. The result might not be the best, but it conceivably approached the maximum that was attainable. No one can visit Mexico without being impressed with her progress—greater diversification, development of new industries, irrigation, highways, railroads, electric generating capacity, imports of capital goods, inflow of foreign funds, net tourist earnings. The record is there to see."

It has been argued that this progress has not benefited the people, with the fact that the peso had an equivalence of 50 cents in relation to the dollar in 1910, but since 1954 it is quoted at 8 cents. They ignore the fact that the rate of exchange of a currency is simply a unit of computation. Nothing is said with regard to the strength or weakness, growth or decay, justice or injustice of an economy by the rate of exchange of its currency, just as nothing is said, for example, concerning the size of a piece of cloth because it is delineated in yards or in feet. With smaller units bigger things can be measured.

It is an evident fact that the Latin American countries which have not had a revolution of the scope of that of Mexico have neither maintained stable currencies in the last 50 years. Moreover, it is inaccurate to say that the fluctuations of our currency began with the revolution.

Precisely on the occasion of Elihu Root's visit to Mexico, the Secretary of the Treasury under Porfirio Díaz, José Ives Limantour, lamented the consequences on Mexican economy provoked by the international decrease of silver at the end of the last century and the successive loss of several crops. He said: "In a few months, the value in gold of our currency was reduced to half." And the specific epoch to which he alluded (1892–94) was perhaps that in which the old regime initiated its period of greatest splendor.

It is true that, in many cases, modifications in international value of money in Mexico, as in the rest of the Latin American countries, have been accelerated or, on the contrary, they have been avoided by the fiscal policy of their governments. Notwithstanding, the greater part of the time in the past, it was a simple reflection of events, which escaped the control of those countries: the rise and fall in international prices of the products with which resources are obtained for the promotion of its development, as a consequence of the cyclical movements or the structural changes in the economies of industrialized areas.

It would be inaccurate to affirm that the path followed by Mexico during the last 25 years toward promotion of its economic and social progress has been entirely original. But it would also be unjust to ignore that which has been peculiar and profoundly Mexican in that process.

The Mexico of today is not the work of chance or magic. She has been able to grow in an almost spectacular manner because the basis of her growth was established by those who, during the independence, the reform and during the revolution of 50 years ago, fought for the liberty and dignity of man, for moral and material redemption. Upon reaching the second postwar period in which economic progress has become a sign under which restlessness and anxieties of more than two-thirds of humanity orient themselves, Mexico already knew, from her past experiences, that social advance is precarious, if not fictitious, when it is not rooted in social justice for the majority.

If I were urged to define in a phrase the superior orientation of Mexican life in the period opened by the Revolution, I would say that it has been of a pragmatic and progressive nationalism. We are nationalists, yes, because Mexico was not discovered but rather rediscovered by the revolution in culture, in economy, and in the spiritual attitude of the people. In the economic sense, our nationalism goes back even prior to the Revolution, as is shown by the nationalization of the railroads carried out in 1908. Never have we Mexicans understood it as a means of setting us apart from the rest of the world.

We are pragmatic because our needs are so great and, at the same time, opportunities open to constructive imaginations and effort so ample that the dogmatic positions—those of the right as well as those of the left—have become sterile. Thus, for

example, Mexicans today know that a necessary alternative does not exist between making Mexico progress through private enterprise only or through public investment only. Both have broad fields to cover and both discharge a function.

We are pragmatic, in short, because—without further limit than that which is fixed by our respect and devotion for the dignity of man, the sovereignty of Mexico, our traditional reverence for human rights, our solidarity of four centuries with occidental culture—we are disposed to do whatever may be necessary to improve the standard of living of Mexicans within a framework of liberty and order.

NATIONAL EDITORIAL ASSOCIATION HONORS MONTANA WEEKLY

Mr. MANSFIELD. Mr. President, on many occasions I have referred to and inserted in the CONGRESSIONAL RECORD portions of one of Montana's finest weekly newspapers, the Hungry Horse News, published in Columbia Falls, Mont., by Mel Ruder. Mel Ruder has done it again. His weekly has received two national awards at the 76th Annual Convention of the National Editorial Association, an organization representing some 5,600 newspapers.

The Hungry Horse News was announced as a national award winning newspaper for best use of pictures among larger weekly and daily newspapers in the 50 States. The use of photographs, both news and feature, in the Hungry Horse News are the best I have ever seen. Mel's reproduction and makeup are the envy of many news editors.

In addition Mel Ruder's "Bystander" column ranked third in the best columns category. This column concerns the outdoors, which is especially important in this area blessed with some of the finest natural wonders and recreation areas in the Nation.

The Hungry Horse News has received more national awards than any other Montana newspaper. The National Editorial Association has honored the Hungry Horse News in the past but this is the first time they have received two awards in one year.

Mr. President, I am extremely pleased that this Montana weekly has been so honored; and I ask unanimous consent to have printed at the conclusion of my remarks in the CONGRESSIONAL RECORD a news story from the June 23 issue of the Hungry Horse News and the letter of congratulations of my colleague [Mr. METCALF] to Mel Ruder.

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

NEWS WINS NATIONAL AWARDS

At Salt Lake City, Thursday evening, the Hungry Horse News was announced as a national award winning newspaper for best use of pictures among larger weekly and daily newspapers in the 50 States.

The Hungry Horse News also placed as a national winner in the best columns category with a Bystander outdoor series.

These awards were announced at the 76th Annual Convention of the National Editorial Association. This largest of all newspaper organizations has 5,600 member papers including most of the Nation's weeklies and many of the nonmetropolitan dailies.

There were nearly 2,000 entries in the 1961 national Better Newspaper Contests from virtually all the 50 States.

The Hungry Horse News placed second in national competition for best use of photographs in newspapers with 3,000 and more circulation.

First was the Mount Kisco (N.Y.) Patent Trader, a weekly newspaper published in a city of 6,805 residents. Third was the Berea (Ohio) News published in a city of 16,592 residents. Honorable mentions went to the Houma (La.) News, published in a city with 22,561 residents, the Metropolis (Ill.) News (7,339), and the Pullman (Wash.) Herald (12,957). Columbia Falls has 2,132 residents.

The best column category also found weekly and daily newspapers winning. First was P. I. Colvig's "Gabble, Tattle, Prattle" in the Lake City (Iowa) Graphic with J. R. McKinley's "From This Small Corner" in the De Queen (Ark.) Bee, second, and Mel Ruder's "Bystander" in the Hungry Horse News of Columbia Falls, third.

Dailies often outclass weeklies when it comes to best single picture awards. This year the NEA awards for best use of pictures went to the Walden (N.Y.) Citizen Herald, the Los Angeles (Calif.) Herald and Express and the New York City Town and Village, while best feature picture awards went to the Duluth (Minn.) News-Tribune, Johnson City (Tenn.) Press-Chronicle, and Whitewater (Wis.) Register.

This is the first time the Hungry Horse News has won two National Editorial Association awards in a single year.

In 1958 at Detroit, the Hungry Horse News was named third among larger weeklies and dailies for best use of photographs. In 1957 at San Francisco there was a National Editorial Association second place award for picture use.

In 1951, this Flathead weekly newspaper placed first among America's weekly and dailies for picture use, and in 1949 there was a second place award for special editions—the annual Christmas pictorial.

In 1954 there were two honorable mentions, and in 1957 the picture story of the horseback trip from Waterton to Glacier down the Kishinena brought an honorable mention in the best news story bracket.

No other Montana newspaper has won more national awards than the Hungry Horse News. This newspaper is the only 1961 Montana winner in the National Editorial Association contests.

Last year, the Flathead Courier, published at Polson, won first place for best use of photographs in newspapers under 2,000 circulation.

Mel Ruder, Hungry Horse News editor, had expected to go to Salt Lake City to receive the awards, but recent events changed plans.

From across the land, the National Editorial Association contests each year recognize newspapers who achieve quality.

These hometown papers this year include such publications as the Mount Kisco (N.Y. Patent-Trader, the Hillsboro (Oreg.) Argus, Ambler (Pa.) Gazette, the Long Beach (Calif.) Press-Telegram, Camden (N.J.) Courier-Post, San Bernardino (Calif.) Sun-Telegram, Hasting (Nebr.) Daily Tribune, and San Francisco (Calif.) Examiner.

Some of the papers are better known than others. The Hungry Horse News is pleased to be in such company, and we are proud to receive 2 of the 96 awards being given this year to newspapers in 30 States.

Competition in addition to best picture use, individual pictures and columns included special issues, general excellence, service to agriculture, best editorial, best editorial page, best news story, best feature story, typography, classified advertising and promotion.

The picture award especially comes as a result of good press work by Hungry Horse News printers and a good engraver here in the Flathead in Montana Engraving Co. Nearly all Hungry Horse News photographs are taken by Mel Ruder. Marion Lacy of Lacy Studio, Whitefish, a prize winner as a commercial photographer, makes many of the Hungry Horse News enlargements.

M.R.

U.S. SENATE,
COMMITTEE ON INTERIOR
AND INSULAR AFFAIRS,
June 27, 1961.

Mr. MEL RUDER,
Editor, Hungry Horse News,
Columbia Falls, Mont.

DEAR MEL: Please add my congratulations to the pile, growing on your desk, from those who shared your pleasure when the Hungry Horse News won two National Editorial Association awards this year.

I can't say I was surprised—except at the length of time it took NEA to recognize you for best use of pictures and for the best columns. As usual at this time of year, I'm looking forward to receiving the News summer pictorial. And, as a long-time subscriber, I anticipate many more hours reading your Bystander column.

Cordially,

LEE METCALF.

MISS LINDA M. PEARSON WRITES ON "WHAT DEMOCRACY MEANS TO ME"

Mr. BRIDGES. Mr. President, I ask unanimous consent to have printed in the RECORD a very fine essay entitled "What Democracy Means to Me," written by Miss Linda M. Pearson, of East Derry, N.H., which won the annual essay contest at Pinkerton Academy in Derry.

The State of New Hampshire has a rich patriotic heritage and one in which each citizen of my State takes pride. In these troubled times, it is particularly encouraging to know that many of our young people are alert to the hazards with which our Nation presently is confronted. These young people must necessarily supply leadership in the years ahead, and it is reassuring to see the depth of understanding and quality of thought reflected by a statement such as that written by Miss Pearson. This young lady, who is the daughter of Postmaster and Mrs. Lester Pearson, of East Derry, N.H., most certainly is a credit to her family, her school and herself, and I believe that her fine essay warrants the attention of all Americans.

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

DERRY, N.H.: ANSWER TO COMMUNIST

Winner of the annual essay contest at Pinkerton Academy was Miss Linda M. Pearson, daughter of Postmaster and Mrs. Lester Pearson, of East Derry. The subject was, "What Democracy Means to Me."

"You ask me what democracy means to me, Communist, and you hope I am weak enough in my answer so I may be swayed. Let me tell you what this word means. Technically it means a form of government in which the power is vested in the people, but no dictionary can express with its few concise phrases what democracy means to me and the millions of my fellow Americans; for, many times without realizing it, we live this every day of our lives. Democracy is not only in the gathering of our wise Congressmen to make our laws, it is in the factory worker and businessman who went to the polls to choose these lawmakers. It is in

the books we read, the music we listen to, even in the food we eat. Democracy is what makes my life as an American the wonderful experience it is and I thank God for it.

"Everyone has his own credo of the meaning of democracy. I find it in many ways each day. Perhaps one of the greatest of these is in education. When I go to school, I know that the education I will receive is that which I am interested in and requested; not what some unknown and uncaring government official decided I should study. In my classes I am free to express my opinions of public and world affairs without fear of recrimination against me or my family. What can you offer me in your Communist world to replace the freedom of speech and of learning that which I wish? There is no greater privilege than freedom of the mind and in no country but this democracy of America can I practice it more extensively.

"Perhaps you would like to discuss the equality of human beings. You, who claim to have no segregation or other class distinctions. Perhaps these claims of yours are true but if they are, it takes only a brief glance at the majority of your population to convince me that your one class is miserable and has little chance for advancement except if they are fortunate enough to have claimed the interest of the party and are, therefore, assisted. Here in this democracy we are fighting a constant battle for equality of all people and we are making progress. But even without this fight those who are in our lower classes have many chances to advance if they have the ambition. There are numerous opportunities for education and it is not dependent upon the joining of a government organization. Here in America, individual effort has resulted in many self-made men.

"Now, I wish to mention perhaps the most important reason why you will never convert me to your Communist beliefs. It is the most simple yet overpowering reason of all. My belief and faith in God. Every day I find so many reasons to praise Him for all I have. Every Sunday I can go to whatever church I choose along with millions of my fellow countrymen and worship Him without fear that I will be persecuted for it. I don't have to wait for the roar of a powerful car and the crash of heavy boots on the stairs because I openly believe in God. I can go my way and feel the joy of living in my heart because I find Him in so many places. In chapel in the morning when 400 teenage voices lift to sing His praises, in church when all heads bow in prayer, in the light of the stars twinkling like a thousand diamonds on the black cloak of night, and in the faith of this Nation when it faces your threat to extinguish its light. This is the greatest of all champions of democracy.

"Yes, I am an American and I speak for democracy. Listen to my words, Communist. Listen well for my country is a strong country, and my message is a strong message. My ancestors have left their blood on the green at Lexington and the snow at Valley Forge. A million and more of my countrymen have died for freedom and left this democracy as their eternal monument. They live on in a child's delight as he gazes into the sparkling branches of a Christmas tree * * * in the hoarse voices of high school students after a victorious football game * * * and in the lump in one's throat when 'The Star-Spangled Banner' is played * * * in the achingly sweet liquid notes of a lone bird's song in the summer twilight * * * and in the silhouette of the Statue of Liberty against the New York skyline.

"They live on in the crinkling eyes of the old New England Yankee as his twangy voice tells of the blizzard of '88 * * * in the brilliant gold of hundreds of acres of wheat stretching across the flat miles of Kansas * * * in the milling of cattle in the stockyards of Chicago * * * in the precision of an assemby line in an automobile factory in Detroit * * * and in the voice of New York City as it shouts to be heard by all, even throughout the night.

"There is a voice in the soul of every human being that cries out to be free. America has answered that voice. America has offered freedom and opportunity such as no land before her has ever known. She has given it to all and with it comes a tremendous faith in this Nation that made these things theirs.

"This is my answer, Communist. Show me a country greater than our country, show me a people more energetic, creative, progressive—more generous and happier than our people, not until then will I consider your way of life. For I am an American and this is what democracy means to me."

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1922) to assist in the provision of housing for moderate- and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 30) to make a correction in the enrollment of S. 1922, the Housing Act of 1961.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills:

H.R. 4500. An act to donate to the heirs of Anthony Bourbonnais approximately thirty-six one-hundredths acre of land in Pottawatomie County, Okla.;

H.R. 4913. An act to amend the act of August 7, 1946, relating to the District of Columbia hospital center to extend the time during which appropriations may be made for the purposes of that act; and

H.R. 7712. An act making supplemental appropriations for the fiscal year ending June 30, 1961, and for other purposes.

DEBT LIMIT EXTENSION

The Senate resumed the consideration of the bill (H.R. 7677) to increase for a 1-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act.

Mr. BYRD of Virginia. Mr. President, the pending bill, H.R. 7677, raises and extends the temporary limit on the Federal debt for fiscal year 1962, beginning Saturday.

Under the bill the statutory limit on the debt subject to the ceiling will be $298 billion for the period from July 1, 1961, through June 30, 1962. When this period expires, without further legislation, the ceiling would automatically drop to the permanent statutory limitation of $285 billion.

The administration is urgently requesting its enactment by Friday night, June 30, when the present temporary limit will expire.

The bill has been passed by the House of Representatives, and the Committee on Finance, without a dissenting vote, has reported it to the Senate with a recommendation that it pass.

It is under the force of duties imposed upon the chairman of the Committee on Finance that I ask for the prompt passage of H.R. 7677.

I support the bill only because it is essential to avoid immediate and serious legal questions which could dangerously involve our national integrity.

While I support the bill because there is no responsible alternative in present circumstances, I regard it as unmistakable evidence of continuing breakdown in Federal fiscal discipline.

Without the bill, the Federal debt on Saturday of this week would be nearly $2 billion in excess of the maximum lawful amount.

In other words, unless the bill is enacted before midnight on Friday, there will be $2 billion of debt which has not been approved or authorized by Congress. That would be a serious blow to the Nation's fiscal integrity.

The bill would put the temporary debt limit for fiscal year 1962 within whispering distance of $300 billion, and the testimony is that it will be used to the limit.

The Federal deficit for the current fiscal year is now being estimated at almost $3 billion; and there will be another deficit in the coming year, estimated at more than $4 billion. We are confronted with two consecutive deficits totaling $7 billion, and I believe the total will be considerably higher. Unless something is done with respect to retrenchment, it is inevitable that it will be necessary to increase the debt limitation some time in the first part of the coming year, or certainly at about this time next year.

Existing Federal spending programs along with those currently under consideration would increase Federal spending to more than $100 billion a year within the foreseeable future.

Federal spending at this level could easily push the Federal debt over $300 billion in a relatively short period.

Some of the best authorities in the country, including William McChesney Martin, chairman of the Federal Reserve Board, and Bernard Baruch, have testified before the Finance Committee that Federal deficit spending is a principal factor in inflation.

There have been 24 Federal deficits in the past 30 years, and the American dollar is now worth less than 47 cents on the 1939 index. Under present prospects further decline would need little provocation.

Secretary of the Treasury Dillon testified on June 27 that total debt in the United States—Federal, State, and local, corporate and private—now totals more than a trillion dollars, an amount so astronomical that the human mind cannot comprehend it.

There can be no doubt that fiscal discipline in the Federal Government—in all of its branches—is breaking down at a dangerous rate, and the erosion is spreading to other sectors of endeavor.

Much of the State, local, and private debt has been stimulated by initiative

exerted through Federal programs featuring insured mortgages, guaranteed loans, and matching grants.

Contrary to the general impression, the great increases in Federal expenditures since the end of the Korean war have been in domestic-civilian programs; not defense or foreign aid.

Assuming the revised estimates of the present administration, expenditures through domestic-civilian programs in the coming year will represent a cumulative increase of nearly 100 percent over the total for fiscal year 1954, a period of 7 years.

These are some of the factors which cannot be overlooked in responsible consideration of the pending bill. I mention them now because the record on this bill should be made.

I shall discuss the subject of the breakdown in Federal fiscal discipline in more detail at a relatively early date during this session of Congress. I shall attempt to compile a statement of the recommendations made by this administration with respect to spending. I shall deal with the built-in expenditures which cannot be canceled and shall attempt to give, as best I can, some indication of the outlook for the years ahead.

For the reasons set forth at the beginning of my statement, I support the bill; but I do so very reluctantly. It makes me very sad to feel compelled, as chairman of the Committee on Finance, to bring this report to the Senate. I only wish that by retrenchment and fiscal responsibility in Federal expenditures this increase in the debt limitation could have been avoided.

Mr. BENNETT. Mr. President, will the Senator from Virginia yield?

Mr. BYRD of Virginia. I yield.

Mr. BENNETT. Mr. President, during the consideration of this bill in the Finance Committee, I was reminded of a story which I think may be appropriate to the present situation. This debt limit does not exist for the purpose of curbing the debt, because as the debt increases, we perforce increase the limit, so the debt does not touch it. In short, this is a device by which Congress has transferred to the Treasury its constitutional responsibility to control Government borrowing.

The story of which I am reminded relates to an incident in an old-fashioned barroom with a very long bar. The proprietor of the barroom at the cash register. The bartender was at the far end of the bar, and the lone customer was being served. The bartender yelled across the room, "is Tom Jones good for a glass of beer?"

The proprietor called back, "Has he had it?"

The response was, "Yes."

So the proprietor called back, "Then he must be good for it."

That is about the way we handle our debt. We accumulate it, and then ask whether we need to push the ceiling out of the way, so we can justify the debt we have already created.

Mr. DIRKSEN. Mr. President, will the Senator from Virginia yield?

Mr. BYRD of Virginia. I yield.

Mr. DIRKSEN. Mr. President, the earnest appeal made by the distinguished Senator from Virginia should sound a tocsin and a caution to every Member of the Senate.

Here we are within $2 billion of the highest debt in the history of the United States, which was $300 billion in 1945. Frankly, I have been dismayed by the casual and cavalier way in which we ram through these bills which add to the expenditures for the fiscal year 1962 and succeeding years.

Only this morning, in the Defense Education Subcommittee, we were confronted with a proposal for increased expenditures and increased commitments for the next 5 years, running up to $160 million, and then there was added the interesting phrase "and for each succeeding year." So it is proposed to make those expenditures permanent; and that is the sort of thing we are doing almost constantly.

Mr. President, in my judgment this $298 billion ceiling will not be high enough. I am of the opinion that when the request was made, the requested ceiling was kept below $300 billion for psychological and other reasons. But later a request to increase it will be made, and then our peacetime debt ceiling will be the equivalent of our wartime debt ceiling; and when people begin to "smoke that in their pipes," it should be a rather strong admonition.

Mr. President, I hope we shall continue to use the word "ceiling," because the Latin word for it is "caelum," which means "sky." So the debt limit is being pushed to the sky; and with all the "pie in the sky," we are getting there; and with all warnings people have, this is one of them.

So I concur in the observations made by the distinguished Senator from Virginia, who constantly has sounded to the Congress and to the country the warning that we are playing ducks and drakes with the resources and the credit of the country, and that there will be a reckoning, as surely as there is pie in the sky.

Mr. SALTONSTALL. Mr. President, will the Senator from Virginia yield?

Mr. BYRD of Virginia. I yield.

Mr. SALTONSTALL. The Senator from Virginia knows that 2 years ago I introduced a bill—to which he gave a very courteous hearing—in regard to reducing the debt and making it possible to apply excess funds to the debt; and the Senator from Virginia also knows that a year ago he and I together introduced a bill to itemize all the direct, indirect, and other debts of the Nation and to keep the debt on a current basis.

This evening the Senator from Virginia has said, when concluding his remarks, that he expects to compile such a list and to present it to the Senate in the near future. I hope that if there is an opportunity to do so, I shall be able again to introduce the bill to which I have referred—which I shall be very happy to do—if the Senator from Virginia feels there is merit in it.

Mr. BYRD of Virginia. It has great merit, and I hope the Senator from Massachusetts will introduce it. I shall be very glad to join him in its introduction.

Mr. SALTONSTALL. I thank the Senator from Virginia.

Mr. WILLIAMS of Delaware. Mr. President, I wish to join my associates in paying our respects to Mr. BYRD the chairman of the committee. I think it would be well for every Member of Congress and for all those in both the legislative branch and the executive branch of the Government—in particular those in the executive branch departments—to read the statement which has just been made by the Senator from Virginia.

Certainly it is time we in this country stop to ask ourselves how long we can continue to live on borrowed money as we have been doing in the past 30 years.

As has been pointed out, at the present time we have no alternative but to increase the debt ceiling. The money has already been spent.

The big question is whether the present increase will be enough. Just this afternoon by the vote of the Senate—although many of us opposed that action—the Senate authorized expenditures of $1,600 million during the next 4 years over and above the amount of the President's budget. That expenditure will definitely be reflected in increased debt or in increased taxes. We are already operating at a deficit so such expenditures cannot be handled by any method other than increased debt or increased taxes.

I think it well for us to recognize why we are confronted with the $3 billion deficit as of June 30. It is the result of increased spending.

Spend, tax, and elect seems to be the password of the New Frontier administration.

Some try to claim that the receipts of the Eisenhower budget were overestimated. But the budget submitted in January by President Eisenhower estimated the receipts at $79 billion. Yesterday, Secretary Dillon said he estimated the receipts for the current fiscal year at $78.2 billion, or a reduction of only $800 million in the budgetary receipts. On the other hand, the expenditures of the Government have been increased during the past 5 months, under the Kennedy administration, by $2.3 billion over the Eisenhower budget. The expenditures under the Eisenhower budget were estimated at $78.9 billion; but we shall have spent a minimum of $81.2 billion as the result of the accelerated spending of this administration. So a large percentage of the deficit we shall have this June 30 is directly attributable to the increased spending on the New Frontier for the past 5 months.

Likewise, the deficit is projected for next year at $4.4 billion, and it is definitely the result of the many new spending programs which have been requested by the new administration and enacted by the Congress.

There is a strong possibility that before next June 30 we shall be confronted—if we continue to authorize spending in the way we have—with a request either to raise the ceiling higher or to increase taxes.

I shall support here today—as I did in the committee—this proposal to increase the debt because I think we have no alternative. However, in supporting this

proposal I think it well for us to recognize also that this increase of $5 billion in the debt ceiling means that we are making it possible for the Secretary of the Treasury to borrow an additional $5 billion in order to pay for the operating costs of the Government—the costs of the new programs on which we are embarking.

There has been much criticism, both by the former Secretary of the Treasury and by the present Secretary of the Treasury, of the fact that the Treasury has been forced to finance so large a percentage of the debt by means of short-term securities as a result of the so-called ceiling on long-term interest rates. Under existing law, the Treasury is allowed to sell bonds running for more than 5 years at only 4¼ percent interest.

The ridiculous point is that under present law the Treasury can issue bonds which will run for 4 years, 11 months, and 29 days, at 10 percent interest; but bonds which will run for only 1 day longer than 5 years are subject to a maximum interest rate of 4¼ percent. For 30-year bonds the Treasury can pay only 4¼ percent interest, but for bonds running up to 5 years the Treasury can pay 20 percent interest and apparently no one cares. This situation is ridiculous, and it should be corrected.

The past administration recognized, and the present administration and the Secretary of the Treasury recognize, the need for the Secretary of the Treasury to have adequate authority to finance the debt.

The irony of the situation is that the law already in effect was overruled under the recent ruling of the Attorney General. On April 25, 1961, the Attorney General, Mr. Kennedy, ruled that the ceiling on interest rates does not mean anything. Under his ruling the Government can bypass that ceiling on long-term bonds and pay much higher rates than 4¼ percent by selling the bonds at a discount. Attorney General Kennedy says to sell the Government bonds at 95, 90, 80, or whatever price is necessary to attract buyers. According to the Attorney General's ruling the only requirement is that not over 4¼ percent be paid on the coupons.

In addition, the Treasury Department has made a ruling that the profit from this discount provision will be taxable at the capital gains rate, and not at the regular income tax rate. Under the recent ruling of the Attorney General the Government not only is bypassing the ceiling on interest rates but is converting that part of the interest derived from the discount provisions of the bond to be taxed at the lower capital gains rate.

The large banks and the large investors buy these long-term bonds. Therefore, this group under the Kennedy administration will now get a tax reduction that is not available to the small investors buying series E bonds.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. SALTONSTALL. In the Senator's opinion, what is the effect on the credit of the United States if the Government issues bonds at less than par value?

Mr. WILLIAMS of Delaware. I think the effect is disastrous. The Treasury is concerned over this point. Certainly the psychological effect of the United States selling its bonds at below par would be to create in the minds of investors in America and in the international banking field a great question as to the solvency of our country.

Mr. SALTONSTALL. In addition to the question of the effect on the credit of the United States of issuing its bonds at less than par, the man who buys such bonds is also handicapped, because he has to pay a capital gains tax if he holds them to maturity.

Mr. WILLIAMS of Delaware. That would not be a handicap. It would be a tax advantage. If the bonds are being sold to yield 5 percent and only 4 percent interest is paid on the coupons, then the other 1 percent will be computed by reducing the price of the bond. Then the tax on that part is being lowered by having the bondholder pay a capital gains tax on the 1 percent represented by the discount feature. This is giving an advantage to that type of bondholder that we do not extend to the holder of E-bonds.

The holder of E-bonds buys a $100 bond for $75, but the $25 is fully taxable at the regular income tax rates. He has to pay the regular income tax rate on the difference, and not a capital gains tax.

To that extent he is taxed at a higher rate than the banks who buy these discounted bonds will be.

Had the bankers written the ruling of Attorney General Kennedy it could not have been more favorable to them.

Under the recent ruling of the Attorney General, Mr. Kennedy, we are allowing a portion of the interest on long-term bonds to be taxed at the capital-gains rate, which in effect reduces the tax paid on interest.

This point was confirmed to our committee by the Secretary of the Treasury, Mr. Dillon.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. BENNETT. Has not this opportunity to sell bonds at discount been available to previous Secretaries of the Treasury?

Mr. WILLIAMS of Delaware. Yes, assuming the Attorney General had so ruled, but the previous Secretary of the Treasury said he would not use this authority even if it were available because he recognized it would be in violation of the clear intent of the law as passed by Congress. Therefore, in prior years the Secretary did not ask the Attorney General for a ruling.

I think I am correct when I say this is the only instance wherein any Attorney General has affirmatively ruled that Government bonds can be sold at a discount and thus bypass the interest rate ceiling.

This raises another question. Suppose the next Attorney General rules otherwise and holds that the Secretary cannot sell bonds at a discount to bypass this ceiling.

We would then have a situation in which bonds had already been sold, and Congress would have to take immediate action to validate those bonds; otherwise they would be no good.

This could create a chaotic condition in the bond market.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. BENNETT. There has been much talk about the prestige of the United States. Can the Senator think of anything that is more damaging to our prestige at home, as well as abroad, than the admission that the United States cannot sell its bonds except at a discount? Does not the Senator think that damage to our prestige is far more important than is the satisfaction of holding to a ceiling that was written into the law 40 years ago?

Mr. WILLIAMS of Delaware. It certainly is. This could be damaging to the prestige of the United States. It would be inviting another run on the American dollar because failure to remove this interest ceiling by legislative act would be a demonstration that Congress is not ready to face up to the real issue of financing the U.S. debt in an orderly manner.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. CURTIS. Has the opinion of the Attorney General been questioned by any other legal authority, or has it been decided in court?

Mr. WILLIAMS of Delaware. Not as yet, because no bonds have been sold under the ruling.

Mr. CURTIS. What is the date of the ruling?

Mr. WILLIAMS of Delaware. April 25, 1961.

Mr. CURTIS. It is a question that certainly ought to be looked into. When the Secretary of the Treasury sells bonds, he is, in essence, borrowing money not in his personal capacity, but in a fiduciary capacity. He is, in effect, signing a note for $100 in behalf of his principal, but getting only $95 for it.

It may be that the Attorney General's analysis and ruling are correct, and that he has the power. Perhaps it is very clear, but I certainly concur with what has been said here. It is very bad practice, and is most damaging to the prestige of the United States, to admit that when U.S. bonds are issued they are not worth face value. If they are not worth face value when they are issued, what are they worth when they are due?

Mr. WILLIAMS of Delaware. That is a very good question, and certainly no well-managed business would think of financing its future expansion with bonds sold at 70 or 75 percent of par.

It is in an effort to correct this situation that I am proposing an amendment at this time to remove the 4¼-percent interest ceiling. This would give the Secretary of the Treasury the required flexibility to continue to sell bonds at par and at the same time to place an interest rate on them which would command their sale. Money is a commodity; and if by our spending and other activities in Congress we are to force the Secretary to borrow money, we should give

him the authority to do so in a business-like manner.

I am joined in the amendment by the Senator from Illinois [Mr. DIRKSEN], the Senator from Connecticut [Mr. BUSH], and the Senator from Utah [Mr. BENNETT].

Mr. SALTONSTALL. Mr. President, will the Senator permit me to be added as a cosponsor?

Mr. WILLIAMS of Delaware. Also the Senator from Massachusetts [Mr. SALTONSTALL] and the Senator from Arizona [Mr. GOLDWATER].

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

Mr. WILLIAMS of Delaware. I yield.

Mr. SALTONSTALL. What the Senator is doing, in substance, in proposing the amendment, is saying that it is much better to have Congress act to strike out the interest rate, rather than rely on a ruling of the Attorney General that a bond sold at a discount may be a proper way of avoiding the 4¼-percent interest limit, when that ruling might be disputed in days to come.

Mr. WILLIAMS of Delaware. The Senator is correct. The important point to remember is that we are a government of laws and not of men. Congress enacted a law stating that the bonds should not be sold at an interest rate of more than 4¼ percent. All past administrations have recognized that rate as a ceiling. I supported the previous administration in its request that Congress remove the ceiling. Certain Senators conscientiously felt its repeal would be wrong and opposed it, but Congress should take action and affirmatively or negatively say whether this interest ceiling should be repealed and not have the Government go by way of the back door and say, "The law does not mean anything." It is a law. I favor its repeal, but until it is repealed I expect the executive branch to respect that law.

The present Secretary of the Treasury, in testifying before our committee at the time his nomination was under consideration, said he would like to see the ceiling on interest rates removed.

We are now told that there is no ceiling and that there never has been. Attorney General Kennedy now tells us that the Secretary can pay 10 percent interest on a 30- or 40-year-term bond, or any rate he wishes. It is said that he can sell Government bonds with as low as 1-percent coupons and then put the price on the bond low enough to give the yield desired, and that it would be perfectly legal under the Attorney General's ruling.

This would be a great tax advantage to the bond buyers in that they would have to pay only a capital gains tax rather than the regular income tax on their interest. All other Americans must pay full rate on the interest on bonds. That is a special tax advantage for those who would buy these bonds, an advantage which the Kennedy administration refuses to give to the savers of America who buy the E-bonds.

Mr. SALTONSTALL. I appreciate the Senator's point of view, and I join with the Senator.

Mr. WILLIAMS of Delaware. I thank the Senator from Massachusetts.

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

Mr. WILLIAMS of Delaware. I yield to the Senator from Connecticut.

Mr. BUSH. Mr. President, I am very happy to join with the Senator in presenting the amendment, and I congratulate the Senator on doing so.

The Senator said that if the United States offered any substantial amount of long-term bonds at a discount it would have an unfortunate effect on the credit of the Government of the United States. I think the Senator is absolutely correct.

I recall that in 1959 there was a meeting of the International Monetary Fund and World Bank representatives in Washington, D.C. Representatives came from all over the world to attend the meeting. At that time the question of the interest rate ceiling was being considered. Then President Eisenhower strongly recommended that the interest rate ceiling be removed. The Secretary of the Treasury, Mr. Anderson, tried very hard to get the Congress to go along with the request, but Congress refused to do so. The result was that the Government was forced into short-term financing, when long-term money was needed. That is about as inflationary a process as one can imagine forcing a government to follow.

At that time, the people with the International Monetary Fund could not understand how the United States could put itself in a position or could leave itself in a position in which it could not take advantage of the long-term bond market to stretch out its debt and to get away from the inflationary forces or short-term debt financing.

One might say, "Why should we care what they think?" We care a lot what they think, because they have on deposit in the United States some $17 billion to $18 billion of short-term funds which can be withdrawn from the United States. That can be taken out in gold, if it is so desired. In the past few years we have observed that they have taken a good deal of our gold. One of the reasons why they have taken it is that they have been a little shaky in their confidence about the way we have managed our affairs.

The interest rate ceiling is one of the things which has shaken the confidence of people to the greatest extent. They do not understand how a great government like ours can operate with one hand tied behind its back.

I hope the Senator will press his amendment. It should have been agreed a long time ago. I felt the proposal was not agreed to merely because of a political desire to harass the Eisenhower administration. I felt very strongly about the matter then. I still do. I commend the Senator for opening up the question now. I think the Congress should act on this question at this session.

Mr. WILLIAMS of Delaware. I thank the Senator from Connecticut and agree with his observations.

Mr. President, it is interesting to note—this point has been confirmed both by the previous Secretary of the Treasury and the present Secretary of the Treasury—that American taxpayers today are carrying a larger burden of interest on the national debt as a result of the fact that Congress has refused to remove the ceiling on the interest rate on long-term bonds. That can be proved. For example, at one time the Government was selling 5 percent 5-year bonds. There is not and there never has been any ceiling on interest of bonds maturing in 5 years or less. At the same time, had the interest rate ceiling been removed the Government could have sold 30-year bonds at 4 or 4½ percent interest. In that instance alone the United States had to pay approximately a 1 percent premium for short-term money. Certainly it would have been the better part of wisdom to have borrowed long-term money for the operations of the U.S. Government.

Not only is this bad financing but also it means that under the foolish policy of having an interest-rate ceiling on long-term money with no interest rate ceiling on short-term money, every year the American taxpayers are actually paying out many millions of dollars in unnecessary interest charges.

Those who have been shedding crocodile tears over the high interest charges are the very ones who are responsible for the extra millions of dollars we must pay today in interest on our national debt. If they had gone along with the previous administration we could have corrected that situation and have a more intelligent financing of the national debt, and at the same time save millions of dollars for the American taxpayers.

I hope the amendment will be accepted here today by the chairman of the committee. By all lines of reasoning, the U.S. Government should never resort to financing its debt by discounting bonds at the time of sale.

A great deal of pride may be taken by some in the fact that the administration can sell a bond with a 2-percent interest coupon. The 2-percent coupon rate means nothing if the bond is sold at 85 or 90 percent of par. If there is a 2-percent coupon rate, the other 3 percent interest is paid in the form of a discount on the bond, and the taxpayers are not saving anything. They lose.

Not only is the same amount of interest being paid, but also the buyers of this type of bond, nearly 100 percent the banking institutions of America, then pay taxes only on a capital gains basis. The Kennedy administration says to the savers of America, to those who buy the E-bonds, "We are going to tax you at a higher rate on the income you earn on the savings bonds as compared to the rate at which we tax the banks who buy the discounted bonds."

That is certainly discrimination. If the Government is to pursue such a policy, why did not the Attorney General extend the ruling and say that all Government bonds, including those bought by the small investors, the E-bonds, will be taxed on the basis of capital gains?

If the Government can sell at a discount an interest-bearing coupon bond bearing interest at 1 percent, or even

one-tenth of 1 percent, which qualifies for capital gains, why not let all bonds qualify? Why not give the same capital gains treatment to the buyers of the E-bonds, because those bonds certainly represent discount bonds as much as a 30-year bond being sold for 90 percent?

It is very important that we correct this inequitable situation.

Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield to the Senator from Virginia.

Mr. BYRD of Virginia. As the Senator from Delaware already knows, I am very much in favor of his amendment. I voted for it before, and I shall vote for it again. However, I hope the Senator will not insist upon placing the amendment on the bill before the Senate, because we must enact the bill before midnight on Friday; otherwise nearly $2 billion of the debt will not be authorized by the Congress. If the amendment is agreed to, we shall have to go to conference.

I shall be glad to cooperate with the Senator from Delaware in every possible way to have hearings on the amendment and to bring it to the Senate in the most appropriate fashion, but I hope very much the Senator will not insist upon having the amendment attached to the bill under consideration, for action must be completed by midnight on Friday or a part of our national debt will be illegal and unauthorized, which will do injury to the fiscal integrity of this country.

Mr. WILLIAMS of Delaware. I appreciate what the chairman has said. I always like to cooperate with him. The reason I feel that this is a very appropriate bill for the amendment is that we are asked to authorize the Secretary of the Treasury to borrow an additional $5 billion. I think it is essential that we at the same time remove the interest rate ceiling so that the Secretary can sell the bonds.

I believe that at the moment the Secretary can sell the bonds without violating the 4¼-percent interest rate ceiling. I do not think he would have any difficulty in selling long-term bonds now. But the amendment may well be necessary for the future. I hope it will not be necessary for quite a while.

Mr. President, I felt that this was the time to correct the situation instead of when we are under the pressure of having to do it on short notice when interest rates are higher. But I recognize that the Senator has made a very good point. If we do not act on the bill this week a couple of billion dollars' worth of bonds will have been sold above the legal debt limit and would thus be invalid. That is a good argument. It is an even better argument as to the need for Congress to act on the amendment and to pass it, for the reason that the same situation would occur if the Secretary were to sell $5 billion worth of bonds at a discount and the next Attorney General should rule that it was not legal to sell bonds at a discount and to bypass the interest rate ceiling. The present Attorney General is the only Attorney General in the history of the United States who has made a ruling that such a thing is possible.

Therefore the next Attorney General might very well rule otherwise. Then we would have a situation, as described by the Senator from Virginia, in which some bonds were issued which would not be valid and until Congress could act on a resolution which would validate such bonds we would have a chaotic condition in the bond market, particularly as it would relate to the issue involved. At the same time we would have a chaotic condition in the bond market in general. I think the situation would be both domestic and international.

The reason I offered the amendment to the present bill is that I felt it was necessary to add it to a previously enacted House bill.

I should like to direct a parliamentary inquiry to the Chair.

The PRESIDING OFFICER. The Senator will state it.

Mr. WILLIAMS of Delaware. Under the rules I know that most of the bills handled by the Committee on Finance must originate in the House of Representatives since they deal with revenue measures. But would a bill to repeal the ceiling on interest rates be in order if it were introduced in the Senate, reported by the Committee on Finance, and acted upon by the Senate?

The PRESIDING OFFICER. The Chair believes that such a bill would affect the revenues of the country, and therefore would come under the constitutional limitation, and would be beyond the powers of the Senate.

Mr. WILLIAMS of Delaware. Mr. President, the previous Parliamentarian had ruled otherwise. I do not want to enter into a controversy with the Parliamentarian. I wonder if we could request a quorum call in order to give the Parliamentarians an opportunity to confer. I raise this point since I believe that the amendment would not affect revenue, but only the ceiling on the interest being paid on our national debt. If it does affect revenue, we shall have no alternative but to insist upon offering the amendment to some previously enacted House measure. But in conference with the previous Parliamentarian it was felt that changing the ceiling on interest rates was not a revenue measure. I am not trying to influence the Parliamentarian. I am asking the question.

The PRESIDING OFFICER. The Chair has no power to pass upon the constitutionality of an act; and if the question involves an interpretation of the constitutionality of the amendment, such question will have to be submitted to the Senate.

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

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

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. —. REPEAL OF LIMITATION ON UNITED STATES GOVERNMENT BOND INTEREST

(a) The second paragraph of section (1) of the Second Liberty Bond Act, as amended (31 U.S.C. 752), is amended by striking out ", not exceeding 4¼ per centum per annum,", and

(b) Section 25 of such Act (31 U.S.C. 757c–1) is amended by striking out the colon and the proviso at the end thereof and inserting a period.

(c) The amendments made by this section shall be effective as of the day following the date of the enactment of this Act.

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

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. WILLIAMS of Delaware. Mr. President, I ask that the order for the quorum call be rescinded.

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

Mr. DIRKSEN. Mr. President, I commend the distinguished Senator from Delaware for his incessant and untiring efforts with respect to the ceiling on long-term obligations. We discussed that subject up and down the highway all last year. His suggestion makes plain commonsense; and to keep the Treasury under that limitation only makes the problem increasingly difficult when the Treasury must compete in the American market with everyone else who issues certificates and who is seeking to tap the American pocketbook. The ceiling should have been eliminated a long time ago. I realize that the proposal produces an awkward situation when it comes in the form of an amendment to a bill which, I believe, was reported from the Committee on Finance by a unanimous vote, and its passage is up against a deadline. I am glad that the distinguished Senator from Delaware proposes now, on the basis of an understanding with the distinguished Senator from Virginia [Mr. BYRD] that a hearing on this subject will be held at a reasonably early date, that the amendment will be withdrawn, and that we shall then have an opportunity to examine the equities in the situation a little bit further.

Mr. BYRD of Virginia. As the Senator from Delaware knows, a number of revenue bills are now before the Committee on Finance, and if it is not constitutional to offer an amendment to the present bill, the Senator can offer his proposal as an amendment to any of the bills that are now before the Senate Committee on Finance. As chairman of the committee I will agree to hold hearings or do whatever else the Senator from Delaware desires.

Mr. DIRKSEN. Then, of course, the Senator could obtain expressions from the Department of the Treasury and other interested parties in making a record.

Mr. BYRD of Virginia. I am very much in favor of the amendment. I believe the Treasury Department is in favor of it. The Treasury Department opposed the amendment to this bill by reason of the suggestion which the Senator from Illinois has made.

Mr. WILLIAMS of Delaware. Mr. President, recognizing as I do the situation in which we are operating and always desiring to cooperate with the

chairman of the committee, I shall not press the amendment at this time. As the chairman pointed out, I really believe that the amendment would be in order. It is not a revenue producing measure. But, as the chairman also pointed out, other revenue bills are coming over to the Committee on Finance, and the amendment can be attached as a rider to one of those bills.

I will wait and offer it at that time.

In passing, I wish to say only that at the present time I shall cooperate and withdraw the amendment. But I am really in earnest as to this proposal. I think the question is one which Congress must face. I believe we made a mistake last year in not pressing the proposal to repeal the ceiling on these interest rates. It definitely will be pressed later.

I think we should do one of two things. We should either remove the ceiling on interest rates, a proposal with which I am in complete accord, or if not, then Congress should override the ruling of the Attorney General which proposes to start selling these Government bonds at large discounts. If the majority in Congress does not wish to stand up to the task of repealing the ceiling on interest rates I will, of course, abide by the decision of the majority. Our country is a government of laws and not merely of a few men. I think the law should be repealed, but I do not agree with the ruling of the Attorney General. Members of Congress, without exception, believe that the 4¼-percent ceiling is a legal ceiling.

If we want it repealed, as I do, then let us repeal it by our vote.

This law was passed with the full intention that it would be the ceiling. The Attorney General is asking everyone else to be a law-abiding citizen, but at the same time he recommends ignoring a law solely because he disagrees with it. He and his office recognize the validity of the position taken by the preceding administration, but they made a lot of political capital during the past campaign in criticizing these interest rates. They knew they were wrong but are not now big enough to admit it. They are trying to have the law repealed by executive ruling to save political face. At the same time they are giving a tax concession to the banking fraternity, a concession which they will not give to the small investors of the country. They will not give the same savings to the small investors of the country. I believe that the E-bond holders, the small investors who are buying the small bonds, should recognize the fact that this administration, which has said so much about how much it likes the common man, wants to tax them higher than any other investor in America.

I challenge anyone to deny that this is the effect of the recent ruling by Attorney General Kennedy.

Mr. DIRKSEN. The ruling under which it is possible to discount these bonds in order to satisfy the ceiling is, after all, clear circumvention, and nothing else. This is an issue that will have to be threshed out. Hence, I am glad that the distinguished Senator from Virginia [Mr. BYRD] has given assurance that this question will be taken up by the committee so that a good legislative record may be made. I express the hope that we can encompass this whole subject separately before the present session of Congress comes to an end.

Mr. WILLIAMS of Delaware. We can be sure that the proposal will be brought up, and I can assure the Senate that it will be pressed. The Attorney General has excused his ruling by citing a law which was enacted back in 1942 under which Congress recognized that in trying to sell these bonds at par, as in the case of municipal and State bonds, they would on occasions get bids at a hundred and a half or perhaps at 99⅞, within a few fractions of par. The intention of the law clearly was to take care of fractions, so that the Government, if it could get a bid of a hundred and a half, would not have to go back and sell at par. By no line of reasoning could it be said, however, or could the impression be obtained, that Congress intended that a Government bond could be sold for 80 or 90 percent of par solely for the purpose of attaching lower coupon rates.

I know that the present Secretary of the Treasury, when he was before our committee, said it would be better to approach this problem affirmatively and repeal the ceiling. It would be fairer from the tax standpoint to all investors in American Government bonds. The Secretary recognized what it would do to the prestige of our Government in international financial circles if we started a program of selling bonds below par.

Therefore, I will withdraw the amendment today out of my respect for our chairman, who I know has been as strongly in favor of making this correction as the Senator from Illinois and I. I shall withdraw the amendment at this time, but I will reoffer it at the first convenient opportunity, and with the chairman's support I am sure we can put it through. I withdraw the amendment at this time.

The amendment will be resubmitted to the committee, so that the official views of the Secretary of the Treasury may be obtained, although unofficially he has already endorsed the amendment. I am confident he will do so again. I hope that at that time Congress will recognize its responsibility as grown men and repeal the ceiling, realizing that the Government, when it enters the money market to borrow money, must pay interest the same as any other corporation. It is important that we recognize the wisdom of selling long-term bonds instead of putting all our debt in short-term issues. Certainly no man can reasonably insist on paying 5 percent on a 5-year Government bond and then insist that not more than 4¼ percent can be paid on a 30-year bond. If we repeal this ceiling we will save the American taxpayers millions. By this action we can reduce the interest charges on the national debt.

Mr. GOLDWATER. Mr. President, I do not intend to detain the Senate for any great length of time. I merely wish to express my feelings about this entire subject. If a vote were taken on this question I would vote "no," as I have voted in each instance since requests for an increase have come to the Senate.

One of the first speeches I made on the floor of the Senate, back in 1954, was against the Republican administration's request for an increase in the debt limit to $181 billion. I said at that time that I thought we had reached the point in our history when we had better start to act with responsibility toward our fiscal affairs, and that I was very hopeful that during its tenure of office the Republican administration could eliminate much of the deficit.

A number of years later, now, we are being asked to increase the debt limit again. My question is: Are we ever going to see the day when we will not be asked in Congress to increase the debt limit? The ultimate result, if we continue, will be national bankruptcy. We are merely postponing the day when that will happen. It is time for both parties to practice fiscal responsibility and not merely talk about it in their platforms, and speak about it before political and commercial gatherings; instead, we should become dedicated to the idea that we should protect the American taxpayers' dollar. It should not be permitted to decrease in value year after year.

There can be only one result of spending money that we do not have. I do not care whether the case involves a private individual, a company, a corporation, or a government. Sooner or later the country, the company, or the individual goes into bankruptcy. The worst contribution that we can make now, in my opinion, in this state of the world, is to contribute to a factor that would decrease the value of the dollar and add to the fires of inflation. One of the two things that will come out of this operation will be another run on the gold markets of the world, to the point that our dollar can be put in jeopardy.

I wish it were possible for all Members of the Senate to study this subject very carefully. I feel certain that if they understood the full implications and the full impact of what we are doing, they would not allow the debt limit to be increased. It is easy to ask, "What are we going to do? We are spending more money than we take in." If the figures supplied in the report are correct—and I assume them to be correct—in the coming year we shall have revenues of about $81.4 billion and expenditures of $85.1 billion, or we shall have a deficit which is now estimated at $3.7 billion. In my opinion the deficit will be closer to $6½ billion, not $3.7 billion. We have not taken into consideration the exceedingly high expenditures we have authorized in the Senate and in the House, and the authorizations still to come. We seem to be drunk with the idea that we can spend money we do not have, that we can engage in deficit spending. I suggest to Senators that one of the major reasons we are in economic difficulties today, one of the major reasons why the economy is not growing at the rate at which we think it can grow, can be attributed to the absolutely irresponsible fiscal activities of the Senate and the House of Representatives.

I know there are advisers of the administration who see no danger in deficit spending. Not many months ago, at

Harvard University, on the platform with me was the eminent economist from that school, Dr. Seymour Harris. Dr. Harris took exception to my criticism of deficit spending. In rebuttal, he said we should not worry about a $5 billion deficit; that, in essence, we could have a $10 billion deficit. I said to him, rather facetiously, "If it can be $10 billion, let us make it $150 billion. Then we will have a real national ball going broke."

I know that Dr. Harris and other advisers to the President believe that deficit spending will aid in putting people back to work.

History is very revealing in this respect. I shall not regale the Senate with detailed figures, but I call attention to the fact that in 1931, when the country had a deficit of $500 million, the percentage of unemployment was 15.9. That was during the depression. The Government was then spending money which it did not have. During a part of the period between 1933 and 1939, we spent approximately 52 percent of our budgets on so-called props or crutches for the economy. We were trying to induce some life into the economy. We failed. Frankly, it required World War II to pull the Nation out of the depression of 1932–37. By the end of the 1930's, the United States was the only Nation which had not come out of the worldwide depression. We were still in the depression, principally because of the fiscal policies which we were following. There are those who suggest that the same pattern be used in the 1960's.

Through the spending of money which we did not have, upon the argument that it would put people back to work, let us see what happened. As the deficit went up, unemployment went up. In 1932, the deficit was $2.7 billion, and 24.9 percent of the people were out of work.

Skipping to 1936, when the deficit was $4.4 billion, the rate of unemployment was 16.9 percent.

As the deficit decreased, employment increased. There was, naturally, a lag of probably 6 months to a year. But the figures show very clearly that as we spent more money that we did not have, or as we engaged more loosely in deficit spending, unemployment stood at a high figure.

The same thing is taking place today. As the deficit mounts, unemployment remains high. What is needed to be done in this field is to attempt to reduce deficit spending and certainly to attack the total debt, to the end that the dollar can become more valuable and there can be more dollars to invest in the creation of new jobs.

One further point has been discussed in the Senate tonight. We hear much talk about interest rates and about the effect low interest rates have on employment. The argument, again carried by those disciples of Keynes, is that if interest rates are low, there will be less unemployment. This proposition is not borne out, as we study it.

For example, in 1929, when the commercial paper rate was 5.85 percent, unemployment was 3.2 percent. Then came the depression. Moving up to 1931, we find that the commercial paper rate had dropped to 2.64 percent and that almost 16 percent of the working force was unemployed.

When we reached 1935, the commercial paper rate was, 0.75 percent and 20.1 percent of the working force was unemployed.

In 1940, when the commercial paper rate was less—0.56 percent—14.6 percent of the working force was unemployed.

The plain truth is that as business increases and the demand for money increases, the price of money, like the price of any other commodity, increases. When we have good times and good economic periods, the cost of money is higher. When we enter a depression, money becomes easy—in surplus, so to speak. The lending institutions have more of it than the public or the business fraternity wants. Then the cost of money decreases, just as the cost of automobiles or the cost of clothing decreases.

The factors of supply and demand have a distinct relation to the money market. The money market is no different from any other market. When money is in great demand, it becomes expensive, just as automobiles, tires, or anything else, become expensive. As money becomes more and more available, it means that people do not want so much of it, so the price of money drops.

In my business days, I always contended that a businessman was not concerned with what he paid as interest, even if he had to pay as high as 12 percent, or on some days 20 percent. What he paid depended upon his judgment. He must have felt he could make a profit on the money he was buying; otherwise he would not be paying the price for it. Likewise, when he felt he could not make a profit on it, if enough business people got the same feeling, the price of commercial paper and the price of any paper, be it in the form of bonds or any other form, declined.

We cannot help the unemployed by spending money we do not have. We cannot help the unemployed by keeping the interest rates low, no matter whether it be done by Government fiat or by the Attorney General's operations.

We shall continue to see economic unrest in this country. The economic system of the country today is not operating the way it should, or could be operating. We shall continue to see this situation exist, and the problem of unemployment will continue to mount if Congress does not face up to its responsibility to maintain the soundness of the dollar.

I have spoken at this length because I wished to make it abundantly clear why I shall vote "nay" on the bill, I believe that if the decision were left to the vote of the American people, there would be a resounding vote of "No" clear across the country. I think it is time for the American people to take a look at us in this body and at those in the other House who are irresponsible with their money. I think the point has been reached in our history where we can no longer be lenient with respect to money we do not have.

If we continue in this way, we shall be faced with economic bankruptcy just as certainly as we are meeting tonight. We are no different from any other people in the history of the world. Others have encountered the same problem and have never recovered from it.

If a yea-and-nay vote were to be taken on the bill this evening, I would certainly, as I have done in the past, cast my resounding "nay" against it.

Mr. MORSE. Mr. President, there is probably more misunderstanding loose in this country about the financial condition of Uncle Sam than about any other subject. Many other Members of Congress have undoubtedly received large quantities of mail similar to what I have received, correspondence deploring the size of the national debt, deploring spending in general, and deploring further debt incurment even more.

This campaign has been so sustained and has so ignored the many other aspects of the national financial condition that it has become almost impossible to get through to the American people the plain fact that Uncle Sam is really in pretty good financial shape.

The usual outcry raised against Federal expenditures follows the argument that no individual or corporation could sustain a debt of $286 billion, and therefore the U.S. Government cannot sustain it, either. What this argument ignores is the rest of the financial picture which any individual or corporation considers when deciding how much debt it can carry.

First of all, in considering how much debt it can safely incur, any individual or corporation looks at its assets. We almost never do that with the Federal Government. But the House Government Operations Committee does. I wish every American would take a look at the committee print of the House Government Operations Committee entitled: "Federal Real and Personal Property—Civilian and Military—of the U.S. Government Covering Its Properties Located in the United States, in the Territories, and Overseas." The latest edition of this report is June 30, 1960.

In its conclusion, the House committee states:

> This Federal property inventory records Federal real and personal assets located throughout the world as being $276 billion, as of June 30, 1960.

In its breakdown of these assets, the committee points out that the personal property assets of the U.S. Government include $5,381 million in investments; $5,064 million in accounts and notes receivable; over $7 billion worth of commodities for sale; and over $22 billion in loans receivable. Of its real property, the Federal Government has assets of nearly $37 billion in the Department of Defense, nearly $16 billion in other Federal departments, and over $15 billion in public-domain acreage.

This total, as of June 30, 1960, was $275,962 million. For June 30, 1959, the amount was $264,564 million. For June 30, 1958, it was $262,056 million.

So when we talk about a debt of $286 billion, we must keep in mind our assets of $276 billion. Most Americans would say that Uncle Sam is broke; that he owns nothing and owes $286 billion. The

fact is that our financial assets are fairly close to our national debt.

The second major consideration of any individual or corporation in determining the debt it can carry is its earning capacity. A manageable debt depends in large part on the ability to pay behind it.

In the case of the Federal Government, the American people had a gross national product of $503 billion in 1960.

That means that the Federal debt last year was about 57 percent of the gross national product. In 1956, our debt of $273 billion was 65 percent of our gross national product. In 1951, when our debt was just about $260 billion, it was 79 percent of the gross national product; and in 1946, when the debt was also about $260 billion, it was 123 percent of our gross national product.

So if we want to talk about how much debt we can bear in terms of our national wealth, we could have twice as much debt as we now have, and still be no worse off than we were in 1946.

I am not advocating such a policy, let me make clear; but I think these relationships must be kept in mind when we talk about spending and the burden of the debt.

The fact is that the burden of the debt is considerably less each year; it is now only half as heavy as it was at the close of World War II.

NEW DEBT CONCEPT NEEDED

The really sad fact is that we still lump every Federal expenditure in the budget and in the national debt as a total loss. Yet the report on the real and personal property of the United States makes clear that a great deal of the $286 billion debt we are talking about is not really debt at all. Much of it is an asset; and it is inexcusable that the American people are constantly being duped with the notion that they owe a total of $286 billion, and that every item in our national budget is a loss.

When the Government Operations Committee puts together its report, it includes as assets $22 billion in loans payable; $5,381 million more in investments; and over $5 billion in accounts and notes receivable.

So when we talk about a net national debt, the figure is about $241 billion, not $286 billion.

These were the figures used in the other body Monday by the Honorable WRIGHT PATMAN, of Texas, when he talked about the net debt. As the Congressman from Texas said, the net debt is only 47.9 percent of our national product. Fifteen years ago, the net debt was 109 percent of the gross national product.

I may say that in light of the platform adopted by the Democratic Party nearly a year ago, which included a capital budget, but which, I am sad to say, apparently most Democrats who hold office in the Congress have forgotten, if they ever knew it; and in light of the campaign promises by the Democratic candidate in support of a capital budget; and in light of the emphasis he put, last fall, upon the failure of the previous administration to face up to the domestic investment needs of the American Nation, I am very much disappointed that this administration, too, has failed to face up to the problem.

A capital budget would clarify for the American people just what is really involved in the national debt, and in the annual budget of the Federal Government.

It would distinguish between operating expenses, which are nonproductive and unrepayable, and the capital investments, which are wealth-producing, and many of which are reimbursable.

Of course, I have been singing this song here on the floor of the Senate since 1947; and probably the only progress since then has been the inclusion of the theme of my theme song—its basic principle—in the platform of my party.

But the song that any more debt will break the United States and that we cannot afford to invest in the future of America has been sung a great deal longer and much, much louder.

It is time for some commonsense to be brought to bear on the fiscal condition of the United States.

Mr. President, I shall vote in favor of the proposal now before the Senate—but not because I wish to see my country increase its debt. I happen to believe that if we had brought about some savings in connection with the foreign-aid bill—about which I shall speak a little later tonight—we would not have to be raising the debt ceiling now. But I also recognize that that is not going to be done in the foreseeable future.

But, Mr. President, we Democrats ought to start keeping faith with our Democratic platform; we ought to proceed with the passage of a capital-budget bill. I have introduced such a capital-budget bill for years in the Senate. I first offered it in 1947. In 1949, it was recommended by the Hoover Commission, a bipartisan study group which included many distinguished businessmen and industrialists. Corporations use a capital budget; so do many of our cities and States.

If we would adopt a Federal capital budget in legislative form, rather than just adopt in a political platform and then proceed to forget all about it, we would make some progress in returning our country to a sane fiscal policy.

Not only do I believe that one of the results of a capital budget would be to show the American people what their fiscal situation really is, but I also believe that putting into operation a capital budget would, in and of itself, lead to many economies in the administration of our Government. A capital budget which would show the differences between the investments of the American people, and unrepayable administrative costs. It would be very productive in persuading the politicians to bring about some of the economies which some of us think can very well be brought about, and thus avoid increasing the country's national debt.

I hope that before this session of the Congress ends, the leaders of my party in the White House and in the Senate and in the House of Representatives will recognize that they have no answer to the arguments advanced by those leading industrialists and businessmen when they made their plea for a capital budget.

So long as the White House and the leaders of my party in the Congress cannot rebut the arguments of these proponents of a capital budget—for whom I am very happy to be one of the spokesmen in the Congress of the United States—our party should get busy and should pass a capital-budget bill.

If we did that, we would not again find ourselves—as we do here, tonight—dealing with the problem of raising the debt ceiling. But until we do adopt a capital budget, it seems to me we have no alternative but to adopt the proposal, now before us, to increase the ceiling on the national debt; and I shall vote for that measure.

Mr. GOLDWATER. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I am happy to yield.

Mr. GOLDWATER. I commend the Senator from Oregon for pointing out the deficiencies of our present budget system. I am not sufficiently acquainted with the details of the Senator's proposal to be able to know whether I would support it, but I certainly think it is time to change the way we handle the budgetary affairs of our Government.

The Senator from Oregon uses what I consider the fallacious argument wrapped around the gross national product. The gross national product, to my way of thinking, is not an accurate barometer or an accurate indicator, because one item can be registered in it as many as five or six times.

We can say, for example, that the gross national product has increased some 18 times since 1937 or 1938. If we put it on a real dollar basis, it has increased only about four times, and the argument made by the proponents of relating it to the debt does not hold water, because the Senator attempted first to argue that a business would approach its borrowing efforts on the basis of the worth of its assets. I think, by his reasoning, a prudent business would not borrow $293 billion on $273 billion worth of assets.

When the Senator jumps into the gross national product, he is getting into something that has no relationship to assets or no relationship to the national debt. In fact, many items in the national debt appear in the gross national product. The debt affects the gross national product faster than any other factor.

Mr. MORSE. I am glad to have the observations of the Senator from Arizona. I much prefer to base my judgment and proposals upon the advice, writings, and recommendations of the distinguished economists and businessmen of the country who have so ably advised the country, the Hoover Commission, than to rely upon the political judgment of the Senator from Arizona, because I recognize him not as an economist, but as a very able and astute political leader.

I do not think the argument he has just made should be given very much weight, because we cannot judge our wealth or income unless we take a look at the gross national product. Out of the gross national product comes a de-

termination of what the income of the country is going to be. We must ascertain what it is we are producing, because it is out of what we are producing that we get our wealth, on the basis of which we are going to be able to finance debt or not finance it.

I respectfully say these economists are quite right when they say we ought to take a look at what our gross national product is in order to determine what the real income of the country is, once we take care of all the expenses and costs of producing the gross national product.

Regardless of how the gross national product is computed, its relationship to the debt is what counts, and I merely point out that our debt is a declining percentage, not an increasing percentage, of our gross national product.

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

Mr. MORSE. I yield.

Mr. GOLDWATER. The gross national product is not an indicator of what the income of the country is going to be. It is merely a compilation of all the figures of business, its production, its sales, its purchases. The sale of a house has a possibility of being reported four or five times in the total gross national product figures. I know of no economist who is working in business who puts great faith in the figures for gross national product. Faith is based upon the total available money for spending, which is the net income of the people.

The Senator from Oregon says I am using an argument which will not change his mind. I was not ignorant enough to think I could change the Senator's mind. I knew people were going to read the colloquy, and I merely wanted to try to set the record straight as the argument related to gross national product, because this is one of the points of contention between economists who advise deficit spending and those who do not advise deficit spending. It was one of the bases of the Keynes theory, which has had a chance to be disproved only since 1954 or 1955, when we got out of a war economy.

The Senator is perfectly correct if he wants to use the gross national product as a basis for his economic reasoning. I assure him he will find no practicing businessman who will refer to it. In fact, people whom I consider to be sound economists will have nothing to do with it.

Mr. MORSE. The Senator does himself a great injustice when he says he has no hope of changing the mind of the Senator from Oregon. I frequently change my mind. I change it whenever I find the Senator from Arizona is right. As the Senator knows, on the committee on which we have the pleasure of serving together, very frequently I find myself coming to agreement with him.

On this issue, I think the Senator from Arizona is dead wrong. He will not change my mind on this issue with any argument he has made yet.

I would much rather live in an America in which the gross national product is very large than live in an America in which the gross national product is very small, because we must take judicial notice of the fact that when we are living in an America with a large national gross product, we are also living in an America in which the net value of the country is much greater. That is all I seek to point out in that part of the analysis of the argument.

Mr. GOLDWATER. If the Senator's contention is correct, there should be no limit to what we can boost the gross national debt to, by inflation or any other means. What we have not talked about is, What is the per capita portion of the total national debt? It has continued to rise. It is an important factor to keep in mind. I think today we owe more per capita than the rest of the world owes per capita on its national debt.

Mr. MORSE. It is perfectly obvious that I am talking about the gross national debt on the basis of retaining money controls. I am not talking about gross national debt on the basis of what may happen sometime in the future, if we should let inflation run away with us. But the question of imposing inflationary controls has nothing to do with the present issue before the Senate, as to whether we are as poor as those who deplore spending for the general welfare of our people would frighten the American people into believing.

All I am saying tonight is, take a look at the productive wealth of this country, and it will be found we are not ready for the poorhouse. Whether we approach the question from the standpoint of the gross national product or from the standpoint of the net value of the property of the United States, it will be found we are not broke, and in terms of our productive capacity, we are in a much better position today than we were in 1946.

Mr. President, I wish to read to the Senate a paragraph or two taken from the June 26, 1961, CONGRESSIONAL RECORD, from a speech by Mr. PATMAN in the House of Representatives, in which he said:

> Now let us keep the Federal debt in proper prospective. True, this debt is vast, creates a tremendous burden to the American people and should be reduced. But, at the same time, we should not allow ourselves to imagine that the debt has been increasing relative to our ability to pay, or that it is leading to insolvency.
>
> In the first place, we might note that while the capital debt is high, it is not nearly as high today as at the end of World War II. At the end of 1946, the Federal debt was equal to $1,911 for each American. At the end of 1960, it had been reduced, relatively speaking, to $1,592 for each American.
>
> In the same years, furthermore, the average wealth has increased enormously and so, too, has our average income.

What we ought to do is tell the American people the facts about the national debt and the facts about their national wealth. When we do that we shall have an answer to a good many of the "fear" arguments being made by those who are trying to frighten the American people into believing that we should not pass legislation necessary to promote the general welfare of the people of this country.

That is an old, reactionary, conservative technique, Mr. President. It is unsound economically. It is unsound from the standpoint of social welfare of our country. It is unsound from the standpoint of preserving the strength of this Republic.

What we ought to be talking about in the Senate these days is the need for spending more to promote the general welfare of the people of this country, because by so doing we shall be able to produce greater wealth in the country, from which a greater supply of tax dollars will come.

Mr. President, that is true whether one is dealing in the field of public works, in the field of education, in the field of health protection for the elderly, or with respect to any one of the very sound planks in the program of the President of the United States. The President pledged, and he recognizes, that, after all, we have an obligation to pass those legislative reforms necessary to protect the general welfare of the people of this country.

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

Mr. MORSE. I yield.

Mr. GOLDWATER. I wonder if the Senator would care to make his argument to the American wage earner, who now has to earn twice as much as he did in 1945 or 1946 in order to be as well off as he was in 1945 or 1946. These are matters we overlook. The Senator says we are not talking about inflationary waste tonight. We certainly are. Deficit spending has been a way of inflationary waste in this country. The national debt increase is certainly not conducive to a sound dollar. That is inflationary.

Mr. MORSE. My reply is that the per capita debt in the United States tonight is less than it was in 1946, which, in my judgment, is a complete rebuttal to the thesis the Senator is defending.

Mr. GOLDWATER. I do not have the figures available now. I do not doubt the Senator's word, but it is my recollection that the debt is running $1,800 per person, which is higher than it has ever been. If I am wrong, I will certainly admit it.

Mr. MORSE. I shall be glad to debate the subject further, as we undoubtedly shall, from time to time, as the Senator from Oregon presses for a capital budget, which I think is a basic necessity.

Mr. GOLDWATER. I may find myself joining the Senator from Oregon, because I think the budgetary practices of this Government are bad and should be changed.

Mr. CURTIS. Mr. President, I shall be very brief. I share the regret and sorrow of the distinguished chairman of the committee, the Senator from Virginia, in the necessity of bringing this measure to the floor of the Senate.

It is not a spending bill. It does not create debts. Debts are created when the Congress appropriates money and the executive spends money in excess of our revenue receipts.

The bill before us is a measure to deal with debts already created and to deal with spending already voted.

I wish to pay tribute to the distinguished Senator from Virginia, my chairman, and to the distinguished Senator

from Delaware [Mr. WILLIAMS], the ranking minority member of the committee, for the example they have set on this floor not today alone but also throughout the months before, in opposition to spending.

It is spending which creates debt. We could fill the RECORD with ample arguments and definitions, but the fact remains that when we add to the national debt we are refusing to pay the current costs of Government and are charging them to our children and our grandchildren.

We live in a time when the trend of Government is totalitarian. It is advocated by those high in the administration that deficits are good. Government ownership is advocated. A larger centralized Government with less responsibility on the part of the States is an official policy of this Government. It is totalitarian. It can lead only to destruction and to more debt.

The Secretary of the Treasury appeared before our committee. One of the interesting things he pointed out was that in the Republic of West Germany there was a balanced budget and the value of the mark was maintained, and there is no unemployment. In fact, workers are in demand in West Germany.

The totalitarian philosophy of big government, that by deficit financing and spending we can create prosperity and can create jobs, is wrong. There were more unemployed people when World War II started, after such a program had been followed since 1933, than there were in 1933.

We are following a policy which is decidedly not liberal.

It is totalitarian, and it has failed. The idea that Government spending can create genuine prosperity cannot be supported by any example in history.

Reference has been made to an opinion of the Attorney General to the effect that bonds may be sold at a discount, thereby circumventing the statutory ceiling of 4¼ percent interest on long-term coupon bonds.

I commend the Attorney General, Hon. Robert Kennedy, for his candor in what he said about the distinguished former Secretary of the Treasury, Robert Anderson. The opinion is dated April 25, 1961. Attorney General Robert Kennedy replied to the present Secretary, stating that he has authority to sell bonds at a discount and thus have them yield a higher rate of interest than the limit set in section 1 of the Liberty Bond Act. He cites as one of his reasons for contending that such is the law that former Secretary of the Treasury Anderson so contended in his testimony before the Ways and Means Committee.

I commend the Attorney General for his comment concerning former Secretary Anderson:

> Secretary Anderson, however, did not wish to exercise that authority without specific congressional leave because he did not consider it appropriate to circumvent the 4¼ percent ceiling in this way.

I sincerely hope that the present Secretary of the Treasury will follow the example of former Secretary Anderson, and that this issue can be determined by the Congress.

I yield the floor.

Mr. DWORSHAK. Mr. President, I was shocked when I learned that there would be no yea and nay vote on this proposal.

In this tragic hour of the history of our Republic, a half dozen Senators are present debating with sophistries and alibis as to why we should spend more money and bankrupt the Government of the United States. I do not share the sentiment of my colleagues who claim that the New Frontier, with its expanded Federal spending and its deficit of $3½ billion this year and $5 billion or $6 billion next year, in any way reflects fiscal irresponsibility. No, Mr. President; it far transcends irresponsibility. The action, in fact, is fiscal insanity.

We talk about converting the American people to support some of the proposed programs on the fallacious basis that the more we spend, the more prosperous we become, and the more influential we become as a leader of the free nations of the world. Why do we insult the intelligence of the American people today by asserting such a position?

If the executive department of the present administration lacks the courage and forthright determination to deal candidly and fairly with the taxpayers of this country, and if the legislative branch lacks the intestinal fortitude to stand up and reduce Federal spending, then, of course, there is only one alternative and that is for the American people themselves to rise up in justifiable fear, resentment, and contempt at the failure of the Government, in its two branches, the executive and legislative, to meet the problems of this crucial era.

I have a high regard for our fine Committee on Finance, with the Senator from Virginia [Mr. BYRD], the Senator from Oklahoma [Mr. KERR], and other Senators from the Democratic membership and Republican Senators such as the Senator from Delaware [Mr. WILLIAMS], and the Senator from Kansas [Mr. CARLSON]. Perhaps we are facing the inevitability of providing funds after we have very blindly gone along and approved more spending and bigger deficits.

I believe the American people are far ahead of the Congress of the United States and the administration today, because the American people must furnish the dollars and the sons to fight in every section of the globe, if we become embroiled in a hot world war. I wish the RECORD to show that I am not going along blindly in approving a resolution to raise the debt ceiling because we have no other course to pursue. I contend that we have. I do not propose to violate the oath of office which I took when I became a Senator. I am almost ashamed to admit that I am a Member of a body which refuses to stand up and face the challenges of this crucial era when the survival of our Nation is in the balance.

Mr. THURMOND. Mr. President, I am opposed to increasing the national debt limitation even though it is a temporary increases, and desire that the RECORD indicate my opposition.

The PRESIDING OFFICER. If there are no further amendments to be proposed, the question is on the third reading and passage of the bill.

The bill (H.R. 7677) was ordered to a third reading, was read the third time, and passed.

Mr. KERR. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MORSE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AUTHORIZATION OF APPROPRIATIONS TO THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 445, H.R. 6874.

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

The LEGISLATIVE CLERK. A bill (H.R. 6874) to authorize appropriations to the National Aeronautics and Space Administration for salaries and expenses, research and development, construction of facilities, and for other purposes.

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

The motion was agreed to, and the Senate proceeded to consider the bill (H.R. 6874) which had been reported from the Committee on Aeronautical and Space Administration, with an amendment, to strike out all after the enacting clause and insert:

That there is hereby authorized to be appropriated to the National Aeronautics and Space Administration for the fiscal year 1962 the sum of $1,784,300,000, as follows:

(a) For "Salaries and expenses", $226,686,000.

(b) For "Research and development", $1,295,539,000.

(c) For "Construction of facilities", $262,075,000, as follows:

(1) Langley Research Center, Hampton, Virginia, $3,980,000.

(2) Ames Research Center, Moffett Field, California, $5,680,000.

(3) Lewis Research Center, Cleveland, Ohio, $3,590,000.

(4) Goddard Space Flight Center, Greenbelt, Maryland, $9,212,000.

(5) Wallops Station, Wallops Island, Virginia, $6,313,000.

(6) Jet Propulsion Laboratory, Pasadena, California, $3,642,000.

(7) Marshall Space Flight Center, Huntsville, Alabama, $12,891,000.

(8) Atlantic Missile Range, Cape Canaveral, Florida, $49,583,000.

(9) Pacific Missile Range, Point Arguello, California, $998,000.

(10) At various locations, including those specified in subsection 1(c)(1)–1(c)(9), and including land acquisitions therefor, $156,186,000.

(11) Facility planning and design not otherwise provided for, $10,000,000.

(d) Appropriations for "Research and development" may be used (i) for any items of a capital nature (other than acquisition of land) which may be required for the performance of research and development contracts, and (ii) for grants to nonprofit institutions of higher education, or to nonprofit organizations whose primary purpose is the conduct of scientific research, for purchase or construction of additional research facili-

ties, and title to such facilities may be vested in any such grantee institution or organization. Each such grant shall be made under such conditions as the Administrator shall determine to be required to insure that the United States will receive therefrom benefit adequate to justify the making of that grant. None of the funds appropriated for "Research and development" pursuant to this Act may be used for construction of any major facility, the estimated cost of which, including collateral equipment, exceeds $250,000, unless the Administrator or his designee notifies the Committee on Science and Astronautics of the House of Representatives and the Committee on Aeronautical and Space Sciences of the Senate of the nature, location, and estimated cost of such facility.

(e) When so specified in an appropriation Act any amount appropriated for "Research and development" and for "Construction of facilities" may remain available without fiscal year limitation.

(f) Appropriations other than "Construction of facilities" may be used, but not to exceed $20,000, for scientific consultations or extraordinary expenses upon the approval or authority of the Administrator and his determination shall be final and conclusive upon the accounting officers of the Government.

SEC. 2. Authorization is hereby granted whereby any of the amounts prescribed in subparagraphs (1), (2), (3), (4), (5), (6), (7), (8), (9), (10), or (11) of subsection 1(c) may, in the discretion of the Administrator of the National Aeronautics and Space Administration, be varied upward 5 per centum to meet unusual cost variations, but the total cost of all work authorized under such subparagraphs shall not exceed a total of $262,075,000.

SEC. 3. Not to exceed 5 per centum of the funds appropriated pursuant to subsections 1(a) and 1(b) hereof may be transferred to the "Construction of facilities" appropriation, and, when so transferred, together with $50,000,000 of the funds appropriated pursuant to subsection 1(c) hereof, shall be available for expenditure to construct, expand, or modify laboratories and other installations at any location (including locations specified in subsection 1(c)), if (1) the Administrator determines such action to be necessary because of changes in the national program of aeronautical and space activities or new scientific or engineering developments, and (2) he determines that deferral of such action until the enactment of the next authorization Act would be inconsistent with the interest of the Nation in aeronautical and space activities. The funds so made available may be expended to acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment. No portion of such sums may be obligated for expenditure or expended to construct, expand, or modify laboratories and other installations until the Administrator or his designee has transmitted to the Committee on Science and Astronautics of the House of Representatives and to the Committee on Aeronautical and Space Sciences of the Senate a written report containing a full and complete statement concerning (1) the nature of such construction, expansion, or modification, (2) the cost thereof, including the cost of any real estate action pertaining thereto, and (3) the reason why such construction, expansion, or modification is necessary in the national interest. No such funds may be used for any construction, expansion, or modification if authorization for such construction, expansion, or modification previously has been denied by the Congress.

SEC. 4. The Administrator is hereby authorized to transfer, with the approval of the Bureau of the Budget, funds appropriated pursuant to this Act, to any other agency of the Government whenever the Administrator determines such transfer necessary for the efficient accomplishment of the objectives for which the funds have been appropriated. Not more than $20,000,000 may be transferred by the Administrator under this section to any other agency of the Government unless the Administrator has transmitted to the Committee on Aeronautical and Space Sciences of the Senate and to the Committee on Science and Astronautics of the House of Representatives a written statement concerning the amount and purpose of, and the reason for, such transfer or transfers, and (1) each such committee has transmitted to the Administrator written notice to the effect that such committee has no objection to that transfer or transfers, or (2) thirty days have passed after the transmittal by the Administrator of such statement to those committees.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. KERR. Mr. President, I rise to support an excellent bill now before the Senate for consideration. I ask unanimous consent to allow Mr. Ralph Ulmer, assistant director of the facilities in the Office of Programs of NASA, to be present on the floor of the Senate to assist during the floor debate on H.R. 6874, the bill to authorize appropriations to the National Aeronautics and Space Administration for the fiscal year 1962.

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

Mr. KERR. Mr. President, before proceeding to explain the bill, I wish to pay tribute to the members of the committee who, through long hours, days, weeks, and months have attended the sessions of the committee, studying the operations of the National Aeronautics and Space Administration, and participated in the deliberations out of which has come the bill. Members on both sides of the aisle, headed on the Democratic side by the Senator from Georgia [Mr. RUSSELL], next to the chairman, and on the Republican side, the distinguished Senator from New Hampshire [Mr. BRIDGES], the Senator from Wisconsin [Mr. WILEY], and others, worked together in the formulation of the bill, bringing it to the Senate by their unanimous action.

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

Mr. KERR. I yield.

Mr. SYMINGTON. I shall necessarily have to leave the floor. The hour is late. But before leaving, I present to Senators the fact that the chairman of the Aeronautical and Space Committee, the distinguished senior Senator from Oklahoma [Mr. KERR], has been as thorough in his effort to explore this new field as any chairman of any committee with which I have had the honor to serve in the Senate. I congratulate him on the work that he himself and the staff of the committee have accomplished, and I say for the possible benefit of the Senate that in my opinion the results are proved by the report which the committee has made. I have read the report, and I am confident that any Member of the Senate who will examine the tremendous detail through which the chairman of the committee steered the bill before the bill was reported to the Senate will agree with my statement. I thank the Senator.

Mr. KERR. Mr. President, I thank the Senator from Missouri. He was one of the members of the committee who spent the greatest number of hours in the endeavors on this bill and he came forward in our deliberations with some of the most intelligent and informative suggestions. I, as chairman, am indeed indebted to him for the great contribution that he has made to the bill.

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

Mr. KERR. I yield.

Mr. BRIDGES. I wish to join with the distinguished Senator from Missouri [Mr. SYMINGTON], in the statement which he has made about the progress of the committee and the outstanding and faithful work of its chairman. I want to say, in addition, that no chairman of a committee could have proceeded more diligently, worked harder, or presided in a more nonpartisan manner. There were absolutely no politics involved in the consideration of this bill. The only desire of the chairman was for the good of this country.

I realize, as I know the chairman realizes, that we are pioneering in a new field, that we are only at the threshold of the space age. What lies beyond this threshold is speculative. What we do know is that interwoven in this new dimension of space is the security and destiny of our country and perhaps all mankind.

The Senator from New Hampshire, as the Senate knows and as the distinguished chairman knows, is in favor of economy. He has cast very few votes in the Senate that were not on the side of economy. He believes sincerely that overspending and the weakening of the dollar is one of the great threats to our country.

This bill authorizes a huge amount of money, but I do not believe we can afford to gamble. I have come to the conclusion that this is the only thing we can do. We cannot with safety chart any other course. I realize that the day may come when we may be praised for our action, or that we may be criticized bitterly. In these unusual times, however, someone must take a stand, someone must make recommendations, someone must act. Therefore I join with the distinguished chairman whom I have worked with very closely and hold in high esteem, and the members of the committee, who were faithful in their attendance in supporting this legislation.

Mr. KERR. Mr. President, I am very grateful to the distinguished Senator from New Hampshire for what he has said. I advised members of the committee when we started our hearings many weeks ago, preparatory to the specific hearings on the pending bill, and again when the bill was before us for our consideration, that I felt this is a program that ought to be considered as a bipartisan effort, and therefore considered with a bipartisan approach. I told

my good friend, the Senator from New Hampshire [Mr. BRIDGES], the ranking Republican member of the committee, that I would not bring or participate in bringing to the floor of the Senate an authorization bill, unless it had his wholehearted support and unless he and I, working together with members on both sides of the table, could reach a decision with which the committee could unanimously agree.

It is a bold and challenging program. It is one that leads into a future whose dimensions and specifications we cannot foresee or foretell.

I, for one, have great confidence in that future. Certainly we cannot today describe what is ahead in the development of our efforts in the exploration of space, with its multitudinous facets and manifestations, any more than Christopher Columbus could have told in 1492 upon his return from the New World what Western civilization would be in the closing half of the 20th century. Had he been asked to portray and forecast what was ahead, certainly he could not have described with any degree of understanding and knowledge what has grown and developed.

Today, as man stands on the threshold of the era of space, no man can tell what a few centuries may bring forth or even what a single decade, or a few decades, will bring forth. But the American people, above all others on this earth, march into the future with confidence and with faith; and it is with that understanding, and inspired by that knowledge, that the members of the committee have worked on the development of the bill and brought it to the Senate for its consideration.

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

Mr. KERR. I yield.

Mr. MORSE. I wish to say to the Senator from Oklahoma that it is easy to understand how the members of the committee, spending the weeks that they have spent in taking the testimony and studying the data there were presented to the committee, could reach the unanimous opinion which they reached. The chairman should also know that there are many of us—and so far as I know there are no exceptions among my colleagues in the Senate with whom I have talked—who are not members of the committee and who do not have the detailed information and the enlightened understanding of all the complexities of the space program that the members of the committee have, but who nevertheless feel that they owe the chairman and his committee a very sincere debt of thanks and gratitude for the leadership that is portrayed by the report of the committee.

We know something about the problem, although we are not members of the committee, because some of us have gleaned it from other sources. Those of us on the Foreign Relations Committee have at least a smattering of knowledge of some of the problems that have been considered by the committee. I am sure the chairman will be pleased to know—and I am sure I speak the point of view of most, if not all, the Members of the Senate—that there is general recognition in this body that we must raise our sights, that there are new horizons, that there are frontiers, the likes of which the imagination of man has yet fully to contemplate and comprehend.

Yet we know that the new frontiers will have to be traversed by our descendants. We know that we have an obligation in our time to make, as the President has so eloquently said numerous times now, to make whatever sacrifices are necessary in order to prepare the way for the new era to which the Senator from Oklahoma has referred and in which our descendants will have to live. I am not only pleased to support the authorization which the Senator from Oklahoma and his committee are asking for, but I wish also to say that I do not think we can follow any other course, if we are to be both realistic and fulfill our patriotic obligations to future generations of Americans.

It is of interest that we should discuss this bill immediately following consideration of the proposal to raise the debt ceiling. There are things worse than increasing the debt ceiling. The important thing for us to do is to evaluate what we are increasing it for. If we are increasing it to pay for the general welfare legislation to which I referred a few moments ago when I supported the proposal to raise the debt ceiling, and if we increase it in order to at least give future generations of American boys and girls a chance for survival, then I do not believe we ought to worry about the sacrifices that we will have to make through the payment of taxes that are necessary to meet the bill.

I believe that if the Senator from Oklahoma and I could come back to earth 50 years from now and view then what had taken place in the half century which would have passed, we would take a deserved satisfaction in the fact that tonight, in the Senate of the United States, we were willing to cast our votes in support of this authorization, even though we know that millions of our constituents across the country are raising grave doubts as to whether it is necessary.

However, being Burkian in my philosophy, I say we have an obligation to take these back to our constituents, come adjournment time; and I am satisfied that when once our constituents understand the facts, on the basis of which we are voting in the Senate tonight, they will say that they would have voted the same way, had they had the trust and the responsibility of casting the vote which the Senator from Oklahoma and I, and all the other Members of the Senate who are present, are about to cast.

Mr. KERR. Mr. President, I am grateful to the Senator from Oregon for his kind and, I think, very intelligent and accurate statement.

Mr. ALLOTT. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield to the Senator from Colorado.

Mr. ALLOTT. Mr. President, this question has been heard before the Subcommittee on Independent Offices of the Committee on Appropriations, of which I am the ranking minority member. I would be loath to see the passage of the bill without making certain remarks, in which I feel certain the Senator from Oklahoma will indulge me.

The committee of which the Senator from Oklahoma is the chairman has heard much testimony on this question. In my opinion, there are at this time very deep philosophical questions as to whether or not the course we are pursuing by the authorization bill, which will ultimately either be implemented or not be implemented by appropriations, is the proper one. I have noted in numerous magazine articles, and also in newspapers, the statements of many prominent scientists in this country who have voiced serious doubt as to whether this is the way we should proceed or the way we should travel.

I doubt really, in my own mind, even though I am completely aware of the President's message, whether, under the stress and strain of the problems that the President has encountered in the past few months, he himself has had an opportunity to consider the problem and the deep implications it has, even though he has communicated to Congress a message in this respect.

There are two or three things which I think ought to be said. First, the National Science Foundation and NASA, appearing before our committee separately—and their fields of scientific endeavor overlap, to some extent—have told us—particularly the NASA representatives—that what this project means to us is a commitment now of $20 billion over the next 10 years. Are those figures in accordance with the Senator's understanding?

Mr. KERR. The present estimate of the required expenditures of NASA for the next 10 years are in the neighborhood of $33 to $40 billion. That includes the entire program assigned to NASA, which the President, in his statements, has asked the country to give its approval.

Mr. ALLOTT. I am very happy to hear the Senator's statement as to the figures, because they are not the figures which NASA gave to the Subcommittee on Appropriations within the last week.

Mr. KERR. I am of the opinion that the entire program which NASA has outlined will be in the neighborhood of the amount which the Senator from Oklahoma has indicated. If the representatives of NASA were talking to the Appropriations Subcommittee about the program related to the effort of putting a manned vehicle on the moon and bringing it back to earth, they would have been using a different figure.

Mr. ALLOTT. We are talking, then, about two different figures. I am not talking about the total program of NASA.

Mr. KERR. The figure which the Senator from Oklahoma gave the Senator from Colorado was for the total program.

Mr. ALLOTT. I am talking about the specific figures with regard to what is called the soft moon shot, which is the landing of a man or a satellite carrying

two or three men on the moon and bringing it back to earth. The figure that was given to us for that expedition was $20 billion.

Mr. KERR. That is the figure which NASA gave to our committee, as its representatives addressed themselves to the specific project or program referred to by the Senator from Colorado. Even in that regard, the $20 billion figure includes the total cost of the Saturn and Nova families of very large launch vehicles; the new engines for these vehicles; all of the production, test, support, and launch facilities; new spacecraft for manned missions leading up to and including manned lunar landings; and all of the unmanned lunar exploration program which necessarily would precede a manned lunar landing; accelerated programs for unmanned radiation scientific satellites; sounding rockets, and advanced technology in many areas; an extensive program of animal flight; and a new space flight center.

That figure comprehends many facets of the space program, including the landing and safe return of the men who land on the moon.

Mr. ALLOTT. We have agreed on one thing. My purpose at this time is merely to bring into focus certain facts about the program. I intend to speak more in a few minutes about the various elements which go into making a final landing, including the hard landings and the soft landings, and all the things connected with them. However, we are agreed, at least, upon the figure of $20 billion, which is the figure which was given to our committee.

This means that in the next 10 years, assuming that the Nation reaches a population of 200 million by 1970—and it will, because our young folks are doing fine, even though some older ones among us may not be—for each man, woman, and child in the United States it will be necessary to expend upon the soft shot on the moon—that is, landing three men on the moon—the sum of $100.

That is the present estimate. In my opinion—and this is an economic opinion, which can be disputed by many persons, but I predict I will be on the safe side—within the next 10 years the cost of the project will rise at least 50 percent. So when we consider the project, we will have to consider the cost ratio of $150 for every man, woman, and child in the United States.

This brings us to the question which no man, however wise, can answer today. If there is a Senator who has had to deal with this problem who has not laid awake nights, trying to figure out the answer to it, I should say he is an utter fool. The problem is whether the shot on the moon is the ultimate goal and the thing which will reap the most benefits for the United States. In other words, if we are to do this for the mere sake of propaganda, the shot will not be worth $20 billion—or even $30 billion, as I maintain it will cost.

But then we go beyond this. We say, as has been said to us in committee, "This is not the sole objective. The objective is the achievement of scientific knowledge which will ultimately benefit mankind. This I can appreciate also.

In the course of developing the moon shots, we also think of the ultimate landing on the moon, of which the Senator from Oklahoma has spoken; and we also have to consider the development of the F–1 motor, the development of the Saturn, and even the development of the Rover engine. We have yet to develop many of the other facets of this program. Yet I believe it important to note at this time that the sequence of events relating to the moon shot evolves around three fundamental steps which come in the following order—after Mercury shots, of course: The first one, which is a definite step toward the moon shot, is the manned satellite around the earth. After achieving the manned satellite, what will come next? Many eminent scientists believe that the manned satellite and the development of a missile or of a particular instrument which will be an antimanned satellite will be the most valuable things for the United States to achieve. This is what causes me real worry. The next step of major proportions in this process—and in discussing these matters, I am sure I am not violating any classified information, because the information was given to the committee in open session, with other persons in the room, and I specifically asked whether the information was classified—is the development of a satellite with an elliptical course, going around the moon once, twice, or three times, and then returning to the earth. And the next, and ultimate, step, after the hard landings on the moon, will be the soft landing on the moon, which will place three men on the moon, and then return them to this country in safety, we hope.

On the basis of only the propaganda value, I do not believe this course is justified. I wish to make perfectly clear that I do not believe in engaging in a useless contest with the Russians; I do not believe such a contest can be worth what I believe will be the cost—namely, in excess of $30 billion—to the American people.

The only question I raise—and at this time I am not prepared to make up my mind finally about it; I shall vote for the authorization bill, but I shall reserve the right to determine later how I shall vote on the appropriation bill—is whether the real interests of the United States would be far better served by the development of an ultimate orbital instrument, a manned space vehicle, which, in effect, will have complete supervision of the earth, or at least complete knowledge of the earth, while it is in orbit, plus the antimanned orbital vehicle which could destroy one in the event we had to destroy one, of an enemy. I think this is the real problem and the real gist of the problem which we Americans must face.

I am not impressed completely by the arguments of the scientists who simply want more and more and more research, even though the research thus far engaged in has just about, to all practical effects, taken over the budget of the U.S. Government; the research scientists have taken it over in dozens of fields, so that in every area in which we engage we find research, research, and more research—duplication and overlapping, and then more duplication and more overlapping, in place after place.

I believe that one of the main things we have to achieve in this field—and I believe that every Senator must answer this question for himself; I say to the Senator from Oklahoma that he must answer it in his own soul, because no one else can give him the answer; not even the scientists can give the exact cost to which reference is made; only he can develop for himself, in his own mind, on the basis of his own knowledge, the answer—is the answer to the question of whether it is more important to develop a means of putting men on the moon or whether it is more important to develop, to the nth degree, orbital, manned space shots around the earth, together with the antimanned orbital vehicle which we shall also have to develop as, first, a means of propaganda value, and, second, a means of bringing to this country, by means of such surveillance and the other scientific data we could have acquired, the greatest amount of protection our country could get, together with, third, the greatest scientific value.

I am fully cognizant of the position the Senator from Oklahoma has taken, and I respect it. But I would be very remiss in the performance of my duty if at this point in the debate on this authorization bill I did not discuss these questions, which I am satisfied—from conversations with numerous scientists of both national and international acclaim—are the subject of very serious doubts.

So this is really what we are deciding tonight, or perhaps we shall really decide it when the appropriation bill is before us.

I thank the Senator from Oklahoma for his courtesy in yielding to me.

Mr. KERR. Mr. President, I thank the distinguished Senator from Colorado for his contributions to this debate.

I say to him that if I contemplated this program as one whose value would be limited to propaganda value or as one which would be limited to the feat of placing a man on the moon and bringing him back again, I would not be standing on the floor of the Senate tonight, urging the Senate to pass this authorization bill.

I contemplate this program as one which will enable the American people to meet their destiny.

The distinguished Senator from Colorado has referred to the fact that this program could cost $100 for each of 200 million people. I realize that might be the case. In fact, in the budget message of the distinguished President who preceded President Kennedy in office—I refer to the budget message which came to the Congress on January 12 of this year—the program which is authorized in this measure was included. At that time it was submitted on the basis of a 10-year total cost of $22,329 million. It did not contemplate the stepup and the acceleration of the program which is indicated in the bill now before the Senate; and, in the judgment of the Senator from Oklahoma, the same technicians

and able scientists who developed the information on which the previous budget message was based have been the ones, in the main, who have advised President Kennedy in regard to what the larger program to be accomplished in the shorter period of time would cost.

I say to the 183 million Americans of today, and to the 200 million Americans who I think will be here in less than a decade, that in my judgment, one of the benefits that will come from the program will be an increased average lifespan of at least 10 years for each one under 50 years of age today.

In the judgment of the Senator from Oklahoma, that is but one of the results which will come from the program, as the reaching of the moon is but one of the results that will come.

Mr. ALLOTT. Mr. President, will the Senator yield for a moment further?

Mr. KERR. I yield.

Mr. ALLOTT. In my opinion the Senator is perhaps overstating it a little when he says that the program would result in the expansion of the lifespan of the average person by 10 years. I think it is likely to be a result of the basic research carried on by the National Science Foundation, the National Institutes of Health, and private researchers. I agree that in the next 10 years it will be an actuality.

However, I should like to ask—and God knows I say this seriously, and not in a sense of flippancy—whether the Senator has considered the possibility that by the time we reached the stage of manned orbital spaceships, the dictates of scientific knowledge achieved by that time would make it mandatory that we go off in an entirely different direction than a shot to the moon.

Mr. KERR. I say to the Senator that I do not know, but I approach that time and that decision unafraid, and with the realization that the most any man can do as of today is the best he can on the basis of his present knowledge, information, judgment, and the advice and counsel available to him. If we could look into the future and know what men who will be here 10 years from now would do and say, we could make decisions with far greater confidence. But that we cannot do. We must meet the challenge and the responsibility of decision now.

I appreciate what the Senator from Colorado has said. He has indicated that a sensible space program would include manned orbital flights around the earth.

Mr. ALLOTT. I must answer the Senator. I feel unequivocally that that is true.

Mr. KERR. And also the ability to destroy manned orbital flights in space vehicles around the earth.

Mr. ALLOTT. I do.

Mr. KERR. In my judgment, that knowledge and ability will be achieved by one or more nations on the earth, and I contemplate with the gravest concern and fear the certainty that some nation, or some group of nations, will achieve that ability, and the possibility that it might not be the United States of America.

Mr. ALLOTT. Let me say to the Senator, if he will yield further, that I agree with him completely in his last statement. I think it is an absolute necessity for the United States. The real concern I have is whether, in setting a moonshot as the goal, we may be setting a false goal rather than a goal which is still far in the future and a goal which will give the greatest results to mankind and to the United States. I do not disregard the propaganda value of it, either. That goal might well be the field of manned space satellites, plus antimanned space satellites.

I have taken much of the Senator's time. I express my appreciation to him for permitting me to interrupt his own discourse to discuss this matter, but it seemed to me it was a very appropriate time to try to bring into focus a few of the factors which every American should lie awake thinking about tonight, and for a few nights to come.

Mr. KERR. I again thank the Senator from Colorado. His statement is evidence of a similar line of thinking on his part to that of the Senator from Oklahoma. He has evidenced a deep concern. He has evidenced a purpose to give the best consideration of which he is capable. The Senator from Oklahoma takes great comfort in the knowledge that Members of the Senate and of the House of Representatives, those in our great space agency, the executive department, and every American throughout the length and breadth of our country are similarly concerned tonight and are giving this subject contemplation and consideration, to the extent of their mental ability.

Mr. President, before I explain and support the bill now before us for consideration, I would like to express my appreciation to the members of the committee and to its staff.

This bill, H.R. 6874, as proposed to be amended, authorizes the appropriation of $1,784,300,000 for the National Aeronautics and Space Administration for fiscal year 1962. This would be a substantial increase above the appropriations for this agency this fiscal year. The programs and funding authorized in this bill match the recommendations made by President Kennedy on May 25 in his special message to the Congress on urgent national needs. You will recall that he said at that time:

> Now is the time to take longer strides—time for a great new American enterprise—time for this Nation to take a clearly leading role in space achievement.

Copies of the bill, plus the committee's report and a transcript of the committee's hearings on NASA's scientific and technical programs, are on the desks of the Senators.

The Space Committee favorably reported the bill unanimously, having reached bipartisan agreement after diligent consideration of the administration's budget recommendations, and after detailed review of the technical and scientific missions of NASA. This bill will provide the authority and the funds needed to develop, on an efficient basis, not only the manned moon explorations, but also the fastest economically feasible development of communications, weather forecasting, and reconnaissance satellites, plus the exploitation of many other space resources. The achievements to date of our space programs show that these can provide far-reaching benefits to our national economy, security, and health.

The unity of purpose and degree of responsibility displayed by my colleagues on this committee, Mr. President, are worthy of note. Their approach, I believe, reflects the compassion which all Americans have for the courageous men and women who have volunteered or who will volunteer for the perilous tasks of space exploration. This unanimity has existed in past years, and we prayerfully hope that it will continue, not only within the committee and within Congress, but throughout the Nation, as we embark on dramatic new phases of this challenging and promising venture.

The bill now under consideration evolved after a period of review which started, as the President reported, shortly after he took office. The starting point of this evaluation was the budget recommendation of the previous administration, which called for a NASA budget of $1,109,630,000 for fiscal 1962.

It has long been apparent that, while this Nation's space achievements have been outstanding, we have lagged in big boosters, the larger rockets needed for larger payloads, and extensive manned space-flight missions. Many weeks before the Nation and the world were thrilled by the daring flight of Comdr. Alan B. Shepard, the President recommended budget increases to close this booster gap. The proposal, in a special message on March 28, recommended the NASA budget for fiscal 1962 be increased to $1,235,300,000. This figure, however, did not remain static.

In April the Congress amended the 1958 Space Act to provide for the reorganization of the National Space Council, making the Vice President its Chairman. With the signing of this measure into law, the urgent needs of our space program continued to be reviewed by our experienced and distinguished Vice President, the former chairman of this committee. The President, a month later, reported to the Congress that with the Vice President the administration had examined where this Nation is strong in space and where it is not, where it may succeed and where it may not. It is reassuring to know that the great knowledge and talent of the Vice President were drawn upon.

The Space Committee itself undertook its studies of the NASA program in January, first reviewing space programs funded by previous sessions of Congress. Subsequent to the President's recommendation of May 25, hearings were held for the purpose of taking testimony from officials of NASA and from spokesmen of military and other civilian agencies participating in joint programs with NASA. This included review of programs sponsored jointly with the Department of Defense, the Department of State, Atomic Energy Commission, Federal

Communications Commission, and U.S. Weather Bureau.

Many of the witnesses before the committee have long been associated with NASA and its predecessor agency, the National Advisory Committee for Aeronautics. These witnesses were in overwhelming agreement that the time has come, as the President said, for a marshaling of national resources in order to attain undisputed leadership in space. These same people will be charged with carrying out the programs authorized in this bill, and their competence and eagerness to get on with this vital undertaking impresssed us as the hearings went along.

The committee spent considerable time looking into areas of possible duplication and inefficiency. Responsible leaders of the three principal participants in space-related projects, NASA, the Department of Defense, and the AEC, voiced their support for a unified national program. They reminded the committee that they were directed by the President to work closely with each other and make every effort to use the most efficient resources available to the Government, wherever they may be. They also are charged with keeping the Vice President and the Space Council informed of their efforts as a means of assuring continued teamwork.

Mr. President, the committee attempted to find and examine all the pros and cons of the space program in the belief that an expenditure of this magnitude, and an opportunity of such fantastic long-range significance, deserves closes scrutiny. There is a fascination, an aura of glamor, involved in the space effort. All of us experienced the same feelings the day Commander Shepard made his historic flight. We were afraid when the countdown approached zero, because we instinctively fear the unknown. We were exultant when the Redstone rocket lifted perfectly off the pad and arched into the sky like a homing angel. Our spirits soared with the rocket. We enjoyed a surge of pride in accomplishment upon the commander's safe return to the surface of earth.

This Nation achieved much more that day than most of us realized at that moment of jubilation, for the feat was conducted in view of the world, and people throughout the world shared the experience with us. Our willingness to share our knowledge and experience with the rest of the world can pay us bigger and bigger dividends with the development of communications and weather forecasting satellite systems. Funds to accelerate these important systems would be authorized by this bill. For it is the practical aspects of the space program, including the ever-present possibility that the knowledge we acquire in these civilian ventures may, in time, become militarily indispensable, that must be our basic motivation as we support it.

The President has asked the people of this country to commit themselves to the goal, before this decade ends, of landing a man on the moon and returning him safely to earth. This will require the acceleration of learning in many areas of science and technology. It will require, the President estimates, expenditures of from $7 to $9 billion additional within the next 5 years to achieve the new timetable.

Dr. Hugh Dryden, the Deputy Administrator of NASA and a man of many years, experience in scientific and administrative fields, has joined me here today to provide "backup," as the space jargon has it, or to help me answer any questions you might have.

Before proceeding with a review of the specifics of the bill, I would like to quote briefly from a statement Dr. Dryden gave the committee regarding the moon project. I think you will agree with me that his statement is one of the most penetrating and incisive analyses of why we must proceed with our space program with all possible speed. He said:

> It is important to realize that the real values and purposes are not in the mere accomplishment of man setting foot on the moon but rather in the great cooperative national effort in the development of science and technology which is stimulated by this goal.
>
> The billions of dollars required in this effort are not spent on the moon; they are spent in the factories, workshops, and laboratories of our people for salaries, for new materials, and supplies, which in turn represent income to others. It is unfortunate that space exploration is still so new that journeys of man to the moon are synonymous with foolish or visionary enterprises as described in science fiction. Fifty years ago flying through the air had the same connotations—risky, expensive, useful only as a sport. Our lack of appreciation of the potentialities of aeronautics extended through the early years, forcing the Wright brothers to go abroad. We entered the First World War with no design capability and no manufacturing experience, dependent completely on foreign designs. Only after the war did we begin to devote effort to research in the new aeronautical technology. We must not undergo the same experience in space science and technology. The national enterprise involved in the goal of manned lunar landing and return within the decade is an activity of critical impact on the future of this Nation as an industrial and military power, and as a leader of a free world.

Mr. President, while the committee voted unanimously to support the full amount of President Kennedy's request, there were four modifications in the language of the bill suggested by the committee which were acceptable to the administration. These changes are detailed on pages 9 and 10 of the committee report.

I should like to comment on only one of these. The administration had requested, with the approval of the Budget Bureau and the Civil Service Commission, 135 additional "excepted" positions in order to fulfill the mandate of the accelerated space program. Although this section would have amended a section of the National Aeronautics and Space Act of 1958, these matters are generally handled by the Post Office and Civil Service Committee. Consequently, the request for additional excepted positions was deleted from this bill, jurisdiction being deferred to that committee.

And now, I should like to outline for you as succinctly as possible, the major areas of expenditures included in this bill.

NASA appropriations are divided into three parts: First, salaries and expense; second, research and development; and third, construction of facilities.

Summaries of the appropriations requests are shown in tables on pages 3 through 7 of the report.

SALARIES AND EXPENSES

The appropriations for "Salaries and expenses" covers the salaries of all NASA employees and routine costs involved in operating and maintaining NASA's facilities and activities. The total amount requested is $226,636,000 and is summarized in the tables on pages 11 and 12 of the report.

There are seven items for which the money is spent which I will outline briefly. A more specific description of them is given on pages 11 through 24 of the report.

1. PERSONAL SERVICES AND BENEFITS, $186,536,000

This major item represents regular salaries to employees plus overtime, insurance, retirement, and social security contributions.

It should be noted that the accelerated space program recommended by President Kennedy requires additional personnel in order to do the job. Consequently, the fiscal year 1962 budget for NASA proposes a staffing level of 21,422 employees, an increase of 4,929 employees over the number estimated for the current year. NASA officials testified this increase represents the bare minimum of new employees that will be required to carry out the program successfully.

2. TRAVEL AND TRANSPORTATION OF PERSONS, $10,395,000

In the performance of their official duties, NASA personnel are frequently required to travel from one NASA facility to another, travel to coordinate programs with other Government agencies, travel to scientific meetings, to launching sites, tracking stations, et cetera.

3. TRANSPORTATION OF THINGS, $1,615,000

The estimates under this heading provide for the shipment of household goods and personal effects of employees recruited outside the immediate area of their initial duty stations, or transferred between NASA installations when such transfers are in the best interests of the Government. Such expenditures have been instrumental in attracting and retaining qualified personnel in critical categories.

4. RENT, COMMUNICATIONS AND UTILITIES, $28,209,000

NASA is required to rent certain electronic equipment, and buildings and land. It must also pay for telephone and telegraph services, and utilities. The bulk of this money is spent for rental of high-speed computer and data reduction equipment, and for the procurement of electrical power.

5. PRINTING AND REPRODUCTION, $1,000,000

NASA printing funds are utilized primarily for the printing and microfilming of scientific and technical reports for industrial contractors, other Government agencies, and the related

scientific community, the general public, and educational institutions.

6. SECURITY INVESTIGATIONS, $2,235,000

Security investigations of NASA personnel are conducted by the Civil Service Commission on a reimbursable basis. The investigations are required by Executive Order No. 10450, and by procedures and standards established pursuant to the National Aeronautics and Space Act of 1958.

7. INSURANCE CLAIMS AND INDEMNITIES, $110,000

The estimates in this category provide for the payment of accidental damage to property resulting from NASA operations and for payment of awards for scientific and technical contributions pursuant to section 306 of the National Aeronautics and Space Act of 1958.

RESEARCH AND DEVELOPMENT

The appropriations for "Research and development" provide the funds required for contractual research, development, operations, technical services, repairs, alterations and certain construction, reimbursement to other agencies, and for supplies, materials, and equipment. The total amount requested for "Research and development" is $1,295,539,000 and is summarized in the table on page 25 of the report.

Let me briefly run through the amounts for each of NASA's research and development programs, the detailed descriptions of which are given on pages 25 through 66 of the report.

1. SUPPORT OF NASA PLANT, $89,110,000

This money is to provide funds for certain travel and transportation expenses, repairs, alterations, and equipment.

2. RESEARCH GRANTS AND CONTRACTS, $7,600,000

This money is to use by means of research grants and contracts, non-Government organizations such as universities and nonprofit research institutions.

3. LIFE SCIENCE PROGRAMS, $20,620,000

This program will determine man's performance capabilities and limitations in the space environment and will provide adequate protection to assure his survival.

4. SOUNDING ROCKETS, $9,000,000

These funds will be used to investigate geophysical phenomena up to satellite altitude, using sounding rockets and other probing techniques. Sounding rockets are fired into the upper atmosphere and return to the earth; they do not orbit.

5. SCIENTIFIC SATELLITES, $72,700,000

The fundamental objective of the scientific satellite program is the expansion of human knowledge of phenomena in the atmosphere and space by the use of orbiting satellites.

6. LUNAR AND PLANETARY EXPLORATION, $159,899,000

Modern science and technology present challenging possibilities for the unmanned exploration of the solar system. An extensive program to exploit these possibilities is being undertaken by NASA. In addition to its direct contributions to science, this program will provide the necessary scientific and technological foundation for subsequent manned interplanetary exploration. Before man lands on the moon, for example, far more must be known about it.

7. METEOROLOGICAL SATELLITES, $50,200,000

These funds will be used to establish a meteorological satellite complex capability for worldwide coverage and for providing observations of atmospheric elements required by meteorologists in order to understand atmospheric processes and accurately predict the weather.

8. COMMUNICATIONS SATELLITES, $94,600,000

Recent successful tests by the United States have clearly shown the great potential of communications satellites in worldwide systems. However, there are many technical problems yet to be investigated and solved, particularly in the matter of space environment effects, before commercial utilization of communications satellites can be soundly undertaken. The NASA communications satellite program has as its objective the rapid solution of these problems.

9. MERCURY, $74,245,000

Mercury, of course, is one of NASA's better known programs. Its objectives are twofold: (1) To develop the technologies required to construct a manned satellite capsule which will provide a safe environment for man; and (2) to determine what effects prolonged weightlessness may have on our astronauts.

10. APOLLO, $160,000,000

This money will be utilized to extend the field of manned space flight to the following three missions: (a) Long-duration flight in an earth orbit; (b) circumlunar flight; (c) lunar landing, exploration, and return. This is one of the key items in the President's accelerated space program.

11. LAUNCH VEHICLE TECHNOLOGY, $27,000,000

This money will be used to advance the technology that will be required to support future launch vehicles.

12. LAUNCH OPERATIONS DEVELOPMENT, $1,500,000

This money will be used to analyze operational requirements and to provide advanced ground instrumentation.

13. SPACECRAFT TECHNOLOGY, $10,360,000

The objectives of this program are to obtain research data, to develop advanced techniques and to demonstrate the feasibility of improved materials, components, and systems which can be applied in future spacecraft.

14. SOLID PROPULSION, $3,100,000

The purpose of this program is to establish the research background that will permit exploitation of the high reliability, simplicity, and economy of the solid propellant engines.

15. LIQUID PROPULSION, $93,020,000

This money will be used to develop liquid propellant rocket engines of improved reliability and performance as necessary to support launch vehicle development including vehicles of the size necessary for manned lunar exploration.

16. ELECTRIC PROPULSION, $6,800,000

This money will be used to advance the basic technology necessary to exploit electrical propulsion for space application, and to develop the specific engines required for anticipated missions.

17. NUCLEAR SYSTEMS TECHNOLOGY, $36,000,000

This money will be used to develop nuclear rocket propulsion systems capable of carrying large payloads on space missions over extended distances; and to develop nuclear electric power generating systems required for electrical space propulsion or for auxiliary power sources in spacecraft.

18. SPACE POWER TECHNOLOGY, $5,500,000

Nearly all spacecraft require an electrical power supply for operating instruments, communications, and other equipment. This money will be used to develop the technology of generating electrical power from solar and chemical energy sources.

19. SCOUT, $3,675,000

The purpose of the Scout program is to develop a reliable, relatively inexpensive vehicle for general space research. It is the smallest of the basic NASA family of launch vehicles and is used for small size payloads.

20. DELTA, $2,900,000

This money is designed to provide a reliable space vehicle to replace the Thor-Able, Juno II, Jupiter-C, and Vanguard vehicles for medium payload satellites and small payload space probes.

21. CENTAUR, $56,400,000

This program is designed to develop a general purpose launch vehicle of high performance and reliability for earth satellite, lunar, and planetary exploration missions.

22. SATURN, $224,160,000

The purpose of the Saturn program is to develop a multipurpose vehicle system using a "buildingblock" approach for the upper stages to achieve a variety of configurations and capabilities. This concept will provide a family of vehicles to meet future requirements for sending very large payloads into interplanetary space or into orbits nearer the earth.

23. TRACKING AND DATA ACQUISITIONS, $38,650,000

It is necessary to know where our space vehicles are and to be able to communicate with them. These funds will be used to continue to operate tracking and data acquisition facilities necessary to support the overall NASA space flight program.

24. NOVA, $48,500,000

This money will be used to develop, as soon as practicable, a launch vehicle of extremely high performance and reliability that can perform a manned "safe" landing on the moon and return the crew safely to the earth. The size and thrust power of this rocket will greatly surpass that of any currently programed.

CONSTRUCTION OF FACILITIES

The appropriations for "Construction of facilities" provides the funds requested for the construction of buildings, laboratories, launch test facilities, or alterations or additions to these facilities, necessary to carry out the inhouse experimentation, research, and develop-

ment of NASA's installations. The total amount requested for "Construction of facilities" is $260,075,000 and is summarized in the table on page 66 of the report.

Let me briefly run through the amounts for these construction programs, the detailed description of which are given on pages 66 through 106 of the report.

LANGLEY RESEARCH CENTER, $3,980,000

This would include $2,500,000 for equipment for magneto plasma dynamics research, the term used for that branch of science dealing with the behavior of electrically conducting gas in magnetic fields. This research will have potential important applications in space communications and propulsion and power generation. The remaining $1,480,000 is for the construction of a facility to investigate vacuum effects on structures.

AMES RESEARCH CENTER, $5,680,000

These funds will be used for a hypervelocity free-flight facility to study problems encountered by the entry of space vehicles at speeds at from 20,000 to 50,000 feet per second. In addition, $800,000 will be utilized for modifications of a flight operation laboratory that will be used for life science research.

LEWIS RESEARCH CENTER, $3,590,000

Funds at Lewis would consist of $2,550,000 for a hydrogen heat transfer facility and $1,040,000 for modifications to a space environment tank.

GODDARD SPACE FLIGHT CENTER, $9,212,000

Major portions of the funds at Goddard would be used to construct an environmental testing laboratory for launch vehicles. The discovery of potential failings of one spacecraft in ground tests would more than cover the cost of this proposed facility.

WALLOPS STATION, $6,313,000

A major portion of the funds for Wallops would be utilized for improving the tracking equipment at this station.

MARSHALL SPACE FLIGHT CENTER, $12,891,000

The major portion of these funds would be used for construction in connection with the Saturn space vehicle program being conducted at this center.

ATLANTIC MISSILE RANGE, $49,583,000

The breakdown of these funds can be found on page 85 of the report. Much of the funding would be used in connection with the Saturn launch facilities at Cape Canaveral.

PACIFIC MISSILE RANGE, $998,000

These funds would be used to acquire facilities to support the Agena, Scout, and other NASA programs conducted at the Pacific Missile Range.

VARIOUS LOCATIONS, $156,186,000

Detailed information and breakdown of this figure can be found on pages 93 through 106 of the report. Funds are requested to improve tracking networks, to provide facilities in connection with the testing of the F–1 engine program, and to provide additional vehicle testing and launch facilities. Funds are requested for a nuclear rocket development center which will include facilities for the testing of such engines.

Sixty million dollars is requested for construction of facilities in connection with NASA's proposed manned space flight laboratory. These facilities are described in detail beginning on page 101 of the report. The determination of a site for this facility has not been made by NASA at this time, but will involve requirements for easy access to air and water transport and for reasonable proximity to the industrial complexes, universities, and research institutions which will be involved in Project Apollo.

I conclude by urging the passage of the bill by the Senate.

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.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 6874) was passed.

Mr. KERR. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. MORSE. Mr. President, 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 upon its amendment and request a conference thereon with the House of Representatives, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. KERR, Mr. RUSSELL, Mr. MAGNUSON, Mr. ANDERSON, Mr. SYMINGTON, Mr. BRIDGES, Mr. WILEY, and Mrs. SMITH of Maine conferees on the part of the Senate.

REORGANIZATION PLAN NO. 4

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Senate Resolution 147.

The PRESIDING OFFICER. The resolution will be read.

The resolution (S. Res. 147) opposing Reorganization Plan No. 4, 1961, was read, as follows:

Resolved, That the Senate does not favor the Reorganization Plan Numbered 4 of 1961 transmitted to Congress by the President on May 9, 1961.

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 resolution.

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, for the information of the Senate, there will be no action on the unfinished business. It is anticipated that it will be the first order of business at the conclusion of the morning hour tomorrow and after consideration is given to items on the calendar to which there is no objection.

Following Senate Resolution 147, covering Reorganization Plan No. 4, the Senate will proceed to the consideration of Reorganization Plan No. 3. After that the Senate will proceed to the consideration of the cultural exchange bill, to which the Senator from South Dakota has some amendments at the desk.

Then I believe it is quite possible—in fact, I think it is imperative—that the House and Senate consider tomorrow the conference report on the social security bill.

ORDER FOR ADJOURNMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its deliberations tonight it stand in adjournment to meet at 12 o'clock noon tomorrow.

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

LATIN AMERICAN POLICY

Mr. MORSE. Mr. President, during the past 2 days there have appeared in the press a series of newspaper stories dealing with Latin America, particularly with respect to military aid to Latin America as well as to the various forms our economic aid should take. Because there is a danger that such stories, unanswered in terms of the presentation of another point of view, may come to have public acceptance before the public is aware of contrary points of view and facts in support of contrary points of view, I shall take a very few moments tonight to comment on this subject.

It is the view of the senior Senator from Oregon that if the position of the administration, in respect to military aid to Latin America should prevail, a grievous mistake in American foreign policy will be added to grievous mistakes already made in respect to Latin American policy.

Mr. President, much is being said in Washington and around the country these days about increasing unrest among the people of Latin America. Ambassador Stevenson has reported that conditions there are more unstable now than when he was in South America a year ago.

I heard Ambassador Stevenson at the National Press Club the day before yesterday make a very brilliant and, I thought, keenly analytical speech reporting on his trip to Latin America. I found myself, on the basis of whatever knowledge I have of Latin America, to be in complete agreement with Ambassador Stevenson except for certain references he made in regard to military aid for internal security purposes. It may be that I would find myself in agreement with his position on that, too, if I had the full story from him as to whatever limitations he may have in mind in respect to aid for internal security purposes.

But he left with others the same impression he left with me at the National Press Club; that he might be considering approving the recommendations which are in the foreign aid bill with respect to aid to Latin America for internal security purposes.

If that is his recommendation, then in my opinion he is dead wrong. If that is his recommendation, then in my opinion there is no evidence which will support him. To the contrary, I think the

evidence is voluminous against that policy.

In my opinion it would be difficult to find one single Latin American Ambassador in Washington, D.C., who would privately tell the Foreign Relations Committee of the Senate that he favors the military aid features for Latin America contained in the pending foreign aid bill. To the contrary, Mr. President, I have talked to many Latin American Ambassadors in the United States. They have said that while they recognized they have no right to intervene in the determination of American foreign policy, they nevertheless wished me to know that they hoped the position I have taken with regard to this matter, which is a position of some years' standing, will prevail.

They said there is more reason this year than ever before that the United States should recognize it is not bullets which Latin America needs from the United States, but economic assistance.

I paraphrase what I said on the floor of the Senate last Thursday night. We should not be sending bullets to Latin America to pierce the stomachs of Latin Americans; we should be sending food to fill those stomachs. That is the way to beat communism in Latin America.

It would be a grievous mistake for our Government this year to increase the military aid to Latin America both for hemispheric defense and for internal security. Rather, I think we should give consideration to the amendments some of us are advocating in the Foreign Relations Committee to get the Organization of American States to assume responsibility for an Organization of American States police force to maintain the defenses and the security of Latin America.

Mr. President, the other night I spoke at a meeting of the Metropolitan Club, attended by a large number of representatives of Latin American countries. The matter of military aid to Latin America came up. I expressed my point of view. It was well known to all who were present.

When the meeting was over, I was besieged by representatives of Latin American countries at that banquet, who urged that I hold firm to the position I have taken in opposition to my administration's recommendations as contained in the foreign aid bill.

I have particularly protested two recommendations. The first is the one to do away with the ceiling on military aid for hemispheric defense, and the second is to eliminate from the existing law the very important check which the Congress put in the law in 1959; namely, the check which requires the President of the United States personally to review and to approve any military aid to a Latin American country for internal security purposes, with the requirement he report his reasons for granting any such aid to the Congress of the United States.

PRESIDENTIAL REVIEW NEEDED

I say to my President, in my judgment it is more important that that provision be followed now than it ever was before in our relationships with Latin America. It is important also, Mr. President, that we recognize the sending of military aid to Latin America without this Presidential checking requirement remaining a part of the law will play into the hands of Communist forces in Latin America which will use it for propaganda purposes. They will allege that this is a further attempt on the part of the United States to exercise its military might in Latin America to support some very shaky administrations there.

Mr. President, this is the time of crisis in Latin America. Latin America has been going through crisis after crisis for decades, because a spirit of nationalism has been sweeping Latin America. It has been increasing in tempo in recent years. It is pretty well recognized that unless some democratic procedures are adopted in some of the countries of Latin America that are presently very shaky, unless the human rights of the masses of the people are recognized by those governments, unless legislative reforms of the nature that we made perfectly clear in the Act of Bogotá are adopted by some of the Latin American countries in order to receive American economic assistance, there will be further revolutions in Latin America.

REFORMS NEEDED MORE THAN ARMS

It is very important that the United States should not send arms to Latin America to sustain in power some governments which are bound to fall unless they proceed with the necessary reforms that will give the masses of their people a better way of life.

I happen to believe that we can get reforms. I believe that the Latin American people can be won over to the side of freedom. But we shall never accomplish that objective by supplying military might in order to sustain governments that are failing to protect and promote the economic rights of all their people.

In executive sessions of the Committee on Foreign Relations we have talked about some of such governments. My discussion of the particular governments to which I allude will be confined to executive sessions of the Committee on Foreign Relations. I wish to say on the floor of the Senate only that the lifting of the ceiling for military support and by the attempt to eliminate the requirement that the President himself review and approve any military aid for internal security purposes, the impression will be created that we are taking such action in order to act secretly, and in order to sustain some governments that may not go forward as rapidly as they should with the reforms that are necessary in order to meet the rising nationalistic demands of their people for a better way of life.

As I have said many times previously, and repeat tonight, we shall not win such peoples over to the cause of freedom until we do something about their stomachs, and we will never do anything for their stomachs by sending weapons.

Furthermore, by the proposed course of action, in my judgment, we would run the risk of making those people easy victims of the Communists. Remember, we are dealing with millions of people who are not highly educated, millions of people who are illiterate, millions of people who are highly temperamental, millions of people greatly influenced by slogans, and millions of people who unfortunately do not recognize that Castro has been taken over by the Communists. They only think of the Cuban revolution in terms of reforms which the Castro regime once claimed it would make, and know naught about what actually has happened under the totalitarian regime that Castro has set up with its Communist domination.

Unfortunately, too many officials who deal in these matters are looking back to the same old answer to this problem—an answer which has failed us in the past in the same region—and that is the answer of more military aid. More planes, more tanks, more guns, to combat poverty have never worked in the past. I do not believe they will work now.

Last week in the Senate I explained why I am opposed to increasing our military arms shipments to Latin America. This week I want to comment about a specific incident which I think points up the poor judgment which goes into our foreign aid program.

PETROBRAS INCIDENT AN EXAMPLE OF POOR AID POLICY

The country of Brazil is the largest nation to the south of us. Historically, Brazil has been one of our best friends in Latin America. It has been a true "good neighbor." And compared to many countries in Latin America, its political institutions are democratic.

One of the most critical issues in the Brazilian election last fall was that of economic progress. Castro's revolution in Cuba has many admirers in Brazil, and many would like to try the same kind of revolution in Brazil. They do not seem to realize that Castro has been taken over by the Communists; or if they do, many do not know what that means.

One of that nation's great problems is the lack of a good, plentiful fuel supply for its industrial and consumer needs. The Brazilian Government has its own oil industry, created in 1954, and called Petrobras. Its job is to find oil, produce it, and distribute as cheaply as possible.

But liquid petroleum has not been found in Brazil in any quantity. What the country does have is oil shale, from which oil can be derived through a manufacturing process.

Because of its lack of oil and the lack of development of its oil shale, Brazil has had to import huge quantities of liquid petroleum, most of it from American companies. Keep in mind that one of the largest expenses we have been helping Brazil meet with American foreign aid, is the bill it pays to American oil companies for oil.

These imports cause a great drain on Brazil's international payments. Like any other country, it is anxious to develop what fuel sources it does have at home so it will not be so dependent upon other countries for its fuel.

The country is trying to take this action under a governmental oil company. I do not like the nationalization of industry. But we must recognize the

sovereign right of a country to nationalize all or part of an industry, if it believes such action should be the public policy of the country. Brazil does continue to allow American oil companies to operate, right down to the level of the corner filling station.

The Senator from Vermont [Mr. AIKEN] and I, in complete agreement, discussed this subject about 2 years ago in a report on Latin America. We warned in that report of about 2 years ago that if the State Department policy of refusing aid to any governmental business enterprise continued, we would lose the support of such a country. As we were told when we were down in Brazil, the Brazilians proposed to determine for themselves what their economic policies would be. They do not like American economic intervention any more than they like American political or military intervention.

The Brazilians told us quite frankly that they consider the attitude of the United States of refusing to help them in the development of any monopoly that they have decided upon amounted to economic, or attempted economic, intervention on the part of the United States.

Whether we like it or not, I have stated exactly the way the Brazilians feel about the subject. We will not make friends in Latin America if we say to the Latin Americans, "We will lend you some money provided you develop an oil industry, a transportation industry, or an electric utility industry according to our likings and not your own." The Latin American countries take a different position, just as Mexico did a few years ago, and we are still paying a heavy cost for the very shortsighted policy we followed in Mexico.

Let us not forget that a few years ago we took the position that we would not lend any money to Mexico for its needs in connection with PEMEX, which is its state owned oil monopoly. That did not create goodwill for us. Our refusal to lend that money did not bring American oil companies back into Mexico.

Let the RECORD show tonight that it is my prediction that our refusal to lend any money to Brazil for oil development will not bring any American oil companies into Brazil, nor will it preserve their present operations in Brazil.

It will bring some Russian companies. They are talking back to us. They are talking back to us, and they have no intention, to use the term used down there, to let the Economic Colossus of the North dictate their economic policies. Brazil is determined to develop its oil shale reserves. It is seeking a loan, not a grant, of $7 million for this purpose. Yet the U.S. Government has not yet given Brazil any firm indication that we will make this loan. As a result, Brazil is dealing with the Soviet Union and other Communist bloc countries to see what funds and technical aid might be obtained there.

It is well known that known liquid petroleum reserves in the world are very large. American companies selling oil to Brazil are not anxious to have Brazil develop its own oil supply. But there is no better way to open the door to Communist penetration of South America than to refuse to help Brazil develop its shale, if it decides as a matter of national policy that that is the economic program it wants to foster within its own country.

Once it happens, and we permit Brazil, because of our refusal to lend her money for the development of her oil shale, to go to the Russians, the American oil companies can find their entire market in Brazil cut off, as happened in Cuba; whereas even the development of its shale will not come close to meeting Brazil's need for the total amount of oil that her expanding economy will call for in the decades immediately ahead.

So, Mr. President, I have advised both the Department of State and the foreign aid officials that I think it is completely illogical for this country to refuse a $7 million loan to Brazil for this purpose, while at the same time we insist that more arms aid must be sent to Latin America to combat Communist penetration.

I have urged that the loan be made. Brazil is going to get all it can from its oil shale, if not with our help, then with Russian help. Here is a chance to keep the door closed to communism in Latin America. I very much hope this foolish aid policy of ours toward Brazil will be reversed by this administration before it is too late.

Mr. President, I ask unanimous consent to insert in the RECORD at this point in my remarks a press release issued today setting forth a statement I have made on this Brazilian problem, and setting forth a copy of a telegram I sent to Under Secretary of State George Ball and to ICA Director Henry Labouisse, in which I point out that I believe they are following an exceedingly shortsighted policy in regard to Brazil's desire to get an interest-bearing loan, so that it can run its oil economy in accordance with its own sovereign right and in keeping with its own national policy judgment.

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

Senator WAYNE MORSE, chairman of the Senate Latin American Affairs Subcommittee, said today he was very much disturbed by reports that because Brazil has gotten "the brushoff" from American aid officials in its efforts to obtain a $7 million loan to develop its oil shale reserves, Brazil is turning to Communist-bloc countries for help.

"The administration is talking about sending more military arms aid to South America. Yet this reluctance to aid the Brazilian oil monopoly is almost an invitation to the Communists to walk in on a vital element of any country's existence—its fuel supply. The Communist takeover in Cuba centered first around oil production and distribution, and now we are inviting them to follow the same pattern in Brazil.

"It makes me wonder how foolish we can get in our foreign aid program."

MORSE said he had already wired Under Secretary of State George Ball about the matter, and ICA Director Henry Labouisse. The text of the telegram sent to both officials follows:

"Believe it imperative that United States make firm and definite loan proposal to Petrobras for its oil shale program. It had been my understanding that loan had approval of Department of State and was ready to go; now I am advised that loan funds are said to be exhausted and that nothing is available for this particular loan.

"I am not impressed with this contention, any more than I am with arguments that world oil supply is plentiful without Brazil's oil shale coming into production, or that United States should not lend to a government monopoly. Brazil must utilize whatever resources it has for benefit of its people, just as United States does. If this country is unwilling to provide loan funds, then Brazil will develop its oil shale with someone else's help.

"It makes no sense to send increasing arms aid to South America with the alleged purpose of fighting communism, when a shortsighted aid policy compels a great nation like Brazil to turn to Communist countries for financing and technical help for its fuel supply. United States would be further ahead to reduce arms aid by $7 million and lend it to Petrobras, instead."

Mr. MORSE. I wish to hitch this whole problem of economic assistance versus military aid. I wish to stress again tonight, as I shall throughout the marking up of the bill with respect to its Latin American sections—and in connection with other sections, too, because the problem deals with other parts of the world. But my special interest happens to be Latin America.

Latin America needs and its leaders want economic assistance, not military assistance. I do not mean that they do not want some military assistance. But they look with great concern upon proposals from the Pentagon—that is where they are coming from—to increase military aid to Latin America in round numbers, from $55 to $68 million this year.

It ought to be reduced, not increased. Oh, we get suggestions from Ambassador Stevenson and others that they need helicopters and small arms. There is nothing in the law which prevents them from getting $55 million worth. There is nothing in the law that prevents the President from authorizing it for internal security use, when he is satisfied upon a review of the facts that the request is justified. What we have to watch out for is a lifting of the ceiling so that the sky is the limit, and no check upon the use of the arms for internal security purposes.

MILITARY AID REQUIRES CAREFUL JUDGMENT

History has a tragic way of repeating itself. I am satisfied that if we start this policy again, which we had checked back in 1959, there is great danger that the arms will be going into governments in Latin America to be used to keep down non-Communist forces.

There are places in Latin America where the spirit of nationalism is so great that anti-Communists are really the ones who are calling for the reforms. Once we let the anti-Communists who are making heroic and valiant efforts to reform the unsound, feudal systems of some of their governments, be confronted with American machineguns and with American bullets and with American arms, and we have lost our chance to win them to the side of freedom.

We have made that mistake too many times by our various forms of direct and indirect intervention. Those nationalistic groups will look upon the kind of military assistance I am talking about as an indirect form of American military intervention.

I have not said that no military aid should go to Latin America. This becomes a matter of judgment. However, I am satisfied that there has not been submitted by the Pentagon one bit of evidence which justifies increasing the amount over the present ceiling of $55 million. I am inclined to agree with some of my colleagues on the Committee on Foreign Relations that it probably could very justifiably be reduced to $50 million, instead of being increased to $68 million.

Once the news gets around Latin America, to the mass of people of Latin America, that the United States is proposing to increase its military aid from $55 million to $68 million, trouble is created, not stopped.

Let the news get around Latin America that the check that we placed upon the White House 2 years ago, requiring the White House to pass Presidential judgment upon any proposal for arms for internal security, has been removed, trouble is created for some of our friendly governments in Latin America, certainly not help for them.

Their ambassadors know it. In fact, last week a President of one Latin American country urgently asked three of his officials to have luncheon with me following my speech of last Thursday night in the Senate. Those three officials gave me a message from that President, and the message was "Hold fast to your position. It is more economic assistance, not military aid, that is the crying need of Latin America."

I say most respectfully that I believe the best service I can render the President is to express my honest judgment and my disagreement with him when I think he is following a wrong course of action. In my judgment, the President has followed a wrong course of action when he proposes in the bill to increase military aid to Latin America, to remove the ceiling on military aid to Latin America, and to remove the protection we already have in the law which requires the President to approve any proposal for military aid to any country in Latin America for internal security purposes.

As I said last Thursday night, I say tonight: The Presdent of the United States is the Commander in Chief of the Military Establishment. Do not tell me he is too busy to pass judgment on a question of such vital importance, not only to the security of the United States, but also to the security of many countries in Latin America.

I know of no decision more important from the standpoint of our security than for the President, under the law, to be required personally to examine any proposal which seeks to send American arms to Latin America, to be used not for hemispheric defense, but for internal security purposes.

If we have not learned this lesson, we ought to recognize it before it is too late. Too frequently such arms are used to put down a justifiable national movement on the part of people who want more freedom and want reform; who are seeking to put to an end a government that is guilty of the many injustices which have been perpetrated by so many governments upon the people of Latin America for so long a time.

We shall not serve well our true friends in Latin America by adopting this recommendation from the Pentagon.

I close by saying that, as chairman of the Subcommittee on Latin American Affairs, it is my plan to invite the U.S. Ambassador to the United Nations to appear before our subcommittee in executive session to discuss with him frankly certain aspects of his recent Latin American trip, in connection with military aid and in connection with the Cuban situation, and the relation of one to the other. I am satisfied there is more of a relationship than we probably want to recognize. He knows, being the good friend of mine he is, the great admiration I have for him, and he knows I have only a desire to think out with him all the implications and all the problems which may be raised by any proposal that we increase the ceiling on military aid to Latin America; that we increase the amount of money which will go for internal security; and that we remove the legal check now in the law, requiring the President of the United States personally to approve any aid money which is to go to Latin America for internal security purposes.

It was impossible for me to be present in the Committee on Foreign Relations yesterday when the Ambassador to the United Nations testified in executive session. Had I been there, I would have asked him many questions, based upon my work on Latin American problems, which were not asked him.

It was necessary—and many who are high in this administration thought it necessary—that I go to Atlantic City yesterday to make a speech before the National Education Association on the problem of the proposed legislation on education which is before the Subcommittee on Education of the Committee on Labor and Public Welfare. It seemed that under those circumstances I could best serve the administration at Atlantic City yesterday in that capacity.

I explained that to the Ambassador to the United Nations before he testified before the Committee on Foreign Relations yesterday. I feel certain that Ambassador Stevenson is very desirous, as he always has been, of being of every possible assistance to me and to the Subcommittee on Latin American Affairs, so as to enable us to reach the soundest of conclusions after full discussion with him on Latin American problems. I am convinced that he will welcome an opportunity, at a time which is convenient to him, to meet with the subcommittee, so that we may discuss to what extent, if any, there is any difference of opinion between the Ambassador to the United Nations and the chairman of the Subcommittee on Latin American Affairs and other members of the subcommittee. I have a feeling that when such a discussion has ended, we will find ourselves in complete agreement and will find that the difference between the recommendations of the Ambassador to the United Nations and the position taken by some of us on the Subcommittee on Latin American Affairs, which was described in some newspaper articles yesterday and today, does not in fact exist.

I desire to ascertain the facts, and for that purpose I shall most respectfully extend such an invitation to the Ambassador to the United Nations.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, June 28, 1961, he presented to the President of the United States the following enrolled bills:

S. 146. An act to extend and increase the special milk program for children;

S. 707. An act to provide transportation on Canadian vessels between ports in southeastern Alaska, and between Hyder, Alaska, and other points in southeastern Alaska, and between Hyder, Alaska, and other points in the United States outside Alaska, either directly or via a foreign port, or for any part of the transportation; and

S. 2113. An act to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvesting of hay on conservation reserve acreage under certain conditions.

ADJOURNMENT

Mr. MORSE. Mr. President, I move that the Senate adjourn, under the order previously entered, until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 8 o'clock and 57 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Thursday, June 29, 1961, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate June 28, 1961:

COURT OF MILITARY APPEALS

PAUL J. KILDAY, of Texas, to be a judge of the Court of Military Appeals for the term of 15 years expiring May 1, 1976, vice George W. Latimer, term expired.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 28, 1961:

COAST AND GEODETIC SURVEY

Subject to qualifications provided by law, the following for permanent appointments, to the grades indicated, in the Coast and Geodetic Survey:

To be captains

Philip A. Weber
Horace G. Conerly
Charles A. Schoene
William N. Martin
Harold J. Seaborg

To be commanders

John O. Boyer
John R. Plaggmier
Leonard S. Baker
Eugene W. Richards
Harley D. Nygren

To be lieutenants

George F. Wirth
Bernard R. Berson
Wesley V. Hull
Wayne L. Mobley
Charles A. Burroughs
Richard E. Alderman
Ray M. Sundean
Lawrence S. Brown
George M. Poor
Charles K. Townsend
Ronald L. Newsom
Ray E. Moses

To be lieutenants (junior grade)

Bruce I. Williams
Robert M. Hagan

To be ensigns

Charles L. Brown, Jr.
Frederick H. Gramling